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SASKATCHEWAN

October 30, 2008

Mr. Peter Martin, CA
Director, Accounting Standards
The Canadian Institute of Chartered Accountants
277 Wellington Street West
TORONTO, ON M5V 3H2

Dear Mr. Martin:

Re: Exposure Draft – Conceptual Framework - Objective, Qualitative Characteristics and Constraints - July 2008

Overall, we support the proposals in the Exposure Draft.

General Comments

1. We think it would be appropriate to change the terminology used in the Canadian amendments to be consistent with the International Standards wherever possible. In particular, 'faithful representation' is replacing the term 'reliable'. Therefore the Consequential Amendments identified in the Exposure Draft for Sections 1506 and 3862, should no longer use the word 'reliable'. For example, in 3862.B7 we think the proposed amendment should include a change to the last sentence as follows: "...the method or methods that provide the most relevant and faithfully represented information."

Responses to Specific Questions Asked

1. We think there are no aspects of the Exposure Draft that contain concepts that would lead to inappropriate results if they are applied to Canada.
2. We think interpretative guidance on Exposure Draft Chapters 1 and 2 is not necessary.
3. No specific comments, as our audit office deals with entities in the public (governmental) sector.
4. The proposals in Exposure Draft Chapters 1 and 2, as supplemented in the Appendix to this Exposure Draft, are appropriate for application by Not For Profit Organizations.
5. We agree that Exposure Draft Chapters 1 and 2 should be effective in Canada at the same time as required in IFRS.

Yours truly,

Fred Wendel, CMA, CA
Provincial Auditor

TSJ/gb



October 31, 2008

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

Dear Mr Martin:

**Subject: Exposure Draft on Conceptual Framework – Objective, Qualitative
Characteristics and Constraints**

Thank you for providing us with the opportunity to comment on the Exposure Draft of the *Conceptual Framework – Objective, Qualitative Characteristics and Constraints* issued in July 2008 by the Accounting Standards Board (AcSB).

We support the AcSB's initiative to improve the conceptual framework for financial reporting in Canada and are of the view that conceptual frameworks need to be re-visited and updated from time to time.. We have expressed similar support to the International Accounting Standards Board (IASB), in a letter commenting on the recent exposure draft proposing improvements to the conceptual framework for IFRS. However, we expressed concern over the revised scope of the framework envisaged by the IASB, which would encompass general purpose financial reports rather than financial statements, as well as on the hierarchy of the framework within the IFRS, which has not yet been determined.

As we understand it, the IASB proposed framework would no longer be limited to financial statements, but would now deal with financial reporting as well as information communicated in financial reports. As no decision has yet been made on a clear definition of the boundaries between financial statements and other parts of

financial reporting, proposed direction could lead to standards that would go further than accounting and presentation in financial statements.

In our response to the IASB, we expressed our view that accounting bodies should move with caution in extending their mandate towards financial reports in general, as these reports may also touch governance or other reporting aspects that are not necessarily within the normal field of accountants. We also stated that we would not favour a change that would eventually lead to the preparation of mandatory standards for presentation in other financial reports such as Management Discussion and Analysis.

Similarly, we had noted that the IASB had not yet reached a conclusion on the authoritative status of the framework and that such uncertainty was making it difficult to fully assess all the proposals submitted for comments either in the exposure draft or in the IFRS Discussion Paper on the Reporting Entity issued concurrently.

In the current exposure draft issued by the AcSB, one of the aspects of the proposals would import the IASB revisions once approved in final form and would incorporate them within the CICA conceptual framework to serve as the IFRS future framework for Publicly Accountable Enterprises (PAE) in Canada.

Irrespective of whether we support all of these future changes or not, we believe that the revised IFRS framework once finalized should indeed become the framework for PAE in Canada, since PAE will be directed to using IFRS starting in 2011.

However, we believe that this change should not be made effective in Canada for PAE before the change over to IFRS in 2011 even if the framework was to be issued and made effective by then IASB at an earlier date. There are no advantages gained from an early implementation for PAE.

Another important aspect of the current exposure draft proposals is that as the IASB conceptual framework Chapter 1 and 2 would be incorporated in the CICA Handbook, Section 1000 would retain the existing NFPO material, although slightly amended. This change is meant to allow NFPOs to maintain their current basis of accounting until a decision is reached by the AcSB, although we understand that the general part of the new framework would still apply to them. For private enterprises, the strategy currently envisaged by the Board would use the same conceptual framework as that of PAE. We expressed concern earlier on the proposed change in scope of the IASB revised framework that will expand the future application of standards to general purpose financial reports instead of financial statements, and on the uncertainty regarding the hierarchy of the framework. Because of these concerns, and given that the strategies

applying to both private enterprises and NFP are still being developed, we question whether it is premature to adopt this new conceptual framework before the impact of all the proposals for these organizations can be fully assessed.

Thank you again for providing the opportunity to comment on this document. If you have any further questions related to these comments, please do not hesitate to contact either Louise Breton at Louise.Breton@tbs-sct.gc.ca or (613-957-9675), or Bill Matthews at Bill.Matthews@tbs-sct.gc.ca or (613-952-0931) or me at John.Morgan@tbs-sct.gc.ca or (613-957-9659).

Yours sincerely,



John Morgan
Assistant Comptroller General
Financial Management and Analysis
Sector

c.c.: Rod Monette, Comptroller General of Canada
Tim Beauchamp, Director PSAB, Canadian Institute of Chartered Accountants

October 29, 2008

VIA E-MAIL: ED.ACCOUNTING@CICA.CA

ACCOUNTING STANDARDS BOARD

277 Wellington Street West
Toronto, Ontario
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**ATTENTION: PETER MARTIN, CA
DIRECTOR, ACCOUNTING STANDARDS**

**RE: PROPOSED CONCEPTUAL FRAMEWORK
OBJECTIVE, QUALITATIVE CHARACTERISTICS AND CONSTRAINTS**

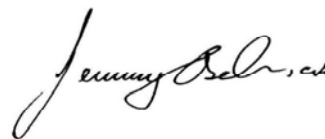
Dear Mr. Martin,

We have read the above-mentioned Exposure Draft and wish to make the following comments. These comments are solely the views of the undersigned and do not represent the views of the partners or the firm as a whole.

- Question 1** - We do not believe that the Exposure Draft, as currently written, contains any concepts which would lead to inappropriate results if they were applied in Canada.
- Question 2** - We do not believe that application or interpretative guidance on the IASB standards and the conceptual framework is necessary.
- Question 3** - The proposals in Exposure Draft chapters 1 and 2 are appropriate for application to private enterprises that prepare general purpose financial statements and should be incorporated into the new standards for private enterprises.
- Question 4** - It is our belief that the proposals are appropriate for NFPOs.
- Question 5** - To the extent that the effective date for ED chapters 1 and 2 is prior to the finalization of the AcSB strategy for private enterprises is completed. The ED should be adopted at the same time as for IFRS. To the extent that the strategy for private enterprises is already complete and issued, we would suggest delaying the effective date for publicly accountable enterprises to coincide with the change to IFRS in Canada, and for private enterprises until the first review of the strategy for private enterprises takes place.

Yours very truly,

WSBG S.E.N.C.R.L. - L.L.P.



**JEREMY ASCH, CA
PROFESSIONAL STANDARDS MANAGER**

15 October 2008

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

Via email to
ed.accounting@cica.ca

Dear Mr. Martin:

Re: Exposure Draft – Conceptual Framework – Objective,
Qualitative Characteristics and Constraints

The Exposure Draft Forum of the Institute of Chartered Accountants of BC has reviewed the above exposure draft and is pleased to provide the following comments.

The Forum is comprised of volunteer members from public practice, industry, and regulatory authorities who meet periodically to discuss and comment on draft guidance. The views expressed in this letter are solely those of members of the Forum and do not represent the views of the BC Institute, its Council, or its staff.

1. Are there aspects of the Exposure Draft that contain concepts that would lead to inappropriate results if they are applied in Canada?

Members of the Forum are concerned that the proposed framework is not as robust as the existing CICA Handbook Section 1000. While they have no objections to the individual qualitative characteristics, they disagree strongly with the approach of separating them into the two tiers of fundamental and enhancing characteristics. They believe it is inappropriate to establish “relevance” and “faithful representation” as paramount objectives of all financial reporting and that “timeliness” and “understandability” are less important. For example, they submit that a set of financial statements that is not understood by the users or prepared many months after the fiscal year end serves little purpose, no matter how faithfully transactions are presented.

Forum members consider all six characteristics to be of equal importance and found no compelling case in the exposure draft for the distinction between fundamental and enhancing characteristics. In fact, they believe this separation compromises the integrity of the framework by focusing on just two characteristics. In order for the framework to be a solid foundation of all reporting standards, it needs to recognise that useful financial information must incorporate all six characteristics and that preparers must exercise their professional judgement to achieve the necessary balance between them. Different entities have different requirements so it should be

up to the entity to determine which characteristics are more important in its particular circumstances.

Moreover, the six characteristics cannot be viewed in isolation and must be contemplated in connection with each other so that the most fair and reasonable financial information are presented in a consistent and prudent manner. The danger in emphasising relevance is that it could lead to aggressive accounting treatments. For example, recording revenue when a mining company confirms a viable ore body or when a pharmaceutical company demonstrates a new drug is safe and effective meet the “relevant” and “faithful representation” characteristics. The characteristics of “verifiability” and “comparability” might have tempered the treatment if they had equal weight.

In connection with the emphasis on relevance, forum members are concerned with the absence of prudence or conservatism in the framework. In the examples just cited (revenue recognition for mining and pharmaceutical companies), removal of prudence permits very aggressive accounting policies and outcomes that will be impossible to audit, and accounting standards that will be rejected by users.

In addition, Forum members do not agree with the representation of materiality as a constraint on financial reporting. While they support the notion that “the books don’t need to be balanced to the last penny”, members of the Forum maintain it is management’s statutory responsibility to keep a proper set of accounts. The discussion in the proposals presents the concept of materiality from the user’s perspective, which is inconsistent with adopting the entity perspective.

Members of the Forum agree that cost is a constraint. However, costs should always be counter-balanced by benefits. As stated in the proposals, there are always costs associated with financial reporting and there must be benefits to justify the costs. Members submit that there must still be benefits to the users even if the cost is minimal – otherwise, the financial information produced is irrelevant.

As well, Forum members question whether predictive value is an important characteristic, especially for financial statements that are prepared based on past transactions and historical cost information. A corollary of this concern is that emphasizing predictive value gives undue credence to the aggressive accounting examples described above, in which anticipated future transactions are recorded on the books. Consequently, they caution that undue emphasis ought not be placed on predictive value.

Finally, members of the Forum note that the scope of the proposed framework includes all general purpose financial reporting, not just financial statements. They wonder whether any consideration was given to the legal ramifications that such expanded scope would have on Canadian entities that report or are required to report financial information on a basis other than GAAP.

2. Do you think application or interpretative guidance is necessary?

Members of the Forum would normally agree that application or interpretative guidance is not necessary where there is a robust framework providing a strong foundation for the standards. However, they find that is not the case here with these proposals and believe that additional guidance is necessary to help practitioners transition from our existing principles.

Forum members see the proposed framework as being restricted in its authority - they believe the framework should supersede individual standards. That is, specific standards should always be consistent with the framework and any proposals that are not should not be adopted. To be consistent with the legal framework in Canada and in many other countries, foundational standards and laws (e.g., constitution) should have paramount authority over more specific ones.

3. Are the proposals appropriate for private enterprises?

Members of the Forum are concerned that the Board would contemplate applying the proposed framework for private enterprise when they are in the process of developing standards for private enterprises based on the current CICA Handbook and therefore based on the current Canadian conceptual framework. As noted previously, members of the Forum agree that the current Canadian framework is different and more robust than the framework being proposed. Therefore, it would be incompatible to impose a framework on a set of standards developed using another framework. Members suggest that the Board proceed with the reporting standards for private enterprises using the existing CICA Handbook Section 1000.

With the expectation of more reliance on professional judgement in the application of new private enterprise standards, it is paramount that the framework be robust and fit in with the objectives of private enterprise reporting. Forum members suggest that since the users and purpose of financial reporting from private enterprises are often different from those of public companies, it is possible to have two similar but different frameworks. A specific example of why the Forum does not support the application of the IASB proposals for private enterprises is that private enterprises and their stakeholders tend to place more emphasis on cost/benefit and understandability, which are not fundamental qualitative characteristics in the IASB proposals. As well, users of private entity financial statements have a more direct relationship with management and often can obtain additional information to supplement the financial statements.

4. Are the proposals appropriate for NFPOs?

Since Forum members do not believe these proposals to be appropriate for private enterprises, they believe them to be even less appropriate for not-for-profit organisations. They do not agree that the reporting objectives as stated in the proposals apply to NFPOs since users of financial statements from NFPOs have different expectations and often use the financial statements to evaluate management accountability for meeting the organisation's objectives.



5. Do you agree that ED Chapters 1 and 2 should be effective in Canada at the same time as required in IFRS?

Forum members believe that the proposals should be effective at the same time as IFRSs are adopted by publicly accountable enterprises on January 1, 2011 to avoid any confusion.

We appreciate the opportunity to provide input to the Accounting Standards Board and hope you find our comments useful.

Yours truly,
Exposure Draft Forum

[Via email]

Stella Leung, CA
Professional Standards Advisor
Staff Liaison to Exposure Draft Forum
Advisory Services Department
sleung@ica.bc.ca

October 24, 2008

Peter Martin, CA
Director, Accounting Standards
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Toronto, Ontario
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Email: ed.accounting@cica.ca

Dear Mr. Martin:

Re: Conceptual Framework –Objectives, Qualitative Characteristics & Constraints

We have read the above-mentioned Exposure Draft and would like to make the following comments for your consideration. In addition we have attached the BDO International¹ response to the IASB, as requested.

ED Chapters 1 and 2 have been developed by the IASB for global application. Assuming that the ED Chapters 1 and 2 are approved by the IASB as final framework chapters, do you think that, regardless of this fact, there are aspects of the Exposure Draft that contain concepts that would lead to inappropriate results if they are applied in Canada? If so, please specify each such concept and the aspects or circumstances that make it inappropriate for Canadian entities, together with a proposed alternative concept with supporting rationale.

Consistent with our responses to other exposure drafts related to the adoption of IFRSs in Canada, we do not believe there are aspects of the Exposure Draft that contain concepts that would lead to inappropriate results if they are applied in Canada.

In general, the AcSB will not issue application or interpretative guidance on IASB standards and the conceptual framework. Do you think that such guidance is necessary on ED Chapters 1 and 2, even though unnecessary elsewhere in the world? If so, please specify the issue giving rise to the need for additional material, and the nature of the material needed.

Consistent with our responses to other exposure drafts related to the adoption of IFRSs in Canada, we do not believe any Canadian specific issues exist which would require the need for Canadian specific application or interpretive guidance.

The AcSB is finalizing a strategy for private enterprises and has decided that it will be developed using the same conceptual framework as that applicable to publicly accountable enterprises, i.e. Section 1000. However, it will be important for the AcSB to know whether the proposals in ED Chapters 1 and 2 are appropriate for application to private enterprises that prepare general purpose (GAAP) financial

¹ BDO International is a worldwide network of public accounting firms, called member firms, serving International clients. Each BDO Member Firm is an independent legal entity in its own country.

statements, and should be adopted. Are the proposals in ED Chapters 1 and 2 appropriate for private enterprises? If not, please specify why not.

As mentioned in the BDO International response to the IASB, we have concerns related to the conceptual framework applying to “general purpose financial reporting” and not being limited to general purpose financial statements. We believe this point is even more relevant for private enterprises, as they do not have any other general purpose reporting requirements, such as Management Discussion and Analysis. Since the financial statements are the only form of financial reporting for private enterprises, we believe it is important that the conceptual framework focus on financial statements.

If the IASB approves the exposure draft in its current form we believe, this aspect of the proposals should be modified for private enterprises.

At this time, the AcSB has not determined how to implement its strategy for NFPOs. However, it will be important for the AcSB to know whether the proposals in ED Chapters 1 and 2, as supplemented by the material in the Appendix to this Exposure Draft, are appropriate for application by these entities. Are the proposals in ED Chapters 1 and 2 appropriate for NFPOs? If not, please specify why not.

As mentioned in the BDO International response to the IASB, we do not believe “capital providers” is the correct term to be used to describe the users of financial statements. We believe this point is especially important for not-for-profit organizations as the users of their financial statements is a very diverse group.

The private enterprises comment above related to the scope of the conceptual framework (general purpose financial reporting vs. financial statements) is also relevant to not-for-profit organizations.

If the IASB approves the exposure draft in its current form we believe, these aspects of the proposals should be modified for not-for-profit organizations.

Do you agree that ED Chapters 1 and 2 should be effective in Canada at the same time as required in IFRS? If not, what changes would you suggest, and why?

We agree that this exposure draft should be effective in Canada at the same time as required in IFRS for publicly accountable enterprise. However in the case of private enterprises, care should be taken in deciding when it is effective so to minimize the amount and frequency of accounting changes. For example, if Private Company GAAP is finalized, prior to the finalization of this exposure draft, the AcSB should consider either adopting the proposals at the time of adoption of Private Company GAAP, or delay the adoption a few years to avoid additional accounting changes, immediately after adoption of Private Company GAAP.

Thank you for your consideration of the above-noted comments. If you have any further questions, please contact me at 416-369-6937.

Yours truly,

BDO DUNWOODY LLP
Chartered Accountants

Armand Capisciolto

Armand Capisciolto, C.A., CPA
National Accounting Standards Partner



October 31, 2008

via email: ed.accounting@cica.ca

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

Dear Mr. Martin:

Conceptual Framework-Objective, Qualitative Characteristics and Constraints

We have reviewed the exposure draft and have the following comment. We prefer Section 1000 as it recognizes each qualitative characteristic as being of equal value. The ranking of relevance and faithful representation above others such as understandability may cause difficulties for financial statement users. For example, information that is not understandable, but believed to be relevant, may result in incorrect decisions.

Thank you for the opportunity to provide our comment on this important initiative.

Yours truly,

M.J. Dawson

Mary-Jane Dawson, CA
Principal

/ka

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11/03/2008 11:41 AM

To <ed.accounting@cica.ca>
cc
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Subject ED - Conceptual Framework - Objective, Qualitative
Characteristics and Constraints

November 3, 2008
Mr. Peter Martin, CA
Director, Accounting Standards
Accounting Standards Board
277 Wellington Street West
Toronto, Ontario M5V 3H2
Dear Mr. Martin:

Thank you for the opportunity to comment on the Accounting Standards Board (AcSB) Exposure Draft *Conceptual Framework – Objective, Qualitative Characteristics and Constraints*. I am responding on behalf of the Office of the Auditor General of Canada.

Our views with respect to the specific AcSB questions are listed below.

1. The concepts contained in the ED Chapters 1 and 2 would not lead to inappropriate results if applied in Canada.
2. Interpretative guidance on ED Chapters 1 and 2 is not necessary.
3. The proposals in ED Chapters 1 and 2 are appropriate for private enterprises.
4. The proposals in ED Chapters 1 and 2 should address some of the comments made in the July 2008 *Report on the Application to Not-for-profit Entities in the Private and Public Sectors of the IASB/FASB Conceptual Framework Project's Exposure Draft of An Improved Conceptual Framework for Financial Reporting* prepared by four national, including Canada's, accounting standard boards. Specifically, the proposals in ED Chapters 1 and 2 could be tailored to address the following issues:
 - in addition to the decision-usefulness objective, putting a greater emphasis on the stewardship or accountability aspect of financial reporting;
 - broadening the definition of capital providers to include government as a shareholder; and
 - in addition to cash flow, putting a greater emphasis on resources available to deliver future goods and services.
5. We agree that ED Chapters 1 and 2 should be effective in Canada at the same time as required in IFRS.

I hope these comments are of assistance to you. If you have any questions relating to this response, please feel free to contact me.

Yours sincerely,

Stuart Barr
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