



Contents

- [2004 Member News:](#)
- [Cradle Club](#)
- [On the Move](#)
- [Engagements/Wedding Bells](#)
- [Designations](#)
- [New Accounting Standard
for Financial Instruments](#)
- [CA Education Foundation
Fundraising Drive](#)
- [CICPA Notice of Annual
General Meeting](#)

Editor's note...

ICAN E-News is a publication of the Institute's Communications Committee. If you would like to comment on this newsletter or if you wish to submit an article for publication please contact:

*Tom Boone, CA
Newsletter Co-Chair
tboone@grantthornton.ca*

*Beth Porter, CA
Newsletter Co-Chair
bethporter@nkhk.nf.ca*

*or Nina Adey, FCA
Editor
nadey@ican.nfld.net*

Accountants' Diary

2004 Member News - The Year in Review

Cradle Club

Congratulations to the following members on the birth of their children:

Tom Boone and Penny Thistle on the birth of their baby boy Jack.

Stephanie Colford and Sean Colford on the birth of their baby boy Stephen Sean Robert.

Adam Denny and Dana Denny on the birth of the baby boy Noah.

Raymond Fowler and Pennie Strickland on the birth of their baby boy Liam Raymond.

Beth Porter and Mike Porter on the birth of their daughter Madalynn Ashley.

Lynn Sullivan and Glenn Sullivan on the birth of their baby boy Luke.

Cathy Vokey and Ken Vokey on the birth of their baby boy Evan David.

On the Move....

Don Allen and **Anne Allen** have moved back to the province from the Cayman Islands. Don has started his own business, Liquid Capital Newfoundland Corporation.

Tanya Bennett is now Manager with Deloitte & Touche.

Tom Boone has accepted the position of Manager with Grant Thornton in Grand Falls-Windsor.

Geoff Cochrane is now Manager with Ernst & Young in Houston Texas. He obtained his CPA designation in February 2004.

Constance Dolomount is now Tax Principal with Grant Thornton in Corner Brook.

Tax Clinics for Seniors:

March 15, 2005

*Holy Cross School
Ernst & Young*

March 16, 2005

*Seniors' Resource Centre
John Morgan*

March 19, 2005

*Mews Centre
Grant Thornton*

March 29, 2005

*St. Luke's Home
Harris Ryan*

April 2, 2005

*Mary Queen of the World
PricewaterhouseCoopers/NKHK*

April 5, 2005

*Canon Wood Hall
Deloitte & Touche*

April 9, 2005

*Seniors' Centre, Mount Pearl
Peter Collens, Walter P. Miller,
Jerry Oser, Roy Naugler*

Dan Farrell has accepted the position of Chief Financial Officer with the Cahill Group of Companies.

Michelle Francis has accepted the position of Internal Auditor with Newfoundland Power.

Karen Gosse has accepted the position of Internal Auditor with Fortis Properties Corporation.

Paul Greeley is now a Senior Tax Manager at Grant Thornton in St. John's.

Rick Hayward has accepted the position of Assistant Deputy Minister of Corporate Planning with the Department of Education.

Heather King has accepted the position of Manager of Budgets with Finance and Administrative Services at MUN.

Dana Power is now Manager with Deloitte & Touche.

Don Reid has accepted the position of Senior Accountant/Business Specialist with Husky Energy.

Kim Simms has accepted a transfer to Grand Falls-Windsor as Principal with Grant Thornton.

Engagements/Wedding Bells...

Dana Power and Ron Pope were married on December 18, 2004

Colleen O'Keefe and Gerry Cross were married on June 18, 2004.

Tanya Stone and Lee Bennett were married on August 21, 2004.

Steve Bragg and Lori Heffernan were engaged on October 7, 2004.

Designations...

Gary Snow obtained his Certified Fraud Examiner's designation in 2004.

New Accounting Standard for Financial Instruments

The Canadian Accounting Standards Board (AcSB) issued, on January 27, 2005 new accounting standards for financial instruments that will impact virtually every entity in Canada, small and large. For many entities, even though the new standards are lengthy, their impact will be modest. However, in some cases the new standards will require an entity to make significant accounting changes. Entities are encouraged to promptly assess the extent to which these standards will affect them.

These standards are a culmination of many years of consultation with Canadian constituents and with international standard setters. Having explored several approaches to accounting for financial instruments, the AcSB has produced standards that will enhance the understandability of financial statements, are practical and are harmonized with those of international partners.

The AcSB presently has standards in place for disclosures about an entity's use of financial instruments and for presentation of financial instruments when included in the balance sheet. However, until now it has not had standards that comprehensively address when an entity should recognize a financial instrument on its balance sheet, or how it should measure the financial instrument once recognized. The new standards will fill that gap in GAAP.

The new standards comprise three new Handbook Sections:

- *Financial Instruments — Recognition and Measurement*, new Handbook Section 3855. This Section will probably affect all entities to some degree. It prescribes when a financial instrument is to be recognized on the balance sheet and at what amount – sometimes using fair value; other times using cost-based measures. It also specifies how financial instrument gains and losses are to be presented.
- *Hedges*, new Handbook Section 3865. *Application of this Section is optional.* It provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It builds on existing Accounting Guideline AcG-13, Hedging Relationships, and Section 1650, Foreign Currency Translation, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.
- *Comprehensive Income*, new Handbook Section 1530. This Section introduces a new requirement to temporarily present certain gains and losses outside net income.

There are also a number of significant consequential amendments to other Handbook Sections.

Financial instruments include accounts receivable and payable, loans, investments in debt and equity securities (including term deposits, guaranteed investment certificates, investments in common shares, etc.) and derivative contracts such as forwards, swaps and options. In many cases, there will be little change from current accounting. An entity with no financial instruments other than cash, accounts receivable, accounts payable and arms' length debt will find little, if any, difference in accounting for these instruments. An entity with investments in common shares, derivatives, or that trades other types of financial instruments will probably be significantly affected.

The new Sections are lengthy and may seem somewhat daunting to some. The AcSB has established a Financial Instruments Working

Group, which is charged with assisting in the development of Implementation Guidance to help apply the standards. AcSB staff also expect to issue materials to assist in understanding the new requirements. For example, articles in the November and December 2004 issues of CAmagazine, explain how one might go about preparing to adopt the new standards.

The mandatory effective date is for annual and interim periods in fiscal years beginning on or after October 1, 2006. (In many cases this will mean application to calendar years beginning on January 1, 2007.) However, early adoption is permitted. While the mandatory effective date might seem some way off and comparative figures will not be affected, significant implementation planning may be necessary for larger entities that make extensive use of financial instruments. These entities are encouraged not to delay in reviewing the new standards and considering the consequences for their organizations.

Further information about the new standards, and related implementation guidance, is available on the Financial Instruments project page of the AcSB website at www.acsbcanada.org

Please contact Paul Cherry, FCA, Chair, Accounting Standards Board (Tel. (416) 204-3356, e-mail paul.cherry@cica.ca), Ian Hague (Tel. (416) 204-3270, e-mail ian.hague@cica.ca) or Kate Ward (Tel. (416) 204-3437, e-mail kate.ward@cica.ca) if you require any additional information.

CA Education Foundation Fundraising Drive

The CA Education Foundation is seeking member support to assist in continuing with its programs, which include:

- scholarships for MUN Faculty of Business students
- doctoral assistance program
- student resource materials
- promotion of the CA profession at MUN

In the past the CA Education Foundation has:

- contributed \$100,000 to MUN's Opportunity Fund. It provides annual funding of \$7,750 for five scholarship for MUN Faculty of Business students. The CA Education Foundation contribution enabled Memorial to obtain a matching \$100,000 contribution from the Province.
- provided \$35,000 in financial assistance to CAs pursuing a doctoral degree in accounting.
- awarded \$23,000 in scholarships to doctoral candidates and

\$3,500 in research fellowships to professors at MUN's Faculty of Business through the Frederick D. R. Woolgar, FCA, Award.

- awarded \$10,000 to UFE graduates through the Roberta L. Hunt, CA, Memorial Award, funded by the St. John's partners of PricewaterhouseCoopers and other professional colleagues of the late Roberta Hunt

Your assistance is vital to enable the CA Education Foundation continue its programs. Many thanks to those members who have already generously donated. Tax receipts will be issued for all donations received.

Notice of Annual General Meeting

The Canadian Institute of Certified Public Accountants

The Annual General Meeting of the Canadian Institute of Certified Public Accountants will be held on Friday, February 25, 2005, commencing at 9:00 a.m., in the Council Chamber of the Institute of Chartered Accountants of Ontario, 69 Bloor Street East, Toronto, for the consideration of any proposed bylaw amendments and the transaction of other statutory business.

Those not expecting to attend may complete and lodge a proxy form, available through the CICPA administrative secretary, at the Institute of Chartered Accountants of Ontario offices, nominating R.N. Barr, FCA, or, in his absence, another CICPA member in good standing, as an appointee to vote on their behalf at the Annual General Meeting. To be effective, proxies must be filed with the administrative secretary at the above address by 5:00 p.m., Tuesday, February 22, 2005.

B.W. Stephenson, BA, LLB, Administrative Secretary