

February 27, 2006

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 Exposure Draft “Internally Developed Intangible Assets” issued in December 2005.

FEI Canada is an all-industry professional association of senior financial executives, with eleven chapters across Canada and more than 1700 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.

The remarks contained in this submission are made by members of CCR and do not necessarily represent the views of all FEI Canada members or its Board.

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 in the definition and recognition of assets? If not, what changes would you suggest and why?**

Response:

The proposed changes to Section 1000 remove references to “matching” as a principle in providing guidance for recognition criteria. Consequently, there is essentially no change to the current primary definition and recognition criteria for assets. We agree with the proposed changes as ones that clarify the approach.

- 2. Do you agree that the proposed changes to Section 3062 will be helpful to entities with internally developed intangible assets? If not, what changes would you suggest and why?**

Response:

We agree that the proposed changes to section 3062 will be helpful to entities with internally developed intangible assets.

- 3. Do you agree that the recognition criteria for internally developed intangible assets in Section 3062 should be based on the criteria in RESEARCH AND DEVELOPMENT COSTS, Section 3450? If not, what changes would you suggest and why?**

Response:

We agree that it would be appropriate and consistent to use the criteria in RESEARCH AND DEVELOPMENT COSTS, Section 3450 for internally developed intangible assets in Section 3062.

- 4. The application of the proposed changes may result in assets being recognized in accordance with Canadian GAAP when they would not be recognized in accordance with IFRS and US standards, as both those sets of standards contain some arbitrary inclusions or exclusions that are not made in the proposed Canadian standard. Do you agree with this approach? If not, what changes would you suggest and why?**

Response:

We do not agree with this approach.

The proposed changes to FINANCIAL STATEMENT CONCEPTS Section 1000 and GOODWILL AND OTHER INTANGIBLE ASSETS, Section 3062 represent significant changes to Canadian GAAP, particularly in respect of capitalization of certain items. Also, the AcSB has now publicly announced its intention to converge Canadian GAAP with International Financial Reporting Standards (IFRS) over a transition period of approximately five years.

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Since this Exposure Draft will change Canadian GAAP in any event to narrow the differences with IFRS and US accounting standards and given the AcSB's intention to converge Canadian GAAP with IFRS, at this juncture it appears more logical to conform the proposed change to the applicable IFRS standards including its arbitrary requirements in the interest of moving towards full alignment as soon as possible.

5. Do you have any other comments on the proposals? If so, please specify.

Response:

We have no other comments on the proposal.

CCR hopes that its comments will be useful to the Board in its ongoing deliberations. 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