

## CICA DEVELOPING NEW ACCOUNTING FRAMEWORK FOR OWNER-MANAGER BUSINESSES

**TORONTO, October 1, 2007** – The Canadian Institute of Chartered Accountants (CICA) is developing a simplified accounting framework tailored to the needs of Canada's 1.7 million owner-manager businesses.

"The new framework will be based on the existing CICA Handbook, but will be focused solely on supporting owner-manager businesses," says Ron Salole, CICA Vice President of Standards.

"This is a time of major change in Canadian accounting practices," Salole says, referring to Canada's move to adopt international standards for public companies by 2011. The Accounting Standards Board (AcSB) is also considering changing accounting rules for private companies with significant external users of their financial statements. The AcSB is reviewing three options for changes to accounting for private companies with external users but has not yet addressed the needs of businesses without external users.

"It is critical that we also address the specific needs of the owner-managed businesses without significant external users that are Canada's economic backbone," says Salole. "The CICA believes developing an accounting framework for these businesses is necessary because they, like all businesses, rely on clear, comparable financial information to manage operations, make sound business decisions and continue the sector's role as a key engine of the economy."

Owner-manager companies are a major economic force in Canada, accounting for 86% of the nation's 2.2 million privately held enterprises. They employ approximately 32% of Canadian workers and spend proportionately more on R&D than Canada's largest companies.

To ensure the needs of this important business sector are addressed, the CICA is developing a simplified framework based on accounting and financial reporting standards in the existing CICA Handbook – Accounting, but focused solely on transactions common to owner-manager businesses that do not have significant external users of their financial information. The term "significant external users" will be defined in the framework and generally refers to parties such as investors or large creditors who do not have independent access to a company's financial information. The new proposals will be readily understood by those familiar with existing Canadian accounting standards.

"The framework will ensure owner-manager businesses continue to have access to clear, comparable and reliable financial information that will enable sound decision-making and support their growth and contribution to Canada's economy," says Salole. "It is our hope that it will be widely accepted and adopted by the business community."

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The framework will be published for comment this fall to give owner-manager businesses and other interested parties an opportunity to review the proposals and respond. The comment period will be open until January 31, 2008. The framework will be finalized as soon as possible thereafter and incorporated into the CICA Handbook.

**The Canadian Institute of Chartered Accountants (CICA)**, together with the provincial, territorial and Bermuda Institutes/Ordre of Chartered Accountants, represents a membership of approximately 72,000 CAs and 10,000 students in Canada and Bermuda. The CICA conducts research into current business issues and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government. It issues guidance on control and governance, publishes professional literature, develops continuing education programs and represents the CA profession nationally and internationally. CICA is a founding member of the International Federation of Accountants (IFAC) and the Global Accounting Alliance (GAA).

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