

September 4, 2009

IFRS in Canada

Practical updates on accounting standards for
Canadian public and private companies

In this Issue

Public

Companies

Expected Changes to IFRS.....	1
Free IFRS.....	1
CSA Staff Notices.....	1
Pension Plans.....	3
Rate Regulation....	3
2011 Reconfirmed.	3

Private

Companies

New GAAP	4
----------------	---

IFRS in Canada Webinar

IFRS Overview & Update - Sept 10th

To register, visit our website or click [here](#).

What's New

PUBLIC COMPANIES (PAEs)

Expected Changes to IFRS

The AcSB has updated the document *Which IFRSs Are Expected to Apply for Canadian Changeover in 2011**, which provides information on the IFRS standards that are expected to change over the next few years. This is critical information for your IFRS implementation.

Monitoring the anticipated changes to IFRS is important to ensure the analysis of your accounting policies incorporates the standards that will be effective at the time you adopt IFRS. Even those standards not expected to change until after you adopt IFRS should be taken into account when determining accounting policies; it may be possible to avoid further accounting policy changes shortly after IFRS adoption.

You can also access information on expected changes in the IASB work plan*, which is updated regularly. Be cautious when reviewing the work plan, as some projects are very long-term and not expected to be finalized soon enough after Canada's transition to be relevant at this stage.

Free IFRS

In a recent policy change, the IASB has made the core IFRS standards available free of charge. All "unaccompanied" standards effective at January 1, 2009 can be accessed at www.IASB.org/IFRSs (free registration required).

The documents available for free are referred to as "unaccompanied" because they exclude the basis for conclusions and implementation guidance. These can be useful when interpreting and applying the standards, and are available by paid subscription from the CICA or the IASB.

The site does not indicate whether or how quickly mid-year revisions will be posted.

Canadian Securities Administrators CSA Staff Notice 52-324

In May, the CSA released Staff Notice 52-324* with several proposals relating to the IFRS transition. Further details on these proposals are expected in the fall.

Deadline extension?

The staff notice states that "we are aware of the challenges ... issuers face to meet the filing deadline for their first interim financial statements [under IFRS]," and then indicates that the CSA is considering the possibility of extending filing deadlines for a company's first interim IFRS financial statements.

There is no reference to the length of the potential extension, but based on public discussions we don't expect it to exceed 30 days.

During first year of IFRS adoption

The following requirements are proposed for the first year of adoption:

- disclosure of compliance with IAS 34 *Interim Financial Reporting* in interim financial statements
- inclusion of the IFRS Opening Balance Sheet as at the transition date (Jan 1, 2010, for calendar year ends) in the financial statements for the first interim period reporting under IFRS (Q1 2011 for calendar year ends)
- disclosure (if applicable) of the fact that your auditor has not reviewed the interim IFRS financial statements, including the transition date balance sheet, when filed



IFRSsearch.com

Now includes links to 2009 interim IFRS financial statements from Canada's early adopters.

www.IFRSinCanada.com

September 4, 2009

IFRS in Canada

What's New

PUBLIC COMPANIES

CSA Staff Notice 52-324 (continued)

Comparative financial information

The notice also proposes the following with respect to certain filings:

- if the financial information required in certain offering and continuous disclosure documents straddles the adoption of IFRS, relief may be provided allowing presentation of Canadian GAAP information alongside IFRS information

This proposal would be relevant to various filings, including business acquisition reports, offering documents, and certain parts of the MD&A in which more than one year of comparative information is required.

The proposal would not apply to the one year of comparative IFRS information required in the standard financial statements in the first year of adoption.

Reference to IFRS

The notice proposes that issuers should either refer only to IFRS in the financial statement notes and auditor's report, or refer to both IFRS and Canadian GAAP.

Therefore, the following are the proposed requirements for fiscal years beginning on or after January 1, 2011:

- annual and interim financial statements must be prepared in accordance with "Canadian GAAP for publicly accountable enterprises" (the language can be confusing, but by 2011 Canadian GAAP for PAEs will be IFRS)
- statement of compliance with IFRS must be included in the annual notes, and for interim statements, compliance with IAS 34 *Interim Financial Reporting*
- auditor's report must refer to IFRS (reference to Canadian GAAP would be optional) and be in the form specified by Canadian GAAS

CSA Staff Notice 33-314

In July, the CSA released Staff Notice 33-314*, which concludes that all non-SRO registrants will be required to use IFRS regardless of whether the registrant fits the definition of a publicly accountable enterprise.

The notice applies to such registrants as limited market dealers, exchange-contract dealers, investment counsel and portfolio managers, and scholarship plan dealers.

Subscribe

If you are not already subscribed to **IFRS in Canada**, please visit our website to register your free subscription.

It doesn't need to be complicated

We have been helping Canadian companies with IFRS transition since 2007. We have been very successful at cutting through the complexities to find the most practical solution for each client's circumstances.

Please contact us to find out how we can help, including:

- IFRS Overview and Education Sessions
- Research, Analysis and Documentation
- Planning and Project Management
- Tailored Management and Employee Training

Phone: 519.578.9384 | Email: info@IFRSinCanada.com

Services provided across Canada.

www.IFRSinCanada.com

September 4, 2009

IFRS in Canada

What's New

Pension Plans

The July exposure draft *Pension Plans** from the AcSB proposes the creation of new standards for general purpose financial statements of a pension plan.

The proposals include:

- the statement of financial position, renamed from “statement of net assets...,” would include net assets and pension obligations
- the pension obligation could be measured as the sponsor’s accrued benefit obligation
- all investment assets and investment liabilities would be measured at fair value (determined in accordance with the yet to be finalized new IFRS financial instruments standards)
- financial statements of pension plans would be prepared on a basis consistent with:
 - the IASB’s *Framework for the Preparation and Presentation of Financial Statements*,
 - IAS 1 *Presentation of Financial Statements*,
 - IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, and
 - IAS 10 *Events after the Reporting Period*

The final standards for pension plans are expected to be issued in early 2010.

Note that the new standards will apply to the general purpose financial statements of a pension plan. For federally regulated pension plans, OSFI currently requires financial statements of the pension fund as opposed to the pension plan. The financial statements currently required do not include information regarding pension obligations and are not general purpose financial statements.

No word yet from OSFI as to whether there will be a change to their requirements.

Rate Regulation

The IASB has released an exposure draft proposing a new IFRS standard for rate-regulated activities. The new standard would apply to activities that meet both of the following criteria:

- an authorized body is empowered to establish rates that bind customers
- the price established by regulation is designed to recover the specific costs the entity incurs in providing the regulated goods or services to earn a specified return

For activities within this scope, the proposals include:

- clarification regarding the circumstances in which regulated entities should recognize assets or liabilities as a result of rate regulation
- an asset exists when an entity obtains the present right from a regulator to set rates at a level that ensures the entity will recover previously incurred costs
- a liability exists when an entity has an obligation enforced by a regulator to return previously collected amounts to its customers by reducing rates
- measurement of regulatory assets and liabilities would be at their expected present value at each reporting period

The final standard for rate-regulated activities is expected to be published during 2010.

2011 Confirmed (again)

In May, the AcSB released a bulletin* reconfirming the 2011 changeover date, stating that “the current financial crisis and the uncertainty in the US are not reasons to delay Canada’s adoption of IFRS.”

IFRS remains mandatory for fiscal periods beginning on or after January 1, 2011, for publicly accountable enterprises (PAEs).

IFRS in Canada Webinar

IFRS Overview & Update - Sept 10th

To register, visit our website or click [here](#).

www.IFRSinCanada.com

September 4, 2009

IFRS in Canada

What's New

PRIVATE COMPANIES

New GAAP for Private Companies

In April, the AcSB released the exposure draft *Generally Accepted Accounting Principles for Private Enterprises*.*

This exposure draft proposes a new Canadian GAAP for Private Enterprises based on some significant changes to current Canadian GAAP.

Timing

The new GAAP is expected to be effective for fiscal periods beginning on or after January 2011. Early adoption may be permitted as soon as 2009 calendar year ends.

Navigating the Exposure Draft

While the exposure draft is nearly 100 pages, it is organized so that it is relatively straight-forward to understand the proposed changes and determine which ones are relevant to your organization.

The exposure draft includes the following important sections that will help you understand of the changes:

- Summary of Significant Changes—highlights of recognition and measurement changes to certain current HB sections
- Excluded Topics—a list of current HB sections and Accounting Guidelines whose removal is proposed
- EIC Abstracts—information on the guidance from current EIC abstracts that have been included in the proposed standards
- Extracts from the Standards—extracts from the proposed standards that are significantly different than the current Handbook, and new sections in their entirety
- Listing of Proposed Disclosure Requirements—complete listing of disclosure requirements

Simplified GAAP = Easy Transition?

Since the current Handbook was used as the starting point, a transition to the new GAAP will be significantly less complex than a transition to IFRS.

However, private companies should remember that retrospective application will be generally required for any changes in accounting policies as a result of adopting the new GAAP. Retrospective application will include the preparation of an opening balance sheet under the new GAAP and the restatement of the comparative figures used in the first year of reporting under the new GAAP.

The proposed new section 1500 *First-time Adoption* sets out the specific transitional provisions, including some optional exemptions from retrospective treatment.

There are a number of resources available to help private companies understand the implications of the new standards. Please visit the [resources section](#) of our website.

IFRS in Canada Webinar

September 10th IFRS Overview & Update

The webinar will provide an overview of the following:

- Decision time for private companies: new GAAP or IFRS?
- IFRS update
- Back to basics: taking action on the real transition work
- Practical tips on IFRS accounting policy analysis
- Working with your auditors through the transition
- Recommended reference material

To register, visit our website or click [here](#).

IFRS in Canada
is published by
The Finance Group
www.financegroup.ca

www.IFRSinCanada.com