

with some clients even hailing from as far away as San Francisco. Their client list includes Helly Hansen, the University of BC, ACCPAC International, Sierra Wireless and MacDonald Dettwiler.

With success, however, came the classic mid-size company dilemma. Rhino found that they were too small to be a priority for the large downtown accounting firm they started with, and too big for the single accountant they tried after that.

"When we started looking for an accounting firm that specialized in mid-size businesses, WKM's name came up," says Dave. "The other qualification that was important to me, was to find someone with experience in dealing with a manufacturing operation and all the associated cost accounting issues. When I sat down with Doug Wootton for the first time, I knew I'd found a match."

It's a relationship that has been mutually rewarding notes WKM partner Doug Wootton, "'It's great to have an opportunity to work with an entrepreneur who combines strong business skills with a clear vision on where the company is going and how it's going to get there."

An important bonus, from Dave's point of view, is that WKM is also able to handle his personal tax planning and the issues associated with owning a corporation. "Dave's growth plans have provided us with an opportunity to work on some long-term tax strategies for the Allan family," says Doug. "We expect that our planning, together with Dave's focus, will result in some significant tax savings for the family in the future."

With growing sales and a dedicated staff, Rhino's future appears to be firmly on track and Dave Allan is enjoying the journey. "I get huge satisfaction from producing an excellent product. I enjoy the variety of customers and projects. Growing a business is a lot of work, but it's also a lot of fun!"

Deduction of Business Losses

For many years, Canada Customs and Revenue Agency (CCRA) used the "reasonable expectation of profit" test to determine if business losses were deductible – if losses were generated by a business that did not have a "reasonable expectation of profit", the losses were not deductible.

The Courts largely supported CCRA's use of this test until 2002, when the Supreme Court of Canada ruled that the test was not acceptable due to its vagueness and uncertain application, which often resulted in unfair and arbitrary treatment of taxpayers.

The Government countered this decision by releasing proposed amendments to the Income Tax Act on October 31, 2003 that will legislate the same test that the Supreme Court struck down!

Beginning in 2005, a taxpayer will only be allowed to deduct a business loss if it is reasonable to expect that the taxpayer will realize a cumulative profit from that business during the period in which the taxpayer has carried on, and can reasonably be expected to carry on, that business.

Sound familiar? It should! As with the original test, this new legislation is problematic – it is still subject to the individual interpretation of CCRA auditors.

New Privacy Rules May Affect Your Business

Have you ever wondered how secure the information is that you voluntarily disclose on the Internet? Or have you ever been concerned about the privacy of your personal information in the databases and paper files of companies with which you do business? Many of us have heard first-hand about people who have been a victim of identity theft and the financial fraud that follows.

In response to concerns like these, the federal government has enacted the Personal Information Protection and Electronic Documents Act (PIPEDA). The PIPEDA establishes new rules that protect the privacy of individuals with respect to the collection, use, disclosure and retention of their personal information. The rules also recognize the obligations of organizations to protect personal information in a manner that a "reasonable" person would consider appropriate under the circumstances.¹

The PIPEDA may affect your organization – to comply with its requirements, businesses must implement a privacy compliance regime.

The federal government is phasing in the legislation to ease the transition for businesses and to give provincial governments an opportunity to come up with their own privacy legislation. By January 1, 2004, the privacy rights of all Canadians will be protected in one of two ways: by federal legislation or by provincial legislation that is "substantially similar" to the federal legislation.

Those rights will be enforced by the Privacy Commissioner of Canada, who receives complaints about contraventions of the rules, conducts investigations and attempts to resolve such complaints. Unresolved disputes can be taken to the federal court for resolution and may result in fines of up to \$100,000.²

To find out more about what your business should be doing to comply with the new legislation, please visit the "Privacy" section at www.cica.ca

^{1,2} Reproduced with permission from the Web site of the Canadian Institute of Chartered Accountants (CICA).

New BC Corporations Act

In the very near future, the *Company Act of British Columbia* will be replaced by the *Business Corporations Act*. The changes, which have been 12 years in the making, will represent the first significant changes to the Company Act since 1973.



Benefits of the new act will probably include the:

- Elimination of residency requirements for directors
- Availability of a prescribed address, instead of a residential address, for directors and officers
- Removal of prohibitions against giving financial assistance
- Flexibility to determine the number of votes required for a special resolution
- Addition of provisions for "exceptional resolutions" (requiring a greater majority of votes)
- Availability of short form amalgamations without court approval in certain circumstances

All existing companies must adopt a "notice of articles" in place of their current memorandum and, if necessary, alter their articles to comply with the new Act. They will have two years after the new Act becomes law to do this.

If you currently have a relationship with a corporate solicitor, they will be able to assist you with this transition and explain the implications of the changes in more detail.

If your solicitor has not yet contacted you on this matter, or if you do not have one, you may wish to contact them/consult one to discuss what steps are necessary to prepare for the change. At WKM, we are fortunate to work with many excellent lawyers and would be pleased to refer you to one.

How to Make Your Business Really Fly

Is your business growing as fast as you would like? Are you spending your valuable time on the activities that will see your business achieve the results you want? Are you able to balance your business life and your personal life?

Join us for a free video presentation and discussion led by our Senior Manager, Cathie Savoie, which will focus on these very issues. The video is about an ordinary man with an ordinary business who created extraordinary results. Recent participants found this message compelling and, more importantly, directly applicable to their businesses.

In the next few months we will offer several opportunities to experience this seminar and to see how the concepts can be applied to your business. Please check our Web site for dates and times.

Attendance is limited. To reserve your seat, or for further information, please call Debbie Oliynyk at 604-278-6468.



International News

Early this year, the members of the WKM international affiliation, BR International, were approached by TAGAC, another international affiliation of accountants, to consider a merger.

We are pleased to report that the merger was approved at the 2003 meeting of BR International. The new affiliation, TIAG (www.tiagnet.com), further strengthens our ability to provide international accounting and tax services to our clients.

TIAG has member firms in most industrialized countries, so if you are looking for assistance with operations in other parts of the world, we are fully capable of providing the business and taxation advice you require.



Monthly Payment Plan Option

Are you looking for a way to better budget your annual accounting fees? If you are, you might be interested in our fixed fee monthly payment plan.

At your request, we will provide you with a fixed fee estimate for the next year's accounting services. The set fee will be conditional on you providing monthly payments in advance of us completing your year-end services.

It's one way to ease the cash flow dip that can be caused by a single invoice at year end, and it allows you to know in advance what your accounting fees will be. Many of our clients who have adopted this payment plan have commented on how much it has helped them with their cash flow and budgeting.

You could also earn points through your credit card loyalty program if you choose to make your payments with MasterCard or Visa. We can take your payment information right over the phone.

If you are interested in a fixed fee payment plan, please contact your WKM accountant. ☎



Where Are They Now?

Joel Berman Glass Studios was featured in the Summer/2001 edition of *Strategies*. WKM would like to congratulate Joel Berman on winning the Gold for Best Architectural Product at NeoCon 2003 in Chicago. You can look at their winning 3D-glass design, called Trio, on the JBGS Web site: www.jbergmanglass.com

Maestro Communications Management Software Corp., previously profiled in our newsletter as "Levaly Software", was awarded the "Best Web Solution of the Year" for their Maestro CMS Enterprise Web Service by the Canadian Advanced Technology Alliance. Congratulations!

Congratulations to **Hanif Muljiani**, president of "The Portables", (profiled in our December 2001 edition of *Strategies*), for making *Business in Vancouver's* "40

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Under 40" list in December 2002. Hanif has also been appointed to the Young Entrepreneurs Organization Board in recognition of his entrepreneurial spirit and dedication. ☎

Closing Entries

Marek Zhanel has completed all of the courses required for his CGA. He will receive his designation in the spring of 2004 after completing his practical experience requirements. Congratulations Marek!

Yvette Franc has completed Modules 2 and 3 of the Chartered Accountant School of Business and **Aaron Chan** has completed Modules 3 and 4, putting them both two steps closer to passing the Uniform Final Exam and receiving their Chartered Accountant designations.

Farhan Shaheen has just written his Uniform Final Exam after successfully completing all of the modules of the Chartered Accountant School of Business. He is eagerly anticipating receiving his mark in December.

George Robertson has joined the WKM team. George graduated with a B.A. from Simon Fraser University and he received his CA and CMA designations in 1983. George also teaches Financial Accounting and Management Accounting at Douglas College.

Debbie Oliynyk has joined our administrative team – she comes to us from a public practice firm in Fort St. John.

Rob Kaufman is returning to WKM after participating in an exchange program earlier this year with one of our affiliates in London.

According to a recent radio report, **Fort St. John, BC** is projected to have the 2nd largest growth in small businesses in Canada. ☎

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Rhino Charges Ahead in a Tough Market

When Dave Allan bought a bankrupt printing business in the spring of 2001, he knew he was entering a tough marketplace that was oversupplied by low-end printers. In order to survive, he would have to quickly carve out a niche that would set his company, Rhino Print Solutions Inc. (www.rhinoprintsolutions.com), apart.

Fortunately, Dave brought with him 23 years in the industry and recent experience serving as Regional Vice-President with Quebecor World Inc. – the largest commercial printing company in the world. He was also armed with a business plan that combined the best available technology and staff with a fresh, customer-driven attitude.

Rhino determined that they would target the Marketing and Advertising sector and specialize in printing high quality promotional material – everything from packaging to catalogues to corporate collateral.

Within the first year of business, Dave signaled their new, customer-driven approach by changing the company's name from Rhino Graphics to Rhino Print Solutions. "The new name reflected our commitment to providing print solutions within the larger context of a customer's business," says Dave. "We didn't just want the sale, we wanted to be part of their business solution."

This approach required a fundamental shift in thinking. "We act more like consultants than printers, helping our customers get the best print solution with the most impact so that their promotion is successful. We advise customers across all the parameters of a project, looking at their target market and issues like durability and the cost of distribution. All of our account managers are good business people – they're not just salespeople looking for a quote on the next job," advises Dave.

The approach also demands a highly experienced and enthusiastic staff, and Dave feels that it's his employees who are the key point of differentiation between his business and other mid-size printing firms.

"From day one, I've made it a priority to attract and keep experienced people who love their jobs. As a result, I've got a team of managers who are all hands-on experts – they're out there on the floor on a daily basis getting involved in projects and supporting their teams."

And it doesn't stop there, each team member is empowered to make decisions on a project. "I believe that if you attract highly motivated, experienced people, you then have to trust them to do their job. It's not just about making Rhino a great place to work – from a business standpoint, it gives us the ability to quickly act and react on projects."

The final component of Dave's business plan involved the acquisition of new technology. In 2002, Rhino made a \$3 million expansion of its services and capabilities. "We invested in state-of-the-art technology – the Mercedes Benz of printing equipment, if you will. It has given us lightning-quick turnaround times and an end product with outstanding visual impact. We can print crisp, clean, high-definition images like no one else in the market," says Dave.

All in all, it's been a winning formula that has seen Rhino Print Solutions grow steadily – sales have increased by 25% this year alone. The Richmond-based firm employs 35 people and serves clients in Western Canada and the Pacific Northwest.

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