

## Manning Elliott's IFRS Transition Services

### IFRS Reporting Requirements

All Canadian public companies are required to prepare financial statements in accordance with International Financial Reporting Standards (IFRS) beginning in 2011. The journey to IFRS convergence with Canadian Generally Accepted Accounting Principles (GAAP) is already underway. This is due to the requirement for 2010 comparative IFRS figures in 2011 annual and quarterly financial statements and because IFRS transition disclosures are required in Management Discussion and Analysis (MD&A).

### Phases in IFRS Conversion

An efficient and effective IFRS conversion approach incorporates a series of strategic phases that enable management to assess the business impact of IFRS and address fundamental implementation issues in financial reporting. Manning Elliott can provide you with a smooth and practical approach through these phases to ease your transition to IFRS.

### Education

We recommend that senior management be trained on the basics of IFRS, with enhanced training to those in key financial reporting roles, particularly the officers involved with certifying internal controls over financial reporting. In order to have a successful implementation, we believe that it's imperative for your company to develop a strong working knowledge of the particular IFRS standards that are of greatest concern for you and your industry.

### Planning

An effective IFRS conversion plan will incorporate the following steps:

- Establish who will lead the conversion
- Set a project timeline
- Draft a work plan
- Determine responsibilities
- List the resources required
- Set deadlines
- Estimate costs

You need to conduct a high level review of known GAAP and IFRS differences with a focus on key financial information. Major issues must be identified that will require significant effort for conversion, not just accounting items and financial statement disclosures.



### Detailed Assessment

A diagnostic assessment of IFRS requirements and accounting policy choices must be performed.

The assessment should:

- List the specific IFRS applicable to each line item on your company's latest balance sheet and income statement
- Distinguish complex areas
- Identify GAAP and IFRS differences
- List accounting policy alternatives including IFRS 1 transition options
- Identify expected financial statement impacts

We suggest that you concentrate on areas where differences in financial statement amounts may be significant. Also you should review IFRS financial statements issued by other companies in your industry and examine the major accounting policy choices made.

### Evaluation

The impact of various policy choices and alternatives should be evaluated. This is done through the preparation of mock financial statements with note disclosures that demonstrate various accounting policy alternatives, while considering the implications of IFRS accounting policies on data collection and business processes. Then, generate an accounting policy analysis of important issues that will guide future implementation efforts.

### Development and Design

The development of IFRS accounting policies must take into account the acceptability and the changes required by the new policies. You should resolve any uncertain accounting treatment issues and discuss your decisions with your auditors. Obtain audit committee approval and sign-off of the policy decisions. Design a conversion plan that addresses the changes to your financial reporting system, internal controls, and operations that need to be made to provide the information required for the new IFRS policies.

### Implementation

In the implementation phase, documentation is finalized that supports all IFRS policy decisions, choices, elections and accounting treatment issues. You need to draft the opening 2010 balance sheet and calculate IFRS conversion adjustments. Complete and test all system changes or amendments for effectiveness. Maintain separate interim and annual IFRS financial statements with note disclosures for fiscal 2010 that will be used as comparative figures when interim and annual IFRS financial statements are issued in 2011. Then stay alert for new developments in IFRS that may affect accounting policy decisions and financial reporting in 2011.



# MANNING ELLIOTT LLP

## CHARTERED ACCOUNTANTS

### How We Can Help

Manning Elliott can provide you with a full range of services through each phase of your IFRS conversion. Key services are described below and are subject to auditor independence considerations.

We can:

- Provide training and identify resources that would address IFRS issues of greatest concern for your company and industry
- Assess high-level accounting differences in Canadian GAAP and IFRS
- Assist you with IFRS transition plans and timelines
- Develop a diagnostic report for you and provide recommendations for an IFRS conversion strategy
- Evaluate your financial information for comprehensive differences between IFRS and Canadian GAAP
- Help you select appropriate options available under IFRS 1
- Identify strategic, alternative policy choices and the resulting impact on financial statements
- Help you prepare your transitional opening balance sheet and comparative interim and year-end IFRS financial statements
- Provide IFRS financial statement assurance services including a review of quarterly financial information
- Provide you with advice on tax planning regarding IFRS
- Help you with communicating the impact of IFRS adoption in your MD&A

### Our Business Approach

We encourage an open dialogue with our clients on IFRS. Discussions with management and audit committees may be on such subjects as likely changes in accounting policies or disclosures, technical advice on IFRS standards, areas that are expected to be significantly affected by IFRS, and progress made by you in your IFRS transition project. We will use our financial acumen, our industry insights and our knowledge of IFRS to deliver efficient and effective services to your company.

### Contact Us

Our IFRS Task Force Leader, Joseph Bonvillain, or any of our other public company engagement partners would be pleased to discuss your IFRS transition needs with you.

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