



CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

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December 22, 2009

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

c/o: John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

Anne-Marie Beaudoin, Secrétaire
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22^e étage
Montreal, Québec, H4Z 1G3

Dear Mr. Stevenson and Ms. Beaudoin:

Re: Proposed National Instrument 52-107 and Companion Policy 52-107CP

The Canadian Public Accountability Board (CPAB) is pleased to comment on proposed National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* and Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards*.

Overall CPAB is supportive of the Canadian Securities Administrators (CSA) proposed amendments to NI 52-107 and 52-107CP to accommodate the changeover to International Financial Reporting Standards (IFRS).

Requirements for Acquisition Statements

As a general principle, CPAB supports one set of high quality financial reporting requirements across CSA jurisdictions. The proposed changes to requirements for acquisition statements contemplate different requirements for acquisition statements in Ontario compared to other Canadian provinces. CPAB conceptually disagrees with this approach and strongly encourages the CSA to agree on a common approach to be applied across all provinces in Canada. We believe an appropriate common approach would be to permit acquisition statements to be prepared in accordance with Canadian GAAP applicable to private enterprises with an accompanying audited reconciliation quantifying and explaining material differences from Canadian GAAP applicable to private enterprises to IFRS.

Specific Requests for Comment

You have asked for comments in response to the following specific questions. For ease of reference we have included your request for comment in italics and then provided our response.

- 1. Do you agree with the proposal of jurisdictions other than Ontario that acquisition statements should be permitted to be prepared in accordance with Canadian GAAP for private enterprises where the specified conditions are met in accordance with paragraph 3.11(1)(f)? Please give reasons for your response.*

We do not agree that acquisition statements should be permitted to be prepared in accordance with Canadian GAAP for private enterprises without an audited reconciliation to IFRS which quantifies and explains material differences to investors. We believe that an audited reconciliation from Canadian GAAP applicable to private enterprises to IFRS provides important audited information for the development of pro forma financial statements and also provides important comparable information to the issuer's IFRS financial statements. Current requirements for the preparation of acquisition statements require these to be prepared in accordance with accounting standards applicable for public companies. In our view, the acquisition statement proposal of jurisdictions other than Ontario would lead to a lowering of existing requirements.

- 2. Do you agree with Ontario's proposal that acquisition statements should be permitted to be prepared only in accordance with a set of accounting principles specified in paragraphs 3.11(1) (a) to (e)? Please give reasons for your response.*

We do not agree that acquisition statements should only be permitted to be prepared in accordance with a set of accounting principles specified in paragraphs 3.11(1) (a) to (e). Instead, as discussed in our response to Question #3 below, we believe for a private enterprise that has applied Canadian GAAP for private enterprises an appropriate requirement would be for the acquisition report to include an audited reconciliation to Canadian GAAP applicable to publicly accountable enterprises with quantification and explanation of material differences. This, in our view, will provide sufficient audited information to investors and at the same time address concerns related to cost and time by not requiring preparation of financial statements that are fully compliant with Canadian GAAP applicable to publicly accountable enterprises.

3. *Do you think that any other options would better balance the cost and time for issuers to provide acquisition statements and the needs of investors to make investment decisions? For example, one option identified by Ontario would be to permit acquisition statements to be prepared in accordance with Canadian GAAP applicable to private enterprises where they are accompanied by an audited reconciliation quantifying and explaining material differences from Canadian GAAP applicable to private enterprises to IFRS and providing material IFRS disclosures. Please give reasons for your response.*

As a general principle, CPAB supports one set of high quality financial reporting requirements across CSA jurisdictions. Accordingly, we believe that an acceptable alternative would be to permit acquisition statements to be prepared in accordance with accounting principles different from Canadian GAAP applicable to publicly accountable enterprises (such as Canadian GAAP applicable to private enterprises) provided the financial statements are accompanied by an audited reconciliation quantifying and explaining the material differences to IFRS. CPAB believes this will provide investors with important audited information to assess material GAAP differences whilst at the same time address cost and time concerns by not requiring a full set of IFRS compliant financial statements to be prepared for private enterprises.

CPAB appreciates the opportunity to provide input on the proposed National Instrument.

We would be pleased to discuss any of the above comments.

Yours very truly,



Brian Hunt, FCA
Chief Executive Officer