

Sept. 30 2007

Mr. Peter Martin C.A.
Director, Accounting Standards
Accounting Standards Board
277 Wellington Street West
Toronto, Ontario M5V 3H2

Dear Mr. Martin,

The Committee on Corporate Reporting of Financial Executives International Canada ("FEI Canada") is writing to provide its views on the Re - Exposure Draft "Intangible Assets" issued in July 2007.

FEI Canada is an all-industry professional association of senior financial executives, with eleven chapters across Canada and more than 2000 members. Membership is generally restricted to senior financial officers of medium to large corporations, as well as senior financial officers in public sector organizations.

The Committee on Corporate Reporting ("CCR") is one of two national advocacy committees of FEI Canada. CCR comprises more than 20 senior financial executives representing a broad cross-section of the FEI membership and of the Canadian economy who have volunteered their time, experience and knowledge to consider and recommend action on a range of issues related to accounting, corporate reporting and disclosure. In addition to advocacy, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

CCR recognizes the challenges of developing harmonized accounting standards in conjunction with the IASB and FASB. CCR appreciates the efforts of the Accounting Standards Board ("AcSB") and its staff in developing this Exposure Draft. CCR has organized its views and comments on this Exposure Draft by way of responses to the suggested questions provided by the AcSB with respect to its proposals. Each question is repeated herein, followed by our response.

1. Do you agree that the proposed changes to Section 1000 clarify the approach that should be taken to the recognition of assets? If not, what changes would you suggest and why?

Response:

One of the stated objectives of the proposed changes is to clarify the application of the concept of matching revenues and expenses in Section 1000, and to align Canadian GAAP with the IASB framework. We agree with the overall direction of the proposed changes as they provide for a more stringent framework for recognizing costs as assets and will reduce the ambiguity surrounding the application of the matching concept.

However, we believe the section does not address the recognition of certain “deferred charges” that are incurred to generate future economic benefit but do not meet the strict definition of an asset, namely ownership. Some examples of these expenditures would include contract start-up costs and expenditures incurred during a service contract that are capital in nature. Both of these types of expenditures span several accounting periods and under the current guidance these expenditures are to be expensed. It is our belief the proposed guidance related to these expenditures does not appropriately reflect the commercial and economic arrangement that has been reached in an arm’s length transaction with a third party - the generation of future economic benefits. We ask that the AcSB consider reviewing its position regarding the recognition of these expenditures and include additional guidance and references in the accounting standard.

2. Do you agree that the proposed Section 3064 will be helpful to entities with intangible assets, and, in particular, those generated internally? If not, what changes would you suggest and why?

Response:

We agree with the proposed changes as specific guidance on the accounting for internally developed intangible assets did not previously exist. Incorporating guidance from the related standards within IFRS helps to clarify the accounting over intangible assets in general and supports the overall convergence effort.

3. Do you agree with the inclusion of assets resulting from research and development activities within the scope of Section 3064 and the withdrawal of Section 3450? If not, what changes would you suggest and why?

Response:

In support of the convergence with IFRS, the inclusion of guidance related to research and development activities within Section 3064 provides for the simplification of overall asset capitalization standards. We therefore agree with the nature and scope of the proposed changes.

CCR trusts that its comments will be useful to the AcSB in its ongoing deliberations. CCR looks forward to partnering with AcSB to assist in further development of this accounting standard.

If you have any questions or would like to discuss any of these matters with us, please do not hesitate to call.

Yours very truly,



Alister Cowan
Chair, Committee on Corporate Reporting
FEI Canada