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Zurich, 30th of April, 2006

**Comment of Swiss GAAP FER on the Discussion Paper:
Measurement Bases for Financial Accounting – Measurement on Initial Recognition
Prepared by staff of the Canadian Accounting Standards Board**

Dear Mr. Tim Beauchamp

The Swiss Accounting Standards Board Swiss GAAP FER thanks you for the opportunity to provide our thoughts regarding the International Accounting Standards Board's Discussion Paper above.

1. Overall Comments

- 1.1 We think that the Conceptual Framework should first be drafted, discussed and issued. If the Conceptual Framework were issued then the measurement project should start: Initial and subsequent measurement together.

- 1.2 The FASB has a project of a Fair Value statement which is planned to be effective for financial statements issued for fiscal years beginning after November 15, 2007. The IASB has an active project on Fair Value Measurements which forms part of the Memorandum of Understanding between the IASB and the FASB. The IASB noted when adding the project to its agenda that the FASB was nearing completion of their Fair Value Measurements project, but insisted on proceeding with its own Fair Value Guidance project. The IASB decided to issue the FASB's final Fair Value Measurement standard as an IASB exposure draft. There is in our opinion no reason for this hectic pace. At least a discussion paper on measurement should wait, also for the sake of convergence and economy of resources, until the FASB Statement on Fair Value is effective.
- 1.3 In the Discussion Paper, paragraphs 270 and 271 are benchmarking with the reasoning of the IVSC, the International Valuation Standards Committee. There are other valuation organisations and a paper issued by the IASB should not refer to a specific valuation organization.
- 1.4 For very few items does a perfect market exist. Nonetheless the DP states that market-value measurement objectives are superior to entity-specific measurement objectives. Most assets are unique and therefore Fair Value Level 3 (§§ 257) has to be used which means an increased judgment. In particular on initial recognition, the entity-specific purchase price is not a historical cost as explained in §§ 303 when an asset or a liability is acquired; but on initial recognition, cost is a reliable estimate of the fair value.

2. Comments to the questions asked

We do not offer comments to your specific questions. The reason being is that we basically disagree with your arguments and conclusions in the DP as explained above.

We appreciate your thoughtful consideration of the comments raised in this letter. If you have any questions or need additional information on the recommendations and comments that we have provided, please do not hesitate to contact us at +41 43 243 7000.

Yours sincerely,

Prof. Conrad Meyer
Chairman of the Board of Swiss GAAP FER



Evelyn Teitler
Member of the Board of Swiss GAAP FER

