



GOOD, O'DONNELL & REDDEN
CHARTERED ACCOUNTANTS

SENT BY E-MAIL

October 15, 2007

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

Dear Mr. Martin:

Re: Financial Reporting by Private Enterprises

We are writing in response to your invitation to comment on the International Financial Reporting Standards (IFRS) for Small and Medium Enterprises (SME).

We are a regional accounting firm located in Southwestern Ontario that services primarily SME's. Our staff of over 25 includes seven chartered accountants. We thank the Board for recognizing the need for change and the opportunity to comment.

The Conceptual Framework

We agree with the Accounting Standards Board (AcSB) that there should be only one conceptual framework. It is vitally important that the same framework apply to both privately and publicly accountable enterprises for the same reasons outlined in paragraphs 28-44 and appendix C of the discussion paper.

Linkage to Standards for Publicly Accountable Enterprises

We would like to see a substantial reduction in the volume and complexity of accounting standards. We support a principle based approach that allows the profession to use judgment in applying accounting standards. We do not support any linkage to rules based on international standards unless it involves minimal linkage that would not sacrifice condensation and simplicity.

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Approach

We support Option 2, Adoption of the IFRS-SME with modification to meet the needs of Canadian SME's. We have reviewed the exposure draft "IFRS for Small and Medium-sized Entities" and were impressed with:

- ease of use
- the relevancy of material
- appropriateness of terminology
- consistency with Canadian GAAP

The stand alone approach based on IFRS-SME is preferred as it contains all the accounting standards an average SME would require. There is typically no need for a practitioner to be aware of the detailed requirements of full IFRS when one does not deal with publicly accountable enterprises. Any public accounting firm that provides assurance services to both SME's and publicly accountable enterprises will likely have staff/resources in place to allow one to "specialize" in each area, similar to having a tax specialist, business valuator or forensic expert.

A Non-GAAP Solution

The needs and requirements of users of financial statements for privately owned and publicly owned companies differ significantly. The differences are well documented in the discussion paper and therefore need not to be repeated here. These substantial differences necessitate separate standards for these two groups.

We believe these substantial differences would not exist amongst most SME's, and the idea of having two sets of standards for SME's may not be practical. Two standards for SME's could result in inconsistencies in financial statement presentation and may cause confusion for the users who typically have a limited understanding of accounting rules and standards.

We therefore recommend one separate standard for SME's.

We hope are comments are of some assistance.

Sincerely,

GOOD, REDDEN, KLOSLER

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GOOD, REDDEN, KLOSLER LLP