

CSA Discussion Paper Survey Results

QUESTION 1

Do you prepare financial statements and/or financial information in accordance with standards other than Canadian GAAP (Yes or No)?

No	64	70%
Yes	28	30%

If yes, please specify which GAAP.

US	26
Swiss	1
UK	1

QUESTION 2

Is your company publicly traded (Yes or No)?

No	43	47%
Yes	48	53%

If yes, please name the exchanges on which your company is traded.

TSE	39
NYSE	9
LSE	2
PSE	2
Chicago	1
American	2
NASDAQ	11
Frankfurt	1
Montréal	1
Swiss	1
CDNX	4

Nota Bene: Some respondents cited multiple listings

QUESTION 3

Do you believe that Canadian financial regulators should accept statements prepared by Canadian companies using other than Canadian GAAP without a reconciliation to Canadian GAAP (Yes or No)?

No	65	71%
Yes	28	29%

QUESTION 4

Do you believe that Canadian financial regulators should accept statements prepared by foreign and US companies using other than Canadian GAAP without a reconciliation to Canadian GAAP (Yes or No)?

No	62	67%
Yes	31	33%

QUESTION 5

Do you feel that sufficient expertise resides in Canada with respect to the preparation and interpretation of financial information prepared in other than Canadian GAAP (Yes or No)?

No	42	46%
Yes	50	54%

QUESTION 6

Can Canadian investors make informed investment decisions using a GAAP other than Canadian GAAP?

No	32	35%
Yes	60	65%

QUESTION 7

Do you believe US GAAP should replace Canadian GAAP in its entirety?

No	52	57%
Yes	35	43%

QUESTION 8

Do you have any other comments? (please specify)

See attached spreadsheet

	A	B	C	D	E	F	G	H	I	J	K	L
1	Survey	Name	Q1a	Q1b	Q2a	Q2b	Q3	Q4	Q5	Q6	Q7	Comments
2	1		N		Y	TSE	Y	Y	Y	Y	N	
3	2		N		N		N	N	N	N	N	
4	3	Aidan Hughes, Ocean Fisheries Ltd.	N		N		N	Y	Y	Y	N	
5	4		N		Y	TSE	N	N	N	N	N	
6	5		N		N		Y	Y	Y	Y	N	
7	6		Y	US	N		N	N	Y	Y	N	
8	7	Ron Lewset, Crescent School	N		N		N	N	N	N	N	
9	8		N		N		N	N	N	N	N	
10	9	Mark Rodrigues, George Westin Limited	N		Y	TSE	Y	Y	Y	Y	Y	Y to Q3, Q4, Q5, Q6 if US GAAP
11	10		N		N		N	N	Y	N	N	many factors and makes for a very cumbersome, if not impossible situation, with regard to the bureaucracy involved. Nonetheless, we should encourage regulators across common trading blocks (viz. NAFTA countries) to work toward eliminating the cross border confusion. Inside our own borders we are continually faced with issues, such as Bre-X and more recently, the dot com revenue recognition practices, that mislead the investment community at large. The freedom created by the electronic age has created an environment where many unsophisticated parties are involved in the marketplace: great for competition in financial service offerings, but deadly in terms of volatility of markets, particularly as driven by the "fear or greed" factors. Although a lofty target, commonality of regulation needs to be accompanied by simplification of the regulations themselves. Fortunately, you have only asked for comments, not for methods of achieving the
12	11	Graham Thouret, Celestica Inc.	N		Y	TSE, NYSE	N	N	Y	Y	N	
13	12	Lon Vining, ANGOSS Software Corporation	N		Y	CDNX	N	N	Y	Y	N	Q7 - Should be a Universal GAAP, 3 & 4 are No because there must be a means to compare apples with apples.
14	13				N		N	N	N	N	N	
15	14	James G. Fergusson, GE Railcar Services Inc.	Y	US	Y	Many	N	N	Y	N	Y	financial markets, particularly the average investor, would benefit from adopting a "universal" GAAP. It's been my experience that many investors do not indulge in in depth analysis. They rely on the most superficial ratios and news releases. They also tend to forget well publicized accounting changes. A study many years ago demonstrated that investors were willing to pay more for a company after it adopted longer fixed asset depreciation. This change did not add one dime to the cashflows and yet the market perceived the book income increase as a real economic value increase. (It appears the P/E theory is alive and well.) My fear is that the average investor will ignore reconciliations. The regulatory agencies have the expertise to understand the differences...but that understanding does not seem to impact the value the market places on the shares. Therefore, it appears as if the market ignores reconciliations. Thus the only way we can assist the average investor is to insure all
16	15		N		N		Y	Y	Y		Y	
17	16		N		Y	TSE	N	N	N	N	Y	
18	17		N		Y	TSE	N	N	Y	Y		Q7- should be international GAAP
19	18		Y	US	N		N	N	Y	N	N	
20	19		Y	US	Y	TSE, NYSE	N	N	N	Y	Y	

	A	B	C	D	E	F	G	H	I	J	K	L
1	Survey	Name	Q1a	Q1b	Q2a	Q2b	Q3	Q4	Q5	Q6	Q7	Comments
21	20	Ken Coull, Grimshaw Trucking Ltd.	N		Y	TSE	Y	Y	N	Y	Y	
22	21		N		Y	TSE	N	N	N	N	N	
23	22	Dereck Price, Wheaton River Materials Ltd.	N		Y	TSE	N	N	Y	Y	Y	
24	23	Drew Fitch, The Westaim Corporation	Y	US	Y	TSE, NASDAQ	N	N	N	Y	Y	THE US GAAP TRAIN HAS ALREADY LEFT THE STATION. THE LARGEST CA FIRMS IN CANADA ARE ALREADY DRIVING CANADIAN COMPANIES WITH US LISTINGS TO CONFORM WITH US GAAP IN THE CANADIAN GAAP FINANCIALS IF THERE IS NO CLEAR GAAP POLICY IN CANADA - EVEN IS THERE IS GAAP PRACTICE IN CANADA. THE SOONER CANADA FORMALIZES THIS, THE SOONER THE PLAYING FIELD WILL BE LEVELED.
25	24		N		N		Y	Y	Y	Y	Y	preparations in GAAP of U.K., U.S., France & Germany that are accompanied by a boilerplate explanation of the main differences between Canadian and those foreign GAAP. 1. This would advance international standards faster than have the decades of negotiations by FEI within IAFEI or by FEIC amongst Canada's provinces. 2. This may be the only way to circumvent the protectionism practiced by professional accountants or the provincial perogatives protected by the Canadian constitution. 3. Regulation would evolve toward best practice. Each country's or province's desire that its own GAAP be the basis of international regulation cannot be resolved, in a timely way, by regulations. Greater freedom of choice will get around such brickwalls.
26	25		N		Y	TSE, NASDAQ	N	N	N	Y	Y	Current situation is poor. Auditors relying on US GAAP to opine on Canadian GAAP financial statements.
27	26	Jim Brown, Richland Petroleum Corporation	N		Y	TSE	Y	Y	Y	Y	Y	We live in a global financial market and GAAP should be globalized to reflect that and make it easy for companies to access global capital.
28	27		Y	US	Y	TSE	N	Y	Y	Y	N	There should be one GAAP, regardless what it is
29	28		N		N		Y	Y	N	Y	Y	
30	29		N		N		Y	Y	N	Y	N	
31	30	Steve Rosen, Canadian Securities Institute	N		N		N	N	N	Y		
32	31	L. J. Fowler, Avcorp Industries Inc.	N		Y	TSE	N	N	Y	Y	N	All GAAP needs to be simplified and made less technical. Current make requires too many adjustments to the real facts of actual results. Economic adjustments should be eliminated. Let analysts make future judgements for their investors.
33	32	E. George Hartman					Y	Y	Y	Y		Would the investing public show face in the regulatory bodies to assure the quoted GAAP (surely audited) has been complied with???
34	33	K. MacTavish, Greenshield Canada	N		N		N	N	N	N	Y	
35	34		N		Y	TSE	Y	Y	N	Y	N	Suggest that financial statements be acceptable where they are clearly labelled "Prepared under the GAAP of (e.g. USA)", where the GAAP specified has been certified by the International Accounting organization, and where the nation of filing has indicated to the International Accounting organization that it will accept statements filed under any GAAP approved by the International Accounting organization.
36	35		N		N		N	N	N	N	N	
37	36	Ian Young, Nexfor Inc.	N		Y	TSE	N	N	N	N	Y	
38	37		N		Y	TSE/NASDAQ	N	N	N	Y	N	
39	38		N		Y	TSE	N	N	Y	N	N	
40	39		N		N		N	N	N	N	N	

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41	40		Y	US	N		N	N	Y	Y	Y	
42	41		N				N	N	Y	Y	N	Judgement is the key!! US GAAP has tried to reduce the need for judgement, in some places it succeeds or improves but attempting to eliminate judgement is not only dangerous, it is impossible. Even in the US there are still frauds and misleading accounting practices, no matter how detail their GAAP gets - one just has to look at the recent Arthur Anderson case. GAAP recs help to explain the inconsistencies. The SEC and the Accounting Profession need to focus in on where the inconsistencies are material.
43	42		N		N		N	N	N	N	Y	
44	43		N		N		N	N		Y	Y	
45	44		N		Y	TSE	N	Y	Y	Y	Y	
46	45		N		N		N	N	Y	Y		
47	46		Y		N		N	N	N	Y	N	
48	47		N		Y	TSE	N	N	Y	N	N	
49	48	Massood Oroomchi, Descartes Systems	Y	US	Y	TSE/NASDAQ	Y	Y	Y	Y		Y to Q3 as long as there is qualitative discussion of differences where there is a variance of more than 5%, Qualified answers to Q4, Q5, Q6, Answer to Q7 is to pursue harmonization rather than adoption of US GAAP
50	49		N		N		N	N	N	N	Y	
51	50		Y	Swiss	Y	TSE	N	Y	Y	Y	Y	SEC Regsitrant
52	51		N		N		N	N	Y	Y	N	The greatest impediment in Canada this the fact that this country has separate provincial securities regulators rather than a single national securities regulator.
53	52	John Anhang, Infrastructures for Information Inc.	N		N		N	N	Y	N	N	
54	53		N		Y	TSE	N	N		Y	Y	
55	54											
56	55	David Petroff, Cameco Corporation	N		Y	TSE/NYSE	Y	Y	N	N	N	One consistent standard is better than several. However, I don't see that Canadian GAAP can be easily discarded with the professional accounting infrastructure that exists. That leads to the conclusion that one, and only one alternative should be chosen. The huge volume of interest in the US market would make US GAAP the practical choice.
57	56		Y	US	Y	TSE/AMERICAN	N	N	N	Y	N	FILINGS TO SAVE THEM THE EFFORT OF ALSO PREPARING CANADIAN GAAP DATA. HOWEVER THERE IS NO DATA ON HOW MUCH EXTRA WORK IT IS TO PREPARE CANADIAN GAAP STATEMENTS IF A COMPANY IS ALREADY PREPARING US GAAP STATEMENTS. (NORTEL'S COMMENTS WERE ADDRESSING GOING FROM CANADIAN GAAP TO US GAAP, NOT THE OTHER WAY.) ALSO NEED TO ADDRESS THIS CONSIDERING CANADIAN GAAP INCLUDING THE VARIOUS RECENT AND CURRENT HARMONIZATION PROJECTS THAT HAVE ELIMINATED MANY OF THE GAAP DIFFERENCES. ARE THE REMAINING DIFFERENCES SUFFICIENT TO MAKE THIS A BIG ISSUE FOR PREPARERS?
58	57	Chris Smith, Petro-Canada	Y	US	Y	TSE/NYSE	Y	Y	Y	Y	Y	

	A	B	C	D	E	F	G	H	I	J	K	L
1	Survey	Name	Q1a	Q1b	Q2a	Q2b	Q3	Q4	Q5	Q6	Q7	Comments
59	58	T. Ross Archibald	N		N		Y	Y	Y	Y	N	Global harmonization does not mean Can GAAP suplication. I still hope the IASC approach will win the day as an acceptable method on all exchanges including the US. There is great pressure from SEC listed companies and their auditors to capitulate to FASB (SEC)(US Senate) because it is easier. This does not make it right.
60	59		N		N		Y	Y	Y	Y	N	My sense is that we will need to plan our strategy and tactics to align securities administrators as well as the accounting standards bodies.
61	60											
62	61											
63	62	Stuart Bowden	Y	US	N		N	N	N		N	
64	63		Y	US	Y	NYSE/Chicago/Pacific/London	Y	Y	Y	Y	N	Canadian GAAP should apply to Canadian Public Companies and private Cdn Companies. Can be confusing to investors that are not informed.
65	64		N		N		Y	Y	Y	Y	Y	
66	65		N		N		N	N	N	Y	N	
67	66		Y	US	Y	TSE/NASDAQ	Y	N	N	N	N	
68	67		N		Y	TSE	N	N	N	N	N	
69	68		N		N		N	Y	Y	Y	N	
70	69	Derick Sinclair, RSL COM Canada Inc.	Y		N		N	N	N	N	N	We need to move towards a global GAAP. An even closer alignment with the US would be a good start but we need to understand what compromises we are making to do so.
71	70		N		N		N	N	Y	N	Y	There should only be one worldwide GAAP.
72	71	Sean Carleton, Imperial Oil Limited	Y	US	Y	TSE/American	Y	Y	Y	Y	Y	
73	72	Steve Lancaster, CCL Industries Inc.	Y	US	Y	TSE	N	N	N	Y	Y	
74	73		N		N		N	N	Y	Y	Y	I don't have a preference as to which GAAP we use, but I do believe that is in our best interests for our GAAP to be as similiar as possible to the rest of the global economy (i.e. US GAAP).
75	74		N		N		N	N	N	N	Y	
76	75	Alex Browning, LCBO	N		N		N	N	N	Y	Y	believe we need a North American Standard to go along with the amount of North/South business that is going on and amount of inter country ownership that exists.
77	76		N		N		N	N	N	N	N	
78	77		N		N		N	N	Y	Y	N	
79	78	Thomas Sitar	Y	US	N		Y	Y	Y	Y	Y	
80	79		N		Y	CDNX	N	N	N	Y	N	it is important to harmonize standards in most of the developed world so that as investors continue to gain added access to foreign markets through internet based initiatives, only one standard of reporting is used and alternatives are can therefor be properly compared.
81	80											
82	81		Y	US	Y	NASDAQ	Y	Y	Y	Y	Y	
83	82	Bob Wight, Clearwater Fine Foods Inc.	N		N		Y	Y	Y	Y	N	it's international harmony not following the Americans that we should have as our GAAP goal in Canada. The issues should be around more and more relavent disclosure. If usine US GAAP is the issue for a company because this is where they get their capital, what relevance is the reconciliation?

	A	B	C	D	E	F	G	H	I	J	K	L
1	Survey	Name	Q1a	Q1b	Q2a	Q2b	Q3	Q4	Q5	Q6	Q7	Comments
84	83		Y	US	Y	TSE/Frankfurt	Y	N	Y	Y	Y	
85	84		N		N		Y	Y	Y	Y	N	
86	85		Y	US	Y	TSE	N	N	Y	Y	N	
87	86		N		N		N	N	Y	N	N	
88	87	Ron Grainger, WCB - Alberta	N		N		N	N	N	N	N	
89	88		N		Y	TSE	N	N	N	N	N	
90	89		Y	US	Y	TSE/NYSE/PSE/LSE	N	N	N	N	N	By accepting financial information prepared in other than Canadian GAAP ignores the real reasons why the differences exist in the first place. Canadian GAAP is influenced by Canadian law, Canadian tax and Canadian government regulations. GAAP from other jurisdictions is influenced by a different set regulatory bodies. By accepting GAAP other than Canadian GAAP, there maybe a danger of implicitly accepting laws and regulations from other countries.
91	90		N		Y	TSE	Y	Y	Y	Y	N	For public companies, the institutional investors/analysts will demand a reconciliation or more information if they find financial statements and supplementary information unclear.
92	91		Y	US	Y	TSE/NYSE	N	N	Y	Y	Y	
93	1htm		N		Y	TSE/NASDAQ	N	N	N	N	N	
94	2htm		N		N		N	N	N	N	N	
95	3htm	Rolland Moirer, QIT-Fer et Titane Inc.	Y	UK/US			Y	Y	Y	Y	Y	
96	4htm		N		Y	TSE	N	N	N	Y	N	
97	5htm		Y	US	Y	TSE/NYSE/Montreal/Swiss	Y	Y	Y	Y	Y	
98	6htm		Y	US	Y	CDNX/NYSE	Y	Y	Y	Y	Y	
99	7htm		Y	US	Y	Canadian Venture Exchange	N	N	N	Y		The Answer to question 7 is really that the Canadian and US Accounting Standards Boards should continue to move towards one common set of accounting standards/principles. Both the Canadian and American standards have pro's and con's.
100	8htm		N		Y	TSE	N	N	N	N	N	Do not like U.S. GAAP. Too many regulations, becoming like the U.S. tax act.
101	9htm		Y	US	Y	TSE/NASDAQ			Y	Y	Y	