

IFRS – REMINDER OF CERTAIN REGULATORY REQUIREMENTS AND ACCOUNTING STANDARDS FOR FIRST ANNUAL FINANCIAL STATEMENTS PREPARED UNDER IFRS

This reminder, regarding International Financial Reporting Standards (IFRS), is intended for issuers subject to the *Securities Act* (R.S.Q., c. V-1.1) that are publicly accountable enterprises, but are not investment funds or entities with rate-regulated activities.

1. No filing deadline extension

There is no extension of the filing deadline for issuers' first annual financial statements prepared under IFRS. Therefore, issuers must comply with the filing deadlines for annual financial statements set out in section 4.2 of [Regulation 51-102 respecting Continuous Disclosure Obligations](#). Issuers are encouraged to consult the calendar [Financial Reporting Deadlines – Year of IFRS Adoption](#).

2. Reconciliations of financial statements prepared in accordance with previous GAAP to financial statements prepared under IFRS

Issuers are reminded that, in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards* (IFRS 1), they must explain, in the first annual financial statements prepared under IFRS, the effect of the transition from previous GAAP to IFRS. Therefore, comparative disclosures in the first annual financial statements prepared under IFRS must include reconciliations of equity reported in accordance with previous GAAP to equity in accordance with IFRS. They must also include a reconciliation of **total comprehensive income** reported in accordance with previous GAAP to total comprehensive income in accordance with IFRS.

Example for an issuer whose financial year ends on December 31, 2011

- The issuer must present a reconciliation between its equity reported in accordance with previous GAAP to its equity in accordance with IFRS:
 - at the date of transition, namely, January 1, 2010;
 - at the reporting date of the latest annual financial statements prepared in accordance with previous GAAP, namely, as at December 31, 2010.
- The issuer must present a reconciliation of its **total comprehensive income** in accordance with previous GAAP to its total comprehensive income in accordance with IFRS for the period ended December 31, 2010.

In addition, issuers who have recognized or reversed any impairment losses in their opening IFRS statements of financial position must, in their first annual IFRS financial statements, provide the disclosures required by IAS 36, *Impairment of*

Assets, as if they had recognized those impairment losses or reversals during the year of transition to IFRS.

3. 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](#), the first annual IFRS financial statements must, in particular:

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

4. Changes in accounting policies or use of IFRS 1 exemptions during the changeover year to IFRS

If an issuer changes its accounting policies or its use of IFRS 1 exemptions during the changeover year to IFRS, IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, does not apply. The issuer must apply paragraph 27A of IFRS 1. In accordance with this paragraph, the issuer's first annual IFRS financial statements, must:

- explain how the changes in accounting policies between its first interim IFRS financial report and its first annual IFRS financial statements resulting from the transition to IFRS have affected its reported financial position, financial performance and cash flows;
- update reconciliations of its equity reported in accordance with previous GAAP to its equity under IFRS at the date of transition and the reporting date of the latest annual financial statements prepared in accordance with previous GAAP (See example in item 2);
- update, for the comparative annual period, the reconciliation between total comprehensive income reported in accordance with previous GAAP to total comprehensive income in accordance with IFRS (see example in item 2).

5. Opening IFRS statement of financial position and comparative information

Under section 4.1 of [Regulation 51-102 respecting Continuous Disclosure Obligations](#), the first annual financial statement prepared under IFRS must include the opening IFRS statement of financial position. In addition, in accordance with paragraph 21 of IFRS 1, the first IFRS compliant financial statements must include at least three statements of financial position (including the opening IFRS statement of financial position), two statements of comprehensive income, two separate income statements (if presented), two statements of cash flows and two statements of changes in equity and notes, including comparative information.

Therefore, the opening IFRS statement of financial position must be presented in the first annual IFRS financial statements by adding a third column to the statement of financial position.

Example for an issuer whose financial year ends on March 31, 2012			
	Current financial year	Previous financial year	Date of transition
Statements of financial position	March 31, 2012	March 31, 2011	April 1, 2010
Statements of changes in equity	March 31, 2012	March 31, 2011	
Statements of comprehensive income	March 31, 2012	March 31, 2011	
Statements of income (if presented)	March 31, 2012	March 31, 2011	
Statements of cash flows	March 31, 2012	March 31, 2011	
Reconciliations of equity under previous GAAP to equity under IFRS		March 31, 2011	April 1, 2010
Reconciliation of total comprehensive income under previous GAAP to total comprehensive income under IFRS		March 31, 2011	
Notes, including comparative information	March 31, 2012	March 31, 2011	

Reminder of terminology changes pertaining to new certificates

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

Reminder of certain Canadian Securities Administrators (CSA) staff notices that may apply to first annual financial reports prepared under IFRS

1. [CSA Staff Notice 52-328: Disclosures about Accounting Policies in the Year of Changeover to International Financial Reporting Standards \(IFRS\)](#), published on April 8, 2011.
 - This Notice stipulates that 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 year of

adopting IFRS. Therefore, an issuer should describe the events and transactions that gave rise to the accounting policies initially adopted on changeover to IFRS, describe the accounting policies adopted, and, if several alternative acceptable methods are permitted, describe the alternatives and the reasons for the choice made.

- This Notice also includes further information about the disclosure of accounting policies used in the interim and annual MD&As in the changeover year to IFRS.

2. [CSA Staff Notice 52-306 \(Revised\): Non-GAAP Financial Measures and Additional GAAP Measures](#) (Notice 52-306), amended February 17, 2012.

- This Notice describes additional GAAP measures required under IFRS, including the presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of an entity's financial position and performance.
- This Notice reminds issuers that one of the purposes of the MD&A is to help investors understand what the financial statements show and do not show. In addition, the notice specifies that to meet this objective, an issuer's MD&A should discuss and analyze additional GAAP measures required by IFRS.
- This Notice also specifies the disclosures of 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.
- We urge issuers to consult the examples and explanations added to this amended version of Notice 52-306.

Additional information:

Additional information is available from:

Hugues Gravel
Analyst, Continuous Disclosure
Telephone: 514-395-0337, ext. 4329
Toll-free: 1-877-525-0337, ext. 4329
E-mail: hugues.gravel@lautorite.qc.ca

Johanne Boulerice
Manager, Continuous Disclosure
Telephone: 514-395-0337, ext. 4331
Toll-free: 1-877-525-0337, ext. 4331
E-mail: johanne.boulerice@lautorite.qc.ca

February 17, 2012