

November 19, 2008

IFRS in Canada

Practical updates on accounting standards for
Canadian public and private companies

In this Issue

Public

Companies

Expected changes
to IFRS..... 1

Rate
Regulation..... 1

OSFI..... 1

SEC..... 1

Private

Companies

Financial
Instruments..... 2

New GAAP..... 2

What's New

PUBLIC COMPANIES

Expected changes to IFRS

A crucial component of any planning process is a sound understanding of your end goal. Unfortunately, the transition to IFRS involves a moving target; as with any set of accounting standards, IFRS is always subject to amendments.

To assist with this challenge, the AcSB has issued *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 transition planning.

It will be important throughout the transition period to monitor the anticipated changes to IFRS. Even those not expected to change until after your adoption of IFRS should be taken into account when determining accounting policies; it may be possible to avoid a potential accounting policy change shortly after IFRS adoption.

The AcSB is likely to continue supplying information about the expected changes to IFRS, but you can also access this information in the IASB work plan*, which is updated on a regular basis. Be cautious when reviewing the work plan, as some items are of a very long-term nature and not expected to be finalized soon enough after Canada's transition to be relevant at this stage.

Training

The CICA has made available a new eLearning training course, *Introduction to IFRS - Implications for Canadian Business**. The course is free of charge, and designed to allow you to complete the course online and on your own time.

Rate Regulation

The International Financial Reporting Interpretations Committee (IFRIC) recently announced their tentative decision that accounting issues associated with rate regulation would not be added to its agenda. More specifically, IFRIC was considering the issue of whether regulated entities could or should recognize a liability (or asset) as a result of rate regulation.

If the tentative decision holds, it will mean that IFRIC will not produce specific guidance on these rate regulation accounting issues. Therefore, rate regulated entities will need to refer to the conceptual framework and existing standards or guidance when determining accounting policies associated with rate regulation. Potentially relevant standards include IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and IAS 38 *Intangible Assets*.

OSFI

During October, OSFI issued a letter* with further requirements for Federally Regulated Financial Institutions regarding their "IFRS Progress Reviews." The guidance includes the requirement that progress reviews include a description of the project structure, the status of the project and a description and evaluation of the significant accounting impacts and accounting changes.

SEC

The SEC has released its IFRS roadmap* which sets out milestones that, if achieved, could lead to the required use of IFRS by US issuers in 2014, 2015 or 2106, depending on the size of the company. At 165 pages, this is only recommended



www.IFRSinCanada.com

November 19, 2008

IFRS in Canada

Subscribe

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

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

What's New cont'd

reading for those with a vested interest. Suffice it to say that this is the first step in what is bound to be a long and controversial road to the potential mandatory adoption of IFRS for US companies.

The milestones include improvements to some standards (revenue recognition is specifically mentioned), and the resolution of some IASB governance issues (accountability and funding). The roadmap also proposes optional use of IFRS for a very small group starting in 2010, if the issuer's industry uses IFRS as the primary basis of financial reporting. For those interested, E&Y has published a summary* of the SEC proposals in the road map.

This road map is only relevant for US companies. As announced last year, Canadian SEC registrants (foreign filers) will no longer need to reconcile to US GAAP once their financial statements are prepared in accordance with IFRS.

PRIVATE COMPANIES

Financial Instruments

The AcSB announced that, effective immediately, private enterprises are not required to apply the new Handbook sections related to financial instruments. Private enterprises may instead choose to apply the requirements of the "XFI" version of the Handbook (which excludes the new sections and related changes).

Private companies that have already adopted these sections are not required to revise their reporting.

More information is available in an update from the CICA* and in the AcSB decision summary from September 23-24.*

New GAAP for Private Companies

As discussed in previous issues, the AcSB is in the process of developing a draft GAAP intended for all Canadian private

companies (private companies always have the option to adopt IFRS).

There have been tentative decisions on many important issues including financial instruments, leases, employee future benefits, future income taxes, and others. Information on these tentative decisions is available in the AcSB's decision summary from September 23-24* or in the October issue of the AcSB FYI newsletter.*

A full draft of the proposed standards is expected to be released for comment in early to mid 2009.

Upcoming Events

Leading Forward - [info](#)

Enabling the Success of Canada's Small and Mid-sized Companies in 2009
Mississauga, Nov 26, 2008

CICA - IFRS: Implications for the Oil and Gas Industry in Canada - [info](#)

Calgary, Nov 27-28, 2008

IQPC IFRS Summit Canada - [info](#)

Toronto, Jan 26-28, 2009

CICA Conference on Financial Reporting and Governance for Small and Mid-Cap Companies - [info](#)

Vancouver, Feb 2-3, 2009

IFRS Resources

We have reorganized the resources section of our website to make it easier to access the most relevant information for your needs, including:

- Overview publications
- IFRS - Canadian GAAP differences
- Expected changes to IFRS
- MD&A disclosure guidance
- Education & training sources
- Publications from regulators
- Industry-specific resources (coming soon)

www.IFRSinCanada.com