

ONE IN FOUR OF CANADA'S LEADING PRIVATE COMPANIES PLANS TO ADOPT INTERNATIONAL FINANCIAL REPORTING STANDARDS

KPMG Enterprise and CFERF Study Examines Private Company Financial Reporting

(Toronto – Tuesday, April 28, 2009) – Canada's Accounting Standards Board (AcSB) plans to release its proposals for a "made in Canada" private company financial reporting framework (GAAP) by April 30. Canada's private companies will have to adopt either International Financial Reporting Standards (IFRS) or the proposed private company GAAP by 2011.

According to the findings of a recent joint study conducted by KPMG Enterprise™ and the Canadian Financial Executives Research Foundation (CFERF), the research institute of FEI Canada, the anticipated standards are generally supported by private company finance executives from across Canada. The executives caution, however, that differences between private company GAAP and IFRS, which will be adopted by public companies by 2011, may present challenges in accessing equity and debt financing if there is inadequate comparability of financial reporting under the two standards. According to the study, one in four of Canada's leading private companies plans to adopt IFRS.

"Private companies operate in a unique set of circumstances," said Bob Young, Partner, National Assurance & Professional Practice at KPMG Enterprise. "We need to understand the impact of the proposed changes on those companies, the implications to peer comparison, and the overall perception of transparency so that expectations can be managed."

The study also showed that smaller companies were more concerned about the costs of adopting IFRS than about comparability, and will ultimately rely on a thorough assessment of the costs and benefits before making a decision to adopt the international standard or the new Canadian standard. For companies planning an IPO, IFRS will be required. "It will depend on each individual business case," says Ramona Dzinkowski, Executive Director of CFERF, "whether or not to adopt IFRS. There are pros and cons either way that will be unique in each circumstance."

The study also showed that CFOs were concerned that the simplifications incorporated in Canadian private company GAAP may result in a perception that private company CFOs will not have the same level of technical accounting skills as their public company counterparts, which could impact the ability of private businesses to attract and retain financial accounting resources.

According to Bob Young, "The profession needs to ensure that senior financial executives are equipped with the knowledge and tools needed to execute their job function, regardless of the size and nature of their organization and the accounting framework it applies."

The KPMG Enterprise–FEI Canada Executive Research Study was conducted from Thursday, January 15, 2009, to Friday, February 6, 2009, and an Executive Research Forum was held in Toronto on February 24, 2009.



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About CFERF

The Canadian Financial Executives Research Foundation is the research institute of FEI Canada. FEI Canada is an all-industry professional membership association for senior financial executives. With eleven chapters across Canada and more than 2,000 members, FEI Canada provides professional development, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada's leading and most influential corporations. Further information can be found at www.feicanada.org.