

# CA

magazine

IFRS: accounting  
for people 36

Not-for-profits  
need standards 39

Legally, what can  
you tell? 42

April 2009

www.camagazine.com

are you  
ready for

# ISA?

**International Standards on Auditing,  
cooking quietly for years, will be adopted in 2010**

Publications Mail Agreement No. 40062437 R09829

**Stress busting  
at tax time** P. 26



**Horsing around in British Columbia** P. 8  
**You can't blame the spellchecker** P. 11  
**Assessing the new taxation rules** P. 32

# REDUCE TRAVEL COSTS BY UP TO 30%.

Communications tools – from videoconferencing to IM – can save your company up to 30% on travel costs. Give your people software that works the way people work. Ask how you can rein in costs with *people\_ready* unified communications solutions.

[microsoft.ca/peopleready](http://microsoft.ca/peopleready)



**Because it's everybody's business**

BI | Unified Communications | CRM | Collaboration

April 2009 Volume 142, No. 3

<b>Editor-in-chief</b>	Christian Bellavance
<b>Editor, English edition</b>	Okey Chigbo
<b>Art director</b>	Bernadette Gillen
<b>Associate art director</b>	Kevin Pudsey
<b>Senior editors</b>	Bernadette Kuncevicus
	Tamar Satov
<b>Associate editor</b>	Cathy Hutchinson
	Yvette Trancoso (on leave)
<b>Assistant French editor</b>	Marie-Josée Boucher
<b>Editor, Web edition</b>	Margaret Craig-Bourdin
<b>Magazine Web producer</b>	Alan Vintar
<b>Editorial assistant</b>	Harriet Bruser
<b>Director of translation</b>	Suzanne Mondoux
<b>Contributors</b>	Steve Brearton
Michael Burns, MBA, CA	Jim Carroll, FCA
Marcel Côté	John Tabone, MBA
<b>Technical editors and advisers:</b>	
<b>Assurance</b>	Yves Nadeau, CA
<b>Business valuation</b>	Stephen Cole, CBV, FCA
<b>Education</b>	Christine Wiedman, PhD, FCA
<b>Finance</b>	Peter Hatges, CA, CBV, CF
<b>Fraud</b>	Roddy Allan, CA-IFA
<b>Insolvency</b>	Peter Farkas, CBV, CIP, FCA
<b>Legal issues</b>	Jo-Anne Demers, BA, LLB
<b>People management</b>	Carolyn Cohen, MSW, CA
<b>Personal financial planning</b>	Ian Davidson, MBA, CFP, CA
<b>Practice management</b>	Stephen Rosenhek, MBA, CA, CIRP
<b>Studies &amp; standards</b>	Ron Salole, Vice-President, Standards
<b>Taxation</b>	Trent Henry, CA
<b>Taxation - small business</b>	Brigitte Alepin, M. Fisc., MPA, CA
<b>Technology</b>	Yves Godbout, CA-IT, CA-CISA
<b>Publisher</b>	Cairine M. Wilson, MBA, Vice-President Member Services
<b>Sales and marketing manager</b>	Brian Loney (416) 204-3235 brian.loney@cica.ca
<b>Advertising sales manager</b>	Bruce Feaver (416) 204-3254 bruce.feaver@cica.ca
<b>Quebec advertising representative</b>	Serge Gamache (450) 651-4257 sergegamache@videotron.ca
<b>Advertising representative</b>	Tony Burgaretta (416) 204-3257 tony.burgaretta@cica.ca
<b>Advertising coordinator</b>	Michael Marks (416) 204-3255
<b>Circulation manager</b>	Annette DaRocha (416) 204-3367
<b>CAmagazine Editorial Advisory Board</b>	
Doug McPhie, FCA, Chair	Blair Davidson, FCA
Margaret Albanese, CA	Phillip Gaunce, CA
Nancy Cheng, FCA	Michel Magnan, FCA

CAmagazine is published 10 times a year (with combined issues in January/February and June/July) by the Canadian Institute of Chartered Accountants. Opinions expressed are not necessarily endorsed by the CICA. Copyright 2009.

Toronto: 277 Wellington St. West, Ontario M5V 3H2  
Tel. (416) 977-3222, TDX 103, Fax (416) 204-3409.  
Montreal: 680 Sherbrooke St. West, 17th floor, Quebec  
H3A 2S3. Tel. (514) 285-5002, Fax (514) 285-5695.

Subscription inquiries: Tel (416) 977-0748 or 1-800-268-3793  
Fax (416) 204-3416

On the Internet: <http://www.camagazine.com>

E-mail: [camagazine@cica.ca](mailto:camagazine@cica.ca)  
[letters.editor@cica.ca](mailto:letters.editor@cica.ca)  
[advertising.camagazine@cica.ca](mailto:advertising.camagazine@cica.ca)

Annual subscription rates: \$28 for members; \$25 for CA students; \$28 for non-members. Single copy, \$4.75. Outside Canada: \$72 for a one-year subscription; \$6.50 for a single copy. GST of 5% applies to all domestic subscriptions. For subscription inquiries, call (416) 977-0748 or 1-800-268-3793 from 9 a.m. to 5 p.m., Monday through Friday; fax: (416) 204-3416. GST registration number R106861578. Publications Mail Agreement No. 40062437. PRINTED IN CANADA: Domestic copies mailed in Canada under Publications Assistance Program No. 09829. Return undeliverable Canadian addresses to: CAmagazine, Canadian Institute of Chartered Accountants, 277 Wellington Street West, Toronto, Ontario, M5V 3H2. US and foreign copies mailed by second-class postage paid at Lewiston, NY. US Office of Publications: Lewiston, NY 14092. US POSTMASTER: Send address changes to CICA, P.O. Box 1053, Niagara Falls, NY 14304-1053. US PS 000405 ISSN 0317-6878. Subscribers can choose to stop receiving the publication anytime by written notice to CAmagazine. We acknowledge the financial support of the government of Canada through the Publishing Assistance Program toward our mailing costs. CAmagazine is a member of the Canadian Business Press. Submissions: CAmagazine receives from time to time unsolicited manuscripts, including letters to the Editor. All manuscripts, material and other submissions to CAmagazine become the property of CAmagazine and the Canadian Institute of Chartered Accountants, the publisher. In making submissions, contributors agree to grant and assign to the publisher all copyrights, including, but not limited to, reprints and electronic rights, and all of the contributor's rights, title and interest in and to the work. The publisher reserves the right to utilize the work or portions thereof in connection with the magazine and/or in any other manner it deems appropriate. No part of this publication can be reproduced, stored in retrieval systems or transmitted, in any form or by any means, without the prior written consent of CAmagazine.

028



## Auditing standards going international

The new high-quality global standards should make things easier for firms, practitioners and clients alike

Much has been written about the transition to IFRS. But Canada is also adopting international standards on auditing (ISAs), to be known here as Canadian auditing standards (CASs). For audits of financial statements for the periods ending on or after December 14, 2010, auditors in Canada will have to use CASs, which will mirror 36 ISAs. There will also be an additional standard on quality control.

ISAs, CASs, GAAS? Rest assured the situation regarding new auditing standards is not as confusing as the monikers may lead you to believe. First things first: written by the International Auditing and Assurance Standards Board, ISAs have been adopted by more than 100 countries with the intent of promoting high-quality and globally accepted auditing standards. Because the Canadian AASB wanted the option of adapting the standards to the situation here, it decided to call the new standards CASs, which will still be part of GAAS. Simple, n'est-ce pas? In any case, Jeff Buckstein's "Are you ready for ISA?" (p. 18) will get you up to speed on the accounting world's next critical transformation. The article examines what this means for Canadian firms, practitioners and their clients, their state of readiness and related issues.

What would you think if one February afternoon you spotted professional-looking adults being filmed making snow angels? That you want to work for that company? That's exactly what Robert Gold, managing partner of Bennett Gold, and like-minded others would like to hear.

The tax season is the busiest time of the year for most CAs. Making a video is only one activity used by firms to help staff get through the long, exhausting weeks and to keep them healthy, happy and productive. Senior editor Tamar Satov's "Tax breaks" article (p. 26) describes various strategies used by firms of all sizes and provides tips on how to help practitioners survive tax season.

I would like to thank Mindy Paskell-Mede of the law firm Nicholl Paskell-Mede, who has decided to retire after more than 20 years as CAmagazine's Technical editor for Legal issues. Under her direction, the legal articles examined the implications of accounting practice issues through court decisions and showed how CAs could protect themselves. I would like to welcome Jo-Anne Demers, a litigation lawyer and managing partner at Nicholl Paskell-Mede, as the new editor for Legal issues. Demers, who has written for us, will continue to provide relevant content, as in this month's "Legally, what can you tell?" (p. 42). Other Regulars feature articles on taxation (p. 32), transition to IFRS (p. 36) and standards (p. 39).

And of course, our columnists Jim Carroll (Netwatch, p. 14), Michael Burns (Work in process, p. 17) and Marcel Côté (Outlook, p. 52) share their thoughts as usual.



Christian Bellavance, Editor-in-chief

### upfront

#### 4 MAILBOX

#### 8 PEOPLE

Spring may be the time when an accountant's fancy turns to taxes, but for Ann Scott and Murray Presley it's also time to welcome the April foals on their 30-acre farm in BC. The couple says raising racehorses gives their hectic life a happy balance

#### 8 NEWS AND TRENDS

Recession? What recession? • An ounce of prevention? • How to keep from drowning in your e-mail • Numbers game • Going concern

#### 11 BITS & BITES

You can't blame the spellchecker  
• CRA targets the underground economy  
• F on taxes 101 • Registration now required • Data protection is top concern

#### 12 VALUE ADDED

Coping strategies for pension risk needed • M&A market hits turbulence

### columns

#### 1 FROM THE EDITOR

Auditing standards going international

#### 14 NETWATCH

They'll spice up your systems

#### 17 WORK IN PROCESS

Making the best of best practices

#### 52 OUTLOOK

Fools at a masquerade



### features

#### 18 Are you ready for ISA?

There are a number of items on the agenda for the profession, but not all have to do with IFRS. In the works for years are the international standards on auditing, globally accepted auditing standards that should improve communications to report users as they remove potential inconsistencies or confusions

BY JEFF BUCKSTEIN

#### 26 Tax breaks

It's the time of seasonal stress! And some accounting firms are practising what they preach to show their staff they are a valued resource. Check out the various strategies they use to take a load off their hard-working employees and to keep them happy during this, the hectic season

BY TAMAR SATOV

## regulars

### 32 Taxation

Assessing the impact: understanding the new standardized accounting rules may minimize costs **By Karen Wong**

### 36 Transition to IFRS

Accounting for people: IFRS can affect an organization's human side, so include HR in the implementation stage **By Steve Ralph**

### 39 Standards

Future of financial reporting: not-for-profits need standards to ensure quality in their reporting, and the PSAB and AcSB are considering some options

**By Brian Barrington + Robert Correll**

### 42 Legal issues

Legally, what can you tell? When questioned by a trustee, can accountants disclose confidential information?

**By Jo-Anne Demers**

## news

15 STANDARDS DIGEST

16 NEWS FROM THE PROFESSION

## professional directory

44 PROFESSIONAL DIRECTORY

47 MARKETPLACE

48 CAREER OPPORTUNITIES

50 CLASSIFIED



# LOOKING?

Can you find:

**A Good Boss\***  
**Job Satisfaction\***  
**Career Growth\***

C	A	R	E	B	O
M	G	Q	O	D	T
S	A	T	P	T	R
E	T	K	P	F	G
T	Q	S	T	A	X
R	T	U	S	E	F
E	C	R	N	T	D
S	H	T	I	R	B
P	N	S	P	E	C

\*Having trouble?

Visit [masongroup.ca](http://masongroup.ca)

or call 416-733-9393 (Toronto)  
905-804-1100 (Mississauga)

t 5 f g h n a 7 i  
q p r v 2 u % t l  
n w **t h e a s v h**  
**l e f x m a s o n**  
**c t b g r o u p m**  
+ o q z 1 f e 3 u  
a 0 e 8 c n d o t

( strategic search partners )

specializing in finance and accounting



## Mailbox



### LETTERS TO LETTER

Peter Sheedy's letter ("Keep them happy," January/February) makes a valid point that the personality, integrity and reputation of the firm/partner are essential to sustaining a CA practice. In "Positioned to win" (October 2008), we did not overlook this. We wrote, "The emphasis needs to be on providing ongoing value to individual clients," but it has to be done "without losing sight of the firm's overall strategic picture."

This means sustaining annuity business and meeting professional standards

are not enough in today's increasingly competitive professional practice market. It might be argued this applies to medium and large firms more than small ones, which may well be the case. However, it is our contention that all CA firms, even small ones, must pay attention to their brand, differentiation and positioning plans to sustain their client base in these turbulent times. In fact, they owe it to their clients to do this to make sure they remain relevant to their clients' businesses.

**Robert Angel, CA, and Hugh Johnston, CA** (coauthors of "Positioned to win")  
Toronto



# Mailbox

I agree with Sheedy's letter. I believe clients often choose small and medium-sized CA firms because they believe they will get better quality, hands-on service. They expect the partner to know their business intimately and to provide not just one engagement but consulting, tax planning and business advice services throughout the year.

Small and midsized firms are shooting themselves in the foot if they think they can please such owner-manager clients and stop thinking about them once the financial statement is issued or the tax return is done. Despite the warm relationships they may have with their clients, CA firms must realize there are many other midsized firms that might be chosen by their clients next year if they offer a more personalized relationship.

**Mary Green, CA student**  
Montreal

## RETAINING READERS

I see you still don't worry about legibility (Going concern, January/February). Surely you can do something better than print white on gray?

On the facing page you list "Strategies to retain mature workers." Perhaps you need to develop a strategy to retain mature readers. The most effective strategy would be to produce a magazine that is entirely legible. I have written on this before; maybe no one cares.

**H.A. Sherman, CA**  
Calgary

### Editor's reply

Before introducing *CAMagazine's* redesign in April 2007, readability was a major concern of the design team, which researched

and tested fonts and sizes before basing its choices on comments from readers. There are, of course, other criteria for legibility, including the use of colour and screens. It is unfortunate you have problems with the choice made for the Going concern section and rest assured that the art department is aware of the issue and is looking for a solution that would respect the design of the magazine.

## AD CAMPAIGN

In "News from the profession" (January/February), you cite a number of steps we can take to help strengthen the reputation/branding of the profession. This, together with the new CA advertising campaign and logo, is a solid initiative. Several years ago when a new logo was adopted, I received a lapel pin. It was a plain solid gold hue, not the vibrant colours of the current logo. I suspect most CAs have since chucked it. How about a mass mailing of some quality, multicoloured lapel pins for us to don proudly?

**John A. Paoletti, CA**  
Montreal

I did not realize that conditions were getting so tough that the CICA needed to advertise. Unfortunately, the current form of advertising (TV advertising that de-

**CAMagazine** welcomes letters to the Editor. Please write to us at 277 Wellington Street West, Toronto, Ontario M5V 3H2

e-mail address: letters.editor@cica.ca  
Letters may be edited for space and clarity

# HIRING?

Can you find:

**The Right Fit\***  
**Technical Expertise\***  
**Initiative\***

T H E R F L  
H S P E A Q  
E B K P T G  
T D E T C V  
R T M U E F  
G C S T E C  
N I T I A T  
E X P E R B  
O N U P T C

\*Having trouble?

Visit [masongroup.ca](http://masongroup.ca)

or call 416-733-9393 (Toronto)  
905-804-1100 (Mississauga)

t 5 f g h n a 7 i  
q p r v 2 u % t l  
n w t h e a s v h  
1 e f x m a s o n  
c t b g r o u p m  
+ o q z 1 f e 3 u  
a 0 e 8 c n d o t

( strategic search partners )

specializing in finance and accounting



## “I’ve got a whole HR department. Why would I need a recruiter?”

It’s quite possible you *don’t* need an outside recruiter. We’ve dealt with any number of capable HR people and departments that only draw on outside resources for very specific needs.

But when specialized needs do crop up, it’s nice to know you can call on a company with the knowledge and experience of Lannick.

While most HR departments are required to conduct searches for a wide range of disciplines, Lannick focuses on just one. And on doing it better than anyone else.

Our specialty is finding the financial professionals who can help move your business forward. The CAs, CMAs, and CGAs who are going to be integral to the future of your business.

We do it better than anyone else because, for the most part, we already know who they are. We’ve spent over 20 years building up a database of literally thousands of potential employees. We have dedicated recruiters and researchers whose only job is to be intimately familiar with the best people out there.

Because the fact of the matter is that finding that perfect employee is hard.

*Really* hard.

And if Lannick can help you get it right the first time, we may well end up *saving* you money rather than costing you money. Which is something the folks in HR can appreciate every bit as much as the folks in finance.

To find out more, give us a call at (416) 340-1500.

*Lannick Group of Companies specializes in placing accounting and finance professionals, and includes Lannick Associates – executive search for the mid to senior-level; Lannick Contract – for mid to senior-level project and interim positions; and Pro Count Financial Staffing – for permanent and temporary roles at the junior to intermediate level.*



**LANNICK**  
GROUP of COMPANIES





# Mailbox

picts CAs using the horoscope to make investment decisions) makes us look like flaming idiots. Surely our friends must be laughing at us.

**Bob Redgwell, CA**  
Victoria

## MEDIA-MADE PROBLEM

You are already behind the curve (“Corporate climate change,” January/February). The world is entering a new ice age. The UN announced, sotto voce, that last year the average world temperature dropped by more than one degree Fahrenheit. It also said there is no evidence of global warming since this century began. Further, it pointed out that last year was the coldest year since 1994. This year the ice cover on the Arctic happened earlier than last year. The British Meteorological Society, also sotto voce, expects the next 10 years to be colder every year. Germany made the same announcement. It also said it is having the coldest winter in 100 years.

It’s now called climate change because unexpectedly everything is getting a lot colder. I am in accord with reducing pollution but carbon taxes are a ridiculous response to a media-driven nonproblem. Frankly, Canada would benefit from global warming, but sadly there isn’t any.

**Lionel S. Such, FCA**  
West Vancouver, BC

**CAmagazine** welcomes letters to the Editor. Please write to us at 277 Wellington Street West, Toronto, Ontario M5V 3H2  
e-mail address: letters.editor@cica.ca  
Letters may be edited for space and clarity

# MADE TO MEASURE FOR THE CORPORATE TAX PROFESSIONAL

CORPORATE TAX CENTRE ON TAXNET PRO™



Where do you turn for authoritative interpretation and analysis of the latest developments impacting your work and the tax community?

The **Corporate Tax Centre** is a one-stop online resource tailored to fill the research and workflow needs of every corporate tax professional. It gathers information from multiple sources, and organizes it into a practical format to make it easier for you to find the answers you need instantly.

### DISCOVER HOW YOU CAN:

- Accomplish more in less time
- Increase productivity
- Reduce costs
- Improve your bottom line

**Be prepared for the June corporate tax filing deadline.**

**Subscribe to Corporate Tax Centre today.**

**For more information, visit [www.gettaxnetpro.com/corporatetaxcentre](http://www.gettaxnetpro.com/corporatetaxcentre) or call 1-800-342-6288, ext. 5811.**

**CARSWELL**®



12545 M1M6 01/09

# UP FRONT

News, people, briefs, trends + tips

## Horsing around



**April foals: breeding racehorses is no joke for CA couple Ann Scott and Murray Presley — it's a business they love**

**F**or Murray Presley and Ann Scott — partners both in life and at Courtenay, BC, firm Presley & Partners — tax season is even busier than you might think. Not only are the CAs filing returns for their clients, but they're also welcoming new spring foals on their racehorse-breeding farm.

The husband-and-wife team say raising racehorses and living on a 30-acre farm — complete with big red barn — in Dove Creek, BC, give their hectic life a happy balance. "It's very good that way," says Presley, 63, who is also a Courtenay city councillor. "Here we are, dealing with people and sitting behind a desk every day — that's not a lot of exercise. Taking care of the horses is certainly a lot more active."

Indeed, the pair's work on the farm begins at 6 a.m. with about an hour and a half of chores — feeding the horses, making sure they have fresh water and cleaning the stalls — followed by another hour of chores in the evening. In winter, you might also find them bringing mares into the barn to sit under powerful lights. "It's to fool them into thinking spring is coming early so that we can breed them as early as February," Presley explains.

Breeding racehorses is, after all, a business. They sell young thoroughbreds at auction for anywhere from \$3,000 to \$65,000. But as the couple will tell you, it's a labour of love.

"I have loved horses all my life," says Scott, 55, who used to ride in horse shows as a teenager. "I can't imagine my life without them." And, as opposed to some clients who may not appreciate what you do, says Presley, "horses always love you."

Margaret Jetelina

### Résumé

- 1971** Presley obtains CA designation (BC)
- 1981** Presley opens own firm, Courtenay, BC
- 1981** Scott obtains CA designation (BC); joins Presley & Partners
- 1986** Couple buys farm in Dove Creek, BC

### Recession? What recession?

Despite rising unemployment and a tough labour market, there's considerable optimism out there among both young and seasoned workers.

According to a Korn/Ferry poll of global executives, more than half (52%) of respondents predict the onset of a labour-market recovery in 2009, and 77% think the demand for talent will increase more in the next five years than it did during the previous five years.

Furthermore, of those executives surveyed who are looking for work, 50% are very confident and 30% are somewhat confident they will find a job that meets their expectations in 2009. Only 10% are uncertain about their prospects.

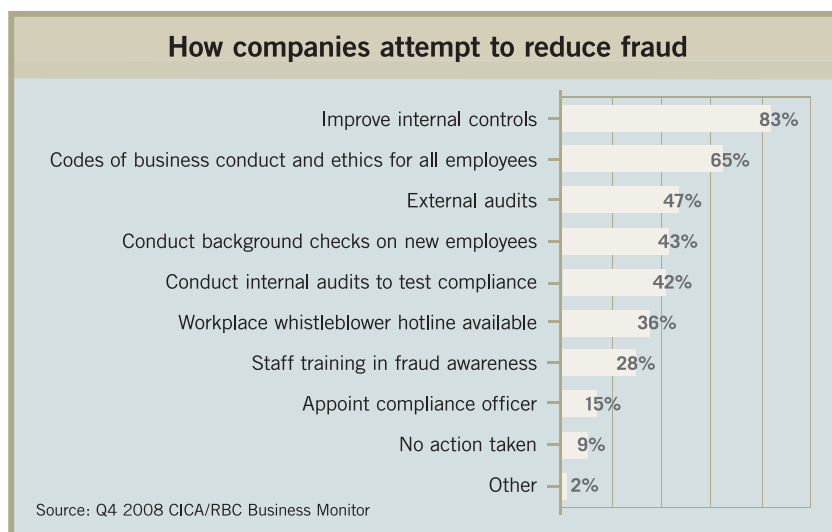
But it's not just executives who feel rosy about their career future — in a US survey conducted for beverage company Pepsi-Cola, 77% of so-called Millennials (those born between 1980 and 1990) said they have a strong sense of optimism about their careers in 2009, despite negative job forecasts released at the end of 2008.

## AN OUNCE OF PREVENTION?

More than two-thirds of Canadian companies are victims of fraud, according to the fourth-quarter 2008 CICA/RBC Business Monitor survey. In fact, more than 10% of CAs in senior executive positions interviewed estimate that their company loses more than 1% of revenue to fraud each year. Despite the huge cost associated with fraud, many companies are missing opportunities to reduce it.

The most common ways companies attempt to reduce fraud are by improving internal controls (83%) and through codes of conduct for employees (65%). As shown in the chart above, other opportunities to reduce fraud are being missed by most companies. Fewer than half use external audits (47%), conduct background checks on new employees (43%), or conduct internal audit tests (42%), and only 36% have a whistleblower hotline.

Even fewer companies provide staff training in fraud awareness (28%) or have a compliance officer (15%). Nearly one



in 10 companies (9%) is doing nothing at all to reduce fraud.

The same survey also found that CAs in senior executive positions are predicting a decline in revenue and profit for 2009. Implementing additional measures to reduce fraud may therefore be a timely opportunity for companies to maximize revenue.

John Tabone is CICA's manager of member value and research services



### ASK AN EXPERT

#### I AM DROWNING IN E-MAIL. HOW CAN I MANAGE IT BETTER?

Thanks to the BlackBerry and other portable devices, millions of people can't go more than five minutes without checking e-mail. But when attention is constantly shifting over to e-mail, one's ability to focus on work is severely compromised. Here are some strategies to help streamline your e-mail process and make it as efficient and effective as possible.

**Turn off the audio alert for your inbox.** Even better, when you aren't actively e-mailing, turn off your e-mail program.

**Pick up the phone** when it's faster than writing an e-mail (hint: this is more often than you think).

**Check e-mail two to four times a day** at designated times. Let others know that you

now check e-mail a couple times a day, and they should call you directly if something critical arises.

**Don't let messages pile up** in your inbox or they will be ignored. For each incoming message there are only five choices: handle it immediately, forward/delegate it, file it, flag it for later followup or delete it.

**Establish a company policy** against e-mails that say "I got it" or "Thanks."

**Create a "to read later" folder** for newsletters, education and other low-priority messages. File them when they arrive, then go through them in batches when time permits.

Kevin Lawrence ([www.coachkevin.com](http://www.coachkevin.com)) is a business coach, speaker and president of SGI Synergy Group Inc. in Vancouver

# #NUMBERS Game

**How low can you go?** Eliminating travel, business lunches and bonuses still hasn't sufficiently reduced costs? Here are some novel — and occasionally ridiculous — methods to tame a budget

**1** Number of employees let go in 1994 by a Columbus, Ohio, businessman who boasted on his answering machine: "We've fired our receptionist and are passing the savings on to you."

**6** Time in the evening on Thursdays when Japanese carmaker Nissan sent security guards through offices to ensure employees weren't working. The policy was implemented during the '90s to save on overtime.

**16** Years since some managers at Nippon Telephone & Telegraph attempted to save time, paper and money by requiring staff to submit all business presentations on a single sheet of paper.

**25** Kilograms shed from a 50-seat Dash 8 aircraft when Canadian carrier Jazz Air chose to remove life vests from its flights last August



to save fuel. One US economist guesstimates savings at 3¢ per seat on a 1,600-km flight.

**77** Years the T. Eaton Co. sponsored the Toronto Santa Claus parade before abruptly cancelling its sponsorship to save money in 1982. The move was a public relations disaster and became emblematic of the inability of the Eaton brothers — John, Thor, George and Fred — to effectively run the family business.

**2010** Year that a Swedish cemetery hopes to eliminate its heating bills by harnessing heat from its crematorium.

**7,000** Approximate number of liposuction treatments performed by Beverly Hills, Calif., cosmetic surgeon Alan Bittner during his 10 years in practice. In 2008, Bittner claimed he was using fat from patients to fuel his SUV. Steve Brearton

## Going Concern



**NATHALIE PILON, CA  
PRESIDENT,  
THOMAS & BETTS CANADA**

**COMPANY PROFILE:** Founded in New York City in 1898, Thomas & Betts Corp. is a leading global designer and maker of electrical

components used in industrial, commercial, communications and utility markets. It also produces commercial heating and ventilation units and steel structures for utility transmission. Headquartered in Memphis, Tenn., it also has offices in Singapore, Belgium and Saint-Jean-sur-Richelieu, Que. With 1,700 employees across the country in 13 manufacturing facilities and five regional offices, the Canadian head office is also responsible for operations in Australia. In 2007, Thomas & Betts reported net global sales of US\$2.1 billion.

**HOT FACTOR:** Of its thousands of catalogue items, Thomas & Betts has developed many indispensable products protected by patents, registration and trademarks. These include

Marrettes (twist-on wire connectors) and Ty-Raps (cable-tying systems), which were invented in 1958 and have become synonymous with an entire product category, much like Kleenex.

**COOL PROJECTS:** To repatriate the production of its low-tech pipe clamps from Chinese subcontractors, the firm implemented a \$1-million high-speed automated production line at its Quebec facility. "In terms of the clamp's basic unit cost, the Chinese ones are still a few cents cheaper than the ones produced here," says Nathalie Pilon, president of Thomas & Betts Canada. "However, after eliminating inventory, transportation and logistics as well as import inspection costs, it is cheaper, easier and more flexible to make them here. And we have total control over the quality of our product."

**IN HER OWN WORDS:** "One of our corporate objectives is customer intimacy — providing customers with quality products when they need them. It's important for Canadian firms to strengthen their manufacturing capacity. They cannot simply rely on outsourcing it to others." Ken Mark



**You can't blame the spellchecker**

CA hopefuls might do well to study their ABCs as diligently as their 1,2,3s. Research conducted at San Diego State University revealed that accounting students frequently had difficulty differentiating between similar words such as lean/lien, lesser/lessor and principal/principle. Undergraduate and graduate accounting students answered fill-in-the-blank questions testing their usage of 30 pairs of commonly confused words, which were identified by practising accountants as important in the business world. Six word pairs tripped up at least 15% of the students, and another five pairs were incorrectly used by at least one-third of those tested. Just three in 10 students could correctly use the words appraise/apprise.

**Confused words for accounting students**

Word pairs	Percentage correct
appraise - apprise	30
i.e. - e.g.	35
deposition - disposition	63
disburses - disperses	65
principal - principle*	67
lesser - lessor*	68
effect - affect*	70
collision - collusion	74
lean - lien*	76
elicit - illicit	77
device - devise	82
precedence - precedents*	83

\*rated as an important word pair to practising accountants (in top 10)  
Source: San Diego State University, 2008

**CRA targets the underground economy**

The Canada Revenue Agency is getting creative in its fight against tax evasion. First, it forced web auction house eBay Canada to hand over the names of the site's top sellers, scouting for folks who have monthly sales of at least US\$1,000 but neglect to report any income.

Now the CRA is holding a YouTube video contest, asking Canadians to create one- to two-minute vignettes about the underground economy and why it's a problem for them, their families or their businesses. "All Canadians are affected by the underground economy and should take advantage of this opportunity to have their say," says Jean-Pierre Blackburn, minister of national revenue.

Entries can be uploaded and viewed on the CRA's YouTube channel until April 30, and the winner of the CRA Independent Video Producer Award will be notified by June 2, 2009.

**F ON TAXES 101**

The majority of Americans can't answer even the most basic tax questions correctly, finds an annual survey by The Tax Institute at H&R Block. Nearly 60% of US respondents don't know the difference between a tax credit and a tax deduction, and 78% aren't sure what tax bracket they're in.

**REGISTRATION NOW REQUIRED**

If you file federal incorporation transactions for clients, take note. Users who submit multiple requests to the Corporations Canada Online Filing Centre on behalf of multiple corporations will have to apply for Registered Intermediary status. Log on to [www.corporationscanada.ic.gc.ca/eic/site/cd-dgc.nsf/eng/home](http://www.corporationscanada.ic.gc.ca/eic/site/cd-dgc.nsf/eng/home).

**DATA PROTECTION IS TOP CONCERN**

Information security management is the top tech issue for the seventh year in a row, according to the American Institute of Certified Public Accountants' annual survey. Privacy management moved up from fourth to second place, while secure data file storage, transmission and exchange made its debut to the list at No. 3.

## Coping strategies for pension risk needed

Even in the face of volatile market conditions, many companies have not taken adequate measures to guard against defined benefit pension risk, a new survey from Hewitt Associates shows. Despite weak economic conditions and poor market returns, most companies have taken only small and conservative steps toward risk management. The issue is particularly pressing in Canada, which survey results indicate has the highest proportion of defined benefit plans open to new entrants of all the countries that responded.

Since the start of the credit crunch in the last quarter of 2007, pension plan assets on a global level have plummeted by US\$4 trillion. Against this background, Hewitt Associates polled 171 plan sponsors in 12 countries to determine their approaches and attitudes to managing pension risk.

“The current financial environment underscores the need for organizations to manage retirement risk in the same way they handle general business risk — by determining their risk tolerance and being vigilant,” says Rob Vandersanden, a senior pension consultant with Hewitt Associates. “Companies shouldn’t eliminate risk entirely — that would minimize investment returns — but they

should understand the risk they’ve assumed and ensure it is appropriate for the return it is likely to generate.”

One third of Canadian survey respondents said they have no formal quantified measure of their pension risk. In addition, nearly 40% of Canadian plans have no policy for dealing with their interest rate and inflation risk exposures, even though they rate interest rate risk as the biggest component of their overall risk budget. Consequently, Canadian plan sponsors do not appear to be fully prepared to act quickly when market conditions arise that could allow them to reduce risk.

“Taking early action to move to more secure, lower-risk investments makes sense when markets are volatile,” says Vandersanden. “However, an organization should change strategy only after it has identified its comfort with risk and compared its current risk exposure against its identified risk tolerance. At that point, it should examine its options to ensure that any changes will achieve the balance between risk and return that it deems acceptable. The key is to avoid making short-term decisions without considering long-term repercussions.”

This is a summary. For an expanded article, please visit [www.CAmagazine.com/pensionrisk](http://www.CAmagazine.com/pensionrisk).

---

## M&A market hits turbulence

Not surprisingly, the mergers and acquisitions market went the way of the rest of the economy in the fourth quarter of 2008, as shown by data compiled by Mergermarket. With a total of \$513 billion worth of lapsed deals in 2008, the fourth quarter proved to be the hardest of all for deal-makers: \$320 billion, or 62% of the total lapsed value, occurred in this quarter. Evidence of this could be seen in North America more so than any of the other regions, as M&A volumes virtually halved compared with the previous quarter in the region.

The Mergermarket data, gathered in the company’s 2008 year-end M&A league tables, showed that in 2008, global M&A was down 31% by value and 21% by volume — more than 12,000 deals valued at US\$2.5 trillion. North America saw the biggest overall decline of 44% by value, while the Asia Pacific region saw the smallest decline at 5%.

Sector-wise, financial services, driven by the need to consolidate and by capital injections from European governments, was the busiest sector in 2008 by value (25%). Energy, mining and utilities, the second hottest

sector by value globally, had a strong first half but withered away along with the price of crude. European deals accounted for half the top 10 deals announced globally, although only one actually had a target in the financial services industry.

The period brought some changes at the top of the league table rankings for deal advisers. Says the Mergermarket press release: “Goldman Sachs and Morgan Stanley, the two investment banking titans that so epitomized the credit boom, were knocked off their perch as the kingpins of global M&A. While Goldman did manage to hold onto its position at the top in the US, it was replaced by JP Morgan on the top of the global value tables.”

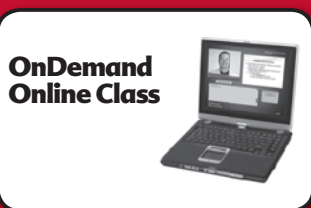
The Altria Group Inc. shareholders’ acquisition of Philip Morris International Inc. for US\$106,884 million topped the list of announced deals for 2008, followed by InBev SA’s acquisition of Anheuser-Busch Companies, Inc. for US\$58,924 million.

This is a summary. For an expanded article, visit [www.CAmagazine.com/merger](http://www.CAmagazine.com/merger).



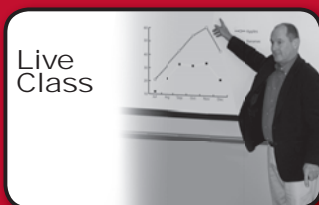
# Pass the IQEX Exam with **KAPLAN CPA SUCCESS!**

Choose the learning option that works for you:



## OnDemand Online Class

- ✓ Study anytime, anywhere
- ✓ 24 hours of online instruction
- ✓ Eliminate travel expenses
- ✓ Unlimited review of every class



## Live Class

- ✓ Led by academic and industry experts
- ✓ Convenient class locations and times
- ✓ 24 hours of live instruction
- ✓ Interactive question-based sessions

**KAPLAN**  
CPA SUCCESS

**ENROLL TODAY!**

See our website for Live Class locations, dates, and times.  
[www.kaplanCPAsuccess.com](http://www.kaplanCPAsuccess.com) | 888-548-2480

IQEX09502-02/10



# Netwatch

BY JIM CARROLL

YOUR GUIDE TO BUSINESS & ACCOUNTING ON THE INTERNET

## They'll spice up your systems

**A**re you ready to open up your accounting and financial systems to the Facebook generation?

In 10 years, that won't seem like a silly question. But even today, it's an issue you should think about.

In the next few years, we are likely to enter the world of the "accounting mashup," in which customers, suppliers and business partners start to interact with you through online widgets. As this happens, you'll discover new business models that will provide sales opportunities, streamline customer support and reduce operating costs.

We're starting to see this mashup happen. Best Buy, for example, recently announced its new Remix service, which allows anyone to access any content on the Best Buy website, including product specifications and prices. Someone could use the Remix service to write a Facebook widget that lists a few of his or her favourite music players and DVDs. People could click on those selections and link to a sales transaction on the Best Buy site, with a commission going to the person who wrote the widget.

Extend this thinking a little bit. In a few years, you'll provide your suppliers with an application programming interface (API). This will define the procedures, codes and methods by which they can perform a direct query on the inventory of a particular product, stuff a purchase order directly into your system, or pull up a query that instantly sends them a stream of data from your invoicing system.

We've been headed down this path for some time, with electronic data interchange technology and through the tools used to provide for interaction with enterprise resource planning (ERP) systems. Yet the next obvious phase comes about when the Facebook generation looks at the world of accounting and decides to spice it up a bit.

Young people entering the workforce are able to instantly and easily reshape information so that it is more accessible, shareable and far more interesting. They've taken to the world of music and video and have learned how to reassemble bits and pieces into something new. My favourite music mashup, from years ago, came from a DJ group known as The Kleptones. Their "A Night at the Hip-Hopera" remix took a swath of music from Queen, wrapped it around other

sounds and songs, all in a story about early attempts by the music industry to shut down music sharing.

So what does this have to do with accounting? Who is to say that the Facebook generation isn't going to look at the Best Buy Remix idea and rethink the whole concept of an accounting system in light of that? Why would we expect them to sit in front of a boring web browser, reviewing data on a boring ERP screen? Why would we not consider the possibility that they might write a tool that gets things done in a different way?

I'm about to spend a day working on strategy with chief operating officers from about 30 global insurance companies. I'm presenting a scenario that has a young broker writing a Facebook widget that scrapes a wide variety of auto insurance quotes from different insurance companies and allows for instant binding coverage — all without anyone visiting an insurance company website. That's a reality that they are going to have to support pretty soon.

The era of accounting mashups will create a huge variety of issues accountants will have to deal with, including security, data integrity and control procedures.

So what do you do now? Immerse yourself in the world of mashups to understand the unique conceptual thinking that is occurring here. Spend some time on the ProgrammableWeb site to explore the concept of APIs and mashups from a multitude of perspectives.

Jim Carroll, FCA, is a well-known speaker, author and columnist. Reach him at [jcarroll@jimcarroll.com](mailto:jcarroll@jimcarroll.com) or log on to his website at [www.jimcarroll.com](http://www.jimcarroll.com)

### MORE ON MASHUPS

**Best Buy Remix**  
<http://remix.bestbuy.com>

**The Kleptones** [www.kleptones.com](http://www.kleptones.com)

**ProgrammableWeb**  
[www.programmableweb.com](http://www.programmableweb.com)



# Standards digest Want to be kept informed? Log on to [www.cica.ca/subscribe](http://www.cica.ca/subscribe)

## RECENTLY ISSUED PRONOUNCEMENTS

<b>CICA Handbook – Accounting</b>		<b>Date issued†</b>
Business Combinations, Section 1582		January 2009
Consolidated Financial Statements, Section 1601		January 2009
Non-controlling Interests, Section 1602		January 2009
Financial Instruments amendments to:		December 2008
— Sections 3855, 3861 and 3862 et al regarding private enterprises		
— Sections 3855, 3861 and 3862 regarding reclassification of assets		
<b>EIC Abstracts</b>		
Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, EIC-173		January 20, 2009
Impairment Testing of Mineral Exploration Properties, EIC-174		March 31, 2009
A number of Abstracts amended as a consequence of the release of Section 3064		November 1, 2008
<b>CICA Public Sector Accounting Handbook</b>		
Transitional provisions amendment to Government Reporting Entity, PS 1300		March 2009
<b>Public Sector Statements of Recommended Practice</b>		
Assessment of Tangible Capital Assets, SORP-3		November 2008
<b>RECENTLY ISSUED DOCUMENTS FOR COMMENT (to March 31, 2009)</b>		
<b>Accounting</b>		<b>Comment deadline</b>
EDI	Adopting IFRS in Canada, II	May 15, 2009
EDI	Consolidated Financial Statements	April 20, 2009
ITC	Financial Reporting by Not-for-Profit Organizations*	June 30, 2009
ED	Generally Accepted Accounting Principles for Private Enterprises	July 15, 2009
EDI	Income Tax	June 30, 2009
<b>Auditing and Assurance</b>		
rED	Agreeing the Terms of Audit Engagements	April 15, 2009
<b>Public Sector</b>		
ITC	Financial Reporting by Government Organizations	April 17, 2009
ITC	Financial Reporting by Not-for-Profit Organizations*	June 30, 2009
SOP	Liability for Remediation and Mitigation of Contaminated Sites	May 22, 2009

### Legend

ED – Exposure Draft  
DS – Draft SORP

EDI – ED based on IFRSs  
ITC – Invitation to Comment

rED – Re-exposure Draft  
SOP – Statement of Principles

† Refer to each Handbook pronouncement for the effective date and transitional provisions.

\* Jointly issued by the Accounting Standards Board and the Public Sector Accounting Board

*The information published above reflects best estimates at press time. Please visit our website for the most recent information.*

## Canada's CAs advise caution as country prepares to adopt new labour mobility rules

**C**anada's first ministers have approved modifications to the Agreement on Internal Trade (AIT) aimed at ensuring full labour mobility across the country. The CA profession supports the goal of government leaders to ensure labour market flexibility during these unsettled times, but stresses it is important to guard against unintended consequences for professional standards.

The CA profession's harmonized and mutually recognized standards provide members with full professional mobility here in Canada, across North America and with our major international trading partners. However, while qualification standards for Canada's CAs are uniformly rigorous and meet recognized international standards, the same is not true when it comes to the legislated qualification requirements in the specific field of public accounting outside the CA profession, which vary significantly. While some provinces impose demanding, internationally recognized, legislated

qualification standards, other jurisdictions do not require practitioners to meet the same internationally recognized standards in public accounting that are currently met by all Canadian CAs.

The proposed rules under AIT require automatic recognition of entrants from one jurisdiction seeking to practise their occupation in another jurisdiction. It is the CA profession's view that the new rules could trigger a "race to the bottom" in terms of required qualification standards to perform audit and assurance work in Canada.

"Reducing qualification standards may tarnish Canada's reputation at a time when confidence in the world's economies and markets is already at its lowest ebb in decades," said CICA President and CEO Kevin Dancey, FCA. "The CA profession is simply asking our political leaders to ensure that public accounting qualification standards in Canada facilitate true interprovincial labour mobility and continue to protect consumers and the public while meeting a level of rigour that is internationally recognized."

## World's leading accounting bodies call for global debate

**T**he first major research project undertaken by the Global Accounting Alliance (GAA) has concluded that there is an urgent need for a global debate on how to reduce complexity in financial reporting and how to accelerate the move toward principles-based financial reporting standards.

The GAA report envisages a financial reporting environment where judgment, rather than adherence to a rulebook, allows the preparers and auditors of accounts to focus on the true economic substance of financial transactions.

The GAA is arranging a number of roundtable events where regulators and other stakeholders in financial reporting around the world can begin discussions on the ideas emerging from the research. This will assist the broader adoption of principles-based standards and address the increasing complexity and detail in company financial statements.

The GAA report, *Getting to the heart of the issue — Can financial reporting be made simpler and more useful?* is available for download from the GAA website at [www.globalaccountingalliance.com](http://www.globalaccountingalliance.com).

### Canada's CAs launch expanded website to support Canadian standards in transition

**O**ur Transition to International Standards website has been expanded and made easier to navigate. And it has a new name.

Canadian Standards in Transition is now your gateway to the CA profession's information and learning resources for international financial reporting standards for publicly accountable enterprises, changing standards for private enterprises, not-for-profit organizations, public-sector entities and international standards for auditing.

You will find a full range of resources, education opportunities, support tools and of course the latest developments in changing Canadian standards.

You can access the website by clicking on the Canadian Standards in Transition button, located on the homepages of the CA profession's national and provincial institutes.



# Work in process

BY MICHAEL BURNS

USING TECHNOLOGY TO IMPROVE THE WAY YOU DO BUSINESS

## Making the best of best practices

**Y**ou will often hear business consultants claiming that they offer “best practices” — that they teach their clients the most efficient and effective way of accomplishing certain tasks based on proven, repeatable procedures. Sounds great but be careful. The so-called best practice may be good for one organization but a disaster for another. It’s not best practice if the costs outweigh the benefits.

Organizations often set up operational processes that differentiate them from the competition. If those processes help them achieve their critical success factors (i.e., what they must do well to be successful), best practices might not apply and might actually be harmful.

Best practices should be useful in business processes that are the same or very similar across organizations, such as those related to project management or software development. There are also a number of best practices for collections, such as maintaining client conversations and to-do items.

Many organizations also have to contend with the silo syndrome, where one department optimizes its business process at the expense of other departments. Best practices may be helpful here, since silos cannot be fixed by systems or technology. Managers or VPs of the departments or business units concerned need to be motivated somehow to work for the betterment of the whole organization. This may entail changes in corporate culture, organizational structure and compensation.

Another best practice that can be applied to all organizations is measuring your performance against your past performance or that of your competitors, and most importantly doing something about it. Best practices require benchmarks or metrics. Ideally you should use metrics for your industry and size, but good luck in finding them. Public accountants could play a vital role in providing this data to their clients. If metrics are not available from external sources, they could collect them from their client

base (or their extended client base through their affiliations) and aggregate by industry.

Which benchmarks should you choose? Start with metrics that are linked to your critical success factors. You should also understand the difference between leading and lagging indicators. Lagging indicators tell you about results — sales, gross profit and so on. Leading indicators foreshadow things that could happen. For example, rising error rates in shipping often precede declining customer satisfaction. Many organizations have adopted the balanced scorecard method, which is a tool for assessing an organization’s business performance from four perspectives: financial, internal business processes, the customer, and learning and growth.

Metrics should be SMART: specific, measurable, ac-

### Best practices should be useful in processes that are the same or similar across organizations

tionable, relevant and timely. If the numbers are not specific, the results will be open to many different interpretations. Similarly, you should not choose metrics that can’t be measured accurately or that are too difficult to obtain. Actionable means the metric should measure something that can be acted upon. Relevant means the metric should tie back to critical success factors. Timely is obvious.

The most important part of measuring performance is the action you take to solve any problems that are revealed. First you need to understand what caused the problem. In some cases it has to do with systems and technology or business process. In others it has to do with people and their motivation. If you are lucky, the problem won’t have to do with people, because other factors are a lot easier to change.

Michael Burns, MBA, CA•IT, is president of 180 Systems ([www.180systems.com](http://www.180systems.com)), which provides independent consulting services, including business process review, system selection and IT audit. Contact 416-485-2200; [mburns@180systems.com](mailto:mburns@180systems.com)

# are **you** ready for

# ISAs?

By Jeff Buckstein

**With all the publicity surrounding international financial reporting standards (IFRS), it is easy to think it is the only major item of change on the agenda for the accounting profession. Such a view would be far from correct. International standards on auditing (ISAs), quietly in the works for years, are about to take**

a position front and centre on the Canadian accounting stage. Ken Krauss, chair of the Auditing and Assurance Standards Board (AASB) and a Toronto-based partner in the national office of Deloitte, explains why adopting ISAs in Canada is timely: “As our world becomes more and more globally interconnected, having one set of high-quality, globally accepted auditing standards helps to make everyone’s life easier.” ISAs improve communications to report users, he continues, because they remove “any potential inconsistencies or confusion that might result when there are different auditing standards being applied to a set of financial statements.”

More than 100 countries are either using the ISAs adopted as written by the International Auditing and Assurance Standards Board (IAASB) or locally adapted through national standards setters. In Canada, the AASB is adopting 36 ISAs, plus an additional standard on quality control, scheduled to take effect for audits of financial statements for fiscal periods ending on or after December 14, 2010.

When adopting the ISAs, the AASB had to make a key decision about what to call the standards. It determined that simply referring to the standards as ISAs would not be appropriate, since the adoption of these standards is not automatic. The AASB thus settled on Canadian auditing standards (CASs). The AASB retains the right to amend or not adopt a given ISA, or even develop an auditing standard that is unique to Canada in the unlikely event that such an action is needed. While amendments to wording in the ISAs are rare, they exist and so currently, the ISAs and CASs are not identical.

The AASB also looked to the approach taken by other standard-setters who have adopted ISAs for use nationally. For example, in the UK, the term ISAs-UK is used. Australia uses the term Australian standards on auditing (ASAs). The AASB decided that an approach similar to the latter would work well, and so CASs came into being. The ISAs, all of which have recently been redrafted by the IAASB in a much clearer format, are being adopted as new CASs with very few mod-

illustration by MICHELLE THOMPSON



ifications and will become part of Canadian generally accepted auditing standards (GAAS).

"I think it's really important from a Canadian perspective that we adopt the international standards on auditing. People will understand the best practices model of auditing has been adopted," says Phil Cowperthwaite, the IAASB member nominated by the CICA and a full-time practitioner with Cowperthwaite Mehta, a CA firm in Toronto.

#### Practitioners at various stages of readiness

The mood and state of readiness for ISAs appears to be varied among auditing practitioners. Michelle Balmer, vice-president of assurance services for Meyers Norris Penny LLP, a Calgary-based accounting firm, notes that the firm has been preparing for the transition to ISAs for about six months. Her group is responsible for the company's audit programs, and it has assigned a team to go through all the individual ISAs to compare them with existing Canadian standards, and to identify all the differences and make sure those differences are in some sort of an orderly fashion. They expect to have a new ISA template ready for issue in the fall of 2010. "We want to make sure we do that in time to get people trained prior to the actual change-over date," she says.

Balmer expects there to be a bit more work in the first year given the natural increase in time and effort that enacting new standards tends to entail. But she says, "I don't think it will take more than a year for people to get very comfortable with the new standards, because it's not going to be dramatically different from what we're doing now." Nor does she expect considerable increases in audit fees as a result of the new standards.

Gerald Peterson, a partner with PPW Chartered Accountants LLP in Winnipeg, says PPW has not done a lot at this stage with respect to ISAs other than to monitor the ongoing process. "We haven't actually looked at the new standards in relation to our files to determine our audit plan. We're waiting to get closer to the implementation date and expect probably this summer would be an ideal time to look at where we're at. Ideally, we want to get ourselves up to speed with respect to the new standards as close to the implementation requirements as possible."

As a large international firm that has already performed audits in accordance with ISAs, KPMG offices "already have materials in place that help our people understand the difference between Canadian GAAS and the ISAs," says Mark Davies, national partner in charge of audit for KPMG LLP in Toronto, who notes that KPMG currently uses a global audit methodology based upon ISAs.

When all the clarified ISAs are implemented, the firm will integrate them into its global audit manual and adjust the Canadian version for any modifications incorporated in the new CASs.

Davies acknowledges the new CASs will create some changes in KPMG's audit methodologies, technology and training procedures. "We're going to have to adapt the way we do things. Our templates and reporting frameworks are going to require modification."

The new CASs will also impact clients, says Davies. "We may be asking for things that we haven't asked for before." He cites the new emphasis on the going concern principle as an example

## Where to turn for help

There are various sources of information that auditors can turn to for assistance in their preparation for the new CASs/ISAs.

The CICA website provides links to information that explains key aspects of the adoption of international standards and shows how the *Handbook* is going to change. Furthermore, in all the AASB exposure drafts, "we highlighted the changes in requirements that would come about as a result of adopting the clarified ISAs as part of the CASs," says Greg Shields, CICA director of auditing and assurance standards.

The AASB plans to have the new CASs posted to the CICA Standards and Guidance Collection in English and French by early summer 2009. Moreover, "our continuing education is leading the charge and coming up with a program of various types of guidance and training," involving both personal attendance and web-based training, says Shields.

Another major information tool for auditors is the Professional Engagement Manual (PEM), developed by the CICA. PEM documentation, including questionnaires, is currently being developed to help practitioners deal with these new standards. The intention is to have this documentation available by the autumn of 2009.

The IAASB has also tried to greatly simplify things by redrafting its ISAs using a new clarity format, a process that Canada has assisted with. These spell out each standard in five parts: an introduction to explain its purpose and scope; objectives, to define the context of the standard's requirements; definitions of specific terms and their meanings; requirements the auditor must comply with; and application and other explanatory material, to provide further explanations and guidance. JB

where auditors would need to evaluate management's process with respect to determining whether the client company remains a going concern.

Yves Nadeau, partner in assurance and risk management consulting services at RSM Richter Chamberland LLP in Montreal, says members of his firm have read through all the documentation about ISAs on their internal network, as well as having received guidance and feedback based on the audit experiences of many of RSM's affiliated members in 70 countries.

They are also using ISA resources on the CICA website to study differences between Canadian GAAS and the new ISAs. "We're getting ready. We have already identified the major differences, which are not huge. Our firm is not too concerned

about the transition given that our audit methodology at this point is very close to the new international standard approach, so we're going to have very little to adjust," Nadeau adds.

#### Auditors need to start preparing now

Because many auditors won't need to put this knowledge into practice until they audit 2010 statements in early 2011, auditors have time to become familiar with the new ISAs and their corresponding CASs. But there are still worries some practitioners might end up totally unprepared.

"Even though we have messages on our website and AASB representatives have made presentations at conferences of various types, including conferences targeted at small practitioners, there is still a lack of awareness out there," says Greg Shields, director of auditing and assurance standards at the CICA in Toronto and a nonvoting member of AASB who provides the board with technical and operational support. "Many don't seem to understand what is coming, and coming pretty quickly. That's of great concern to us as standard-setters. The message I'm getting is that most small practitioners won't even start looking at this stuff until probably late in 2009 or even 2010 when the rubber's hitting the road." Shields stresses that practitioners have to start planning early for December 2010 or they will end up realizing they have all these new standards to learn, and then will wonder how they're ever going to cope.

The amount of work each auditor needs to do to get ready

for ISAs will vary, depending on his or her client base, current audit methodology and other factors. Experts note that current Canadian GAAS and ISAs already have much in common. Cowperthwaite cites similarities in quality-control standards, risk assessment and fraud standards as key reasons why existing Canadian standards are already "90% of the way there."

Still, some key areas of change under ISAs will require a lot of focus and preparation. Here are a few of them.

#### Reporting suite

There are significant structural and wording changes contained in CAS 700: Forming an Opinion and Reporting on Financial Statements, adopted from ISA 700. This new standard will provide a much better description of the respective responsibilities of management and the auditor regarding the financial statements, Shields explains.

There is also a substantive change in the date required on the auditor's report. Under current GAAS, the auditor's report can be dated when substantial completion of the audit has occurred. But under the new CAS provisions, the audit report must be dated no earlier than when those responsible for the preparation of the financial statements have approved them.

This constitutes a big change because in some cases the date of the audit report will be significantly later than it is now, and auditors will have to audit subsequent events between the effective date of the financial statements and the date of the



"In accounting, the security of client information is crucial. Shred-it removes the worry."

Destroying high volumes of client documents in-house can be inefficient, costly and not 100% secure.

Shred-it's document destruction services can help you meet your compliance obligations with reliable, on-time service.

Help prevent identity theft and security breaches.

And safeguard your clients' privacy so you can focus on what's really important. Growing your business.

1 888 79-Shred [www.shredit.com](http://www.shredit.com)



Making sure it's secure.

## Why select ISAs?

Why were new Canadian auditing standards (CASs), based on international standards on auditing (ISAs), chosen to eventually replace Canadian generally accepted auditing standards (GAAS) for audits of financial statements?

The decision was made in 2006 when some Auditing and Assurance Standards Board (AASB) stakeholders questioned whether uniquely Canadian audit standards remained the best route to go. “They said we’re really just duplicating the effort made by other auditing standards-setters so it didn’t seem to be a very efficient approach,” recalls Greg Shields, CICA director of auditing and assurance standards and a nonvoting member of the AASB who provides the board with technical and operational support.

The central question then became whether the best course of action was to adopt international or US auditing standards. The latter were considered for possible adoption in Canada because the two countries’ economies are closely intertwined.

However, AASB stakeholders were concerned about the complicated post-Enron environment. The standards-setting approach for US public company audits came under the Public Company Accounting Oversight Board, an arm of the Securities and Exchange Commission, whereas auditing standards for other entities such as private

companies still came under the auspices of the American Institute of Certified Public Accountants.

There were other reasons why Canada favoured hitching its star to international auditing standards. For example, both the AASB and International Auditing and Assurance Standards Board (IAASB) take a principles-based approach to standards setting, allowing for more professional judgment, compared to the US, which is more rules-based.

Furthermore, one set of international standards can be used to audit all types of entities. They can, for example, be used to audit a big public company or small private entity using a flexible approach to meet the needs of the organization being audited, similar to the philosophy under Canadian GAAS, “so we’re very comfortable with that,” says Shields.

Furthermore, the process is rigorous and transparent. “Anyone can get all of the materials that are being debated by the IAASB. Their proposed standards are put out for exposure with the comments analyzed and carefully considered,” he explains.

Given those reasons, and backed by strong stakeholder support, the AASB decided to adopt ISAs. Since then, “we’ve been devoting our efforts to developing the new set of standards that are going to come into effect for periods ending on or after December 14, 2010,” Shields says.

JB

audit report, which could entail much additional work, notes Shields.

This could, in turn, drag out the close-off procedures in the audit, resulting in more time spent and fees collected — perhaps anywhere from 1% to 3% of the cost of the file under normal conditions, to maybe as high as 8% to 10% extra in some unusual cases, says Alden Aumann, partner at the Vancouver office of CA firm Manning Elliott LLP.

Another change is that, unlike current Canadian GAAS, which focuses on financial statements prepared in accordance with Canadian generally accepted accounting principles (GAAP), under the new CASs “you can give a clean audit opinion on financial statements prepared using any acceptable financial reporting framework,” says Shields. “Frameworks such as Canadian GAAP, US GAAP or IFRS are clearly acceptable, but the auditor will be required to use professional judgment in deciding whether other frameworks are acceptable.”

Davies notes that under current Canadian GAAS, the types of audit reports that can be provided on financial statements include a Section 5400 report on a general purpose set of financial statements; and Section 5600 involving a special purpose set of financial statements that allows auditors to offer an opinion on

statements with differences from GAAP. But these reports can only be provided in restricted circumstances involving legal, regulatory or contractual obligations.

In contrast, the relevant new reporting CASs, covered in CAS 700 and CAS 800: Special Considerations — Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks, are much more flexible. They provide a broad set of reporting options involving both general purpose and special purpose financial statements, says Davies.

The idea is that auditors and their clients are being given “the flexibility to develop an approach that’s appropriate in the circumstances to best meet the needs of the users,” he adds.

### Going concern

CAS 570 (ISA 570): Going Concern will provide auditors in Canada with a lot more robust requirements and guidance on how to deal with consideration of matters related to an entity’s ability to continue as a going concern, says Shields. This is particularly important during the current economic downturn because many companies will be facing issues so serious there may be doubts about whether they will be able to continue business.

Under current Canadian GAAS, there are references to the



## UNDER THE NEW CASs/ISAs RULES, auditors will have to make sure that the component auditors comply with relevant ethical requirements applicable to the audit, in particular that they are independent

going concern assumption being applied when there are doubts about a client's ability to survive, but not a special section dealing exclusively with that issue. In contrast, ISAs deal explicitly with going concern issues. They require the auditor to carry out specific procedures, including an assessment of management's evaluation of the going concern assumption, notes Davies.

### Auditing group financial statements

Another big change that might affect auditors is the new CAS 600 (ISA 600): Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors), which deals with the audit of financial statements belonging to groups of companies. It explains what is required more explicitly than the current *Handbook* section 6930: Reliance on Another Auditor.

Under CAS 600, for example, auditors must establish an overall group audit strategy and develop a group audit plan; the engagement team must understand all the components of the group

and the environments in which they operate. It also requires the engagement team to understand whether it will be able to obtain sufficient appropriate audit evidence when involved in the work of the component auditor.

The new standard dictates that different work efforts are undertaken depending on whether the component being audited is deemed significant or insignificant; there are also explicit requirements that cover the consolidation process and subsequent events. And more extensive communications with the component auditor must be undertaken; for example, the group engagement team must communicate relevant ethical requirements about issues such as independence. "That standard has a lot more requirements and robust guidance than our current standard on reliance on another auditor. I think it much better reflects current practice and will be very useful to auditors," says Shields.

Under the new CASs/ISAs rules, auditors will also have to



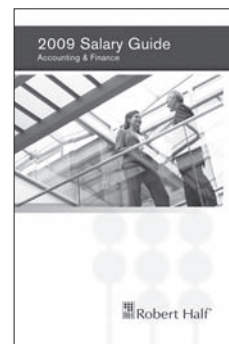
Learn what it takes to secure and retain the best accounting and finance professionals.

Call today for your **FREE**  
**2009 Salary Guide.**

**1.800.803.8367**  
accountemps.com

**1.800.474.4253**  
roberthalf.com

**1.888.400.7474**  
roberthalfmr.com



**Accountemps, Robert Half Finance & Accounting** and **Robert Half Management Resources** are the leaders in specialized financial and accounting staffing for temporary, full-time and project placement, respectively.



# SEAMLESS

It's how your transition to **IFRS** should be.

**The date to change over to International Financial Reporting Standards is fast approaching** and the time to prepare is now. We're here to help. We understand the complexity of the transition and offer the information, tools and training you need to successfully manage the change to IFRS. So when 2011 rolls around, your transition will be seamless.

**[www.cica.ca/IFRS](http://www.cica.ca/IFRS)**

*Your trusted source for everything IFRS.*



make sure that the component auditors comply with relevant ethical requirements applicable to the audit — in particular that they are independent.

### Risk assessment response

Like Canadian GAAS, risk assessment and appropriate responses to that risk constitute important elements of the new CASs/ISAs, adopted without modification under CAS 315: Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment; and CAS 330: The Auditor's Responses to Assessed Risks.

"We have had those rules in Canada about three years now, and the clarified rules are really no different, so I don't think there's going to be a significant change there," says Shields, particularly for auditors who already embrace the AASB's audit risk standards.

"We suspect that for many auditors, there won't be very much change, because their audits would have already reflected what's now in the requirements," he says. But for practitioners who haven't embraced audit risk standards, getting up to speed will be a big transition. "If they took a minimalist approach a lot of the new requirements will be a change for them," Shields says.

One of the fundamental precepts of the IAASB is that an audit is an audit, regardless of the size of the organization, notes Cowperthwaite. "The difference is in the way the standards are interpreted and executed. In a large multinational organization

with extensive hedging of currency and other risks, for example, the audit procedures will likely be more extensive than they would be in a small company with cash in the bank. But the audit standards themselves would remain the same," he adds.

### Standards overload?

If practitioners have to become familiar with yet another set of standards around the time of the IFRS conversion in 2011, will there be standards fatigue?

It's not just preparation for IFRS and ISAs that is filling practitioners' plates. "We've also been hit with a lot of new Canadian and US standards over the past several years," says Aumann. "We can get our people up to speed relatively quickly because we're used to doing professional development and training, and we're a large enough firm that we've got the resources to do that. I think the ones who are feeling the pinch here are really the small firms; the sole practitioners; the two- and three-partner firms that really don't have the resources to get up to speed on this quickly. They might be more likely to complain about standards overload."

Shields emphasizes that the CICA is there to assist. "We want to create awareness and get the message out that this isn't an insurmountable task. For many of the standards the change is not likely to be all that great. And for all those areas where there is change, we will provide help," he says.

Jeff Buckstein is an Ottawa-based journalist

## IFRS convergence is coming and coming fast. Get on the right track **now.**

IFRS has the potential to impact almost every decision your company makes. The sooner you get on board with CCH Canadian, the smoother your transition will be.

CCH Canadian's *International Financial Reporting Standards for Canada* is an indispensable online subscription that contains the full and latest version of the Standards, along with **continuously updated IASB content**. The Standards include **commentary** and **extensive cross-references** and examples to make your research fast, accurate and convenient.

Written for Canadians by Deloitte Canada practitioners, this online resource draws upon the firm's global experience in IFRS. Register now for a free trial to see how efficiently you can master the transition.



**Free Trial:** [www.cch.ca/tryifrs](http://www.cch.ca/tryifrs) | **Phone:** 1 800 268 4522 | [www.deloitte.ca](http://www.deloitte.ca)

\*Special offer valid until March 31, 2009. Quote code IFRS903. 0812

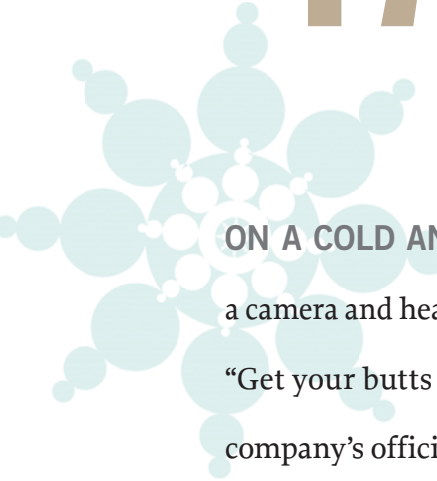
**Deloitte.**

 **CCH**  
a Wolters Kluwer business

Some firms practise what they preach, treating employees as a valuable resource. Check out their strategies to keep staff stress-free and happy

By Tamar Satov

# TAXbreaks



ON A COLD AND BLUSTERY FEBRUARY DAY, ROBERT GOLD GRABS a camera and heads for the park beside his Toronto CA firm with four staff in tow. “Get your butts down in this clear snow right here,” he says, filming the company’s official snow-angel team for a YouTube video challenge to other firms.

“Whoohoo! It’s my first time doing this,” says one of the Bennett Gold employees, laughing. “Terrific! Beautiful!” shouts managing partner Gold, as the four reveal the winged images their bodies left in the snow. “Oh my God. You’re absolutely insane!” someone says of the boss as he lies down on the freezing ground and flaps his arms and legs about. “We love snow days,” says Gold when everyone is done. “All right, let’s get some hot chocolate.”

illustration by KAREN GREENBERG





# Investing in wellness will save companies money. Studies show that for every dollar a company spends on wellness, it will save \$3 to \$8 in reduced staff turnover and absenteeism, greater productivity and even a reduction in its group insurance premiums

No one would blame you for thinking it odd that an accounting firm takes time to play in the snow in the midst of the busy tax season. But it's just one of the ways enlightened employers try to inject some levity, humour, team spirit and stress relief into the typical 60-plus-hour workweek leading up to the tax deadline. "Part of my job is to keep everyone 'up,'" says Gold, recognizing that the overtime the 15-person staff is expected to work — Saturdays from 9 a.m. to 4 p.m. starting in February and up to an additional three evenings a week in March and April — can take its toll.

And while most of us are aware of strategies to reduce stress such as exercising, eating right and taking time to relax, these tasks can seem onerous when you're already pressed for time. That's why firms are doing what they can to make it easier for staff to stave off stress. From mid-season parties to in-house massage to personal valet services — the methods are geared toward preventing health problems and burnout that can result from tax-season stress.

"The right amount of stress gives us energy and makes us more focused, but when there's too much stress for too long, it makes us susceptible to illness," says Beverly Beuermann-King, a stress and wellness expert based in Little Britain, Ont. Indeed, a 2002 US study by accounting professors at Brigham Young and Washington State universities found that the average 63-hour workweek accountants put in between January and April leads to job burnout, which can cause gastrointestinal ills, headaches, high blood pressure, chronic fatigue, depression, anxiety and irritabil-

ity. "Stress can also be a contributing factor in cases of heart attack, stroke and cancer," Beuermann-King says.

In addition to physical symptoms, job burnout has been linked to a negative attitude toward clients, coworkers, the job or the organization. That can be explained, in part, by the surge of adrenaline and other hormones the body releases in its fight-or-flight response to stress, says consultant Karen Denega, a former CA who provides programs on stress management for the Institute of Chartered Accountants of Ontario. "All those hormones going through our bodies can lead to emotional outbursts and poorer decision making, so we might lash out at ourselves or others," she says.

Another reaction to stress is poor sleep, says Denega, and that can affect job satisfaction. According to a 2006 University of Florida study, employees reported higher rates of job satisfaction if they had slept soundly the night before and lower levels if they had experienced insomnia.

Put all these factors together and it's clear why firms that do tax work are getting on the stress-busting bandwagon. It's just good business sense to keep employees from burning out so firms can maintain productivity and retain staff. "Employers realize they should be investing in wellness because it will save them money," says CA Ben Cornell, a human resources consultant at accounting firm Ward & Uptigrove in Listowel, Ont. Studies show that for every dollar a company spends on wellness, it will save between \$3 and \$8 in reduced turnover and absenteeism, greater productivity and even a reduction in group insurance premiums, he says.

"Companies often talk about how their

people are their most important resource, but that doesn't mean anything if it's just a statement on a plaque on the wall," Beuermann-King says. "They actually have to do it."

And many are. Want to know how? Here's a sampling of stress-relieving strategies we found in place at various firms — and the lowdown on why the experts say they are effective.

## PROMOTE HEALTHY EATING

Lots of firms have gotten the message and are stocking the office with fresh fruits and vegetables, nuts or other healthy snacks during the busy season. Others also educate their staff on making healthier choices. "At Ward & Uptigrove, we've had a nutritionist come in to review everyone's eating habits and make recommendations to each personally," says Cornell. US firms such as Dworken, Hillman, LaMorte & Sterczala in Shelton, Conn., have gone to greater lengths to keep staff away from energy-sapping foods by having a "biggest loser" contest to see who can lose the most weight over tax season. **Why it works:** Coffee, soft drinks and chocolate might seem like the perfect perk-me-up, but caffeine and refined white sugar only increase the adrenaline rush already stimulated by stress. Denega recalls someone from her stress management workshop who couldn't understand why he was suffering from symptoms of stress when he was doing everything right. "He didn't realize what those eight cups of coffee a day were doing to him," she says.

**Bonus tip:** Putting healthy food in high-traffic areas of the office and moving junk food vending machines to lower-traffic areas

(like the basement) increase the chance that staff will eat well, Beuermann-King says. "If the chocolate is right there, they'll take that. But if someone has taken care of the work of preparing vegetables and dip or sliced fruit and it is right there — that's what they will choose."

#### OFFER IN-HOUSE MASSAGE

This is another popular stress-relieving benefit provided by firms at tax time. Bennett Gold, for example, brings in the services of Toronto massage therapy providers In My Hands during tax season to work out staff's tense muscles. At the Toronto office of CA firm Fuller Landau, on-site massage is offered throughout the year, but the frequency increases to once every two weeks from January to March, and weekly in April. "It's 15 minutes that allows you to relax, and it shows that the firm cares about you as an individual," says Laura Couvrette, a senior manager in the firm's assurance group. "That's a powerful message."

**Why it works:** Massage not only soothes muscles, but also helps with blood circulation, so it can combat afternoon brain fog and get creativity and productivity going again.

**Bonus tip:** It's a worthwhile expense because it's preventive — it would cost a lot more to pay for a chiropractor later. If the firm's budget is really tight, look into massage schools in the area, says Beuermann-King. "The students need hours of training and may do it for free."

#### FACILITATE/ENCOURAGE EXERCISE

Regular exercise is often the first to fall by the wayside when files pile up. Finding that 30 minutes or hour for a workout can be tricky, so some firms offer incentives to get people moving.

Natalie Churchill, a manager with Deloitte's global wealth and employer services in Halifax, used the firm's 50% wellness reimbursement to buy a home step machine to make it easier to fit in her morning workout, while many employees at the firm's Vancouver office participate in the *Vancouver Sun* Run 10K each April. Similarly, Couvrette has the support of Fuller Landau's partners to train and compete in the Boston Marathon on April 20 — just 10 days before tax deadline. "The fact that they are encouraging me to

go — that in itself demonstrates the tone from the top," she says.

Over at Ward & Uptigrove, HR consultants Cornell and Carrie Sharpin are both Can-Fit-Pro certified spinning instructors who hold midday classes for the firm's staff at the gym across the street. The firm pays for the use of the spinning bikes and gives staff time off to attend the 45-minute sessions, which are offered up to five times a week. For those who prefer to exercise outside, there's a lunchtime walking group that heads out for a daily 45-minute trek.

**Why it works:** When the body is tense and stressed it sends signals to the mind, says Denega. Exercise or stretching releases tension and gets the blood flowing. "You can often feel the difference within 30 seconds of starting," she says. Exercising outside is particularly helpful in winter, because we become susceptible to seasonal affective disorder when there are fewer hours of daylight. "We go to work when it's dark and come home when it's dark — so we have lower levels of melatonin and serotonin, which help with energy and sleep," says Beuermann-King. "Even on a cloudy winter's day, the light outside is many times brighter than indoor lighting."

**Bonus tip:** Get up from your desk at least once an hour. Take a break and stretch before your muscles get tense, says Beuermann-King. Set a timer if you need a reminder. Try to get outside for 20 minutes twice a day, but if that's impossible, take a break at a large window or in your office's solarium, she adds.

#### PLAN A MID-SEASON PARTY OR OUTING

While most firms hold a celebration immediately following the tax deadline, some firms give staff a chance to let off steam during the crux of the seasonal crunch. At Bennett Gold, for example, the staff is treated to a National Lacrosse League game at the Air Canada Centre, where pizza, drinks and snacks provided in a corporate box make for a festive atmosphere.

At Fuller Landau, there's a mid-season party in March, such as the mock casino night they held one year or the time they all went out bowling. "It's a chance to get everyone out of the office during that period — when we're all juggling multiple files or we're out of the office doing field reviews — and reconnect with them as people," says Couvrette. Some US firms,



Do you have fewer than  
**25 employees?**

Get off on the right foot  
each month:  
we take care of payroll.



**EMPLOYER D TELEPHONE,**  
A SIMPLIFIED PAYROLL MANAGEMENT  
SERVICE DESIGNED FOR SMALL  
BUSINESSES. ONE EASY STEP—DATA  
IS COLLECTED OVER THE PHONE.

For more information, visit  
[desjardins.com/payroll](http://desjardins.com/payroll) or call  
514-356-5050 or 1-888-311-1616.



## See the signs

**THE EARLIER YOU DEAL WITH STRESS, the less difficult it is to alleviate it. Get to know what your early signs of stress are, and make an action plan of the tactics that work for you. If not, your unabated stress could lead to burnout.**

### 10 early signs of STRESS

- Stomach upset
- Craving for sugar
- Loss of appetite
- Insomnia
- Sleeping more
- Grinding teeth
- Making a fist
- Curling your toes
- Negative thoughts
- Pain at pressure point near base of head

Source: Karen Denega

### 10 signs of BURNOUT

- Dread going to work
- Don't have enthusiasm about work that you used to
- Resent coworkers and colleagues
- Feel you'll never get ahead or complete a task
- Change in sleeping patterns
- Easily bored with work
- Take frequent absences from work
- Catch more colds
- Don't care about quality of your work
- Personal relationships are suffering because of work dissatisfaction

Source: Illinois CPA Society

such as Wilkin & Guttenplan in East Brunswick, NJ, host themed lunches such as beach parties, luaus or sumo wrestling contests.

**Why it works:** The more you can get staff to connect, the better, says Beuermann-King. That way, they don't feel like they're the only ones slogging through, and they can learn coping strategies from one another. It also gives them an opportunity to get away from work and have a laugh — and laughter initiates the opposite chemical reaction to the body's stress response, says Denega.

**Bonus tip:** If you can't get out for some fun, try listening to a CD of stand-up comedy for a quick laugh.

### DOLE OUT REWARDS

Some firms, such as KPMG's Toronto office, give out movie passes or other vouchers so staff can enjoy an evening out with their significant other. At Fuller Landau, Starbucks and iTunes gift cards are avail-

able to those who go above and beyond. Deloitte's wellness program allows a 50% reimbursement on services such as house-cleaning or dog-walking.

**Why it works:** Rewards not only recognize hard work and success in projects, making employees feel appreciated, but they also encourage or free up opportunities for stress-reducing leisure time.

**Bonus tip:** Firms can also use rewards to get people involved in wellness programs, says Beuermann-King. A gift card, for example, may give workers one more incentive to participate in a fitness class or attend a lunch and learn more about nutrition.

### LIMIT OVERTIME

This might seem like a no-brainer, but the culture of "the more chargeable hours the better" at tax time is deeply rooted at some firms. But that is slowly changing. At KPMG, for example, managers set reasonable targets for weekly overtime and let employees know that they should not

exceed that amount. If they notice one person has more chargeable time than others, they'll redistribute work and suggest that person work fewer hours. "We do request that everyone take off at least one day on the weekend," says Jim Yager, national leader for KPMG's international executive services practice. "This allows our staff to still have a life outside of work, when people can schedule personal matters."

At Fuller Landau, staff is limited to a 50-hour week from mid-January until the end of March and a 45-hour week in April — and employees can put the time in when it best suits them. "The overall culture is really about respecting the individual," says Couvrette. "You're not a workhorse."

**Why it works:** To stay healthy, a person must get seven to nine hours of sleep a night and also feel as though he or she has a life outside of work, says Beuermann-King. When firms show an understanding that it's not realistic for their people to work all the



time, employees will log fewer sick days, be more productive and are less likely to leave the firm for another job or go out on their own.

**Bonus tip:** Retirees could be a sensible solution for heavy seasonal workloads. It might suit them to work just a few months a year and have the summers off.

#### HIRE A PERSONAL VALET

At least one US firm has taken the idea of freeing up employees' time even further by hiring a full-time personal valet. At Barfield Murphy Shank & Smith in Birmingham, Ala., Betsy Nolen takes care of the individual needs of the firm's 100-plus staff. That includes banking, purchasing and wrapping gifts, waiting for home deliveries or service people, returning ill-fitting or unwanted retail purchases, picking up prescriptions, taking cars in for servicing or cleaning and even making a milk run for organic dairy products from a farm about an hour's drive from the office.

**Why it works:** "Knowing that I don't have to worry about getting these things done reduces my stress level and gives me time to spend at home with my family," says CPA Jaime Norris, a senior audit manager who has been at the firm for the past seven years. It also creates a culture of support where the firm is taking care of its employees, says Denega.

**Bonus tip:** The firm has streamlined the process by using an online system to log valet requests, and personal expenses that are paid for by the firm are deducted from the employee's next paycheck.

#### BE FLEXIBLE

Flexible schedules and working from home are becoming more common as technology allows for the virtual office. "It's not like you have to be in the office all the time — you can leave at 5 p.m., go home, have dinner and then start working again," says Janice Wells, a senior manager at Deloitte in Vancouver, adding that her group is paperless, so staff doesn't have to cart files back and forth.

Couvrette says the flexibility she has at Fuller Landau is one of the things that keeps her from leaving the industry. She recalls an incident in a previous job early in her career where she had to go to a client's site on a Saturday even though she had finished all her work and her father

was in town for a visit. "We still had time together, but not as much," she says. It led her to harbour negative feelings toward the employer and, eventually, leave.

**Why it works:** Time off in lieu or flex time works really well to alleviate work pressure because it gives individuals more control over their situations, says Denega. The ability to work at home is also a big time-saver, as the average Canadian commutes 63 minutes to and from work, says Beuermann-King. "Companies should be focusing more on the completion of projects and less on face time."

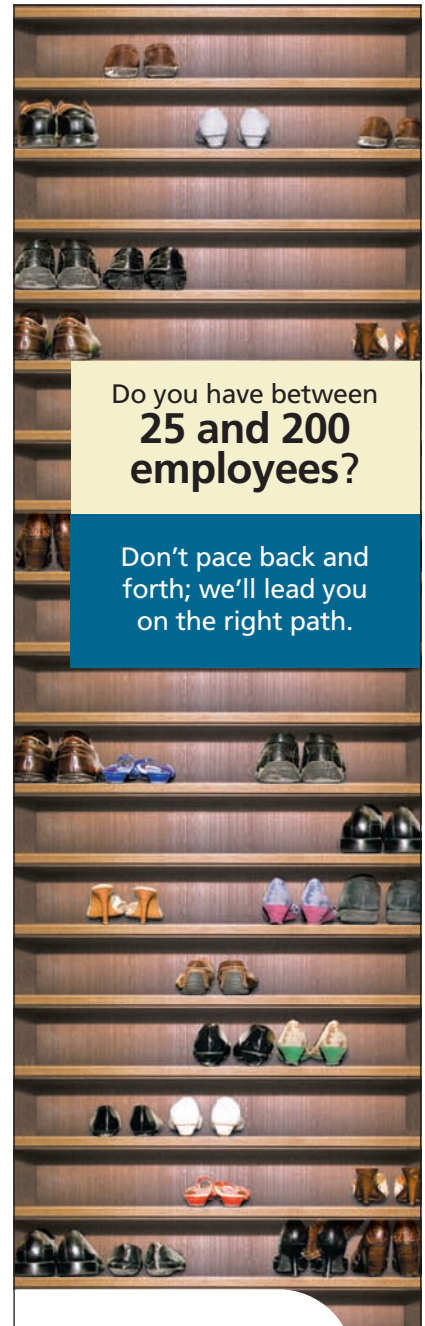
**Bonus tip:** Still want everyone to come in on weekends? Take a page out of Barfield Murphy Shank & Smith's ledger book — when staff is called in for a few hours on a Saturday, the firm sets up videos and games in one of the meeting rooms and arranges babysitting.

Regardless of what strategies firms employ to get their staff on the road to wellness, there are a few musts, say the experts. First, management has to set the example. "Your supervisor might say you need to take breaks and eat healthily, but if he or she is working through lunch, calling lunch meetings or stomping around the office screaming and yelling — that doesn't set the tone," says Beuermann-King.

Second, give staff a say. "We feel stress when we feel that we can't control things," says Denega, who suggests getting a small group of employees together to discuss what they think the hardest thing is about tax time and have them come up with strategies and solutions. It's also important to have someone responsible for monitoring the firm's initiatives to see what worked well or not, so you don't make the same mistakes year after year. This can be done through employee surveys, exit interviews or by an assessment of any changes in the firm's statistics on productivity, absenteeism, medical or disability claims and turnover.

Finally, don't underestimate the value of a thank-you. "People simply aren't being told they are doing a good job," says Beuermann-King. "Praise and thanks are so important to feeling appreciated — and it doesn't have to be monetary."

Tamar Satov is a senior editor with *CAMagazine*



Do you have between  
**25 and 200**  
employees?

Don't pace back and forth; we'll lead you on the right path.



EMPLOYER D **UNIQUE**,  
AN EASY INTERNET-BASED  
SOLUTION. PROCESS AND ACCESS  
YOUR DATA WHEN AND WHERE  
IT'S MOST CONVENIENT FOR YOU.

For more information, visit  
[desjardins.com/payroll](http://desjardins.com/payroll) or call  
514-356-5050 or 1-888-311-1616.



## Assessing the impact

A better understanding of the new standardized accounting rules may minimize the costs to businesses



**H**ave you wondered why you haven't received a long overdue goods and services tax (GST)/harmonized sales tax (HST) refund? You may have been caught by relatively new legislative rules that affect refunds and change a number of interest and penalty provisions of the Excise Tax Act.

The Budget Implementation Act, 2006, which received Royal Assent June 22, 2006, and became effective April 1, 2007, introduced several legislative amendments to the Excise Tax Act, the Excise Act, 2001, the Income Tax Act and the Air Travellers Security Charge Act. These amendments harmonized a number of accounting, interest, penalty and related administrative and enforcement provisions to provide an integrated set of rules — now referred to as standardized accounting provisions.

The new rules under the GST/HST system have potential consequences for GST/HST registrants. Understanding

and effectively navigating these rules will enable businesses to minimize any unfavourable impact of these provisions.

Effective April 1, 2007, businesses expecting a refund after filing GST/HST returns or a rebate application will not receive the refund or rebate amount until all outstanding returns required under the above acts are filed. Prior to 2007, GST/HST refunds were withheld only if there were outstanding GST/HST returns and GST/HST rebate applications were not affected at all.

In addition, effective April 1, 2007, any GST/HST refund, overpayment or rebate owing to a person will not be paid to the extent that the person has any amounts owing under all the acts. Such refund or rebate may be applied against the other debt.

Under the new legislation, interest on net tax refunds for a reporting period ending on or after April 1, 2007, will accrue beginning on the day that is 30 days (previously 21) from the day the return in which the refund is claimed is

filed with the Minister, or the day following the last day of the reporting period, whichever is later, to the date the refund is paid.

For GST/HST rebates, interest will be paid beginning on the day that is 30 days after the day the rebate application is filed with Canada Revenue Agency (CRA) and ending on the day the rebate is paid.

The prescribed interest rate paid on a refund or on a rebate of GST/HST is 2% plus the basic interest rate. The basic rate is based on the 90-day Treasury bills, adjusted quarterly and rounded up to the next whole percentage point (expressed as an annual percentage).

Prior to April 1, 2007, an amount owing under the Excise Tax Act was subject to interest at a prescribed rate, which was the basic rate, and a 6% late payment penalty. Effective April 1, 2007, the 6% penalty is eliminated and the outstanding balance is subject to interest only. However, the new prescribed interest rate is now increased from the basic rate to the basic rate plus 4%, thus partly offsetting the benefit of the late payment penalty elimination.

A new failure to file penalty is introduced where a GST/HST return is filed late with a balance owing. The penalty is calculated at a rate of 1% of the balance owing on the late-filed return plus 0.25% for each full month the return is overdue, to a maximum of 12 months. The maximum penalty is therefore 4% of the amount owing.

The failure to file penalty applies to any return that is required to be filed on or after April 1, 2007. It also applies to any return that was required to be but was not filed before April 1, 2007, in which case the return is deemed to be required to be filed by March 31, 2007, for the purposes of calculating the penalty.

For example, consider a return for a reporting period due January 31, 2007, with a net tax of \$10,000 owing that was filed and received by CRA on April 16, 2007 (i.e. after the due date). Based on the old and new interest and penalty regimes, interest at the prescribed rate in effect for the period from February 1, 2007, to March 31, 2007, plus the 6% annual penalty (both compounded daily), would accrue on the unpaid balance up to March 31, 2007. Since the return was filed late with \$10,000 of

unremitted tax, a failure to file penalty of \$100 (1% of \$10,000) applies. For the period from April 1, 2007, to April 16, 2007, interest at the new prescribed rate applies to both the \$10,000 outstanding net tax and the failure to file penalty of \$100.

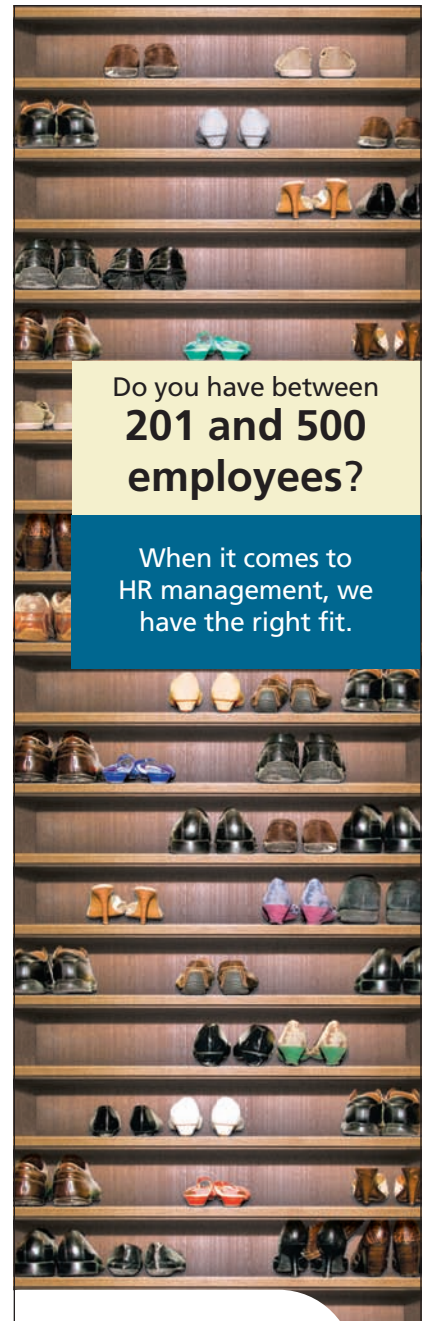
In other words, the 6% penalty and interest (calculated at the basic rate) will apply on amounts owing prior to April 1, 2007. Interest at the new prescribed rate (basic plus 4%) will apply to the amounts still outstanding (including interest and 6% penalty accrued) starting April 1, 2007, and ending when the amount is remitted. The new failure to file penalty will also apply to a return that is required to be filed on or after April 1, 2007, and any return that was required to be filed before that date if it was not filed by March 31, 2007.

A person who fails to file a return when required pursuant to a demand issued by CRA is liable to a penalty equal to \$250 for any demand that the CRA serves on or after April 1, 2007.

Under the Excise Tax Act, CRA may extend the time for filing a return or to remit net tax or to pay tax. For extensions that expire by March 31, 2007, the 6% penalty does not apply during the extension period, although interest continues to accrue for that period. This was amended so that for any extension of time that expires on or after April 1, 2007, the new interest and late filing penalty provisions will not apply in respect of the return or the amount required to be remitted or paid until after the extension period expires and will only apply in respect of the period after the extension.

The standardized accounting provisions also affect wash transactions. A wash transaction occurs when a supplier fails to charge and collect GST/HST on taxable supplies made to a registrant who would have been entitled to claim full input tax credits (ITC) if the tax had been correctly charged. A wash transaction may also occur if ITCs have been claimed by a wrong entity within a closely related or an associated group of persons.

Prior to April 1, 2007, where there is a wash transaction that is subject to both the 6% penalty and interest, CRA will consider waiving or cancelling the portion of the 6% penalty and interest that exceeds the 4% of the uncollected tax (i.e., effectively



Do you have between  
**201 and 500**  
employees?

When it comes to  
HR management, we  
have the right fit.



**EMPLOYERD INTRO,**  
AN INTRODUCTION TO INTEGRATED  
PAYROLL AND HUMAN RESOURCES  
MANAGEMENT. THIS SOLUTION  
COMBINES A ROBUST PAYROLL  
ENGINE WITH CORE HR  
FUNCTIONALITIES.

For more information, visit  
[desjardins.com/payroll](http://desjardins.com/payroll) or call  
514-356-5050 or 1-888-311-1616.



# CA Tax Suites

CA Tax Suite & CA Tax Suite Premium



## You talked. We listened.

We went across the country and spoke to CAs in public practice and industry to find out what you needed in tax reference resources. As a result, we have designed two packages **to suit your budget and research needs.**

### Build your tax research library in three easy steps:

1. Decide on your level of tax coverage (regular or premium)
2. Choose between Internet or DVD
3. Place your order

**To learn more or to order:** [knotia.ca/store/cataxsuite](http://knotia.ca/store/cataxsuite)

4% of the uncollected tax is being charged as a penalty).

For wash transactions subject to interest at the new prescribed rate as of April 1, 2007, CRA will consider waiving or cancelling the portion of the interest that is in excess of 4% of the uncollected tax. As a result of the transaction qualifying as a wash transaction, the registrant would be assessed a 4% interest charge.

The April 1, 2007, amendment for wash transactions resulted in a change from the flat 4% wash transaction penalty to a flat 4% interest charge. It is noted that the new wash transaction policy will only be applicable to wash transactions on which tax becomes payable or remittable to CRA on or after April 1, 2007, while the 4% penalty policy will continue to be in effect for wash transactions on which tax became payable or remittable before April 1, 2007.

The CRA has established a voluntary disclosures program to promote voluntary tax compliance by registrants with respect to the various acts it administers. For GST/HST purposes, the program allows those who have under-remitted GST/HST or overclaimed ITCs to voluntarily disclose their tax liabilities with protection from penalties and criminal prosecution. For a disclosure to be considered valid under the program, the disclosure must meet four conditions:

- it must be voluntary
- it must be complete
- it must involve a penalty, and
- it must include information that is over one year past due, or if less than one year past due, it must not be initiated simply to avoid late filing or instalment penalties.

With the elimination of the 6% late payment penalty on April 1, 2007, if a registrant has filed GST/HST returns on time but determines that it has underpaid or under-remitted GST/HST or overclaimed ITCs, only interest on the outstanding balance would apply (assuming no other penalties apply). Without a penalty being imposed, any voluntary disclosure of unremitted tax would fall outside the voluntary disclosures program and no relief would be provided from the imposed interest.

However, the voluntary disclosures program will still benefit taxpayers with unreported transactions prior to April 1, 2007, where taxes and penalties may be

assessed. Filing under this program in these cases will result in the penalty being waived, and payment of tax and interest only. Further, in the case of a wash transaction before April 1, 2007, only the tax is payable. The 4% penalty otherwise assessed would be waived under the voluntary disclosures program.

In summary, for transactions occurring after March 31, 2007, on which tax becomes payable or remittable to CRA, the voluntary disclosures program will no longer benefit taxpayers who are not subject to any penalty. CRA may see a drop in voluntary disclosures as there will be fewer incentives for taxpayers to come forward and disclose known tax liabilities.

Under the standardized accounting rules, businesses may be faced with added expenses if they are not in compliance with the filing requirements. As discussed above, the government will only pay interest on a refund or rebate equal to the basic rate plus 2%, whereas interest charged on outstanding accounts will be at the basic rate plus 4%. Moreover, the interest and late filing penalty that accrue in a taxation year that commences on or after April 1, 2007, will not be deductible for income tax purposes even where such amount relates to a net amount of GST/HST pertaining to a taxation year that began before April 1, 2007. However, the 6% penalty that would only apply to tax owing prior to April 1, 2007 (as this penalty has since been eliminated), will still be deductible in the taxation year in which the penalty is imposed.

The Budget Implementation Act introduced many amendments to the refund, interest and penalty provisions. It is also broader in that other acts administered by CRA fall within its scope. Cross-implications may therefore exist, such as the case of a GST refund withheld because of an overdue filing of a non-Excise Tax Act return. Businesses should try to better understand the impact of the new rules to minimize the cost to their business.

Karen Wong, CA, is a senior manager with Ernst & Young in Toronto. She can be contacted at [Karen.A.Wong@ca.ey.com](mailto:Karen.A.Wong@ca.ey.com)

Technical editor: Trent Henry, tax managing partner, Ernst & Young



Do you have between  
**501 and 10,000**  
employees?

We simplify your  
HR management  
from head to toe.



**EMPLOYERD SELECT,**  
A MODULAR SOLUTION  
FOR PAYROLL AND HUMAN  
RESOURCES MANAGEMENT.

**EMPLOYERD EXCLUSIVE,**  
A FULLY CUSTOMIZABLE  
SOLUTION THAT LETS YOU EMBED  
YOUR BUSINESS PROCESS.

For more information, visit  
[desjardins.com/payroll](http://desjardins.com/payroll) or call  
514-356-5050 or 1-888-311-1616.



# Accounting for people

Because IFRS can affect the human side of an organization, it's vital to include HR in the implementation stage

**T**he deadline to become IFRS-compliant is January 1, 2011, and doing so is more than an accounting exercise as it impacts constituencies across an organizational structure. Early adoptions of IFRS in Europe, South America, Japan and Australia suffered by focusing too much on finance and accounting and not devoting sufficient attention to other functions such as human resources.

The human resources department plays a vital role in developing and implementing enterprise IFRS compliance strategy. This means proactively managing issues, including staffing and talent shortages, the identification and retention of key staff and consequent succession planning, training and professional development and staff communications. Considering human resource issues early allows project teams to evaluate IFRS strategically as an opportunity rather than a pain point. There are a number of key project elements to which human resources can make significant contributions.

## Identify the key players and constituency interests at work

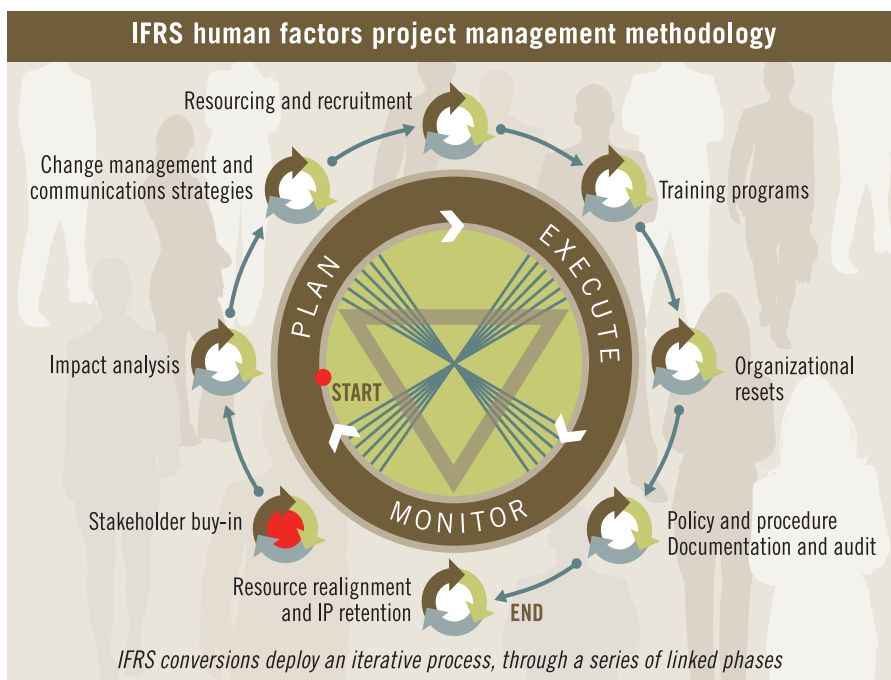
Key to an efficient and successful IFRS conversion is identifying the people, systems and processes affected. Major stakeholders — such as the CFO and controller, vice-presidents or senior vice-presidents of human resources, IT, tax, operations and communications — must have a seat at the table. Lack of senior management involvement will prove a major stumbling block. Establishing early consensus among prime movers is all the more important if business case expectations widen beyond a simple compliance framework — toward larger issues of organizational design or role restructuring. Human resources leaders, with their reach and contacts across the organization, are ideally positioned to drive a guiding coalition forward. By assuming an active and visible role, they aid in facilitating effective discussions that ensure timely closure on key issues.

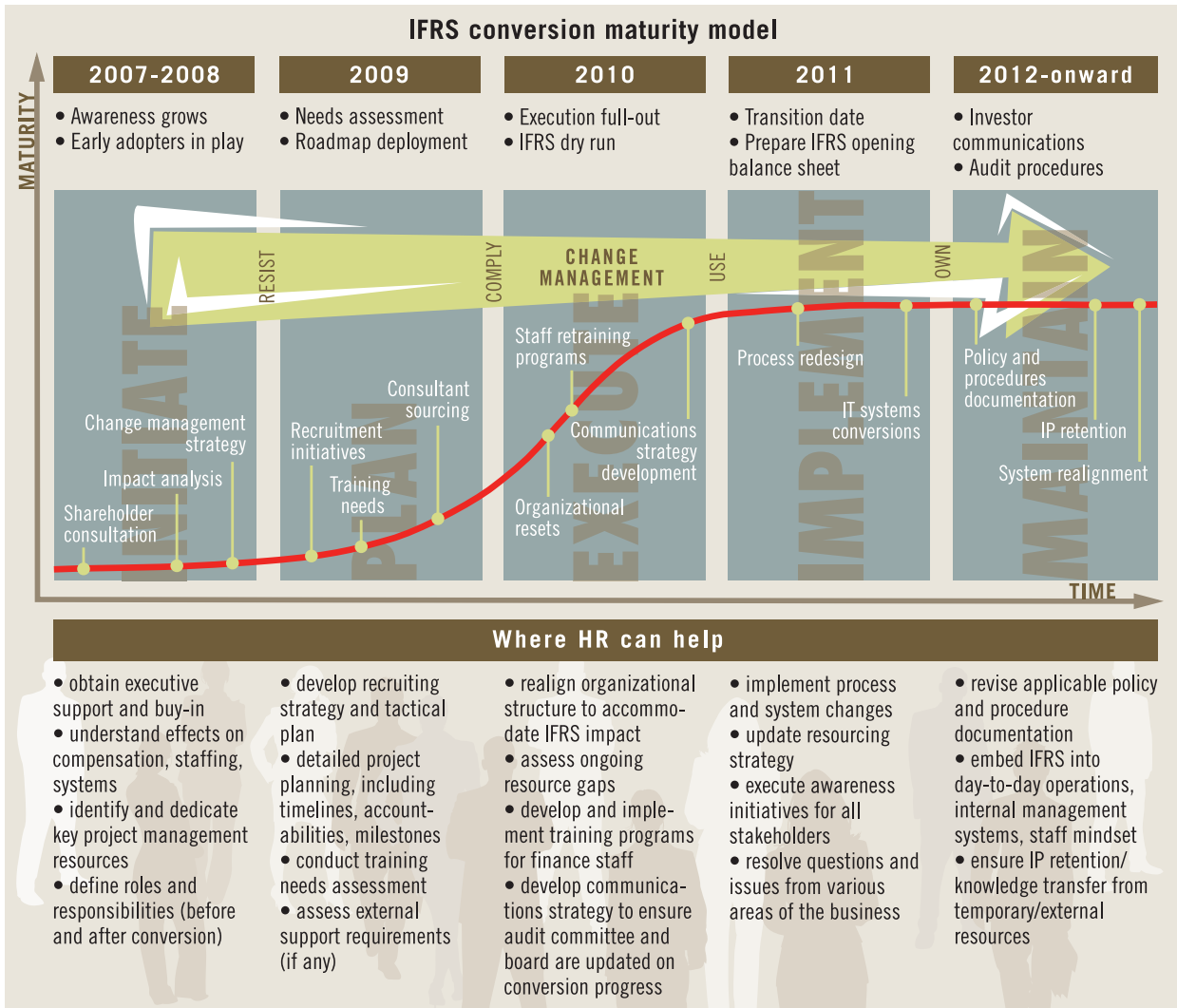
## Perform a thorough impact assessment

Once the core team is assembled, it can turn to understanding the effects of IFRS on the individual business functions themselves. Areas of the conversion in which human resources typically plays a role include:

*Compensation* Executive incentive thresholds are based on reporting metrics (income, revenue, earnings per share, net asset value) that will be subject to change under IFRS. Accordingly they may become unreachable, overly facile, obsolete or inappropriate. Revisions to stock option plans, compensation contracts and sales commission formulas may need consideration. Compensation committees must work closely with accounting staff to understand and plan for changes. Human resources should be involved in resetting thresholds and setting criteria for bonus/incen-

BAIBA BLACK





tive eligibility; reviewing and approving pay and benefit packages and monitoring compliance with IFRS as well as other applicable legislation.

**Staffing** More than 50% of IFRS adopters in the EU, Japan and Korea required additional staff to complete the project. And larger organizations that think resources can easily be shifted to meet demand should think again. Generally, the larger the company, the larger the head-count increase. Human resources may help anticipate resource requirements and develop strategies to handle recruitment in key areas. Given the current economy, tackling staff shortages early is crucial. Recruiting hired guns later may prove costly and difficult.

Succession planning will also be more critical as those who speak IFRS, particularly project management resources, find themselves in greater demand. Risks associated with the departure of key staff include loss of intellectual capital, safeguarding of confidential information and the possibility of delays or missed deadlines. These risks increase throughout the project cycle, and human resources can assist in reworking compensation strategies to mitigate the problem.

**Systems** IFRS conversions impact IT systems and processes, including data collection, reporting mechanisms and system controls. Though accounting platforms (or accounting modules within the larger general ledger environs) will see the most change, human resources interfaces may require reassessment. This is particularly true if the current enterprise architecture is a patchwork of decentralized or legacy systems or if insufficient automation requires a great deal of manual data entry (even handwritten forms). These problems can place human resources' IT at odds with goals of process efficiency and reporting accuracy and create problems with the overall conversion process. IFRS may be a blessing in disguise for such an environment, offering a clear business case for process fixes. A thorough risk and governance assessment and a review of the human resources information system within the overall architecture are sensible starting points.

#### Identify resource needs and constraints early

Cooperation with human resources during the planning phase is essential to ensure that resourcing strategy aligns with project timelines. Diligent project planning and management are necessary, as is the application of dedicated resources. Avoid the

pitfall of asking critical employees to take on the IFRS project in addition to their day-to-day responsibilities. Otherwise, they will be tempted to place long-term initiatives lacking immediate urgency, such as IFRS, on the back burner. Early identification of key resources is also crucial. Significant shortages of management professionals with IFRS knowledge are expected by 2010, especially in such areas as IT and internal audit.

A multiphase project cycle, with clear accountabilities, makes the IFRS initiative more manageable. Establishing key timelines is necessary. Decide which phases can be run concurrently, which must be sequential and where dependencies between phases exist. Arrange quick wins — for instance, the rollout of a new reporting structure — at intermediate points along the project timeline. This maintains momentum and demonstrates value to concerned stakeholders. Past efforts have shown that a phased approach — spreading project efforts and costs over a longer period of time — has been more successful and less disruptive. An all-in format involving rapid, simultaneous conversion of all processes and systems is more difficult to execute. But a phased approach requires more aggressive management of tasks, dependencies and timelines, as well as an earlier start.

#### Consider long-term enterprise goals

The planning stage is an ideal time to consider initiatives beyond compliance. Staff roles change during conversion. It may be possible to identify opportunities to direct the resource allocation (human and monetary) strategically, for example, consolidating separate finance offices into a single central entity. Many organizations, particularly those affected by significant cost reduction imperatives attached to the recession, have already mandated such initiatives. It's possible to align an IFRS conversion with organizational and governance changes such as cycle-time reduction and dramatic cost cutting.

#### Train selectively but aggressively

Where recruiting falls short, human resources should be part of the team that determines the extent of retraining accorded to staff. Conduct a thorough assessment before launching any training initiatives to decide who needs to know what. A targeted approach to developing new materials and conducting workshops and sessions is essential to control costs and avoid delays. For instance, compensation and benefits specialists will need extensive retraining. But your organization's entire executive team — not only finance personnel — should receive some level of education regarding IFRS requirements and some of the more far-reaching implications unique to your business.

#### Ensure knowledge retention

IFRS-qualified resources, particularly those skilled in project management methodologies, will be in short supply. Keeping as much as possible of the IFRS initiative in house is preferable. But some organizations will have to recruit external resources to assist in their implementations. Since no training is required for external resources to become conversant in IFRS implications, the consultant approach carries short-term benefits. But simply

outsourcing the firm's IFRS work does not address the long-term problem — the need to embed IFRS knowledge internally. At a minimum, human resources should assist in developing a procedure to transfer that knowledge from consultants to internal resources. Ideally, internal resources will be involved throughout each phase of the project. As they work closely with consultants, they gain a more granular view of the conversion process. Well-planned resource rollovers may also be a part of this program.

#### Establish a change management strategy

Organizations often underestimate the breadth of IFRS conversion activity. Many employees' roles will shift as resourcing needs change over the cycle of the project. Systems may be overhauled or abandoned. Performance expectations and reporting relationships may shift. Frustration may set in. Capability gaps are likely, especially in the first year of new reporting arrangements, and modifications in working styles may be required as a result. Human resources can help in viewing the process in terms of its change management components. Its role is to ensure that the impact on people receives deliberate consideration.

## Cooperation with human resources during the planning phase is essential to ensure that resourcing strategy aligns with project timelines

#### Ensure clear communication

In conjunction with corporate communications, human resources can assist in developing an awareness program for stakeholders. The objective is to explain the expected changes brought about by IFRS. It is important to orchestrate consensus-building efforts by monitoring, managing and maintaining key stakeholders' engagement throughout the project cycle. Human resources can prove useful in communicating changes in performance metrics and compensation packages, thoroughly explaining the underlying rationale. Staff requires credible communication to sustain the effort required to complete an initiative the size of IFRS. A solid communication program assures employees that the changes they are experiencing are reasonable and necessary.

IFRS has the potential to affect the human side of an organization in significant ways. It's only logical, then, that human resources should be an active participant in assessing these impacts and formulating the appropriate response. By securing human resources' participation in needs assessment, recruitment and retention, and training and communications initiatives, organizations will improve the likelihood and ease of success.

Steve Ralph, MA, LL.M., CMC, is managing director of SBR International Inc. in Toronto. He can be reached at [steve.ralph@sbrglobal.com](mailto:steve.ralph@sbrglobal.com). Marc Sykes, BA, PhD, ABD, and Jimao Peng, MLIS, PhD, assisted in preparing this article

---

Technical editor: Ron Salole, VP, Standards, CICA



## Future of financial reporting

Not-for-profits need standards to ensure quality in their reporting, and the PSAB and AcSB are considering a few options



Canada reportedly has the second largest volunteer sector in the world. Canadian not-for-profit organizations are diverse in their origins, structures and objectives. In 2004 Statistics Canada, with a number of partners including the Canadian Centre for Philanthropy (now Imagine Canada), published a comprehensive study of not-for-profit organizations in Canada. The study refers to not-for-profit organizations as the cornerstones of Canadian communities and some statistics are useful in understanding the effect such organizations have on the Canadian economy.

The study estimates there are 161,000 not-for-profit organizations reporting \$112 billion in revenue and having 139 million members. Some 90,000 of these organizations are registered charities. According to the study, not-for-profit organizations employ just more than two million staff and draw on two billion volunteer hours,

the equivalent of one million full-time jobs, and receive more than \$8 billion in individual donations.

Forty-nine percent of all revenue comes from governments, most from provincial sources. Earned income from non-governmental sources accounts for 35% of revenue; gifts and donations account for 13%. Larger organizations are generally more likely to depend on government funding, whereas those with relatively smaller annual revenue depend more on earned income from non-governmental sources, gifts and donations.

In terms of size, 60% of not-for-profit organizations report less than \$100,000 of revenue, and almost 80% report less than \$250,000 in revenue. Although hospitals and universities and colleges account for 33% of all revenue, they represent less than 1% of all organizations.

An overwhelming majority of not-for-profit organizations operate independently, while others, such as schools, hospitals, colleges and universities, are in some cases controlled by governments and included in their

public accounts. Canada also has not-for-profit organizations with operations that are international in scope.

Not-for-profit organizations need to have standards that help ensure quality in their financial reporting. An organization has stewardship obligations to its contributors, members, lenders or other users of its financial statements, including the public at large. High-quality financial reporting helps organizations fulfill their need to be accountable for good stewardship. Generally accepted accounting standards provide that quality in reporting.

The Accounting Standards Board (AcSB) has the authority to establish standards for private sector not-for-profit organizations. For government not-for-profit organizations, it is the Public Sector Accounting Board (PSAB) that establishes the standards. In support of comparisons between similar organizations and among all not-for-profit organizations, the PSAB currently directs government not-for-profit organizations to apply the standards issued by the AcSB.

### AcSB strategic plan and its implications

The AcSB is responsible for setting standards for publicly accountable and private profit-oriented enterprises as well as for not-for-profit organizations in the private sector. It has determined that publicly accountable profit-oriented enterprises will follow international financial reporting standards (IFRS). While these standards are not developed with not-for-profit organizations in mind, they may be applied by a not-for-profit organization if it considers them to be an appropriate form of reporting to its stakeholders. In fact, not-for-profit organizations in some other countries are using IFRS.

The AcSB is also developing a made-in-Canada alternative set of financial reporting standards for private profit-oriented enterprises. As the private-enterprise standards are based upon the needs of profit-oriented enterprises, the AcSB is considering including material specific to not-for-profit organizations in this set of standards, similar to the material that is contained in the current *CICA Handbook – Accounting*.

This approach is similar to the current approach whereby reporting standards for not-for-profit organizations are closely linked with the general standards applicable to profit-oriented enterprises. Based on experience and feedback received to date, the AcSB believes that the current approach is well understood by stakeholders and has served the needs of the sector well.

A particular issue associated with this proposal in the case of not-for-profit organizations with a broad base of users is that those users' needs may not fully align with users of private-enterprise financial statements. For example, it is expected that disclosures presently required in the current *CICA Handbook – Accounting* will be reduced to better suit the requirements of private-enterprise users who can typically access and obtain additional information. Not-for-profit organizations will want to evaluate whether the proposed basis of accounting contains disclosure requirements that are robust enough to meet their users' needs.

### Public sector standards

PSAB invites the broader community of not-for-profit organizations to comment on the alternative of applying public-sector standards. As well, PSAB decided it would be an appropriate time to re-examine whether government not-for-profit organizations should continue to follow standards based upon those developed for the private sector. Among organizations in the public sector that apply not-for-profit GAAP are certain schools, universities, colleges and hospitals. These organizations may have counterparts in the private sector, so if one primary source of GAAP cannot be agreed upon, the financial reports of organizations providing similar services would not be as easily compared as in the past.

Public-sector standards may well be suited to support financial reporting by not-for-profit organizations. Not-for-profit organizations and governments share a common objective to provide community services, rather than to generate a profit. Demonstrating accountability for resources, obligations and financial affairs is among the stated objectives of public sector financial reporting. There are a number of other related reasons that tend to support the use of public-sector reporting by not-for-profit organizations

## An organization has stewardship obligations to its contributors, members, lenders or other users of its financial statements, including the public at large

that are included in the Invitation to Comment described at the end of this article.

Although developed primarily for use by governments, public sector principles are based on a conceptual framework similar to that in the *CICA Handbook – Accounting* and detailed standards can be readily adapted to not-for-profit financial reporting. There are, however, some reporting differences between the *PSA Handbook* and GAAP as it is presently applied by not-for-profit organizations. Resolving these differences would alleviate some present concerns that arise in communications on financial performance within the public sector.

As well, certain topics addressed in the 4400 series are not within the scope of the present *PSA Handbook*. For this reason, interested parties have been asked to comment on basing GAAP for not-for-profit organizations on the *PSA Handbook* or on the *PSA Handbook* supplemented by specific guidance dealing with their unique circumstances, similar in nature to those currently provided in the 4400 series.

Similar to the AcSB proposal, the appended 4400 series material would need to conform to the PSAB's conceptual framework and other standards included in the *PSA Handbook*. This could have implications for material in the existing 4400 series. The transitional process would ensure that not-for-profit organizations' standards are developed based on a public benefit-oriented framework and are tailored to address the unique circumstances of their environment.

If the *PSA Handbook* is adopted as the basis for the standards,

users, preparers and auditors would face a degree of change but the adoption of elements of the 4400 series would tend to mitigate the extent of education and training.

### Possible reporting options

The boards considered the option of developing a new set of stand-alone standards for not-for-profit organizations and reflected on the implications of user needs and comprehension; the requirements to teach and learn another set of GAAP standards; the costs of developing and maintaining a stand-alone approach; and the likelihood that such standards, if developed, might not differ much from current standards. The boards have tentatively rejected developing a set of stand-alone standards.

Therefore, the boards are considering the following options: IFRS, private-enterprise standards and public-sector standards. In evaluating approaches, user needs must be considered, including reporting on the discharge of stewardship responsibility. Not-for-profit organizations are expected to report clearly and comprehensively on their financial position and performance.

### Matters not-for-profit organizations need to consider

The first matter that needs to be considered is whether not-for-profit organizations' financial reporting standards should be closely linked to standards for another sector, rather than developing a set of standards that apply only to them.

If there is general agreement with the boards' tentative conclusion that a separate set of standards is not a viable approach, the next matter to consider is whether comparability among organizations is sufficiently important that all not-for-profit organizations should be required to apply one of the following sets of standards:

- IFRS;
- private-enterprise standards being developed by the AcSB supplemented by standards specific to not-for-profits;
- existing public-sector standards developed by the PSAB; or
- existing public-sector standards developed by the PSAB supplemented by standards specific to not-for-profits.

The alternative to adopting one of these sets of standards for not-for-profit organizations' financial reporting is permitting not-for-profit organizations to determine which set of standards to apply based on an assessment of their users' needs. If this approach is to be taken, not-for-profit organizations first need to determine whether they agree with the tentative conclusions of the AcSB and the PSAB as to the available options, which are standards a) and b) for private-sector organizations and

standards c) and d) for public-sector organizations. Not-for-profit organizations should also consider whether the determination of the set of standards to be applied should be a free choice or whether rules or guidance should be developed to prescribe how the choice should be made. If prescription is considered the appropriate course, not-for-profits should develop their views as to what the rules or guidance should be.

The boards acknowledge that the private-enterprise standards are still in the process of development at the time of issuing the Invitation to Comment. Therefore, they have asked respondents to consider the private-enterprise standards as they have developed up to the date of their response and to add suitable qualifying language in answering the questions if that is appropriate.

*This article is based on matters discussed in more detail in Financial Reporting by Not-for-Profit Organizations, an Invitation to Comment, issued jointly by the AcSB and PSAB in December 2008. Individuals, governments and organizations are invited to send comments to either board by June 30, 2009.*

Brian Barrington, CA, is a consultant with the AcSB and provides support for its Not-for-Profit Organizations Advisory Committee.

Robert Correll, CA, is a principal with the PSAB and past PSAB board member

Technical editor: Ron Salole, vice-president, Standards

## UBC DAP

### The gateway to accounting

#### Accelerate your future with the Diploma in Accounting Program (DAP) at the University of British Columbia.

If you are a university graduate seeking a professional accounting designation, you can fast-track your education through the UBC Diploma in Accounting Program (DAP). UBC DAP's curriculum is recognized by the Chartered Accountants School of Business (CASB) and satisfies most of the program requirements.

#### APPLICATION DEADLINES

May start:	Mar 1 (International applicants) Apr 1 (Canadian applicants)
Sep start:	Jul 1 (International applicants) Aug 1 (Canadian applicants)

Find out how DAP can accelerate your future: [www.sauder.ubc.ca/dap](http://www.sauder.ubc.ca/dap)



Opening Worlds

THE UNIVERSITY OF BRITISH COLUMBIA

## Legally, what can you tell?

When accountants are questioned by a trustee, can they disclose a company's confidential information?

**T**he accounting profession has been in a state of flux over the past few years. Starting with the post-Enron era, legal action against accountants has increased exponentially. Judging by the current economic shift, the recession may be more than just a vague threat and a rise in personal and business bankruptcies is a real possibility. And that in turn might mean an increase in lawsuits against accountants.

Even before today's economic troubles, it was not uncommon, at least in Quebec, for clever attorneys to advise trustees in bankruptcy to use the workings of the Bankruptcy and Insolvency Act to determine or assess the potential liability of the accountants of a bankrupt company. Trustees may examine such accountants in accordance with the legal mechanisms at their disposal, particularly sections 163 and 164 of the Bankruptcy and Insolvency Act.

Accountants who undergo an examination should

be prudent and their first step should be to secure legal representation. Accountants — at least those in Quebec — who are called to answer questions by a trustee should make sure that former directors of the bankrupt company have authorized the trustee to discharge them of the duty of professional secrecy so they may disclose confidential information belonging to the company. In Quebec, the trustee cannot renounce the right to professional secrecy in the name of the bankrupt company. Extra-patrimonial rights such as those involving professional secrecy cannot be transferred to the trustee of a bankrupt company (*Laprairie Shopping Centre Ltd. (Syndic de)*, [1998] R.J.Q. 448).

Ontario courts have ruled that documents prepared by accountants are not subject to confidentiality rules. The 1994 decision of the Ontario Court of Justice in the matter of *Sun Squeeze Juices Inc. (Re)* 27 C.B.R. (3d) 98, [1994] O.J. No. 1451 para. 4 (Ont. Gen. Div.) is often cited when claiming that no duty similar to solicitor-client privilege exists between accountants and their clients.



Likewise, in *GMAC Commercial Credit Corp. Canada v. TCT Logistics Inc.*, the court found that documents produced by an auditor are not protected by any privilege recognized by Canadian law that would prevent their being released to the trustee in bankruptcy. However, if the documents were prepared at the request of the bankrupt's lawyer in connection with a lawsuit, they will be subject to solicitor-client privilege (*Wolch's Guaranteed Foods Ltd. (Trustee of) v. Wolch*, 24 C.B.R. (3d) 268 in para. 27 (Alta. Q.B.)).

Furthermore, accountants need to be mindful that questions asked by the trustee actually relate to the bankrupt company's business. In *Groupe de mode Inizio (Syndic de)*, J.E. 2006-1049 (C.S.), the bankrupt's creditor, National Bank of Canada, noticed a \$3-million discrepancy between the company's actual position a few days before it declared bankruptcy and the position the company's accountant presented the bank three months earlier. On a resolution of the bankruptcy inspectors, the trustee's lawyers examined the accountant in accordance with Section 163 of the bankruptcy act. The accountant's lawyers objected to a number of the trustee's questions. The judge found that many of the questions whose purpose was to dissect the work performed by *Groupe de mode's* accountant focused on his professional liability and could have been intended to expose any professional misconduct that would have enabled the NBC to launch proceedings against him.

Based on an in-depth review of case law, Judge Derek Guthrie concluded that the purpose of Section 163 was not to allow a creditor or other interested party to take advantage of the examination to advance a lawsuit. The judge pointed out that courts are prepared to restrict the trustee's right so the examination does not turn into a fishing expedition or a document raid. Accountants will therefore need to make sure that the goal of the examination is not to assess the merits of a professional liability case against them.

In addition, using the provisions of the bankruptcy act, trustees try to obtain accountants' working paper files to assess the possibility of initiating proceedings against them. The matter of the ownership of working paper files was addressed in *Banque Toronto Dominion v. Soroka* (1995) R.J.Q. 2896. In this case, the trustee in bankruptcy had questioned one of the accountants of the bankrupt company in accordance with Section 163 of the act. The accountant was not represented by counsel since he had not informed his professional liability insurer about the examination. He therefore provided all the material requested by the trustee, including his working paper files.

Subsequently, one of the bankrupt's creditors commenced legal action against the auditors, who were ordered to pay damages. The professional liability insurers denied coverage, asserting late notice of claim. The court noted that if the accountant had informed his insurer of the examination under Section 163, the insurer could have objected to many items, such as the release of personal records.

Judge Jean-Jacques Croteau stated that memos, notes and

documents such as working papers prepared by an accountant to enable him to carry out a professional engagement belong to the accountant and not to his client or the trustee. In the case at hand, the insured cannot be compelled to produce them pursuant to Section 163.

The judicial trend whereby an accountant's working papers cannot be requisitioned by the trustee was dismissed out of hand by Judge Robert Mongeon in a 2007 decision rendered in the matter of *9098-8189 Québec Inc. (Syndic de)*, J.E. 2008-308 (C.S.). In this case, the auditor of the bankrupt company sought to have a requisition for books, documents and papers related to the bankrupt company overturned. After reviewing prior case law, the judge concluded that all requisitioned documents should be handed over. As regards the working papers, the judge stated the following:

"The request is limited to the documents and working papers that were used to prepare the financial statements. Insofar as the information they contain was actually used in the preparation of said financial statements, the court fails to see why they should escape review by the trustee or be excluded from an examination under Section 163 of the Bankruptcy and Insolvency Act."

## **It is important to note the judge nevertheless restricted access to the accounting records by stating they should not be forwarded to the parties but brought to the examination**

It is important to note that Judge Mongeon nevertheless restricted access to the accounting records by stating they should not be forwarded to the parties but brought to the examination. The trustee can only access the records if he or she can show they relate to the bankrupt's business.

Furthermore, in cases where records are handed over to the trustee, a court order should be obtained to prevent the trustee from forwarding the documents handed over by the accounting firm pursuant to Section 163 to any person other than the lawyers and experts retained by the trustee (see decisions rendered in *Hickman Equipment (1985) Ltd. (Re)*, 44 C.B.R. (4th) 82 (N.L. S.C. (T.D.)), *Ste-Anne-Nackawic Pulp Co. (A.e.)* 8 C.B.R. (5th) 142).

To conclude, accountants will need to ensure that the steps taken by the trustee are not intended to assess their liability. All requests to hand over documents should be challenged in light of the principles established by the Quebec Superior Court Bankruptcy and Insolvency Division. In addition, a court order should be obtained to prohibit the trustee from forwarding or giving access to accounting records to other creditors. Lawyers should be vigilant when their clients are being examined and object whenever the trustee goes beyond the scope permitted by the court. In light of the preceding, the wiser course of action would be to proceed by way of objections when being examined rather than challenging the entire process.

*Jo-Anne Demers, LLB, is a managing partner at Nicholl Paskell-Mede. She is also the Technical editor for Legal issues*

**AMBIT**

**TRIED  
+  
TRUE**

Ambit is an executive search firm with a defined focus on finance and accounting professionals. We provide a unique depth of service and understanding of the market.

We know the key individuals and we have the experience to bring them together. It's a tried and true approach.

Learn more about us  
+ 416.703.5050

**AMBIT SEARCH**  
36 Toronto Street, Suite 1160  
Toronto ON M5C 2C5  
www.ambitsearch.com



CATHY LOGUE, JOANNE ELEK & SHERIZA PERABTANI

**UNLIMITED LINES OF CREDIT**

Do you have clients.....

- Who's business are growing too quickly
- Who's line of credit or operating line been reduced by their bank
- That are short of working capital
- That have difficulty meeting payroll
- That have suppliers holding shipments due to late payments.
- Who's company is going through restructuring
- Who's government debts need to be addressed quickly

**Benefits**

- Facility is off balance sheet
- Linked to size of receivables
- Funding up to 90% of invoice amount within 24 hours
- Take advantage of supplier discounts
- All industries considered (including government)



For fast, personal and confidential service contact:

Shankar Narayanan  
1-866-762-0484 ext. 231  
shankar@yourleasource.com  
www.yourleasource.com

**WANTED: BUSINESSES FOR SALE**

- Qualified buyers
- 50 years experience
- Exit strategies for medium to large businesses



Serving all of Ontario  
Call Larry Mckenzie, Broker  
519-673-7822  
Visit our website:  
www.ontariobusinessbrokers.com

**Let us introduce you  
to your next career move**

www.inteqna.com

RECRUITMENT SPECIALISTS IN  
TORONTO, CALGARY, VANCOUVER,  
EDMONTON & HALIFAX

**INTEQNA**  
For the people we know



Mid-Market Corporate Advisors  
 Aquisitions/Divestitures - Financing - Valuations

www.cfaw.ca  
 CANADA-USA-EUROPE

**Douglas Nix, CA**  
 Managing Partner  
 905-845-4340 x211  
 doug.nix@cfaw.ca

Intermediate to senior level positions only

**job wings**  
 FINANCE . ACCOUNTING . MANAGEMENT  
 www.jobwings.com | 1-888-JOBWINGS

Rod K. Tanaka, C.A.

**TANAKA ASSOCIATES**  
 Executive Search Inc.

120 Adelaide Street West, Suite 2500  
 Toronto, Canada M5H 1T1  
 Tel: (416) 410-8262  
 Confidential fax: (416) 777-6720  
 E-mal: tanaka@sympatico.ca



**Executive Search • Outplacement • Career Coaching**

Opportunities in CA firms and industry for:  
 Tax Accountants • Senior Auditors • IT Auditors  
 Audit Managers & Specialists • Business Valuators  
 • CFOs and Controllers

**E-mail: ca@peoplefindinc.com**  
**Fax: 905-477-9170 Phone: 905-477-9330**



**The Larkin Group**  
 Executive search

**Susan Larkin, CA, MBA**

2275 Upper Middle Rd. E., Suite 101 Oakville ON L6H 0C3  
 T: 905.491.6806 E: susan@larkinggroup.ca  
 www.larkinggroup.ca

**JW Associates International**



**Janet Webb**  
 President

**CAREER DEVELOPMENT**

Business Coaching  
 Career Consulting  
 Termination Support  
 Outplacement

**EXECUTIVE SEARCH**

Senior Search Group  
 Future Leaders Group  
 Onboarding  
 Retention Consulting

*Programs qualify for continuing professional development requirements*  
 Over 20 years experience advancing the careers of Finance/Accounting professionals

416-363-6532 info@jwassociates.ca www.jwassociates.ca  
 120 Adelaide St. W., Ste 2500 Toronto, ON



**RDBASE.NET**

THE SIMPLE SOFTWARE SOLUTION TO DOCUMENTING SR&ED TAX CREDIT CLAIMS

- Reduce documentation efforts by as much as 75%!
- Create concise project descriptions with cost correlations
- License fees as low as \$1,000 / year
- Full training and support available

**SR&ED eligibility overview & demo at www.rdbase.net**

**We know people**

416.506.0099 1.866.506.0099  
 www.progressivestaffingsolutions.com



**PROGRESSIVE STAFFING SOLUTIONS INC.**

ACCOUNTING AND FINANCE

"Forging a new vision of recruitment excellence across Canada."



**Yacoub & Associates**  
Recruitment Professionals Inc.  
www.yarecruitment.com  
Tel: 416-861-0882

Y&A Recruitment Professionals Inc. is a boutique consulting & recruitment firm that aims to change the face of recruitment by continually raising the industry standards.

For a decade, Jocelyn Yacoub and her team have specialized in placing CA's: whether it is your first industry position or you need to explore new senior opportunities, we have built the relationships that can help your career.

**Toronto, Montreal, Calgary, Vancouver**



**THE  
VERRIEZ  
GROUP INC.**  
Executive Search Consultants

Since 1985

Professional Search. For Professional Leadership.

**London Office**  
252 Pall Mall St., Suite 203  
London, ON N6A 5P6  
t: 519.673.3463 f: 519.673.4748

**Toronto Office**  
36 Toronto St., Suite 850  
Toronto, ON M5C 2C5  
t: 416.847.0036

verriez@verriez.com  
www.verriez.com

Member of the Association Of  
Executive Search Consultants

**CPA-NOW!**  
A Comprehensive Self-Study IQEX Program  
For Canadian Chartered Accountants

with a **Money-Back Guarantee**

Includes a personal telephone tutorial with  
course developer Henry Zimmer FCA, CPA (Illinois, USA)

Effective 2009, IQEX is offered in September [www.cpa-now.ca](http://www.cpa-now.ca)

**Bruce R. Duncan  
& Associates**

RECRUITMENT  
SPECIALISTS  
EST. 1970

**J.B. Perry**

416.642.6455

jperry@bruceduncan.com

Specializing in Accounting & Finance Searches  
8 King Street East, Suite 1005 • Toronto, ON M5C 1B5

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

FRANÇOIS BRUNET, CA — CONSULTING FIRM

## U.S. and International Tax

- Services:**
- U.S. and international tax consulting
  - U.S. tax returns (individuals and corporations)
  - International transaction consulting

- Resources:**
- Our team is composed of experienced tax advisors
  - Our network is established in over 100 countries

630 RENÉ-LÉVESQUE BLVD. W., • SUITE 2895 • MONTREAL • QUEBEC • H3B 1S6  
TELEPHONE: (514) 938-0663 • FAX: (514) 938-1695

## CORPORATE CONSULTANTS

Financial and  
Financial Executive Search  
Since 1976

155 UNIVERSITY AVENUE, SUITE 1910  
TORONTO, ONTARIO, CANADA M5H 3B7  
TELEPHONE 416 862-1259 FAX 862-7926

info@corporateconsultants.com  
[www.corporateconsultants.com](http://www.corporateconsultants.com)

A boutique consulting company that  
**ONLY** works with public accounting firms

Visit us at [www.mfagroup.com](http://www.mfagroup.com)

CAs - send your resumes to [smcintyre-smith@cogeco.ca](mailto:smcintyre-smith@cogeco.ca)



Call Steve McIntyre-Smith at  
**905-842-2284**

Recruiting - Mergers & Acquisitions - Strategic Planning - Coaching

Partner Retreats - Marketing Plans - Selling Skills For CAs



## US TAX SERVICES


For all your US tax needs  
A Toronto based resource

- Individual and corporate tax return preparation in all states
- US tax ID numbers

Laurie Zon, CA, CPA (IL)  
lzon@us-taxservices.com  
[www.us-taxservices.com](http://www.us-taxservices.com)

Telephone: 416-490-9898  
Toll free: 1-888-USTAXLZ





**ACCOUNTING PRACTICE SALES**  
NORTH AMERICA'S LEADER IN PRACTICE SALES

LOOKING FOR  
A CHANGE OF  
SCENERY?

We have qualified buyers waiting! We simplify the process and help you get more for your practice... along with the BEST terms. To learn more, call Brannon Poe, CPA at 1.888.246.0974 or visit us at [www.accountingpracticesales.com](http://www.accountingpracticesales.com)

**1% TRAINING TAX BILL 90 (QUEBEC)**

- Is your training documentation adequate ?
- Prior years internal verifications
- Pro-active tax elimination
- Pay Equity Compliance

**LIW CONSULTANTS**

Tel: (514) 484-5160  
Fax: (514) 484-5453  
E-mail: [info@liwconsultants.ca](mailto:info@liwconsultants.ca)

**EXAMINATION MARKERS**

**Applications are invited from CAs interested in marking the 2009 Uniform Evaluation (UFE)**

For information and application forms write to:

**Wendy Yan, Administrative Coordinator**  
The Canadian Institute of Chartered Accountants  
277 Wellington Street West  
Toronto, Ontario M5V 3H2  
[wendy.yan@cica.ca](mailto:wendy.yan@cica.ca)

**Applications must be in by June 30, 2009**



**SF Partnership, LLP**  
Chartered Accountants

**YOUR CROSSBORDER TAX SPECIALISTS AT HOME**

- Tax return preparation ■ IRS & state representation
- Structuring of operations and transactions
- Litigation support ■ US tax ID numbers

**Kevyn Nightingale, CA, CPA (IL), TEP**      **416-250-1212**  
[knight@ustax.ca](mailto:knight@ustax.ca)      [www.ustax.ca](http://www.ustax.ca)      [www.sfgroup.ca](http://www.sfgroup.ca)

**For smarter, smoother engagements.**

Working Papers lets you work smarter and faster than ever before with its powerful document management, real-time collaboration, direct scanning, online review, efficient clean-up, sophisticated lockdown, and advanced roll-forward capabilities.

**1.800.267.1317**

**CASEWARE**

[WWW.CASEWARE.COM](http://WWW.CASEWARE.COM)



**Tools of the Trade**  
**Easy to Learn & Easy to Use!**

Cash Forecasting  
Budgeting and  
Business Planning

**pfpro** *The financial forecasting model*  
**pro-forma plus**

Trial Balance and  
Working Papers

**afp5** *accounting for practitioners*  
version 5

Automobile Taxable  
Benefit Calculations

**VIA**  
AUTOMOBILE TAXABLE BENEFITS

Accounting for  
Very Small  
Businesses

**ABO** Accounting for Business Owners<sup>SM</sup>

Contact us for a FREE web demo

**pendock mallorn ltd.** 

**800.567.4500 • [www.pendock.com](http://www.pendock.com)**



**ptc** accounting & finance inc.  
people that count



# Satisfied?

At PTC, our goal is to recruit the right candidates to meet our clients' needs, by understanding and respecting yours. Don't miss out on the exciting opportunities our clients are currently offering. Apply today!

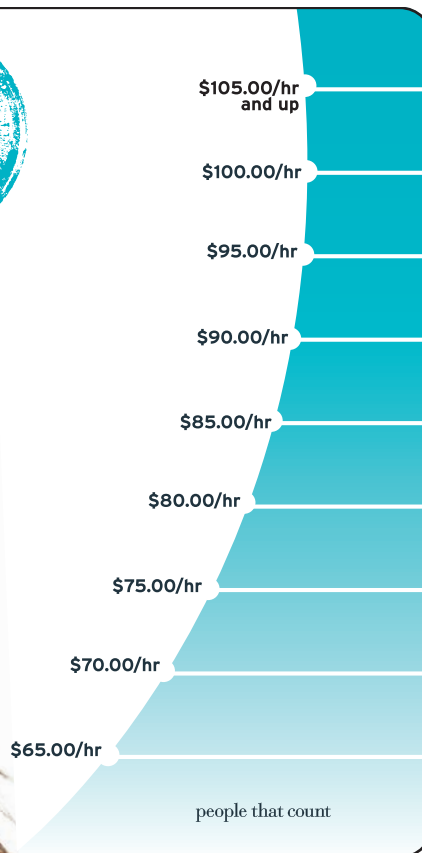
sample assignments include

- IFRS
- CFO
- Controller
- Tax Manager
- Director of Finance
- Auditor
- Project Managers
- Jr & Sr Accountants
- SOX Specialist
- Financial Reporting Manager

To view our full list of current assignments visit:

**ptcaccounting.com**

Contact us toll free at 1 877 303 9550



**TAX-FREE!**



Enjoy a better quality of life

## Exciting Careers Overseas New Opportunities in Bermuda & the Cayman Islands

As the leading selection firm for offshore financial centres, we offer a choice of positions in banking, fund accounting, insurance management and audit (including internal transfers). Contact us today in confidence to find out how we can help you.

**HAMILTON  
RECRUITMENT**

[www.hamilton-recruitment.com](http://www.hamilton-recruitment.com)



### The key to a successful search

**Unlocking a wealth of qualified candidates has never been easier.**

- Advertise your position to over 70,000 CAs
- Access our resume database (free with every job posted)
- Include your posting in our *CareerVision* newsletter
- Limit applicants to CAs to ensure high quality candidates

Visit CA Source today

**CA | SOURCE**

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




▶▶ ONLINE SELF-STUDY COURSE

**RESEARCH SKILLS for an IFRS WORLD**

- IFRS will require a new understanding, new knowledge and new research. How will you prepare?
- Excellent starting point to your IFRS training
- Earn up to 20 hours CPD

Access to CCA-ARM TOOL



FOR MORE DETAILS AND TO REGISTER, GO TO:  
[www.cpd.cica.ca/ResearchSkills](http://www.cpd.cica.ca/ResearchSkills)

CA Chartered Accountants of Canada / Comptables agréés du Canada

**A Beacon of Hope**

[www.alzheimer.ca](http://www.alzheimer.ca)  
Help for Today. Hope for Tomorrow.



Alzheimer Society

1-800-616-8816

It's been called an "insidious fog"... and "sailing into the dark"... Alzheimer Disease affects the brain, erases memory and eventually takes life itself.

The Alzheimer Society provides a beacon of hope to people with the disease and their families. The Society provides information, support and funds research into the cause and cure of the disease. We're fighting back.

**Ontario's Best Career Opportunities In Public Accounting...**

**New CAs, Seniors, Managers, Senior Managers Whole Teams & Even Partners...**

We have too many great career openings to list here - visit us online to see for yourself at [WWW.IFINDCAS.COM](http://WWW.IFINDCAS.COM)

**Need to hire a CA? Looking to move firm?**

**Call the public accounting experts, Debbie Fioravanti & Steve McIntyre-Smith**

Download your FREE copy of our **public accounting salary survey** online!



**Debbie Fioravanti**  
Director Of Recruiting



**MFA GROUP INC.**  
"Innovation in Practice"



**Steve McIntyre-Smith**  
President & CEO

**Call Us Today At**

**905-842-2284**

Expose your company to more than 125,000 readers



An advertisement in Career opportunities could cost as little as \$550

For more information contact:  
Tony Burgaretta at **416.204.3257**  
or: [tony.burgaretta@cica.ca](mailto:tony.burgaretta@cica.ca)



**CFO**  
Corporate Finance Outsource Inc.

**CA's Required**

Small Cap TSX Venture  
Location— Toronto  
Manager—Financial Reporting  
Public Co. Experience Req'd

Corporate Finance Outsource Inc.  
3075 Fourteenth Avenue, Suite 221  
Unionville, Ontario  
L3R 0G9

Email [info@yourcfo.ca](mailto:info@yourcfo.ca)  
Phone 905-946-8444  
Fax 905-946-8944

**SENIOR AUDIT MANAGER**

How would you like to work for 9 months and get paid for 12 every year? A unique and rewarding opportunity awaits the ideal CA. Your superior compensation package includes free accommodation, vacation travel assistance, and very generous annual leave allowing you to travel extensively or pursue other interests. Send your resume and cover letter in confidence to:

Mackay Landau  
PO Box 20 Iqaluit, Nunavut X0A 0H0  
Fax: 867-979-6493  
Email: [shawnlester@mackaylandau.ca](mailto:shawnlester@mackaylandau.ca) or visit [www.mackaylandau.ca](http://www.mackaylandau.ca)



**MEUK CORPORATION**  
**MAXIMUM EFFICIENT USE OF KNOWLEDGE**

Visit us at [www.meuk.net](http://www.meuk.net) or contact David Sabina, C.A. 905-631-5600 [dsabina@meuk.net](mailto:dsabina@meuk.net)

**COMPLETE SR&ED CLAIM PREPARATION SERVICES**  
*Recover up to 65% of experimental development costs*

Free Assessments < 15 minutes  
 Claims often completed < 1 week  
 Fees typically < 20% of \$ recovered

**ATTEND AN UPCOMING SR&ED WORKSHOP!**  
*Details @ [www.meuk.net](http://www.meuk.net)*

**ME + U = Knowledge**

**Attention CAs**  
**Your search ends here !**

Career opportunities in CA firms as:

- ▶ Managers... to \$125K
- ▶ Supervisors... to \$95K
- ▶ Seniors... to \$80K
- ▶ Tax... to \$150K
- ▶ Valuators... to \$150K

Contact us at: 416-917-1299 or visit our site: [www.yoursearchendshere.ca](http://www.yoursearchendshere.ca)

**Recruiters of CAs for CA firms since 1997**

**PeopleFind ACCOUNTANTS**

Excellent opportunities for CAs and CGAs.

Send your resume in confidence to [ca2@peoplefindinc.com](mailto:ca2@peoplefindinc.com)

Fax: 905-477-9170;  
 toll free: 866-477-9170  
 Call: 905-477-9330;  
 toll free: 866-477-0855  
 ext 224 or 232

Visit: [www.peoplefindinc.com](http://www.peoplefindinc.com)

**PROCCOUNTING**  
 Bookkeeping services for CA firms

Maximize your productivity and profits

It makes sense to outsource bookkeeping

- Increase billings with no additional staff
- Reduce operating & overhead costs
- Eliminate headache of hiring & firing

(416) 492-6498 | [info@proccounting.com](mailto:info@proccounting.com)  
 1-866-639-6498 | [www.proccounting.com](http://www.proccounting.com)

Your **Classified** advertisement will cost as little as **\$120**

For more information contact: **Tony Burgaretta at 416-204-3257**

## POSITIONS WANTED

**Are you frustrated** by staff and contract individuals who do not understand the difference between chargeable hours and billable hours? I am an accountant with small firm experience operating in the GTA whose billings are derived from what can be billed, not the hours I can charge. You can utilize my collective skills in corporate and taxation compliance work, people management, quality assurance, investigative audits, SR&ED and business advisory services. If you have read this far, you have the problem and the need. Interested? Contact me at [puffin@rogers.com](mailto:puffin@rogers.com).

**Chartered Accountant for Hire** CA with 8 years Accounting/Finance experience seeking a management position with a CA firm in Kelowna or Vernon BC. Also seeking future partnership opportunity. Please email [CAforHire@gmail.com](mailto:CAforHire@gmail.com) for copy of resume and references.

## ACCOUNTING SERVICES

**IFRS Implementation** - CA/MBA, based in west GTA, with 20+ years of industry experience is available for freelance engagements including IFRS Implementation. If you require an experienced professional to complement your current staff, contact me. Per Diem, short or medium term. See [www.proclaimconsultants.com](http://www.proclaimconsultants.com) or call Carl at (905) 815-5431.

**Canadian CA, 25+ years of practical hands on experience**, available for per diem assignments. I take pride in the quality and professionalism of my work and can help you with all of your financial statements, taxation, accounting, quality assurance, auditing, SR & ED filings and business consulting services. Call 905-598-2800 now and sleep peacefully this evening.

**CPAB / PCAOB / ICAO / OCAO Independence Issues?** CA/CPA 20+ years experience to assist you and

your clients under Canadian and US GAAP with financial statement and note preparation; derivative, warrant and option calculations; future and deferred taxes; revenue recognition; acquisitions and consolidations; interim CFO duties; MD&A drafting; 2nd partner, quality assurance and firm monitoring. Please reply to [jeffrey@weigensbergpartners.com](mailto:jeffrey@weigensbergpartners.com) or (647) 223-2376.

**Professional Accountant/Financial Divorce Advisor** looking for per diem short/long-term assignments. Specializing in working papers, audits, financial statements, personal and corporate tax returns, business advice. Fifteen years' experience with different clients. New branch office in London, Ont. Telephone (905)270-4467.

**Trustees in bankruptcy** - proposal administrators, receivers and managers. Toronto and Eastern Ontario. Brief & Associates Ltd. Tel: 416-635-7337

**GTA area CA with 12 yrs+ experience** - Available for per diem assignments. Experienced in planning, reviewing and preparing year ends, financial statements, corporate and personal tax returns, new audit approach, including paperless office environment. Contact [CAprofessional1@yahoo.ca](mailto:CAprofessional1@yahoo.ca) or call 647-401-4209.

**FREELANCE BOOKKEEPER in the GTA** Are your clients looking for a bookkeeper? I have 22 years freelance experience and am available to take

care of all of your clients bookkeeping needs. Please call Stephen Wisnik any time to arrange an appointment: 416-733-4086.

**IFRS transitioning and more! Independent Financial Resource.** IFRS, internal controls, policies, procedures, process streamlining, systems, pension and insurance matters, business continuity planning, interim management. Results-oriented senior level expertise for all your special projects / overloads. Call today! 905-507-0657. [www.mgwconsulting.com](http://www.mgwconsulting.com)

**Canadian CA, 40 + years as a licensed public accountant**, available for per diem work. Provides tax consulting, tax return preparation, accounting and auditing services to CAs and clients in the GTA area. Completed CICA In-Depth Tax Course in 1985. Experienced in creating PowerPoint presentations, holding seminars, and working with Microsoft Office 2007. Call (905) 629-8498 or e-mail [Lloyd@lloydllindsay.com](mailto:Lloyd@lloydllindsay.com).

## CAREER OPPORTUNITIES

**A rapidly growing Bay Street financial reporting and compliance firm**, specializing in servicing the needs of publicly listed junior resource companies is searching for a manager to be responsible for a block of clients. C.A. designation preferred; experience in preparing financial statements and supporting notes consistent with Canadian GAAP

and IFRS; excellent communication skills; strong work ethic; the ability to multi-task. Please reply in confidence to Box 676, CAmagazine.

## OFFICE SPACE

**HWY 404/HYW 401** Shared offices space with large group of independent accountants. Our group includes accountants providing specialized services including Canadian/US Tax, SRED, Valuation, etc. Services that can help your practice grow or that you could add to. The ideal tenant would be interested in benefiting from an association with our diverse group. Call Jim Innes at 416-590-1728 x 314.

**YONGE/HWY 7, Thornhill** – CA firm has excellent office space available on second floor townhouse for small firm or sole practitioners wishing to share reception, boardrooms, kitchen. Fully furnished, free parking, available immediately. Open to association arrangements. Call (905) 889-7174.

**Yonge/Sheppard** – CA firm located in North York has new prime office space (1900 sqft est) available for accounting practitioners or other professionals. There would also be an opportunity for succession, sale or merger of practices. Available immediately. Contact advmbg@hotmail.com

**AVENUE ROAD & LAWRENCE:** CA Firm has pleasant office (125 sq ft) available in prestigious homelike setting off Avenue Road north of Lawrence.

Many amenities – Use of Boardroom, Smaller Meeting Room and Kitchen, Digital Scanner/Copier, etc. Full services available. Starbucks nearby. Free Parking. Call Barry – Direct 416 783 3800 x105

## PROFESSIONAL OPPORTUNITIES

**Accounting Practice Sales** – Please see our website at [www.accounting-practicesales.com](http://www.accounting-practicesales.com). Are you ready to sell your practice now? Sell your practice through Accounting Practice Sales for a fixed price without an earn-out deal that will carry on for years. After all, if you wanted to stay in practice, why sell out? BUYERS–registration with us is simple and free via our website. North America's leader in Accounting Practice Sales. Contact Brannon Poe for a confidential discussion at: 1-888-246-0974 or via email [poe@accountingpracticesales.com](mailto:poe@accountingpracticesales.com).

**CA with 15+ years of experience** available for per diem assignments. Highest quality working paper preparation, helping to complete audit, review, compilation, and tax services (corporate and personal). Best bookkeepers (professionally trained) are also available to your clients. Contact: [eacacan@gmail.com](mailto:eacacan@gmail.com).

**Successful Vancouver practice** Retiring CA offers succession opportunity. Two partners with \$1.5M in gross billings. Diverse block of long-term clients (compilation, review and audit engagements with emphasis on tax and cross-border taxation issues). Candidate to have two plus

years of post-qualification experience. Preferably German speaking. Flexible transition assistance. Part-time would be considered. Financing will be provided to the right candidate. Reply by e-mail to [lothar@neweling.ca](mailto:lothar@neweling.ca)

**Buying or Selling a Practice in the GTA?** \$200K to \$1 million in fees? We can help. We have client firms seeking practices for sale, and sellers seeking a purchaser. We take the frustration out of the process. Service free to sellers. Call Steve McIntyre-Smith at (905)842-2284, e-mail [steve@mcintyre-smith.com](mailto:steve@mcintyre-smith.com) or visit our site at [www.mcintyre-smith.com](http://www.mcintyre-smith.com). Total confidentiality is assured. Principals/partners only please.

### Accounting Practice Sales Current Listings:

Toronto, ON – \$250,000  
Thunder Bay, ON – \$75,000  
Calgary, AB – \$1,200,000  
Calgary, AB – \$325,000  
Edmonton, AB – \$220,000  
Edmonton, AB – \$75,000  
Eastern AB – \$1,400,00  
Lloydminster, AB – \$235,000

To view the most up to date listing information please visit [www.accountingpracticesales.com](http://www.accountingpracticesales.com)

**Toronto CA**, interested in purchasing an accounting practice or block of accounts. Please reply to Box 678, CAmagazine.

**CA/CPA WITH 20 YEARS OF EXPERIENCE** in Canada and US is interested in expanding his practice in the GTA area. Any size or block of accounts

including partnership or merger is welcomed. Please e-mail your information to [abncpa@yahoo.ca](mailto:abncpa@yahoo.ca).

**Sole practioner looking to grow** If you have a practice for sale in Kelowna or surrounding area, please email [okanaganaccountant@shaw.ca](mailto:okanaganaccountant@shaw.ca).

**CA Practice for Sale** – Located in a thriving community 170 km NW of Edmonton, AB. A diversified client base of Assurance, Notice to Reader and personal tax work with a great opportunity for growth. Enjoy the amenities of a smaller community with all the professional opportunities found in a larger centre. If interested, please reply to Box 637, CAmagazine.

**OTTAWA CA FIRM** looking to expand by purchasing practice / block of accounts in Ottawa. Would consider retirement options / merger. Contact Bruce Johnston at Ginsberg Gluzman Fage & Levitz, LLP at 613-728-5831.

## BUSINESS WANTED

**GTA based entrepreneur interested in acquiring "bricks and mortar" business** valued up to Cdn.\$1.5M. Key criteria: steady cash flow, strong gross margins, growth opportunity, diversified and non-owner centric customer/supplier base, high level of differentiation, preferably B-to-B in growing, fragmented niche industry with high entry barriers. Owner to train during transition and to provide vendor financing. Please refer potential sellers to Box 673, CAmagazine.

## Replying to a CAmagazine Box Number?

Box #  
277 Wellington Street W  
Toronto ON M5V 3H2

Fax us at  
416 204.3409

Send e-mail to  
[advertising.camagazine@cica.ca](mailto:advertising.camagazine@cica.ca)

Please ensure that the **Box Number** is clearly indicated on your envelope, fax or e-mail.



## Fools at a masquerade

**M**ost of us who travel frequently by airplane often have to cope with Kafkaesque airport screening systems. What we do not realize is that there are gaping holes in the armour. For instance, we recently learned from an RCMP report that airport staff can easily be infiltrated by organized crime. And that is only the tip of the iceberg. In fact, the whole passenger screening system at airports is a big masquerade, with little impact on combating terrorism.

In my May 2007 column (“Nothing like a scary story”), I criticized the futility of security measures, arguing that they only provide a very costly illusion of protection against terrorist threats that no longer exist on commercial airplanes. Now that cockpit doors are locked, commercial planes cannot be hijacked in flight. Screening for objects that passengers could carry onto a plane is totally unnecessary and makes no more sense than if we were to screen railway passengers.

Moreover, we can imagine spectacular airplane-based terrorist attacks despite the controls in place. A terrorist could rent a Challenger aircraft, fill it with explosives and target the Canadian Parliament Buildings, the Eiffel Tower or the United Nations building in New York. Terrorists could also breach the security perimeter at Toronto’s Pearson Airport, in cahoots with organized crime, and plant a bomb on an airplane that could detonate in flight. As demonstrated by journalist Jeffrey Goldberg in a 2008 article published in *The Atlantic*, terrorists can easily circumvent the passenger screening system.

But now that cockpit doors are locked, terrorists have shifted their focus from airplanes to more accessible targets. They are now focusing on public transportation systems (London, Madrid, Tokyo, Paris and Israel), planting car bombs (Lebanon, Iraq and Israel), attacking public gatherings (India) or sending letter bombs (US).

Yet, even though these well-known and quite accessible targets are not under surveillance, people generally

feel safe. Why? The answer is easy. There are actually far fewer terrorists than the security bureaucrats would like us to believe, and the probability of a terrorist attack is infinitesimal, especially in the skies.

The smart way to protect ourselves from terrorism is to target the source of the problem through preventive action by specialized police forces such as the RCMP or the Federal Bureau of Investigation and to uncover and monitor terrorist cells. Industrialized nations do this fairly well. Terrorism in Canada is under control, and that has nothing to do with airport security. This is also why we feel safe on our subways or at sporting events. So why continue an airport masquerade that only inconveniences travellers and increases costs?

### Why continue an airport masquerade that only inconveniences travellers and increases costs?

And yet the security bureaucrats have no plans to alter course. Year after year, controls in airports get tighter without getting more effective. There are even plans to extend the security measures to large private aircraft. In short, the security bureaucrats want to delude the public even more.

Who are the real idiots behind all this? Are they the thousands of martinets who ask travellers to remove their shoes and insist that they put their toothpaste, gels and liquids in little see-through plastic bags or they will be arrested or thrown out of the airport? Or are the idiots their bosses in Ottawa, the ministers and deputy ministers who make the rules and complacently orchestrate their Potemkin village with their counterparts in Washington, London and Paris?

Or are they the hundreds of thousands of Canadians who, like you and me, accept these small indignities each time they board a plane but feel perfectly safe on public transit or in a hockey arena?

Marcel Côté is founding partner at SECOR Consulting in Montreal

# MODEL FINANCIAL STATEMENTS GENERAL PURPOSE FOR PRIVATE ENTERPRISES

A new, practical resource to assist in the preparation of consistent financial statements

Designed for private enterprises, including manufacturing or commercial enterprises, this handy resource will give you the guidance you need to prepare consistent financial statements that reflect the professional standards. Developed by the Ordre des comptables agréés du Québec, *Model Financial Statements – General Purpose for Private Enterprises* is a useful addition to any reference library.

It also includes a CD-ROM of customizable financial statements that allows you to create statements to meet the specific needs of your clients and your business.

For more information or to order, visit [knotia.ca/store/mfs09](http://knotia.ca/store/mfs09) or call **1-800-268-3793**.





**BECAUSE  
ENTREPRENEURS  
WANT TO CARRY OUT  
THEIR PROJECTS.**

The Business Development Bank of Canada understands your reality. It provides the necessary support so your business can grow at the pace of your aspirations – come rain or shine.

