



June 30, 2011

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

**Re: Exposure Draft – 2011 Improvements to Accounting Standards for Private Enterprises**

Dear Mr. Martin,

The Committee on Corporate Reporting (“CCR”) of the Financial Executive International Canada (FEI Canada) is writing to provide its response to the Accounting Standards Board (AcSB) May 2011 Exposure Draft (ED) *2011 Improvements to Accounting Standards for Private Enterprises*.

FEI Canada is the 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.

The Committee on Corporate Reporting (CCR) is one of two national advocacy committees of FEI Canada. CCR comprises more than 25 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.

In general, we are supportive of the proposals in the ED and of the efforts of the AcSB to develop and maintain a quality set of principle-based accounting standards for private enterprises in Canada.

As a general comment, the committee felt the time allowed for comments was quite short, particularly considering that June 30 is also an important deadline for income tax compliance for many calendar year-end private companies.



In response to the specific questions in the ED, we have the following comments:

**Question 1**

*Do you agree with the proposed amendment to GENERAL STANDARDS OF FINANCIAL STATEMENT PRESENTATION, Section 1400?*

Yes, we agree with the proposed amendments to Section 1400. We believe the proposed amendment is an effective way to ensure users of financial statements understand if those financial statements are not the entity's general purpose financial statements, and draw their attention to the existence of the general purpose financial statements.

**Question 2**

*Do you agree with the proposed amendment to GENERAL STANDARDS OF FINANCIAL STATEMENT PRESENTATION FOR NOT-FOR-PROFIT ORGANIZATIONS, Section 1401 in Part III of the Handbook?*

Yes, we are in agreement that the same proposed amendment to Section 1400 be made to Section 1401 in Part III of the Handbook.

**Question 3**

*Do you agree with the proposed amendment to BALANCE SHEET, Section 1521?*

Yes, we agree with the proposed amendment to Section 1521. We note that paragraph .05(b)-(c) are unnecessary as they already included in current liabilities in Section 1510.11.

**Question 4**

*Do you agree with the proposed amendment to GOODWILL AND INTANGIBLE ASSETS, Section 3064?*

We believe the proposed amendment is unnecessary. The proposal adds the words "including mail order catalogues and other similar documents intended to advertise goods, services or events to customers" as examples of advertising and promotional activities, and as such, are expenditures that should be expensed as incurred. We believe it is quite evident that "mail order catalogues and other similar documents intended to advertise..." are advertising and promotional activities. The specific addition of this example seems to be contrary to the objective to maintain a principal-based set of standards. The committee's concern is that the addition of very specific examples may lead to financial statement preparers concluding that the guidance is not applicable if a specific expenditure is not listed as one of the examples.



**Question 5**

*Do you agree with the proposed amendment to SUBSEQUENT EVENTS, Section 3820?*

Yes, we are in agreement with the proposed amendment to Section 3820. We are supportive of the fact that the proposed amendment will ensure the definition of subsequent events is consistent with Canadian assurance standards. We are also supportive of the fact that the proposed amendments require the financial statements to be approved, but allow flexibility in the form of that approval such that it is “in accordance with the entity’s process to finalize its financial statements”.

**Question 6**

*Do you agree that the changes to the hedge accounting provisions in FINANCIAL INSTRUMENTS, Section 3856, appropriately address common problems in applying the existing hedge accounting requirements in Section 3856?*

We are in agreement with the proposed changes to the hedge accounting provisions in Section 3856. We believe the proposed changes broaden the applicability of hedge accounting, and as such, will increase the number of circumstances under which hedge accounting treatment will reflect the economic purposes of the hedging activity. We would be supportive of continued monitoring of the application of hedge accounting provisions in Section 3856 for further opportunities to simplify hedge accounting and ensure hedge accounting reflects the economic purpose of the hedging activities.

Regards,

A handwritten signature in black ink, appearing to read 'Tyrone Cotie', is written in a cursive style.

Tyrone Cotie  
Chair  
Committee on Corporate Reporting  
FEI Canada