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VIA FAX TO: 416-204-3412

Greg Edwards, C.A.
Canadian Accounting Standards Board
277 Wellington Street W
Toronto, ON M5V 3H2

Dear Mr. Edwards,

Re: Private Enterprise GAAP

I would like to offer my comments on the proposed private enterprise GAAP.

By way of background, I articulated and worked with Touche Ross & Co. (as it was then known) in London, England, mainly in the area of public company audits for a number of years before coming to Vancouver, Canada, where I have worked as a controller with private enterprises in industry and in public practice as a sole practitioner.

When I started my own practice in 1988, a large percentage of my work consisted of RERs for owner managed private companies. As financial reporting requirements became more complex and onerous, almost all my RER clients changed to compilation engagements. They were able to do so because they either had no external users or their external users agreed to the change. These clients saw no reason to comply with something that they could see no benefit for and which they, for the most part, did not understand. I have to confess that I did not try very hard to persuade them otherwise as I agreed that there was no benefit or requirement for them to comply.

I think it is true that when compliance of anything becomes complex and onerous, ways of avoidance will be sought.

I believe that other practitioners have also experienced clients changing from RERs to compilation engagements where they are able to, and I want to speak out against this trend, which I believe ultimately undermines our profession. Unless this trend is stopped, our profession will consist of large numbers of accountants who do not practice what we were trained to do and the Institute will be less relevant to private enterprises, especially those who have no requirement to report to external users.

In the hope of keeping things simple(r), I would advocate the top down approach within one common conceptual framework, wherein departures from GAAP can be allowed under certain circumstances. Differential reporting has to be made less onerous to apply, eg instead of requiring all shareholders to agree, get board approval instead.

I believe that adopting the IFRS-SME or another set of standards will only add to the confusion and complexity of accounting standards.

Thank you for considering my humble opinion.

Yours truly,



Elaine S.M. Leong, C.A.