

CICA to Issue New Accounting Framework for Owner-Manager Businesses

The Canadian Institute of Chartered Accountants (CICA) is developing a simplified accounting framework designed for 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. Canada plans to adopt international standards for public companies by 2011. In addition, the Accounting Standards Board (AcSB) is currently considering changes to accounting rules for private companies with significant external users of their financial statements. While the AcSB is considering three options for changes to accounting for private companies with external users, it has not yet addressed the needs of owner-manager businesses without external users.

To support CAs in meeting the needs of this important sector, the CICA is developing a simplified accounting framework for owner-manager businesses without external users. The framework is based on accounting and financial reporting standards in the current CICA Handbook – Accounting, but is focused solely on transactions common to businesses that do not have significant external users of their financial information.

The new framework is designed to benefit both business owners and practicing CA's. It has the added benefit of being readily understood by anyone familiar with current Canadian accounting standards.

The framework will be published for comment this fall to give owner-manager businesses and other interested parties an opportunity to review and respond. Once finalized in early 2008, the framework will be incorporated into the CICA Handbook.

October 1, 2007