**AMENDMENTS TO *POLICY STATEMENT TO REGULATION 52-107 RESPECTING ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS***

**1.** Section 2.14 of *Policy Statement to Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* is amended by deleting the following:

"If acquisition statements are carve-out statements prepared in accordance with Canadian GAAP for private enterprises, as discussed in section 2.18 of this Policy Statement, subparagraph 3.11(6)(d)(iii) requires reconciliation information for non-venture issuers similar to that required by subparagraph 3.11(1)(f)(iv). The above guidance on subparagraph 3.11(1)(f)(iv) also applies to subparagraph 3.11(6)(d)(iii).".

**2.** Section 2.17 of the Policy Statement is replaced with the following:

"**2.17. Acquisition statements, predecessor statements, or primary business statements that are an operating statement**

In the case of acquisition statements that are an operating statement, subsection 3.11(5) requires the line items in the operating statement to be prepared in accordance with accounting policies that comply with the accounting policies permitted by one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP, or Canadian GAAP applicable to private enterprises. In the case of predecessor statements or primary business statements that are an operating statement, section 3.17 requires the line items in the operating statement to be prepared in accordance with accounting policies that comply with the accounting policies permitted by one of: Canadian GAAP applicable to publicly accountable enterprises, U.S. GAAP if the issuer is an SEC issuer or SEC foreign issuer, or IFRS if the issuer is a foreign issuer. For the purpose of preparing an operating statement, the exceptions and exemptions included as Appendices in IFRS 1 would be relevant for determining the opening statement of financial position at the date of transition to IFRS.".

"**2.18. Acquisition statements, predecessor statements, or primary business statements that are carve-out financial statements**

Acquisition statements, predecessor statements or primary business statements may be based on information from the financial records of another entity whose operations included the acquired business, the business to be acquired, the predecessor entity or primary business. In some cases, there are no separate financial records for the business. Such financial statements, which are commonly referred to as carve-out financial statements, should generally include:

(a) all assets and liabilities directly attributable to the business;

(b) all revenue and expenses directly attributable to the business;

(c) if there are expenses for the business that are common expenses shared with the other entity, a portion of those expenses allocated on a reasonable basis to the business;

(d) income and capital taxes calculated as if the business had been a separate legal entity and had filed a separate tax return for the period presented; and

(e) a description of the method of allocation for each significant line item presented in financial statements.

**3.** Section 3.5 of the Policy Statement is replaced with the following:

**"3.5. Identification of the financial reporting framework used to prepare an operating statement**

Paragraphs 3.12(2)(e) and 3.18(2)(e) require an auditor's report to identify the financial reporting framework used to prepare an operating statement as addressed in subsection 3.11(5) and section 3.17. To comply with this requirement, the auditor's report may identify the applicable requirement in the Regulation, and refer the reader's attention to the note in the operating statement that describes the financial reporting framework.".