

# Manning Elliott LLP

## Chartered Accountants

# Insight Newsletter

## Why Accountants are so Excited...

### In This Issue...

Why Accountants are so Excited.....	1
Celebrations and Announcements .....	1
Our Abbotsford Office Wins Major United Way Award .....	3
HST Impacts Not-For-Profit Organizations .....	3
How Are We Doing? .....	4
Featuring ABC Recycling Ltd. ....	5
What Our Partners do in Their Spare Time .....	6
Get to Know...Marjorie Walters and Melanie Cockle .....	7
Our New Team Members .....	8

Well, it's not because of being able to "work" downtown during the Olympics, since these fabulous events are now behind us. Instead, it's the imminent changes to accounting standards in Canada that have us all day-dreaming about something other than adding machines and tax returns. Although non-accountants are no doubt MUCH less interested in these developments than accountants, business owners should at least be aware of how these changes may affect their business.

By now you've probably heard about IFRS – international financial reporting standards – and wondered what it was and also figured that if it was important, your accountant would tell you about it. It's less likely you've heard about generally accepted accounting principles for private enterprises, or PE GAAP. But if you're involved with a private company, rather than a publicly traded company, you probably should know about PE GAAP.

(more on page 2)

## Celebrations and Announcements

**Manning Elliott's New Partners** – We announce with great pleasure that **John Sims** has come on board as partner. To learn more about John, see "Our New Team Members" on page 8. In addition, three of our senior professional staff: **Joseph Bonvillain**, **David Diebolt** and **Matthew Ko** have become partners of Manning Elliott. They have all made major contributions in recent years to the success of our firm and are an important part of Manning Elliott's future growth and succession.



**MANNING ELLIOTT**  
CHARTERED ACCOUNTANTS

1100-1050 West Pender Street  
Vancouver, BC, Canada, V6E 3S7  
Telephone: 604. 714. 3600  
Facsimile: 604. 714. 3669

201-2001 McCallum Road  
Abbotsford, BC, Canada, V2S 3N5  
Telephone: 604. 557. 5750  
Facsimile: 604. 850. 7399  
Toll Free: 604. 857. 9509

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



**John Sims, FCA, TEP  
Partner**



**Joseph Bonvillain, CA  
Partner**



**David Diebolt, CA  
Partner**



**Matthew Ko, CA  
Partner**

(see page 4)

## Why Accountants are so Excited... cont'd

Until 2011, all companies in Canada, big or small, public or private will follow the same accounting standards that we've been using for many years now. After 2011, publicly traded companies will be required to follow IFRS while private companies will be able to choose between IFRS and PE GAAP. It's anticipated that unless a private company has a specific need or reason to follow IFRS, they will choose to follow PE GAAP. For some companies, moving to PE GAAP right away may be advantageous to them, and that's also an option, since early adoption is allowed for year-ends after December 31, 2009.

These changes recognize, at long last, that the financial reporting guidelines private companies should follow need not be the same as the onerous requirements imposed upon publicly traded companies. To be clear, the transition to PE GAAP (or IFRS) is unlikely to impact how your company's tax bill is determined; the Canada Revenue Agency, through the Income Tax Act, will continue to tell you how much of your hard-earned cash has to be re-directed to government coffers. What is meant by a change in accounting standards and related financial reporting is that the way financial statements are prepared is going to change. This matters most for private companies who currently have an audit or review engagement performed on their financial statements.

PE GAAP was designed with one main goal: to simplify the process for preparing financial statements and their related note disclosures. At first glance, PE GAAP sounds like a pretty good deal for private companies, but there are a couple of significant hurdles that have to be overcome before the benefits of simpler financial reporting can be realized. The most significant of these hurdles is dealing with the transition from the current standards to PE GAAP.

The transition exercise or "first-time adoption" of PE GAAP could be a major one-time event depending on how complex a company's existing financial reporting is. While it may not be necessary to devote massive resources and establish a conversion team, as has been the case for companies converting to IFRS, the transition to PE GAAP still requires care and planning. The bottom line is that your company may have to deal with this, and if it does, it will be a lot more pleasant to plan for it than leave it to the last minute.

Currently, public accounting firms across Canada are mobilizing their resources and building templates to assist clients with the conversion process. Manning Elliott started this process in the fall of 2009 and is well prepared to assist clients who are ready to get to work on converting their financial statements to PE GAAP.

If you'd like more information about PE GAAP and how it may impact your company, it's not too soon to contact us. The partners heading up our PE GAAP team are **Warren Haag** and **David Diebolt**. Both of them can be reached by calling 604-714-3600.

---

If you're involved with a private company, rather than a publicly traded company, you probably should know about PE GAAP.

---

## Our Abbotsford Office Wins Major United Way Award

Out of hundreds of companies, Manning Elliott's Abbotsford office has won Campaign of the Year for the United Way of the Fraser Valley. This is the United Way's most distinguished award for its 2009 workplace campaign and requires the greatest number of criteria to fulfill.



From left to right, **John Van Lochem**, **Fred Grewal**, **Harjit Takhar**, **Bryan Hubbell** and **Brenda Newton** accept the Campaign of the Year award, on behalf of the entire Abbotsford office, from United Way executive director Wayne Green (back row centre) and United Way board president Bruce Temple (back row far right) at the March 24, 2010 awards ceremony in Chilliwack.

In addition, our Abbotsford office has also received a Gold Award for "outstanding employee contribution". Fully 100% of the employees at our Abbotsford office participated in the United Way campaign and each staff member gave generously. Lori Masse, Director of Resource Development of the United Way of the Fraser Valley states, "The Abbotsford Manning Elliott employees gave more than the average for a second year in a row."

Heartfelt congratulations go to our Abbotsford team for their all-embracing support for their community!

## HST Impacts Not-For-Profit Organizations

The switch from GST to a harmonized sales tax (HST) in BC on July 1, 2010 has attracted a lot of attention in the news but surprisingly little has been said regarding the impact this change will have on not-for-profit organizations (NPOs). Under the existing system, most NPOs claim a 50% rebate on the GST they pay and absorb PST as an operating expense. When the GST is replaced with the HST, NPOs will have to contend with a number of important changes:

(more on page 6)

---

### Check Out Our New Website

Our website, [www.manningelliott.com](http://www.manningelliott.com), has recently been revitalized and updated to better reflect our firm, services, partners, company news, career opportunities and the resources we can provide to you. Take a look and let us know what you think!

---

---

## OUR VISION

We foster leadership and mentoring to build passion and commitment toward realizing our goals.

We communicate openly and proactively and we share knowledge to nurture opportunities for professional and personal growth.

We care for and are accountable to one another.

We celebrate success and reward achievement.

Our flexible work environment attracts talented individuals who share our desire to be the best.

---

## Celebrations and Announcements... cont'd

**Our Successful Uniform Final Examination Writers** – We congratulate the following team members on completing the UFE, a major step in their professional careers: **Lyndon Braun, Seung Hee Oh, Savina Toor, Jagdeep Kang, Vincent Chan, Navneet Dhaliwal, Fonny Fong, Karen Luk and Herman Chandi.**

You can see the notice of this achievement and accompanying photo of our recent UFE graduates on our website at <http://www.manningelliott.com/announcements.html>.

**Quality Awards** – To encourage and maintain a high level of performance and client responsiveness throughout our organization, cash prizes are awarded to team members who have been nominated by their peers to have demonstrated helpfulness, resourcefulness and a commitment to quality. The most recent Manning Elliott team members to win this award are **Andrea Stowe**, Senior Accountant and **Walter Fawcus**, Senior Accountant.

Andrea's award was in recognition of the high level of client service and quality technical work demonstrated in her capacity as the senior accountant on a significant private company audit engagement. Walter's proactive focus on attending to his client's needs, through identifying and correcting a significant error on the part of the Canada Revenue Agency, garnered him the Quality Award.

**Milestones** – We are proud of our valued long-term team members at Manning Elliott celebrating the following employment milestones in 2010: **30 years** - **Mike Corney** and **Barrie Anderson**; **20 years** - **Marjorie Walters, Bruce Charlish** and **Gordon Gallagher**; **15 years** - **Fred Grewal, Lee Miller** and **Michele Wood** and **10 years** - **Todd Kessler, Gayle Cunningham, Harjit Takhar, Thomas Raap, Blair East, Bob Lew, Laurie Bertrand** and **Maureen Robertson.**

## How Are We Doing?

Watch for our client satisfaction survey program to be launched in the coming weeks. We'd love to hear from you – what you like about us and where we can improve. We sincerely welcome your feedback so that year by year we can raise the bar on the services we provide and how we provide them to you.

## Feature Client: ABC Recycling Ltd.

ABC Recycling Ltd. (ABC) began operations as a one-man scrap metal peddling business in 1912. Since Joseph Yochlowitz first conceived of the idea, the company has passed through the hands of four generations and gradually shifted from metal salvage to recycling. ABC has also evolved into the largest company in BC's recycling industry with six locations throughout BC: Burnaby, Campbell River, Kelowna, Prince George, Surrey and Terrace.

ABC's services include purchasing, brokering and transporting scrap metal, and assisting with the demolition of buildings and other structures to recycle metal components. This work makes a positive impact – it diverts useful metal materials from landfills.

One of ABC's core values is "giving back" through community involvement, philanthropy and volunteerism. ABC donates money to local hospitals, its staff volunteers at local food banks and the organization participates in the Great Canadian Shoreline Cleanup. ABC also invites local schools to tour their facilities – tours are even designed to match the age of the visitors and their curriculum needs. In addition, ABC's staff members raise money for the United Way campaign and the company matches their employees' donations dollar for dollar.

Recently, ABC joined the BC branch of the Kidney Foundation of Canada as a partner in both the Kidney Metals Program and the Kidney Car Recycle for Life Program. The Kidney Foundation states that their ability to help reduce the burden of kidney disease – a condition that is increasing by almost 30% per year – has been tremendously boosted by its partnership with ABC and the involvement of numerous businesses and individuals that donate their scrap metal and old or unwanted vehicles.

Blair East, partner with Manning Elliott, is justifiably proud to have worked with ABC for over 25 years, providing his business expertise to help the company evolve through both good times and challenging ones. Blair believes that ABC has grown into a very sophisticated business with an international reach while managing to maintain a family approach with its employees and suppliers.

For more information about ABC Recycling Ltd. or to contact them for your recycling needs, visit [www.abcrecycling.com](http://www.abcrecycling.com).

---

"Our success is directly attributable to the values my forefathers instilled in our family and in our business: honesty, integrity, fairness, hard-work and giving back to others."

David Yochlowitz,  
CEO, ABC  
Recycling Ltd.

---

---

If you'd like to learn more about the impact of HST on your organization, contact your Manning Elliott advisor.

---

## HST Impacts Not-For-Profit Organizations... cont'd

- Expenses that used to attract just 5% GST will now attract 12% HST.
- The rebate on HST paid will need to be tracked in two parts, one for the 5% federal portion and one for the 7% provincial portion, since different rebate rates will apply to each component. The result for these types of expenses is that the overall cost to an NPO will very likely increase.
- Expenses that used to attract both 5% GST and 7% PST will now be eligible for a larger rebate, so the result for these types of expenses is that the overall cost will very likely decrease.

A case-by-case analysis is the only way to accurately predict what the impact of HST will be on your organization's budget. Certain situations, such as NPOs that are currently not GST registrants, may be even more complicated to accurately evaluate. If you'd like to learn more about the impact of HST on your organization, contact your Manning Elliott advisor or any advisor in our NPO practice area.

Also see our website ([www.manningelliott.com/news-and-resources.html](http://www.manningelliott.com/news-and-resources.html)) for information on our May 13, 2010 Financial Management Seminar for NPOs. We plan to devote time this year to discussing the harmonized sales tax.

## What Our Partners do in Their Spare Time – an Oxymoron?

Being in the accounting profession is not without its demands, but savvy partners know the personal – and even professional – rewards that come from being engaged in non-work related activities that offer added richness to their lives. Two of our partners, **Steve Reed** and **Lisa Humer** have recently distinguished themselves, outside of the workplace, in two very different fields.

Steve Reed, the partner in charge of our Tax Department, was elected treasurer of the Canadian Soccer Association in the fall of 2009, after more than 45 years of active involvement with soccer as a player, coach and administrator. In addition, Steve has served as both vice-president finance and president of the British Columbia Soccer Association.

Through his involvement at such a senior level with the Canadian Soccer Association, Steve has had the pleasure of meeting some of the most influential people in the world of soccer including the president, vice-president and general secretary of FIFA, the International Federation of Association Football.

Lisa Humer, master juggler of both career and family responsibilities, has somehow found the time to act as both treasurer and Executive Committee member for Endeavour for the Benefit of the Arts, Sciences and Health – a not-for-profit organization that has been fundraising in these areas for 44 years. For her outstanding commitment and contribution to Endeavour 2009, Lisa has won the organization's prestigious Joan Sandwell Anderson award.

## Get to Know...Marjorie Walters and Melanie Cockle

Manning Elliott has so many team members with such interesting personal and professional lives that it was too difficult to name just one feature employee for this issue. What distinguishes both Marjorie Walters and Melanie Cockle is the amount of time they devote to making our world just a little bit better because they are in it.



*Marjorie Walters*

**Marjorie Walters** has three roles at Manning Elliott. She is a certified consultant for Simply Accounting and acts as an internal resource and trainer for this software program. As a supervising senior accountant, she helps prepare year-end financial statements and supports our students with file preparation questions. And, she helps out with some of Manning Elliott's own accounting needs. Certainly all these valued activities "keep her out of mischief" during the work day!

In addition, Marjorie offers her accounting expertise on a volunteer basis to several not-for-profits. She's the treasurer for the Surrey Hospice Society and the bookkeeper for three organizations: the Surrey Foundation, the Rotary Fieldhouse Society and the Rotary Club of White Rock Millennium. Amazingly enough, Marjorie still finds time to watch and enjoy scary movies, go to aquasize classes and travel with her husband, Jeff.

A senior manager in accounting and assurance for private companies, **Melanie Cockle** is a relatively new employee at Manning Elliott, having started with the firm in January 2009. Melanie's inquisitive nature, friendliness and boundless energy led her to volunteer her time to making Manning Elliott an even more desirable and engaging firm to work for. She is a member of seven – yes, seven – organizational committees. They include the Social Committee, the Community Outreach Committee, the Team Development Committee and the Student Recruitment Committee. "I like to be tapped in to what's happening at Manning Elliott and see where I can help out", says Melanie. She's probably best known for her work as chair of the Social Committee where her gift for coming up with creative ideas and entertaining events is already legendary.

In her spare time Melanie is a trainer, exam reviewer and course material developer for the CA School of Business. And lest you think that she is all work and no play, Melanie likes to "do" Vegas – the shows, the shopping, the gaming and the buffets – at least three times a year!

***Melanie Cockle, CA, organizing Olympic-themed social activities for Manning Elliott.***



## Our New Team Members

We have had several team members join Manning Elliott during the past few months: **John Sims**, **Steve Youn**, **Jose Chu**, **Lorna Luo**, **Leslie Shen** and **Catherine McAllan**.



**John Sims, FCA, TEP**



**Steve Youn, CGA**



**Jose Chu, CPA**



**Lorna Luo, CA, CPA**



**Leslie Shen, CA**



**Catherine McAllan**

**John Sims** has brought a wealth of experience to us as a new partner. His practice is based on serving owner-managed businesses, not-for-profit organizations and individuals and their families. Throughout his career John has been very involved with the Institute of Chartered Accountants of BC and currently serves on Council, as chair of the Audit Committee, and as Council liaison to the Practice Review and Licensing Committee. He is also a board member and treasurer of Special Olympics British Columbia. John enjoys fishing, golf, sporting events and retreats to his island property with his wife Barbara.

Welcome new additions to our Tax Department are **Steve Youn** and **Jose Chu**. **Steve**, a new manager in the department, has had previous experience as tax manager for one of the “Big Four” accounting firms. He has a background in providing tax advice and support for a variety of industries – high tech, mining, real estate and financial – for both public and private companies. Outside of work, Steve enjoys keeping fit and sharing good food with family and friends.

**Jose’s** diverse experience working with a large international corporation, with a private equity fund, and with “Big Four” accounting firms in New York will serve him in good stead as our new US tax specialist and supervising senior. He has also recently completed the Canadian Institute of Chartered Accountants in-depth tax course. Jose has lived, not only in New York and Vancouver, but also Taiwan and the Dominican Republic and is fluent in English, Mandarin and Spanish. He enjoys walking, swimming, travelling and the company of his friends.

Dance, languages and travel feature prominently in **Lorna Luo’s** background and interests. She has taken ballet classes and performed on a non-professional basis since she was a child. Also, Lorna is fluent in English, Mandarin and Cantonese and has a basic knowledge of Japanese. Her language skills and enjoyment of travel are assets for her work as senior accountant within our China Specialty practice. Within three days of being employed by Manning Elliott, she was on her way to the Orient! Lorna was attracted to our firm because of its excellent reputation and support of work-life balance.

Another multi-lingual and recent member of our China Specialty practice is **Leslie Shen**, senior accountant. Leslie brings with him six years of public practice experience with national accounting firms delivering assurance and compliance service to public companies. Born in China, Leslie is fluent in Cantonese, Mandarin and English. He is also an active facilitator in the CA School of Business. Leslie writes poetry in Chinese in his spare time and enjoys the company of his young and growing family.

**Catherine McAllan** is a level 4 CGA student. She performs bookkeeping activities and works on year-end financial reports and personal tax returns for our Abbotsford office. She’s enjoying the challenges of working in public practice for the first time. Prior to this, she worked as an office administrator for a veterinary clinic. Both Catherine and her husband love to travel and plan to visit Africa in December 2010 with Seeds of Hope Ministries as members of an outreach team.