

Countdown

Deloitte Canada's IFRS transition newsletter



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Survey—Each month approximately 15,000 people receive *Countdown*, a real testimony to the high interest level around IFRS transition. We would like to hear from you to ensure that we continue to provide you with the information you need to support your changeover plan. Please take a few minutes to complete this [online survey](#), your feedback is important.

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Welcome to the final issue of **Countdown** for 2008. For IFRS, and the financial reporting environment in general, this has been a year of many changes. The start of the year saw the confirmation of the IFRS changeover date in Canada and the year closes with the prospect of the first set of early adopters gearing up for IFRS reporting starting in 2009.

Companies are generally in a different position now compared to our first issue of *Countdown* with key earlier messages such as “start early” now moving to execution against plans in a financial reporting community that appears to clearly understand the significance of IFRS adoption.

In this issue, we will recap the key IFRS events of 2008. As a reminder, we are looking to hear from you in our benchmarking study to enable you to compare your IFRS decisions and progress with your peers. The results will be published in *Countdown* in 2009.

Wishing you all the very best for the Holiday Season – look forward to seeing you in 2009!

Don Newell
National Leader—IFRS services

IFRS in Canada – 2008: the year in review

2008 has been “the year of IFRS” in many respects with confirmation of changeover in Canada occurring early in the year and with a Roadmap to IFRS being issued towards the end of 2008 by the United States Securities and Exchange Commission (SEC). In between, we have also seen Canadian regulatory pronouncements and the release of the Omnibus Exposure Draft by the Canadian Accounting Standards Board (AcSB) exposing the full IFRSs prior to their induction in Canada. The impact of the recent market turmoil has been prominent in the last few months with a united response from standard setters around the world. Specifically, the acceleration of the International Accounting Standards Board (IASB) project plan raises additional considerations for Canadian enterprises adopting IFRSs. Here is our snapshot of some of the key events in 2008. Look out for our January issue of Countdown which will show our predictions for IFRS in 2009.

February 13, 2008

The AcSB confirms the use of IFRSs will be required in 2011 for publicly accountable profit-oriented enterprises (PAEs). IFRSs will replace Canada's current national GAAP for those enterprises. These include listed companies and other profit-oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements relating to financial years beginning on or after January 1, 2011. Private companies (non-publicly accountable enterprises), and not-for-profit organizations are not required, but are permitted, to adopt IFRSs in 2011. Click for [AcSB Press Release](#).

April 7, 2008

The AcSB issues its omnibus exposure draft - “*Adopting IFRSs in Canada*” which incorporates the full IFRS text and in hard copy form would be the longest exposure draft on Canadian record. In addition to the IFRSs themselves, and a suggested approach to the review of the IFRSs, the exposure draft also includes a proposed definition of a PAE. This definition is critical since it determines whether IFRS adoption is mandatory for an entity. As of December 2008, this definition has not yet been finalized and a second exposure draft on this matter is expected in early 2009.

May 9, 2008

The Canadian Securities Administrators (CSA) issue CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to IFRSs* which sets out the pre-IFRS disclosure requirements to be made in the Management Discussion & Analysis (MD&A) of a reporting issuer. The disclosure requirements commence three years prior to IFRS changeover and address required disclosures in both interim and annual MD&As. Full details of the proposed timing, nature and extent of the disclosures can be found in the [press release issued by the CSA](#).

June 27, 2008

The CSA issues a second IFRS Staff Notice. This notice follows a concept paper released for comment in February and outlines the CSA staff views on possible changes to securities rules relating to Canada's transition to IFRSs for publicly accountable entities in 2011. The CSA Staff Notice is No. 52-321 titled [Early Adoption of International Financial Reporting Standards, Use of US GAAP, and Reference to IFRS-IASB](#). The Notice confirms that early adoption will be permitted subject to a reporting issuer requesting, and the CSA granting, an exemption enabling them to report under IFRS prior to 2011. This means that we could see some IFRS publicly filed financial statements in Canada in 2009.

October 2008

The credit crisis becomes the focal point for attention in the financial reporting world as standard setters unite to examine the extent of any changes in the financial reporting framework which need to be made on an accelerated basis. Near immediate guidance is issued around the reclassification of certain types of financial instruments as questions arise on how to fair value financial instruments in an inactive market.

IFRS in Canada – 2008: the year in review (con't)

October 31, 2008

The revised IASB project plan is published reflecting the acceleration of certain projects in response to the credit crisis. This means that Canadian IFRS adopters will have to ensure their implementation project addresses changes in the changeover with an ambitious project schedule planned between now and 2011. High profile projects include consolidation, fair values, leases and derecognition of financial instruments.

November 14, 2008

The SEC publishes for comment its proposed Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by US Issuers. Comments on the 165-page proposal are due February 19, 2009. The Roadmap sets forth several milestones that, if achieved, could lead to the required use of IFRS by US issuers in 2014.

December 2008

The AcSB reconfirmed its decision to adopt IFRSs for publicly accountable enterprises in 2011. This reconfirmation came after discussions around recent events such as the SEC roadmap (November 2008) and the current financial market uncertainty (October 2008).

Deloitte IFRS publications and events

A summary of Deloitte IFRS publications and events is [available here](#). *(Please first login, first time visitors will need to complete a short registration form)*. Below we have included new publications and events most relevant to Canadian companies.

IFRS Events

Directors' Series

January 8, 2009 – Preparing for year-end audit committee meetings

As in past years, the January Directors' Series session will focus on the accounting and regulatory questions and issues that directors should address as they review and approve annual financial statements and other regulatory filings.

Our panellists

Don Wilkinson, Vice Chair, Deloitte
Bryan Pinney, Managing Partner, National Audit & Assurance
Paul G. Cherry, Chair, Accounting Standards Board, CICA
Robert J. Kueppers, Deputy Chief Executive Officer, Deloitte

Date and Time

January 8, 2009 11:00 AM - 1:00 PM (EDT)

[Click here](#) to register for this event and find out the details of the various locations across the country where the event is being held.

Deloitte IFRS publications and events (con't)

Webcasts

Highlights from the American Institute of Certified Public Accountants (AICPA) National Conference on Current SEC & PCAOB Developments

With Canadian GAAP clearly on its way to IFRS convergence, US GAAP appears to be poised to follow shortly thereafter. Our December 18th discussion covered highlights from the conference including:

- US GAAP practice issues;
- Convergence between US GAAP and IFRS;
- Reporting issues for foreign private issuers;
- Areas of concern for regulators; and
- New accounting standards.

[Watch the replay](#)

E-Learning

IFRS e-learning for directors: Helping Boards and Audit Committees maintain financial literacy



To effectively fulfill their oversight responsibilities throughout and after the transition from Canadian GAAP to IFRS, Board and Audit Committee members must maintain their financial literacy. And with IFRS conversion activities already underway, now is the time to start the IFRS education process. That's why Deloitte has developed an IFRS e-learning program tailored to the needs of Directors – focused on awareness-building rather than technical details.

Contact your Deloitte IFRS advisor to access our IFRS e-learning program for Directors on CD or online.

IFRS Publications

Presentation and disclosure checklist 2008



We have posted the PDF version of Deloitte's [IFRS Presentation and Disclosure Checklist for the Year Ended 31 December 2008](#). We had previously posted the [Microsoft Word Version of the Checklist](#) (ZIP of an MS Word file 502k). The checklist is formatted to allow the recording of a review of financial statements, with a place to indicate yes/no/not-applicable for each presentation and disclosure item. Permanent links to these publications are on our [Model Financial Statements Page](#).

IFRS compliance questionnaire for 2008



Deloitte's IFRS Global Office has published our **IFRS Compliance Questionnaire for 2008**. This questionnaire summarises the recognition and measurement requirements in IFRSs issued on or before 31 October 2008. It may be used to assist in considering compliance with those pronouncements. The items in this questionnaire are referenced to the applicable sections of the IFRSs. The questionnaire is 329 pages long. Click to download [2008 IFRS Compliance Questionnaire \(Word version\)](#) (ZIP of a Microsoft Word file 706k). There is a permanent link on our [Model Financial Statements Page](#).

Deloitte IFRS publications and events (con't)

iGAAP 2009 – A guide to IFRS reporting



Deloitte's new **iGAAP 2009 – A guide to IFRS reporting** is the definitive guide for the global application of IFRS. This 2,700-page book provides essential and relevant guidance on a wide range of issues with analysis of key considerations for reporting entities, coupled with clear and unambiguous explanation of IFRS requirements. For further support, there is expert commentary, particularly where IFRSs are silent, ambiguous, or unclear. And the guide includes a wealth of illustrative examples to demonstrate how the standards work in practice.

Our Canadian version of the iGAAP publication is also available:

iGAAP 2008: IFRS for Canada



Deloitte has developed **iGAAP 2008: IFRS for Canada**, which has been published by CCH. It is a comprehensive reference book on the convergence of Canadian GAAP with IFRS. It is essential reading for accounting professionals, as well as others who need to understand the implications of Canada's IFRS conversion on their organisation. Written for Canadians by Canadian practitioners, the book provides a roadmap to help companies understand how to effectively transition from Canadian GAAP to IFRS. It can be purchased through www.cch.ca/product.aspx?WebID=2424.

Survey of UK IFRS financial reports



Deloitte (United Kingdom) has published **Right to the end – Surveying financial statements in annual reports**. The publication looks at what UK listed companies are reporting in the financial sections of their annual reports published between August 1, 2007 and July 31, 2008. The publication is based on a survey of the financial statements of 130 listed companies, split into two categories – 30 investment trusts and 100 other companies. It includes a review of:

- how compliance with disclosure requirements and the accounting policy choices made under IFRSs varied;
- the level of variety in the presentation of primary statements; and
- which critical judgements and key estimations directors consider to be the most significant.

The report includes detail of some current disclosure requirements and latest developments, as well as various 'good practice' examples. Click to download [Right to the End - Surveying Financial Statements in Annual Reports](#).

Deloitte IFRS publications and events (con't)

IAS Plus Newsletters

Deloitte has issued four IAS Plus Newsletters this month summarizing and providing our views on recent standard-setting activity:

Newsletter on recent revisions to IFRS 1



Deloitte's IFRS Global Office has published a special edition of our [IAS Plus Update Newsletter – Revisions to IFRS 1 on First-time Adoption of IFRSs](#). Frequent amendments to [IFRS 1](#) since its original release in 2003 had made the standard more complex and less clear. The new version of IFRS 1 just issued retains the substance of the previous version, but within a changed structure. It replaces the previous version and is effective for entities applying IFRSs for the first time for annual periods beginning on or after July 1, 2009. Earlier application is permitted. You will find all [Past IAS Plus Newsletters here](#). You can sign up for [Free subscription by e-mail](#).

Newsletter on IFRIC 17 – non-cash distributions



Deloitte's IFRS Global Office has published a special edition of our IAS Plus Newsletter [IFRIC 17: New Interpretation on Non-cash Distributions](#). The [Interpretation](#) was published on November 27, 2008 and is effective for annual periods beginning on or after July 1, 2009, with earlier application permitted. IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions.

Newsletter on proposed related party amendments



Deloitte's IFRS Global Office has published an [IAS Plus Update newsletter – Revised Exposure Draft \(ED\) on Disclosure of Relationships with the State](#) (PDF 124k). The newsletter explains the [Changes to IAS 24 Related Party Disclosures](#) that the IASB proposed in its ED of December 11, 2008. The objective of the ED is to simplify the disclosure requirements that apply to state-controlled entities under the existing [IAS 24](#). The ED is a re-exposure of a proposal that the Board had published in 2007. Many respondents said that the exemptions proposed in 2007 were insufficient and that the revised Standard would have been too complex to apply in practice. As a result, the IASB has revised its proposals.

Year-end Newsletter – Closing Out 2008



Deloitte's IFRS Global Office has published an [IAS Plus Update Newsletter – Closing Out 2008](#) (PDF 163k). The newsletter provides a high level overview of new and revised Standards and Interpretations that are effective for December 2008 and later accounting periods. Where applicable, the newsletter includes hyperlinks to past Deloitte newsletters dealing with the specific Standard or Interpretation in more detail.

International Round-up: Updates and news from the IASB

December 3, 2008: Paul Cherry is named as new SAC chair



The Trustees of the International Accounting Standards Committee Foundation (IASCF) have appointed Paul Cherry as Chairman of the [Standards Advisory Council \(SAC\)](#) for three years beginning on January 1, 2009. Mr Cherry is the Chairman of the Canadian Accounting Standards Board, from which he will step down at the end of March 2009. Previously, he chaired the Standing Interpretations Committee – the predecessor of IFRIC under the former IASC. He succeeds Professor Nelson Carvalho, whose term as SAC chair expires at the end of this year. The IASCF Trustees are in the final stages of selecting two vice-chairs and the full membership of the SAC, and expect to announce their appointments in the coming weeks. Click for [Press Release](#).

December 3, 2008: Broad support among CFOs for global standards



The [International Standards Project](#) (a joint research project of Duke University, USA, and Oxford University, UK) has published **Research Report Assessing the IASB**, a survey of the views of 749 financial executives about IFRSs and the IASB. Principal researchers are Professors Tim Buthe (Duke) and Walter Mattli (Oxford). The survey participants were mostly CFOs and chief accounting officers of companies listed on the major stock exchanges of the United States (NYSE), Germany (Frankfurt), France (Paris-Euronext), and the United Kingdom (London). Among the topics studied are:

- costs-benefit assessment of IFRS;
- general desirability of the shift from domestic to international financial reporting standards;
- current strengths and weaknesses of IASB standard-setting;
- emerging issues, including the desirability of 'fair value' or 'mark-to-market' accounting rules.

Click to [Download the Report from the Project Website](#). The report is copyright by Buthe and Mattli. You can also [Download It from IAS Plus](#), where it is posted with their kind permission.

December 11, 2008: IASB re-exposes proposed related party standard



The IASB has published a revised exposure draft (2008 ED) proposing to amend [IAS 24 Related Party Disclosures](#) with respect to 'relationships with the state'. The purpose of the revised ED is to simplify the disclosure requirements that apply to state-controlled entities under the existing IAS 24. In February 2007 the IASB published an exposure draft (2007 ED) of proposals to simplify the 2003 requirements by providing exemptions for transactions that met specified conditions. However, many respondents to the 2007 ED said that the proposed exemptions are insufficient and the revised standard would still be too complex.

Comments are requested by March 13, 2009. Click for [Press Release](#). The ED is available on the IASB's [Website](#).

International Round-up: Updates and news from the IASB (con't)

December 16, 2008: Notes from the financial crisis roundtable in Tokyo



In response to the challenges caused by the current market conditions the IASB and the FASB decided to hold a series of roundtables to gather views from constituents on the most urgent accounting issues and how to approach them. The first roundtable was held in London on November 14, 2008 (click for [Deloitte Notes](#)). The second was held at the FASB's office in Norwalk, CT USA, on November 25, 2008 (click for [Deloitte Notes](#)). Presented below are the preliminary and unofficial notes taken by Deloitte observers at the December 3, 2008 roundtable held in Tokyo. Our comprehensive credit crunch information is [here](#).

December 19, 2008: IASB ED on consolidation



The IASB has issued an exposure draft (ED) of proposed amendments to [IAS 27 Consolidated and Separate Financial Statements](#). The objective is to strengthen and improve the requirements for identifying which entities a company controls and, therefore, must include in its consolidated financial statements. The proposals form part of the IASB's comprehensive review of off balance sheet activities and address an area cited in a [Declaration of the G20 Leaders](#) at their 15 November meeting. The proposals also respond to the recommendations contained in a [Report by the Financial Stability Forum](#) published in April 2008.

Further proposals on off balance sheet items, covering the derecognition of assets and liabilities, are due to be published in the first quarter of 2009. The new standard would replace [IAS 27 Consolidated and Separate Financial Statements](#) and [Interpretation SIC-12 Consolidation - Special Purpose Entities](#). The proposal *ED 10 Consolidated Financial Statements*, may be downloaded without charge from the [IASB's Website](#). The comment letter deadline is March 20, 2009. The proposed effective date is July 1, 2009. Click for [Press Release](#).

December 20, 2008: Joint IASB-FASB discussion paper on revenue recognition



The IASB and the US Financial Accounting Standards Board (FASB) have published for public comment a discussion paper (DP) on recognition of revenue. The DP proposes a single, contract-based revenue recognition model. The model would apply broadly to contracts with customers, although contracts in the areas of financial instruments, insurance, and leasing may be excluded. Under the proposed model, revenue would be recognized on the basis of increases in an entity's net position in a contract with a customer.

International Round-up: Updates and news from the IASB (con't)

December 21, 2008: IASB outlines recent responses to credit crisis



The IASB has issued a [Press Release](#) (PDF 57k) detailing the steps it has taken recently to address financial reporting issues arising from the global credit crisis, in response to [Recommendations Made by the G20 Leaders](#) last month. Those steps include:

- Improved accounting for off balance sheet items: Issued an ED on consolidation. Also, further proposals on off balance sheet items, covering the derecognition of assets and liabilities, are due to be published towards the end of the first quarter of 2009.
- New disclosure requirements related to impairment: The IASB and the US Financial Accounting Standards Board are both proposing changes to converge their disclosure requirements for impairments. FASB has already released its ED, and the IASB will follow .
- Acceleration of efforts to address broader issues of impairment on a globally consistent basis: Joint study by the two boards' staff is under way, with a report due in January.
- Ensuring consistent treatment of accounting for particular credit-linked investments between US GAAP and IFRSs: FASB will issue mandatory guidance.
- Ensuring embedded derivatives are assessed and separated if financial assets are reclassified: IASB will publish a fast-track ED.
- Considering fully other issues related to financial instruments, including the fair value option, raised at the recent series of roundtables in London, New York, and Tokyo.

December 22, 2008: IASB proposes amendments to clarify the accounting for embedded derivatives



The International Accounting Standards Board (IASB) today published for public comment proposals to clarify the accounting treatment for embedded derivatives.

The proposals respond to requests received from those taking part in the recent roundtable discussions organised by the IASB and the US Financial Accounting Standards Board (FASB) to clarify the requirements in IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The proposals are set out in an exposure draft *Embedded Derivatives*, on which the IASB invites comments by **January 21, 2009**. The exposure draft is available on the IASB website from the '[open for comment](#)' at www.iasb.org.

December 23, 2008: IASB proposes additional disclosures for investments in debt instruments



The International Accounting Standards Board (IASB) today published for public comment proposals to require entities to provide additional disclosures on all investments in debt instruments, other than those classified in the fair value through profit or loss category.

The proposals, in the form of proposed amendments to IFRS 7 *Financial Instruments: Disclosures*, would require an entity to state in tabular form the fair value, amortised cost and amount at which the investments are actually carried in the financial statements. The amendments would also require an entity to also disclose the effect on profit or loss and equity if all debt instruments had been accounted for at fair value or at amortised cost. The proposals are set out in an exposure draft *Investments in Debt Instruments*, on which the IASB invites comments by January 15, 2009. The exposure draft is available on the IASB website from the '[open for comment](#)' at www.iasb.org.

IFRS transition study - A chance to track how you are doing?

We have all heard or read some of the stories from the European and Australian IFRS conversions but the real question that many of you are asking is **“What are other Canadian companies doing with respect to IFRS Transition?”** Common questions stem from “Are other companies in my industry adopting a revaluation policy?” to the selection of the various elections that are available on first-time adoption.

In response to your needs, we invite you to participate in our IFRS transition study by [clicking on this link](#). It is confidential and will take only a few minutes to complete. The survey results will be shared via Deloitte publications such as Countdown and some of our live or web-based events. We will consider publishing further studies periodically as 2011 draws nearer.

We very much look forward to your participating and sharing the results with you in the future!

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