

IFRS - REMINDER OF CERTAIN REGULATORY REQUIREMENTS FOR THE SECOND AND THIRD INTERIM PERIODS IN THE CHANGEOVER YEAR TO IFRS

Référence : Non disponible

On December 17, 2010, the *Autorité des marchés financiers* published amendments to its regulations in consideration of the changeover to International Financial Reporting Standards (IFRS) in 2011. These amendments became effective as of January 1st, 2011.

The purpose of this mailing is to remind you of certain regulatory requirements for the second and third interim periods that pertain or may pertain to continuous disclosure documents prepared in compliance with IFRS. This reminder is intended for reporting issuers subject to the *Securities Act*, R.S.Q., c. V-1.1, which are publicly accountable enterprises, but are not investment funds or entities with rate-regulated activities.

1. Reconciliation between the equity in accordance with Canadian GAAP to the equity under IFRS for the comparable interim period.

Example for an issuer with a December 31 financial year-end.

- For the second interim period, the issuer must include in its financial statements a reconciliation between the equity in accordance with previous GAAP to the equity under IFRS as at June 30, 2010.
- For the third interim period, the issuer must include in its financial statements a reconciliation between the equity in accordance with previous GAAP to the equity under IFRS as at September 30, 2010.

2. Reconciliation between the total comprehensive income in accordance with Canadian GAAP to the total comprehensive income under IFRS for the comparable interim period and the comparable year-to-date period.

As the starting point for this reconciliation, the issuer must use **total comprehensive income** in accordance with previous GAAP for those same periods or, if it did not report such a total, profit or loss in accordance with previous GAAP.

Example for an issuer with a December 31 financial year-end.

- For the second interim period, the issuer must include in its financial statements a reconciliation between the total comprehensive income in accordance with previous GAAP to the total comprehensive income under IFRS for the three-month period ended June 30, 2010, as well as a reconciliation between the total comprehensive income in accordance with previous GAAP to the total comprehensive income under IFRS for the six-month period ended June 30, 2010.
- For the third interim period, the issuer must include in its financial statements a reconciliation between the total comprehensive income in accordance with previous GAAP to the total comprehensive income under IFRS for the three-month period ended September 30, 2010, as well as a reconciliation between the total comprehensive income in accordance with previous GAAP to the total comprehensive income under IFRS for the nine-month period ended September 30, 2010.

Furthermore, according to paragraph 27 of IFRS 1, *First-time Adoption of IFRS* (“IFRS 1”), if an issuer changes its accounting policies or its use of IFRS 1 exemptions during its changeover year to IFRS, the requirements of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, do not apply. However, the issuer must, under paragraph 32(c) of IFRS 1:

- Explain the impact of the changes made to its accounting policies or to its use of IFRS 1 exemptions on previously reported information, notably the incidence on the financial position, the financial performance and the cash flows;
- Update the reconciliations of equity and total comprehensive income required under paragraph 32 of IFRS 1;
- Update the reconciliations between the equity reported in accordance with previous GAAP to the equity reported under IFRS as required by paragraphs 24(a) and (b) of IFRS 1.

3. Opening IFRS statement of financial position

According to section 4.3 of [Regulation 51-102 respecting Continuous Disclosure Obligations](#), if the issuer applies an accounting policy retrospectively, makes a retrospective restatement of items or reclassifies items in their financial reports for the second and third interim periods in the year of adopting IFRS, the issuer must present a statement of financial position as at the beginning of the immediately preceding financial year, namely, an opening IFRS statement of financial position.

An opening IFRS statement of financial position should also be presented if the issuer changes its use of IFRS 1 exemptions and in doing so applies an accounting policy retrospectively, makes a retrospective restatement of items or reclassifies items in its financial reports for the second and third interim periods in the first year of adopting IFRS.

4. Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards

According to section 3.2 of [Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards](#), financial statements for interim periods must, in particular:

- disclose an unreserved statement of compliance with IAS 34;
- be prepared in accordance with Part I of the *CICA Handbook*;
- be prepared using the same accounting principles for all accounting periods presented in the financial statements.

5. Auditor review of interim financial statements

According to section 4.3 of [Regulation 51-102 respecting Continuous Disclosure Obligations](#), if an auditor has not performed a review in accordance with Section 7050 of the *CICA Handbook – Assurance*, Auditor review of interim financial statements, the interim financial report must be accompanied by a notice indicating that the report has not been reviewed by an auditor.

6. Filing deadline for interim financial reports

Issuers do not benefit from the 30-day filing deadline extension as disclosed in section 14.3 of [Regulation 51-102 respecting Continuous Disclosure Obligations](#) for the second and third interim financial reports prepared under IFRS and, accordingly, these reports must be filed pursuant to section 4.4 of this Regulation. We encourage issuers to consult the schedule [Financial reporting deadlines - Year of IFRS adoption](#).

Reminder of terminology changes pertaining to new certificates

1. Considering the terminology changes to [Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings](#), interim certificates for financial years beginning on or after January 1st, 2011 must be filed in accordance with the new certificates that came into effect on January 1st, 2011.

Reminder of certain Canadian Securities Administrators (CSA) staff notices that may apply to interim financial reports for the second and third periods prepared under IFRS

1. [CSA Staff Notice 52-328: Disclosure about Accounting Policies in the Year of Changeover to International Financial Reporting Standards](#), published on April 8, 2011.
 - This notice includes further information about the disclosure of accounting policies used in the interim and annual MD&As in the changeover year to IFRS;
 - More precisely, the requirements of Item 1.13(b) of Form 51-102F1, *Management's Discussion & Analysis*, apply if an issuer voluntarily changes

an accounting policy subsequent to filing its first interim financial report in its changeover year to IFRS.

2. [CSA Staff Notice 52-306 \(Revised\): Non-GAAP Financial Measures and Additional GAAP Measures](#), amended November 9, 2010.

- This notice specifies, in particular, disclosures about additional GAAP measures required by IFRS when these measures are disclosed prior to the filing of the interim or annual financial statements for the period in question.

Additional Information:

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