

# CA E-SCAN

CA Nova Scotia

*Strength beyond numbers*

December 2002

E-SCAN is a regular newsletter distributed electronically as a means of maintaining timely communication of, and encouraging a dialogue on, topics relevant to Chartered Accountants and students of the Nova Scotia Institute.

Copies of recent issues can be obtained from the Institute web-site at [www.icans.ns.ca](http://www.icans.ns.ca).

## In This Issue

Quick Feedback Survey

Limited Liability Partnership Legislation

MD&A Guidance

Passage of Bill 213 in Ontario - Cause For Concern

Update on Independence Exposure Draft

Networking Opportunities - Christmas Mixer

- FEI Dinner with the Minister of Finance

Feature Article ~ Sobering Thoughts on Hosting Holiday Events

Announcements/Key Dates

## Quick Survey - What do You Think So Far?

This is the third monthly issue of ICAN's E-SCAN newsletter and we're looking for feedback. If you find these newsletters worthwhile, please click on "reply" and type a YES in the subject line. If not, type a NO as the subject. Also, feel free to share your comments – all feedback is useful and greatly appreciated! If reading this in hard copy, the e-mail address to participate in the survey is [communications@icans.ns.ca](mailto:communications@icans.ns.ca).

## Limited Liability Partnership Legislation Now A Reality in Nova Scotia

On November 19, 2002, Bill 143 received third and final reading in the NS legislature, permitting the registration of limited liability partnerships (LLPs) in Nova Scotia. In particular, the legislation will allow lawyers, CAs, and other professionals who are required to practice in partnerships, some measure of relief from unlimited liability, in keeping with their peers in other provinces and other business people who can practice in corporate form. At the same time, members of the public are protected by ensuring that all LLPs maintain adequate levels of professional liability insurance, as prescribed by regulations.

However, while the Bill has received final reading, Service Nova Scotia will need to establish regulations and a process to handle registrations, before the changes to the Partnership Act can be enacted. It is expected that the necessary steps will be completed in early Spring 2003. Meanwhile, additional news will be circulated to practicing members through Practitioners' View.

## MD&A Guidance Now Available

In November 2002, the CICA released its new publication, Management's Discussion and Analysis (MD&A): Guidance on Preparation and Disclosure -- designed to help companies improve the usefulness of disclosures in their MD&A reports. Together, the MD&A and financial statements should be recognized as the core busi-

ness-reporting package, especially if the reader seeks an integrated and forward-looking understanding of a company's past performance and future prospects. And, as reflected in recent Canadian regulatory proposals, the MD&A plays a critical role in continuous disclosure.

Breaking new ground, the Guidance features six-disclosure principles and a five-part disclosure framework of recommended disclosure practices. Together, these elements will help companies to organize and present their MD&A reports so readers better understand information re: performance and prospects, within a broader business context. In addition, the Guidance, whose use is voluntary, goes beyond existing regulatory MD&A disclosure requirements in several ways: it calls for disclosures about a company's core businesses, vision and strategy; its key performance drivers and measures; its capabilities and resources (financial and non-financial); and its principal business risks.

The first disclosure principle is embodied in current regulatory pronouncements stating: an MD&A report should enable readers to view the company "through the eyes of management." This principle underlies the other five, which include:

- Complement as well as supplement financial statements;
- Be complete, fair, balanced and provide information material to the decision-making needs of investors;
- Have a forward-looking orientation;
- Focus on the company's strategy for creating value for shareholders over time; and
- Be written in plain language, with candour and without exaggeration, and embody the qualities of understandability, relevance, comparability and consistency over reporting periods.

The Guidance also focuses on the integrity of MD&A disclosure and the oversight responsibility of the board of directors and audit committee.

For more information and/or to view the Guidance and associated electronic MD&A Resource Centre, visit the CICA Web site at [www.cica.ca](http://www.cica.ca). The Guidance is also available in hard copy (with optional binder) and CD-ROM format through the CICA Order Department at [www.cica.ca/order](http://www.cica.ca/order).

## **Passage of Bill 213 in Ontario - Cause For Concern?**

On December 6, the Ontario Government passed a highly controversial Bill 213 which provides access to public accounting in Ontario to non-CAs who meet certain standards for admission. When this Bill gets enacted, only Quebec and PEI would restrict all forms of public accounting exclusively to CAs. Although the majority of NS public accountants are CAS, the Public Accountants Board of NS does not restrict licensing to CAs provided the applicant meets sufficient licensing standards. The PABNS is currently updating its standards as a result of changes which have taken place in the accounting profession in recent years.

What is particularly a concern is that the Ontario government has decided to pass this legislation in advance of the results of a study of acceptable standards for licensing which is currently underway. This study, announced by the Ontario government on October 30, is being headed up by Professor R. J. Daniels, U of T Dean of Law.

Members interested in obtaining further current and future information on these developments are encouraged to log into the ICAO website at [www.icao.on.ca](http://www.icao.on.ca) (also available as a link from the ICANS website.)



## Independence ED Session — A Worthwhile Experience

On November 25, 2002, Don Wray, FCA, Chair of the CICA Public Interest & Integrity Committee, met with Bob Caswill, Sheila Gillis and more than 35 CAs to discuss the new Independence Exposure Draft. This lengthy and complex document was circulated for public comment in September and many practitioners were concerned about the potential implications the new rules may have on their service to Nova Scotia clients. A revised draft will be released for comment in early 2003. Members attending the session have been encouraged to serve on a Working Group to review the revised draft.

Meanwhile, practitioners who were unable to attend the session will receive further information in the next issue of the Practitioners' View.

All members will be provided with additional material and the opportunity to attend information sessions prior to the new standard being brought to the membership for a vote.

## Joint Networking Opportunities

ICANS is pleased to participate with other organizations in offering opportunities to attend informative and valuable events and functions which are of interest to its members. Please be aware of the following:

1. Christmas Mixer - Thursday December 12 - Time is running out on attending an evening event offered by the Atlantic Chapter of the Canadian Association of Management Consultants, the Nova Scotia Chapter of the Project Management Institute, and the Bluenose Chapter of the Canadian Information Processing Society. Paul Kent, Senior VP of Fujitsu Consulting, will speak on "A New Perspective On Doing Business From Atlantic Canada". Copies of the registration form is attached.
2. Dinner with the Minister of Finance - January 22, 2003 - The Members Events Committee is co-offering a joint dinner event with the Financial Executives International (FEI) Nova Scotia Chapter which will have the Honorable Neil LeBlanc as the dinner speaker. Further details and a registration form will be sent out with the next E-Scan. BOOK THIS DATE NOW!!

At the same time, do not forget the Annual Members Luncheons which will be taking place on December 19 (Sydney) and December 20 (Halifax) - registration forms can be found on the ICANS website at [www.icans.ns.ca](http://www.icans.ns.ca).

## Sobering Thoughts On Hosting Holiday Events

The holiday season is a time for office parties and private gatherings at our homes with friends and family. However, did you know that the service of alcohol at these functions might subject us to personal or corporate liability? By taking the time to familiarize ourselves with developments in the law, we can take positive steps to avoid possible tragedy and potential liability. In particular, two sources of legal responsibility for the service of alcohol, which are currently attracting attention, are *Commercial Host Liability* and *Social Host Liability*.

*Commercial Host Liability* applies to those who sell liquor. This includes parties or receptions where there is a cash bar. *Social Host Liability* applies to private parties where people or corporations provide liquor to guests; it may even apply to a cocktail party at a private home.

### What Have the Courts Said?

While the law relating to commercial and social host liability has been evolving over the past few years, the



cases have not always been decided in a consistent manner. Here are some recent cases, which illustrate this point:

1. In August, an Ontario bar owner was charged criminally after he allegedly knowingly allowed an intoxicated woman to leave his bar and drive away. The woman was killed when she crashed her car. The charges against the bar owner included, criminal negligence causing death and two counts of criminal negligence causing bodily harm. The final outcome of this case is not yet known, but it appears to be the first time that criminal charges have been laid in a commercial host case.
2. In the Childs' case, the judge held that social hosts couldn't be held financially liable for injuries and damages caused by their guests who drink and drive. However, this decision contrasts with a number of decisions in other cases. In the Childs' case, Ms. Childs was rendered a paraplegic after an impaired driver, who had been at a New Year's Eve party hosted by an Ottawa couple, hit the car in which she was a passenger.
3. In Hunt v. Sutton, an Ontario employer who provided a free unsupervised bar was found partially liable for injuries suffered by an employee who drank at an office party, went on to drink more at a bar and then drove home in a snow storm. Ms. Hunt was convicted of impaired driving after losing control of her vehicle and colliding with a truck. She was badly injured and her employer was held to have failed in its duty to keep her from harm. While the employer was held to be only 25% contributory negligent, the total judgment was in excess of \$2 million, leaving the employer's insurer to pay out more than \$300,000. This case was appealed and unfortunately the specific obligations of the employer host were not clarified. It has recently been referred back for a new trial.

Because courts have sometimes found social or commercial hosts liable and sometimes not, the legal outcome of situations can vary widely, depending on the facts involved. It is not reassuring to know there are cases absolving a party of liability; prudent action involves taking all possible steps to minimize risk by implementing pre-emptive procedures rather than reacting to unfortunate events.

### **What Can You Do?**

When you are the "host" of an event, either commercially or socially, there is a duty to take positive steps to eliminate foreseeable dangers or harm that might arise from a client, employee or guest who becomes intoxicated while drinking at an event. The following, while not exhaustive, are some suggestions for avoiding liability in these situations:

- Promote the responsible consumption of alcohol;
- Avoid having an unsupervised bar;
- Employ properly trained individuals to work at events where alcohol is served;
- Have non-alcoholic drinks and food available at parties and receptions;
- Put guests under the supervision of someone who is responsible to see them safely home;
- Suggest that the guest call someone for a ride. It may be appropriate to call for them, depending on their degree of intoxication;
- Have taxi vouchers available;
- Suggest that car keys be turned over for safe keeping;
- Call the police if necessary.

Undoubtedly, plans are underway for a variety of holiday celebrations. Therefore, it's appropriate to evaluate your approach to events where alcohol is served. It is also important to remember that, while the service of alcohol may be an advantageous option for you and your guests, such service brings with it potential liability that requires attention. Readiness to deal with these potential liabilities will help assure that hosting events is a positive experience and that you and your guests ring in the new year without having to also ring your lawyer.

*This article has been prepared by Cheryl Hodder, a lawyer with the Bedford firm of Gillis & Associates. Cheryl's*





preferred areas of practice are Corporate Governance, Risk Management, Personal Injury, and Employment Law. You may reach Cheryl at 835- 6452 or e-mail her at [chodder@gillisassociates.ca](mailto:chodder@gillisassociates.ca)

## Volunteers Wanted

St. Johns Ambulance is looking for a volunteer to serve on its Finance Committee. Interested members please contact Paul Millen at [pmillen@stjohnambulance.ns.ca](mailto:pmillen@stjohnambulance.ns.ca) or 464-5300

## Reminder — Important December Dates

### December 12, 2002

Multi-Society Christmas Mixer with Paul Kent

### December 13, 2002

UFE Results Release

### December 19, 2002

Annual Cape Breton Members' Luncheon — Sydney

### December 20, 2002

Annual Members' Luncheon—Halifax

### January 22, 2003

FEI/ICANS Dinner with Minister of Finance



**ENJOY A SAFE AND  
HAPPY HOLIDAY  
SEASON!!**

**From the Council and  
Staff**

## At-a-glance

- ICANS was established in 1900 with just ten founding members. Today, our members number over 1,750, including students registered with the Atlantic School of Chartered Accountancy.
- The Canadian Institute of Chartered Accountants, together with the provincial and territorial Institutes/Ordre, represents over 76,000 CAs and students in Canada and Bermuda.
- Research indicates that more than 50% of companies listed in the *Report on Business* ROB 1000 for the past several years have had at least one CA in the top five positions; CEO, President, CFO, COO or Corporate Secretary. Even more important is the contribution that CAs are making to their companies. ROB 1000 companies that had a CA as their top officer have consistently performed better.

*Source: Multiple ROB 1000 Listings*

**E-SCAN** is a monthly publication of the Chartered Accountants of Nova Scotia, and is sent to members by e-mail.

Copies of current and past issues are available on the Institute's website at [www.icans.ns.ca](http://www.icans.ns.ca)

### Institute of Chartered Accountants of Nova Scotia

1791 Barrington Street  
Suite 1101  
Halifax, Nova Scotia  
B3J 3L4  
Tel: (902) 425-3291  
Fax: (902) 423-4505  
[icans@icans.ns.ca](mailto:icans@icans.ns.ca)  
[www.icans.ns.ca](http://www.icans.ns.ca)

**Executive Director**  
Robert Caswill, CA  
[rcaswill@icans.ns.ca](mailto:rcaswill@icans.ns.ca)

**Director of Professional Standards**  
Wenda Bennett, CA  
[wbennett@icans.ns.ca](mailto:wbennett@icans.ns.ca)

**Director of Professional Development**  
Kathie Slaunwhite  
[kslaunwhite@icans.ns.ca](mailto:kslaunwhite@icans.ns.ca)

**Membership Registrar**  
Soula Keramaris  
[skeramaris@icans.ns.ca](mailto:skeramaris@icans.ns.ca)

**Administrative Assistant**  
Cindy Mombourquette  
[cmombourquette@icans.ns.ca](mailto:cmombourquette@icans.ns.ca)