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October 28, 2005

Peter Martin, CA
Director, Accounting Standards
Accounting Standards Board
277 Wellington Street West
Toronto, Ontario
M5V 3H2

Re: Exposure Draft - Business Combinations

Dear Mr. Martin:

We have reviewed the Exposure Draft "Business Combinations". While the invitation to comment requests comments on 25 questions, we are providing herewith our comments on five of the questions that we feel need the greatest elaboration. Your questions and our responses (in *italics*) follow:

4. Is the acquisition-date fair value of the consideration transferred in exchange for the acquirer's interest in the acquiree the best evidence of the fair value of that interest? If not, which forms of consideration should be measured on a date other than the acquisition date, when should they be measured, and why?

The acquisition-date fair value of the consideration is an appropriate measurement of the fair value of the assets acquired except for the contingent consideration discussed in the next question.

5. Is the accounting for contingent consideration subsequent to the acquisition date appropriate? If not, what alternative do you propose and why?

We agree with allowing adjustments to be made up to one year after the acquisition date. In order to be consistent with the spirit of that concept, it would be reasonable to allow a reconsideration of the fair value of contingent consideration subsequent to the acquisition date. We propose that contingent consideration should be valued at the date it is realized or up to one year subsequent to the acquisition date, which ever comes first.

6. Do you agree that the costs that the acquirer incurs in connection with a business combination should be excluded from the measurement of the consideration transferred for the acquiree and, with the exception of issue costs, that they should be expensed? If not, what alternative treatment do you propose for the acquirer's costs (other than issue costs) and why?

We support the expensing of acquisition costs in the year of acquisition. We do however note that this is a fundamental change in the treatment of such costs and contend that if this fundamental change in treatment is made; other Handbook sections need be revisited to ensure conformance. One example would be to amend the measurement of Cost as provided for in Section 3061.17 (Property Plant and Equipment) of the Handbook. It is also noted that further consequential amendments are being considered for the near future and we support the delay of other amendments to get this Standard issued as soon as possible. Once consequential amendments are made; early adoption should be permitted.

20. Do you believe that the proposals, taken as a whole, are understandable? If not, what aspects are difficult to understand and why?

In general, the proposal is understandable but it is silent on some consequential issues. For example, it does not address the impact to the acquirer of potential changes made, because of business reasons, to items in financial instrument categories of the acquiree soon after the business combination pertaining to the two year holding period/tainting. We believe the proposal should permit changes, one time, to items without penalty.

25. Do you agree with the proposed additional disclosure requirements?

With respect to fair value measurement in the proposed standard, there are several exceptions. The combined impact of those items in a business combination, in many instances, could be significant. Therefore, for sake of transparency, we propose that items that are not valued at fair value should be clearly identified with their respective magnitude in the notes to the financial statements or where deemed appropriate, so that the user of the statement not be misled into deeming the entire business combination to be valued at fair value.

Thanking you for the opportunity to comment, we invite you to contact Amar Goomar, Senior Analyst, Research and Standards, at agoomar@cga-canada.org or telephone # (613) 789-7771 ext. 223, should you have any questions.

Regards,

[Original signed by:]

Anthony Ariganello, FCGA, CPA (Delaware)
President & CEO