



October 31, 2006

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Email: commentletters@iasb.org

Dear Ms. Lian:

The Committee on Corporate Reporting of Financial Executives International Canada (“FEI Canada”) is writing to provide its views on the International Accounting Standards Board Discussion Paper – Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision – useful Financial Reporting Information.

FEI Canada is an all-industry professional association of senior financial executives, with eleven chapters across Canada and almost 1900 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 has organized its views and comments on this Discussion Paper by highlighting the reference in the Paper followed by our comment.

Overall we believe that the Discussion Paper is well laid out, uses clear language and is generally easy to follow. We concur with the conclusion reached, that at the end of the process, the common framework will be a single document. We also believe that it is important to include in the document the basis for conclusions reached along with some alternative views that were raised in preparing the paper.

Specific Comments:

Paragraph S15 – Benefits and Costs

We definitely agree with the conclusion reached that the benefits of financial reporting information should justify the costs of providing and using it. However, we would challenge the conclusion reached by the Project Team that one of the benefits of financial reporting information is a lower cost of capital for the economy as a whole. This statement is affected by factors outside of financial reporting. We believe that this statement should be deleted from the paragraph.

Paragraph IN5 – Introduction

We would encourage the Project Team to add to this paragraph their perspective on where the draft framework sits in a GAAP hierarchy if in fact it is meant to fit into the hierarchy. This will provide the necessary information to the readers as to where the framework needs to be used in reference to specific GAAP queries.

Paragraph OB1 – Objective of Financial Reporting

We would encourage the Project Team to define the term private sector as currently there appears to be some uncertainty as to whether this is a reference to a publicly traded or privately held company versus a not-for-profit entity.

Paragraph OB16 – Financial Statements and Financial Reporting

While we believe it is a good goal to set out that the objective pertains to all financial reporting not just financial statements we also believe that it may not be realistic to apply this to areas outside of the areas of responsibility traditionally governed by the accounting profession such as news releases.

Paragraph OB23 – financial performance measured by accrual accounting

We would recommend that the last sentence be changed to read as follows: “Investors and creditors usually find information about an entity’s past financial performance helpful in predicting the entity’s future performance which will be its future return on its resources.” We believe this more clearly articulates using the historical performance to predict the future performance and that the future performance of the entity will determine the future return on its resources.

Paragraph QC18 – Faithful representations

This is the one section of the Discussion paper that, upon multiple readings, we find difficult to follow. We would suggest starting with a definition of real world economic phenomena then proceed to providing examples. This would provide greater clarity for the concepts being discussed.



CCR appreciates the opportunity to provide comments and insight and hopes that its comments will be useful to the Project Team in its ongoing deliberations. If you have any questions or would like to discuss any of the matters raised with us, please do not hesitate to call.

Yours very truly

A handwritten signature in black ink, appearing to read 'Alister Cowan', written in a cursive style.

Alister Cowan
Chair, Committee on Corporate Reporting
FEI Canada

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