



November 27/03

Mr. Ron Salole
Director, Accounting Standards
277 Wellington Street West
Toronto, Ontario
M5V 3H2

Dear Mr. Salole:

The Committee on Corporate Reporting, (the "Committee") on behalf of Financial Executives International Canada ("FEI Canada"), is pleased to submit its comments on the exposure draft, "Changes in Accounting Policies and Estimates, and Errors". FEI Canada is an all-industry professional association for senior executives, with 11 chapters across Canada and nearly 1500 members. Membership generally is restricted to senior financial officers of medium to large size organizations. The following remarks are made on behalf of the Committee and do not necessarily represent the views of FEI Canada or its members.

Generally, the Committee agrees with the underlying principles embodied in the proposed standard. We do, however, have the following observations and comments:

Paragraph .09

Sub-paragraph (b) provides for a change in an accounting policy when it results in a reliable and more relevant presentation in the financial statements. Section 1000, "Financial Statement Concepts" discusses the concepts of reliability and relevance and can be used as a reference for the determination thereof. The concept of comparability is also discussed in Section 1000, and includes the concept of comparability not only between comparative periods of financial statement presentation, but also between entities' financial statements.

The Committee believes that a change in accounting policy may be warranted in particular circumstances to conform with changes in U.S. GAAP or International Financial Reporting Standards. While the CICA is attempting to converge standards with FASB and IAS, there is no assurance that CICA standards will move in lock step with changes adopted by FASB and IAS. While it is assumed that changes to US GAAP or International Financial Reporting Standards are made for purposes of more relevance, the changes may be made for other conceptual reasons. If a Canadian entity is relying on US GAAP as a secondary source of GAAP, then it may not necessarily be entitled to change its accounting policy in response to the secondary source of GAAP change, unless the change results in more relevant presentation. The Committee believes that the new standard should expand the discussion of relevance contained in Section 1000 to include changes in US GAAP or International Financial Reporting Standards, where such GAAP and standards are being used as a secondary source of GAAP.

An entity may change its accounting policy to facilitate financial statement comparison with its peers. Although the accounting policy adopted may be consistent with primary sources of GAAP, and may be relevant, it may not be considered more relevant as is contemplated in Paragraph .09. The Committee believes that by expanding the definition of relevance to include comparability for purposes of Paragraph .09, or identifying increased comparability as a reason for voluntarily changing an accounting policy, this situation is addressed.

Paragraph .15

An entity may wish to adopt a change in a primary source of GAAP earlier than the transitional provisions related to the change dictate. If the transitional provisions require prospective application then adopting this change early will require retroactive application. The Committee believes that an exception to retroactive application should be made in instances where entities voluntarily adopt changes in primary sources of GAAP earlier than required, and the transitional provisions incorporate prospective application.

The Committee hopes its comments are useful to the AcSB as it continues its deliberations.

Yours truly,

A handwritten signature in cursive script that reads "Karyn A. Brooks".

Karyn A. Brooks
Chair,
Committee on Corporate Reporting
Financial Executives International (Canada)