



"Henry Friesen"
<hfriesen@blueriver.ca>
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To <ed.accounting@cica.ca>
cc <peter.martin@cica.ca>, <mebourke@kpmg.ca>
bcc
Subject Response to AcSB re Future Directions

Attention: Ron Salole

Dear Mr. Salole,

The issue of GAAP for small enterprises is consuming a lot of my time lately. The all day session I attended recently confirmed my preference for issuing "Notice to Reader" financial statements whenever possible (i.e. most of the time). I have never "only compiled" financial information for corporate clients, but that is what I state on most of the financial statements I issue. All my clients know that I do quality work that is a lot more than others typically get in a review engagement, and if they want to "stretch their numbers Nortel style" they better go elsewhere. (On second thought, maybe the "Notice to Reader" reports I issue are "stretching things CICA style"!?)

With few exceptions, the financial statements I prepare are used only by family shareholders and their bankers. It is extremely rare that parties wanting more information are unable to get it through their own established channels. It is very frustrating to be inundated with new pronouncements intended for the Enrons and Nortels of this world – and be told this applies to every review engagement I do. It appears that small firms and small clients are being punished for the sins of very large firms and public companies that knew better but chose to favour their wallets instead of their ethics (because everyone was doing it, of course).

I concur with much of a letter dated September 3, 2004 that the ICAA sent to your attention, especially the section "The market for Canadian GAAP" (p. 3 & 4). If the CICA wishes to remain the dominant accounting and rule setting body in Canada, I recommend considering the majority of accountants and their clients. As investment advisors are fond of stating, there are not many public companies in Canada. Why create rules that disenfranchise everyone else? Perhaps the greatest risk is that the CICA will disenfranchise itself.

Yours truly,

Henry Friesen, CA

Henry Friesen Chartered Accountant Inc.
PO Box 1117
Niverville, Manitoba R0A 1E0
204-388-4700 phone
204-388-6555 fax
Reply to hfriesen@blueriver.ca