

June 18, 2008

Mr. Paul Cherry FCA  
Chair, Accounting Standards Board (“AcSB”)  
c/o The Canadian Institute of Chartered Accountants  
277 Wellington Street  
Toronto, Ontario

Dear Paul:

**Re: Financial Reporting by Private Enterprises**

On behalf of the Council of the New Brunswick Institute of Chartered Accountants, I am writing to advise that we are very pleased that the AcSB has undertaken to establish stand-alone financial reporting standards for private enterprises in Canada by December 31, 2008. The NBICA and its membership are very interested in these standards, given that in excess of 90% of the financial statements issued in New Brunswick are for small, privately-held enterprises.

The CICA’s FOME initiative was, generally speaking, very well received as a reasonable alternative to IFRS. It was the opinion of many members and financiers of small business that the FOME principles would have provided relevant and readily understandable financial information in a cost effective manner. Many of the disclosures and present value accounting in current (and anticipated) Canadian GAAP have, in the opinion of many, questionable relevance and/or no cost benefit to the users of said financial statements.

It is now well established that many small businesses have decided to resort to Compilation Engagements in order to avoid the requirements of Canadian GAAP, thereby resulting in less assurance being provided to the users of these financial statements by our members in public practise. Another factor driving the need to bring finality to the matter of reporting standards is the desire to avoid a repeat of accounting principles (i.e. previous Section 4025 of the HandBook – Current Cost and GPL-Adjusted Accounting) that never were adopted by the financial statement preparers or users because these principles were not seen to be relevant.

We understand that the IFRS principles are currently being considered as an alternative for large private enterprises, and may well be adopted for large private enterprises if the financial markets determine there is a need for additional information provided by IFRS. Given market demands, large private companies in Canada may conclude that they need to prepare their financial statements on the basis of IFRS. Since IFRS appear to be an option for large private enterprises, we suggest the AcSB focus its efforts on standards applicable to the small and medium size private enterprises.

We also recognize that IFRS with differential accounting is an option. This would provide flexibility in selecting which principles are relevant and cost effective. However there is a concern that the flexibility in accounting principles allowed for differential reporting could, effectively, result in hundreds of GAAPs rather than just two.

We thank you for considering our point of view. In closing, we wish to emphasize that speed to market in bringing certainty in financial reporting standards relative to the private sector enterprises, particularly for small, privately-held enterprises, is crucial. We look forward to the conclusion of this initiative by December 31, 2008.

Yours truly



Hal Raper, CA

Vice-President

New Brunswick Institute of Chartered Accountants

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