

# Alberta Securities Commission

## *Transition to IFRS*

# Speakers

- Lara Gaede, CA, CFA  
Chief Accountant
- Brian Banderk, CA  
Associate Chief Accountant

# Agenda

- How did we get here?
- CSA Publications
- What significant changes were proposed?
- Expected Changes in Accounting Policies Relating to Changeover to IFRS
- Impact on Other Securities Regulations
- 2009 Continuous Disclosure Review Program Report
- 2010 Issue Oriented Review

## Agenda, cont.

- Requirements for Q1 2011
- Early Adopters
- IFRS Resources

# How did we get here?

- Role of the Canadian Accounting Standards Board
- Role of the CSA
- What is the US doing?
- Options?

- CSA Concept Paper 52-402 *Possible Changes to Securities Rules Relating to IFRS*
  - February 13, 2008
- CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to the Changeover to IFRS*
  - May 9, 2008

- CSA Staff Notice 52-321 *Early Adoption of IFRS, use of US GAAP and reference to IFRS-IASB*
  - June 27, 2008
- CSA Staff Notice 52-324 *Issues Relating to Changeover to IFRS*
  - May 21, 2009

- September 25, 2009
  - *52-107 Acceptable Accounting Principles and Auditing Standards*
  - *52-109 Certification Requirements*
  - *51-102 Continuous Disclosure Obligations*
  - *41-101 General Prospectus Requirements*
- <http://albertasecurities.com/securitiesLaw/Pages/InstrumentsPolicies.aspx>

# What significant changes were proposed?

- Acquisition statements
  - Non-harmonized
  - IFRS vs. Accounting Standards for Private Entities (ASPE)
- Mixed GAAP
- First Interim Financial Statements
- US GAAP
- Same core subject matter

# What significant changes were proposed?

- Accounting Framework
- Audit Opinions
- Jurisdictional IFRS



# Expected Changes in Accounting Policies Relating to Changeover to IFRS

- Form 51-102 F1 *Management's Discussion and Analysis*
  - Describe new accounting standard
  - Disclose permitted methods of adoption and method issuer expects to use
  - Discuss expected effects on issuer's financial statements
  - Potential effects on the issuer's business

## Expected Changes, cont.

- Key elements of IFRS changeover plan
  - Accounting policies
  - Information technology and data systems
  - Internal control over financial reporting
  - Disclosure controls and procedures
  - Financial reporting expertise
  - Business activities

## Expected Changes, cont.

- Describe major identified differences between current accounting policies and those required or expected to apply in preparing IFRS financial statements
- Decisions about accounting policy choices available under IFRS 1 and other relevant individual standards
- Quantified information

# Impact on Other Securities Regulations

- FOFI and financial outlooks
- Non-GAAP Performance Measures



# 2009 Continuous Disclosure Review Program Report

Silence

Boilerplate

Impact of credit crisis

[http://albertasecurities.com/news/ASC%20Publications/  
6116/2009\\_CD\\_Report.pdf](http://albertasecurities.com/news/ASC%20Publications/6116/2009_CD_Report.pdf)

- CSA wide review of IFRS transition disclosure in 2009 year end
  - Approximately 75% of issuers reviewed received a comment letter
- ASC completed reviews on 32 non-venture issuers
  - 21 letters issued
  - 3 no plan disclosure

# 2010 Issue Oriented Review

- Top 5 recurring comments included:
  - Discussion of accounting differences not in sufficient detail or not entity specific
  - Lack of Identification of key elements of financial statements impacted
  - Incomplete identification of accounting differences
  - Generic discussion of change over plan
  - Lack of discussion around outcome/impact of changeover plan tasks
- ASC will continue to look closely at transition disclosure in 2010.

# Issuer #1

- “has completed the detailed assessment phase of its conversion project”
- “will focus efforts throughout 2010 on the solutions development and implementation phases of IFRS”
- “has completed the analysis of exemptions available under IFRS 1 and will submit a recommendation for approval”
- “will meet a project milestone of preparing the first draft of the IFRS Opening Balance Sheet...in the fall of 2010”



## Issuer #1, cont.

Accounting policies	✓
Information technology & data systems	✓
Internal control over financial reporting	✓
Disclosure controls & procedures	✗
Financial reporting expertise	✓
Business activities	✗

## Issuer #2

- “completed the scoping and diagnostic phase... and has commenced the analysis of various accounting policy choices”
- “Due to the impact of low natural gas prices experienced in 2009 and the resulting reallocation of staff resources, the Company is behind on its schedule.”



## Issuer #2, cont.

Accounting policies	✓
Information technology & data systems	✓
Internal control over financial reporting	✓
Disclosure controls & procedures	✓
Financial reporting expertise	✓
Business activities	✓

- “project team consists of a steering committee, project and functional team leaders that include management from finance, investor relations, tax, compliance and information technology”
- “the two key elements of the project plan are: financial statement compliance with IFRS and the related business impact”



## Issuer #3, cont.

Accounting policies	✓
Information technology & data systems	✗
Internal control over financial reporting	✗
Disclosure controls & procedures	✗
Financial reporting expertise	✗
Business activities	✗

## Issuer #4

- “The project will consist of training and education of the project team; a scoping analysis of [the Issuer’s] financial statements and the applicable IFRS; implementation and training of accounting and operations staff; the conversion of integrated systems and process changes if required; and a post implementation review”



## Issuer #4, cont.

Accounting policies	✓
Information technology & data systems	✓
Internal control over financial reporting	x
Disclosure controls & procedures	✓
Financial reporting expertise	✓
Business activities	x

# Requirements for Q1 2011

- 30 day extension
- Opening transition balance sheet (January 1, 2010)
- IFRS required reconciliations

# Early Adopters

- Almaden Minerals Ltd.
- Anooraq Resources Corporation
- Austral Pacific Energy Ltd.
- BPO Properties Ltd.
- Brookfield Properties Corporation
- Brookfield Asset Management Inc.
- Eastern Platinum Ltd.
- Gerdau Ameristeel

## Early Adopters, cont.

- Heatherdale Resources
- Jinshan Gold Mines Inc.
- Nevsun Resources Ltd.
- Northern Dynasty Minerals
- Platinum Limited
- SouthGobi Energy Resources Ltd.
- Thomson Reuters Corp.

# IFRS Resources

- Canadian Performance Reporting Board
- CA firms
- CICA
- IASB
- Information Guide on Adoption of IFRS for the Canadian Upstream Oil and Gas Industry



# Contact Information

Lara Gaede, CA, CFA

Chief Accountant

(403) 297-4223

[lara.gaede@asc.ca](mailto:lara.gaede@asc.ca)

Brian Banderk, CA

Associate Chief Accountant

(403) 355 – 9044

[brian.banderk@asc.ca](mailto:brian.banderk@asc.ca)

# Questions