

Accounting Standards Board Decision

KPMG ENTERPRISE

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Canada's Accounting Standards Board (AcSB), with the assistance of an advisory committee, is working to develop a new financial reporting framework for private enterprises. The advisory committee identified a number of issues with the AcSB's Financial Instruments suite of standards that would cause a private enterprise to incur costs that are disproportionate to the benefits to the enterprise or the users of its financial statements. The Financial Instrument standards were to become effective for years ending on or after September 30, 2008 for private enterprises. The standards incorporate a focus on measuring and recording financial instruments at fair value rather than the historic cost model that private enterprises are familiar with.

At its meeting on September 23, the AcSB considered a framework for a new simplified standard on financial instruments for private enterprises. **We are pleased to advise you that the AcSB decided to make the adoption of Section 3855, Financial Instruments – Recognition and Measurement, and Section 3865, Hedges, of the CICA Handbook optional for private enterprises.**

Therefore, private enterprises will not be required to adopt new accounting for financial instruments until the AcSB completes its deliberations on a new simplified standard more appropriate to the needs of private enterprises. It is expected that the proposed new standard will be released for comment when the AcSB releases its broader proposals for the new financial reporting framework for Canada's private enterprises. KPMG Enterprise will keep you advised of developments.