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7 July 2010

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom
Electronic submission via website at www.iasb.org

Dear Sir or Madam:

Re: Exposure Draft – Conceptual Framework for Financial Reporting: The Reporting Entity

The Exposure Draft Forum of the Institute of Chartered Accountants of British Columbia in Canada has reviewed the above exposure draft and is pleased to provide the following comments to the International Accounting Standards Board for its consideration.

The Forum is comprised of volunteer members from public practice, industry, and other sectors who meet periodically to discuss and comment on draft guidance. The views expressed in this letter are solely those of members of the Forum and do not represent the views of the Institute, its Council, or its staff.

Question 1

Do you agree with the description of a reporting entity?

Members of the Forum agree with the description of a reporting entity and they find it broad enough to be useful as a building block for standard setting purpose. They suggest that when the term “reporting entity” is used in a standard, the Board might consider adding guidance on identifying “a circumscribed area of economic activities” and implementing disclosure requirements to assist readers in comparing financial information from different reporting entities.

Question 2

Do you agree that if an entity that controls one or more entities prepares financial reports, it should present consolidated financial statements? Do you agree with the definition of control of an entity?

Forum members agree with the definition of control and the requirement to present consolidated financial statements where an entity controls one or more entities. To help preparers and users better understand the concept of control, Forum members suggest the Board consider incorporating some of the discussions on control in the Basis for Conclusion into the body of the framework.



Question 3

Do you agree with a portion of an entity qualifying as a reporting entity?

Members of the Forum agree that a portion of an entity can qualify as a reporting entity but there has to be some natural separation along business purpose, not a forced segregation of the chart of accounts. They interpret “can be objectively distinguished” to be different from “distinguishable”. To them, the former means that it is practical to separate while the latter is conceptually possible to carve out. Additional clarification would be helpful to preparers and users understand the Board does intend for this concept to be applied on an operationally possible basis, not just in theory.

Question 4

Do you agree that completion of the reporting entity concept should not be delayed until the standards on consolidation have been issued?

Forum members strongly encourage the Board to have the overall conceptual framework in place before they finalise individual standards – this is the only way to ensure the standards are consistent, cohesive, and built upon a strong foundation.

We appreciate the opportunity to provide input to the International Accounting Standards Board and hope you find our comments useful.

Yours truly,
Exposure Draft Forum

[Via email]

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