

CGA-Canada Supports Appropriate Standards for Small and Medium Enterprises

(Vancouver, April 20, 2006) – Canada’s Certified General Accountants believe that appropriate, simplified global accounting and auditing standards should be developed for small and medium-sized enterprises (SMEs) and are urging regulators, both in Canada and internationally, to pursue that goal.

“There has been broad agreement in recent years that a set of stringent standards tailored to the unique needs of SMEs is necessary,” said Dany Girard, Chair of the Certified General Accountants Association of Canada (CGA-Canada). “Progress has been made by international standard setters toward reaching that goal. But recently, the International Accounting Standards Board (IASB) has wavered in its commitment to address the needs of the SME sector. The IASB’s current direction is not acceptable to the users of SME financial statements.”

Standards developed for large public companies may be too onerous and too costly for SMEs without providing an appropriate benefit for the users of SME financial statements, according to the association. The issue is significant for Canada’s economy since the vast majority of Canadian business entities are SMEs. According to the Organization for Economic Cooperation and Development, SMEs comprise more than 95 per cent of all enterprises and account for two thirds of private sector employment in OECD countries.

CGA-Canada’s recommendation echoes the comments of the International Federation of Accountants (IFAC), which on April 6 publicly urged international standard setters to adopt standards appropriate to the unique needs of SMEs. The issue is of particular concern to countries with developing economies. The significant cost of complying with full International Financial Reporting Standards is holding back some developing nations from adopting international standards.

“Standard setters must understand that one size does not necessarily fit all,” said Anthony Ariganello, FCGA, CPA (Delaware), President and Chief Executive Officer of CGA-Canada. “It is possible to develop a streamlined set of standards that make sense from a cost-benefit perspective, while still meeting the needs of all users of financial statements.”

About CGA-Canada

CGA is the fastest-growing accounting designation in Canada. The CGA designation focuses on integrity, ethics and the highest education requirements. Recognized as the country’s accounting business leaders, CGAs provide strategic counsel, financial leadership, and overall direction to all sectors of the Canadian economy.

The Association sets standards, develops education programs, publishes professional materials, advocates on public policy issues, and represents CGAs nationally and internationally. The Certified General Accountants Association of Canada represents 64,000 CGAs and students in Canada, Bermuda, the Caribbean, Hong Kong, and China.

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