ACCOUNTING STANDARDS IN CANADA

Implementation Plan for Incorporating IFRSs into Canadian GAAP

(as of March 31, 2007)

Table of Contents

Introduction

1. In January 2006, the AcSB adopted its Strategic Plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB). This document outlines the AcSB's implementation plan for incorporating IFRSs into Canadian GAAP, including identifying key decisions that the AcSB will need to make as it implements the Strategic Plan for publicly accountable enterprises.

2. The AcSB welcomes and encourages comment on this plan. Comments may be submitted at any time, to ed.accounting@cica.ca. The AcSB intends to revise and update this plan periodically, as circumstances warrant.

To whom does this implementation plan apply?

3. The Strategic Plan specifies that IFRSs are to be adopted as Canadian GAAP for publicly accountable enterprises (PAEs). The term "publicly accountable enterprises" is used in the Strategic Plan substantially in accordance with the terminology and definitions in DIFFERENTIAL REPORTING, Section 1300 of the CICA Handbook – Accounting (Handbook). Accordingly, it encompasses public companies and some other classes of enterprises that have relatively large or diverse classes of financial statement users. As part of its implementation plan, the AcSB is considering the need for a revised definition of a publicly accountable enterprise.

4. In November 2006, the AcSB agreed to develop a definition of "publicly accountable enterprise," for the purposes of the IFRS Implementation Plan, from the IASB's proposed definition in its Exposure Draft on Small and Medium-sized Entities (SMEs). That definition states:

   A "publicly accountable enterprise" is an entity that:

- files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; or
- holds assets in a fiduciary capacity for a broad group of outsiders, such as a bank, insurance entity, securities broker/dealer, pension fund, mutual fund or investment banking entity.

5. The AcSB will consider how this definition would apply to certain types of reporting entities, such as co-operative organizations and pension plans. All enterprises that do not fall within the definition would *not* be publicly accountable enterprises and, accordingly, would not be required to be subject to the IFRS convergence strategy.

6. The AcSB has conducted research into the needs of users of financial statements of non-publicly accountable enterprises (NPAEs) to determine what standards should apply to them. An invitation to comment incorporating its findings is planned for the first half of 2007. Absent a decision on standards applicable to NPAEs, the extent to this Implementation Plan is relevant to these enterprises remains unclear. However, since NPAE's will have the option of utilizing the standards applicable to PAE's, those choosing to do so may find it to be relevant.

7. Not-for-profit organizations (NFPOs) will continue to apply those elements of GAAP for profit-oriented enterprises that are also applicable to their circumstances. The AcSB will consult with the not-for-profit sector to determine whether all NFPOs should base their accounting on the standards for PAEs, or whether the approach applied to NPAEs should also be applied to some NFPOs. Accordingly, aspects of this plan will be relevant to NFPOs. The AcSB will seek input from NFPOs on the implementation of its strategies for that sector.

When does the plan take effect?

8. The Strategic Plan indicates that a reasonable transitional period for implementation for Canadian enterprises is expected to be approximately five years from the date of its publication (March 2006). However, the precise timing of the changeover is not yet determined. For purposes of this implementation plan, the changeover is when publicly

accountable enterprises will be required to begin reporting using the new IFRS-based standards.

9. Throughout the transitional period, the AcSB will monitor Canada's progress in implementing the IFRS convergence strategy and the readiness of the investor and business communities. There will be a "progress review" within 24 months of the publication of the Strategic Plan. The main focus of the progress review will be to identify and assess any new information or new issues that would affect the implementation of the strategy in order to fine tune and finalize plans for implementing the strategy. Upon completion of the progress review, the AcSB expects to be in a position to set the timing of the changeover. The AcSB expects to be in a position to make an announcement regarding the changeover date no later than March 31, 2008.

10. The progress review will include consultation with the Accounting Standards Oversight Council (AcSOC). The intention is not to develop a new or significantly revised strategy at that time, nor to provide an opportunity for those who disagree with the IFRS convergence strategy to reiterate their views. The AcSB would only consider the possibility of a change in strategic direction in the unlikely event that there was a fundamental change in circumstances that negated the rationale for the strategy. The criteria to be assessed in the progress review will need to be finalized, but paragraph 35 of the Strategic Plan notes that the following matters will be reviewed:

    (a) the acceptance of IFRSs and their contribution to the improved functioning of global capital markets;

    (b) the ability of the IASB to continue to develop high-quality standards, including the functioning of its partnership with the FASB; and

    (c) any difficulties encountered in the initial adoption or ongoing application of IFRSs in the European Union, Australia and other countries.

    The principal issue to be addressed, however, will be progress in Canada in addressing IFRS implementation issues, including efforts by individual affected enterprises to plan and carry out necessary changes, with particular attention to the circumstances of smaller PAEs.

11. The implementation of the new IFRS-based standards does not depend on receiving agreement from various government agencies or any legislative bodies, but the AcSB is maintaining a dialogue with government and regulatory agencies that have an interest in financial reporting issues. Assistance and co-operation from all such agencies is encouraged and welcomed.

12. At present, the many federal, provincial and territorial laws, regulatory rules and other such requirements related to financial reporting refer to Canadian GAAP. As a practical matter, IFRSs will therefore need to be imported into Canadian GAAP and will need to be described as Canadian GAAP for some time to come. Nonetheless, the ultimate objective is for enterprises to be able to report compliance with IFRSs, as well as with Canadian GAAP.

13. The following is a tentative timeline of key events for reporting enterprises in adopting IFRSs, based on current assumptions in the Strategic Plan and an assumed changeover of January 1, 2011. For illustrative purposes, this timeline assumes an enterprise with a calendar year end.

2006-2008	Obtain training and thorough knowledge of IFRS. Commence assessment of accounting policies with reference to IFRSs and development of a plan for convergence
By early 2008	Progress review by AcSB
By March 31, 2008	Changeover timing to be announced by the AcSB following progress review
2008	Finalize assessment of accounting policies with reference to IFRSs and plan for convergence
December 31, 2008	Possible disclosure of an enterprise's plan for convergence and what effects the enterprise anticipates will arise with the change to IFRS (see paragraph 32)

December 31, 2009	Same disclosure required as in 2008, but with a greater degree of quantification of the effects of the change to IFRSs (see paragraph 32)
January 1, 2010	First year for collection of comparative information for inclusion with 2011 financial statements under new IFRS-based requirements. Opening balance sheet for 2010 on IFRS basis required. Valuations on certain items may be advisable for the opening balance sheet preparation, depending on accounting policy choices under IFRS, especially under IFRS 1, *First-time Adoption of International Financial Reporting Standards*.
December 31, 2010	Last year-end for reporting under existing Canadian GAAP
January 1, 2011	Changeover. First year reporting under new IFRS-based standards. Opening balance sheet for 2011 on IFRS basis required.
March 31, 2011	Enterprises issuing interim financial statements prepare their first IFRS-based statements for the three months ended March 31, 2011
December 31, 2011	End of first annual reporting period in accordance with new IFRS-based requirements including IFRS-based comparatives for 2010.

14. The US Securities and Exchange Commission (SEC) provided an exemption from its general requirement to provide two years of comparative figures, for the EU countries and Australia for their year of transition when they adopted IFRSs for the first time in 2005. If a similar exemption is not granted for Canadian SEC registrants they would be required to begin collecting comparative information for the calendar year beginning January 1, 2009.

15. Appendix A provides more detail on the timing, by year, of the anticipated completion of implementation goals discussed in this document.

How will the standards be introduced?

Adopting newly converged standards

16. In October 2002, the FASB and the IASB signed the Norwalk agreement, in which they agreed to work together to eliminate differences between US GAAP and IFRSs. This was reaffirmed with the signing of a Memorandum of Understanding on February 26, 2006. As the two Boards continue to work on convergence projects, the AcSB is actively supporting their efforts. The AcSB will continue to adopt all converged standards as they are agreed to by the FASB and IASB. This reduces the number of IFRSs that will differ from Canadian GAAP at the final changeover, and means that standards will continue to change between now and the adoption date (see Appendix B — Category 1).

17. Appendix A lists those standards that the AcSB expects to be adopted prior to the changeover, with an indication of their anticipated effective date[1] where available. Standards expected to be adopted substantially word for word from the equivalent IFRS have been marked with an asterisk. These early adoptions will reduce the degree of change required at the changeover.

18. Canadian constituents should not assume that there will be a "period of calm" (i.e., a minimal number of new standards released by the IASB) leading up to the changeover. However, the IASB is cognizant of the "standards overload" factor, and this is generally reflected in the decision on the effective dates of their standards.

Canadian standards and US GAAP during the transitional phase

19. In the interest of reducing standards overload the AcSB will observe, whenever possible, a basic principle of not imposing changes to standards that may require extensive systems changes or information gathering that would become redundant at the changeover date.

20. Accordingly, the AcSB generally will not adopt new FASB requirements if they create a new conflict with IFRSs. The AcSB plans not to adopt IFRSs during the transition period

[1] These expectations are necessarily dependent on progress being made by the IASB and FASB in accordance with current plans. Delays may result in more standards being adopted at the changeover date, rather than beforehand.

that would create new conflicts with FASB standards. However, if the IASB changes a standard that does not result in a conflict with FASB standards, then the AcSB may consider adopting the new IFRS during the transition period if it enhances the quality of Canadian GAAP.

21. Some Canadian standards, such as those addressing impairment, variable interest entities, and transfers of receivables, have a high degree of similarity to their US counterparts but are different from IFRSs. If the FASB changes any such standards, the AcSB will have to consider its course of action on a case-by-case. The AcSB will need to balance transitional issues (such as the need to avoid more than one change to GAAP whenever possible) with the enhancement offered by the change the FASB has adopted and the lifespan of any such change if adopted in Canadian GAAP. The consequences of not adopting the revised FASB position and the effect that would have on reconciling items for Canadian SEC registrants would also be considered.

<u>Organization of standards to determine approach during transition</u>

22. All primary sources of GAAP are being reviewed to determine their role within the context of the new Canadian GAAP converged with IFRSs. Primary sources of GAAP include Accounting Guidelines, EIC Abstracts and Background Information and Basis for Conclusion documents, as well as Handbook Sections.

23. The AcSB has compared existing Canadian standards to IFRSs to determine which standards it believes will cause the most significant changes when the adoption of IFRSs occurs. Significance may be related to many issues or combinations of issues, such as the requirement for systems changes to ensure adequate collection of the data, and the number of enterprises that will be affected by a particular issue. The AcSB will try to reduce the significance of the change in a variety of ways. For example, when a Canadian standard is more detailed than an IFRS or has no IFRS equivalent, the AcSB might consider:

    (a) approaching the IASB to request that certain subjects become part of its agenda;

    (b) suggesting to the IASB that AcSB staff could assist in specific projects; or

(c) finding other standard setters who have similar issues and are willing to join forces to provide well-supported proposals to the IASB.

When the AcSB decides that an IFRS is of higher quality then the existing Canadian standard, it may initiate its own project to bring Canadian GAAP closer to the IFRS during the transition period.

24. To assist the AcSB and staff with the assessment of technical issues associated with the move to IFRSs and their relationship to Canadian GAAP for implementation and beyond, the AcSB has established an IFRS Advisory Committee. This group is involved in the assessment of Canadian standards to determine which will be the most challenging in transition, as discussed above, and will contribute to the AcSB's plans for mitigating those challenges.

Exposure of IFRSs before and after changeover date

25. The AcSB's due process requires that standards comprising Canadian GAAP be exposed for public comment. Therefore, IFRSs will be exposed before the AcSB adopts them as Canadian GAAP. The AcSB will need to determine how this process will take place for the IFRSs that will become effective at the changeover. It seems most likely that, because of the interaction of IFRSs with one another, the body of IFRSs will be exposed for comment as a whole — an omnibus exposure draft. However, the AcSB will need to consider the timing and basis of that exposure, as well as the interaction with other standards adopted prior to the changeover. The issue of the omnibus exposure draft is not for the purposes of assessing the appropriateness of convergence with IFRSs. The benefit of adopting IFRSs is that no matter where enterprises are applying for capital, their financial statements will be understood. As noted in the Strategic Plan, the AcSB is concerned that, were it and other national standard setters or regulators to supplement or modify IFRSs, a variety of diverse and potentially incompatible national versions of IFRSs would emerge. The result would not be the single set of global standards to which the AcSB and others aspire.

26. In general, the AcSB intends to adopt IFRSs without modification (see paragraph 38). The AcSB does not intend to delete options from IFRSs or otherwise change them, and in no circumstances does the AcSB intend to make changes that would result in non-compliance with IFRSs. Constituents will be requested to review the omnibus exposure draft primarily to determine if there are common Canadian transactions or other events to which the principles in IFRSs cannot be applied or for which additional guidance might be needed in how to apply the IFRS principles. Therefore, the question(s) posed in the exposure draft will be very limited.

27. Standards developed by the IASB today, and in the future, will affect Canadian GAAP. Therefore, both before and after the changeover, constituents are encouraged to monitor IASB activities and to respond directly to the IASB on any documents it issues for comment. Notification of documents that the IASB releases can be found on the AcSB's home page and there is a link from the AcSB's "International Activities" web page to the IASB's outstanding documents for comment. Well reasoned, supported arguments, including constructive suggestions for change, will have the most influence on the IASB. Any comments regarding uniquely Canadian circumstances that would appear to require additional implementation guidance for the adoption of a particular IFRS into Canadian GAAP should also be directed to the AcSB.

28. Constituents will need to determine the data they need to collect prior to the changeover for the purposes of having appropriate information available to prepare comparative information in the first period for which an entity adopts the new Canadian GAAP that incorporates IFRSs. It is anticipated that standards that are not part of a global convergence project and will be included in the omnibus exposure draft of existing IFRSs will be approved by the AcSB well in advance of their effective date. To be in compliance with International Financial Reporting Standard IFRS 1, *First-time Adoption of International Financial Standards*, the reporting entity must apply the accounting policies that comply with each IFRS effective at the reporting date. To assist constituents in determining which IFRSs will potentially be effective at their reporting date, it has been proposed that standards exposed and approved by the AcSB but not yet effective will be available in a "pending" file for reference.

29. To assist constituents in identifying the components of the IFRSs that have been approved and are currently in effect in Canadian GAAP (for example, large portions of IAS 39, *Financial Instruments — Recognition and Measurement*), a record system separate from the "pending" file discussed above has been proposed.

30. The AcSB will ensure that documentation, such as exposure drafts and final standards, will continue to be issued in both of Canada’s official languages. The AcSB will be reviewing how translations will be provided after the adoption of IFRSs. The IASB has its own policies with regard to the requirement for and timing of translations, which the AcSB will review within the Canadian context.

What do constituents need to do to prepare?

31. Constituents who will be affected by this Strategic Plan should prepare sooner rather than later. Education and training is a prerequisite to managing a smooth transition. The AcSB will not be providing training, but is taking such steps as it can to assist affected parties in dealing with the challenges of transition throughout the transition period. The AcSB is encouraging various other organizations involved in education and training to provide the necessary programs. Canadians have the benefit of adopting IFRSs after the EU and Australia, where some training materials have been created. This includes material for university level, material for preparatory courses for professional designations and retraining material for those already in the workforce. This material should assist our domestic educators. The AcSB is, and will continue to be, in contact with the standard setters, preparers and educators from the EU and Australia to learn from their experiences with the adoption of IFRSs and seek their guidance on how to achieve a smooth transition.

32. To assist constituents' preparations, the AcSB has discussed requiring disclosure about the anticipated effects of the transition to IFRSs prior to the changeover, as noted above in the illustrative timeline, for years ending December 31, 2008 and 2009. The objective of the disclosure would be to encourage enterprises to assess promptly their accounting policies in the context of IFRSs so that any system changes required can be instigated. In addition, the disclosure would focus financial statement users' attention on the changes

the entity anticipates as a result of adopting IFRSs in sufficient time for those users to understand and prepare for that change. The Canadian Securities Administrators (CSA) require some disclosure of the effects of anticipated accounting policy changes, which will require some planning for enterprises governed by the CSA. The AcSB staff has met with CSA representatives to discuss disclosure requirements on transition, and will continue to liaise with them to consider the need for appropriate disclosure requirements to be put in place and to ensure that the two bodies work together on transition issues.

33. Once sufficient knowledge of IFRSs is obtained, existing accounting policies have been reviewed and a transition plan on how to adopt IFRSs has been created, an enterprise must determine its approach to educating the users of its financial statements. The users may include investors, profit-sharing employees, audit committees, and anyone providing financing. If the users can anticipate the effect of the changes, problems caused by lack of understanding can be reduced.

34. The AcSB acknowledges that the transition will impose a burden on constituents in the near term, but is of the view that the improved access to global markets for raising capital, and elimination of penalties resulting from differences in accounting standards, will far outweigh the costs in the long run.

Magnitude of change expected

35. IFRSs are principles-based, similar to Canadian GAAP. As noted in the Strategic Plan, Canada has had considerable input and influence in the development of international accounting standards. The AcSB continues to encourage the IASB and FASB to pursue converged accounting treatments.

36. To assist interested parties in understanding the degree of change expected in practice from adopting IFRSs, a summary comparison of the Canadian standards to IFRSs has been prepared (see Appendix B). The summary comparison[2] is meant as an aid for constituents to gauge the impact of IFRSs, but users should realize that there is no

[2] A more detailed comparison of IFRSs to Canadian GAAP is available on the AcSB website. It is presented in the numerical order of IFRSs.

guarantee that it will direct them to all matters they will need to consider, as each enterprise has different circumstances and concerns. In addition, the categorization of standards in Appendix B is a subjective exercise utilizing professional judgment. The comparison sorts the Canadian standards as follows:

Category 1 **AcSB expects to converge with IFRSs before changeover because of a current or anticipated project —** There is a FASB or IASB project, either jointly or separately, in process or anticipated, that will result in a converged standard to be adopted as a Canadian standard prior to the changeover. Or, the AcSB has embarked on a project to converge a particular standard with IFRSs, because it believes that the IFRS offers a significant improvement that should be made prior to changeover.

Category 2 **IASB project in process at the changeover —** An IASB project will be well-advanced in developing a significantly different new IFRS corresponding to the current Canadian standard, but not completed by the changeover. The AcSB will consult with the IASB regarding these projects in advance of setting the date of the changeover, to determine what can be done to minimize the possibility of a second significant change shortly after Canada's changeover. The AcSB will need to evaluate each of these projects based on the progress of the IASB project at changeover. This will include consideration as to whether an option should be provided for entities to choose not to adopt a particular IFRS that is shortly to be changed by the IASB.[3]

Category 3 **AcSB adoption of IFRSs at changeover —** Current AcSB standards that will be replaced with corresponding IFRSs at the changeover. These are divided between:

(a) those which are already substantially converged with IFRSs; and

[3] An entity choosing to elect such an option might benefit in not having to make two consecutive changes to adopt similar standards on the same subject. However, the entity would also be unable to claim compliance with IFRS until the date of fully adopting all extant IFRSs.

(b) those for which IFRSs differ, but for which there is no expected action by either the AcSB or IASB between the date of the comparison and the changeover date.

Category 4 **IASB standards that have no Canadian counterpart that will be adopted at changeover**.

Category 5 **Canadian standards that have no IFRS counterpart**

37. IFRS 1, First-time Adoption of International Financial Reporting Standards, was developed by the IASB to provide some relief to enterprises preparing their first annual financial statements in complete compliance with IFRSs. The first time Canadian enterprises are able to prepare financial statements in complete compliance with IFRSs some of the difficulties of the transition to IFRSs will be alleviated by IFRS 1. IFRS 1 provides a number of elective options, generally based on a cost/benefit consideration. For example, the current version of IFRS 1 includes an elective exemption from the application of IFRS 3, *Business Combinations*, to past business combinations. In addition, there are some mandatory exemptions for those areas involving management's judgment that would be applied with the benefit of hindsight, for example, the derecognition of financial assets and financial liabilities, hedge accounting and estimates. The Board will strive to ensure that Canadian enterprises are able to qualify at the time of changeover for relief similar to that provided by IFRS 1, but this will be dependent on the progress of convergence projects over the transitional period. The AcSB will consider whether there are any circumstances related to Canadian GAAP as it will exist prior to the changeover that are not dealt with by IFRS 1 presently but would cause particular transitional difficulty. If there are, it will discuss with the IASB the possibility of allowing for such circumstances in IFRS 1.

Modifications to IFRSs

38. While the AcSB retains the power to modify or add to the requirements of IFRSs, as it deems necessary, it intends to avoid changing IFRSs when adopting them as Canadian GAAP. Accordingly, the AcSB does not expect to eliminate any options within existing IFRSs. In the two IFRSs currently identified as directing preparers to follow their

Insurance Contracts, and IFRS 6, *Exploration for and Evaluation of Mineral Resources*, the AcSB intends to maintain Canadian guidance dealing with those matters, to the extent that it does not conflict with IFRSs.

39. The AcSB also intends to assess and monitor the application of accounting standards in Canada. The AcSB will work to resolve issues through the IASB's interpretive body, the International Financial Reporting Interpretations Committee. However, in the event this is not possible, the AcSB will stand ready to develop additional temporary guidance. No sector-specific guidance, other than that required for unique circumstances of not-for-profit organizations, is expected to be added to IFRSs for Canadian GAAP purposes.

The role of the AcSB in standard setting now and in the future

40. The AcSB is, and will continue to be, actively participating in IASB projects. The structures and mechanisms by which participation is achieved may change, but there remains a critical role for a Canadian standard-setting function. The AcSB will continue its current research in relation to NPAEs to determine what the most appropriate basis of accounting will be. Based on the results of that research, the role of the AcSB will evolve in relation to NPAEs. The AcSB will continue to assess what special standards are required to accommodate the special needs of NFPOs. Canada will maintain its own standard-setting capabilities, though they will be applied within a changed environment.

41. There are almost certainly additional areas of potential AcSB activity in the future. The role of Canadian accounting standard setting, far from being greatly restricted in the future, will evolve and remain vital to the development and maintenance of a single set of truly global accounting standards.

Other

<u>Communications</u>

42. To ensure constituents are informed of the progress of the implementation of IFRSs for PAEs, this Implementation Plan will be updated periodically. Constituents can stay informed of current activity by referring to the International Activities page of the AcSB

website at www.acsbcanada.org. A series of bulletins have been, and will continue to be, distributed to senior executives in business and government and other interested parties, to make them aware of the new Strategic Plan. The most recent of these, (Bulletin #4) was distributed in January 2007, and is also available on the AcSB website. Ongoing communications with other constituent groups will also continue.

43. The AcSB will be communicating with governments and other regulatory bodies throughout the transition process to obtain their input and to enhance their understanding of the process, and thereby improve the understanding of their constituents. The AcSB's IFRS Advisory Committee, User Advisory Council and Academic Advisory Council will also be consulted throughout the process to ensure that adequate communication is being delivered to constituents.

Auditors and the audit report

44. The Auditing and Assurance Standards Board (AASB) has developed new strategies that respond to some of the same developments addressed by the AcSB's Strategic Plan. The AcSB will take into account the AASB's findings and conclusions that are relevant to the strategic directions adopted by the AcSB.

Implementation Plan for Incorporating IFRSs into Canadian GAAP
Appendix A
Calendar of Implementation Goals
(As of March 31, 2007)

2007
- Consider treatment of Canadian standards that will have no IFRS equivalent at the changeover
- Consider implications of IFRS 1
- Consider who should approach the SEC to determine if it will consider an exemption for comparative year financial information, similar to that provided for enterprises adopting IFRSs in 2005-2007
- Define criteria for assessment during progress review
- Consider need for disclosures on IFRS transition by publicly accountable enterprises that are not listed companies and approve exposure draft if necessary, in co-operation with the CSA
- Determine basis for exposing existing IFRS for adoption into Canadian GAAP
- Finalize definition of publicly accountable enterprises

Standards anticipated to be adopted
Employee Future Benefits—partial convergence with IAS 19 (effective December 31, 2007)
Going Concern* (effective January 1, 2009)
Income Taxes* (effective 2009)
Inventories* (effective January 1, 2008)

2008
- Complete progress review
- Announce changeover timing
- Finalize disclosures required prior to adoption, if necessary
- Issue omnibus exposure draft of existing IFRSs
- Consider need for temporary differences from IFRS at the changeover date in order to smoothly manage the transition.
- Consider the need for any temporary transitional considerations.

Standards anticipated to be adopted
Business Combinations* (effective January 1, 2009)
Earnings per Share* (effective December 31, 2008)
Internally Developed Intangible Assets*(effective January 1, 2009)
Joint Ventures*

2009
- Determine rules of procedure for the exposure of IFRS in Canada after changeover

Implementation Plan for Incorporating IFRSs into Canadian GAAP
Appendix A
Calendar of Implementation Goals
(As of March 31, 2007)

- Finalize process for translation to both official languages

Standards with possibility of being adopted beyond 2008 and before changeover

Consolidations*
Government Grants*
Fair Value Measurement*
Financial Statement Presentation*
Impairment*
Insurance Contracts*
Liabilities and Equity*
Research and Development Costs*
Revenue Recognition*

Implementation Plan for Incorporating IFRSs into Canadian GAAP

Appendix B: Comparison of IASB and Canadian standards

1. This comparison has been prepared by the staff of the Accounting Standard Board (AcSB) to provide a high-level comparison of current Canadian standards and International Financial Reporting Standards (IFRSs). Its purpose is to provide readers with information about the AcSB's current evaluation of the way in which individual CICA Handbook – Accounting (Handbook) Sections will incorporate IFRSs over the transitional period. The standards are sorted into five categories, as explained in the Implementation Plan. The allocations are subjective in nature. Each enterprise must assess how the differences between Canadian GAAP and IFRSs will affect its individual situation. The allocations by anticipated timing of convergence are subject to change, as many are dependent on the actions of the IASB and the FASB.

2. This comparison covers significant differences only and does not include all of the differences that might arise in a particular entity's circumstances. The groupings by category and the individual comparison are a tool to assist enterprises in preparing their plans for the transition to IFRSs, and should not be used in preparing financial statements. To understand fully the implications of applying and preparing financial statements in accordance with IFRSs, users of this comparison and financial statement preparers must refer to the standards themselves. AcSB staff is maintaining a more detailed comparison for those interested in comparison at a more technical level. The more detailed comparison is available on the AcSB website at www.acsbcanada.org (see "international activities").

3. IFRSs are based on a conceptual framework that is substantially the same as that on which Canadian standards are based. IFRSs cover many of the same topics and reach similar conclusions on many issues. The style and form of IFRSs are generally quite similar to Canadian standards, and considerably more similar than US standards (although there is some variation within all three sets of standards). IFRSs are laid out in the same way as Handbook Sections, highlight the principles and use similar language.

Individual IFRSs and Handbook Sections are of similar length and depth of detail. The complete sets of standards are also similar in length.

4. This comparison includes EIC Abstracts and the IFRS equivalents only to the extent that a significant issue is covered directly in one set of standards but addressed through an interpretation in the other. The comparison reflects standards issued as of March 31, 2007. Effective dates may be after March 31, 2007.

5. The IASB, FASB and AcSB have active standard-setting projects in process. In a number of cases, this work in process will eliminate differences that exist today. The comparison identifies this work in process and categorizes the standards based on the extent to which the work in process is expected to eliminate existing differences. The estimated timing of completion of work in process is based on expectations as at March 31, 2007 and is subject to significant change dependent on decisions made by the AcSB, IASB and FASB regarding their work programs.

6. The term “converged” has been used in the comparison when related Canadian standards and IFRSs are substantially similar. There will inevitably be differences at a more detailed level both, as a result of different levels of guidance, and different ways of expressing similar ideas.

7. Within the five categories identified in the Implementation Plan, standards are presented in the order in which they appear in the Handbook. A table of concordance at the end of the document lists the International Financial Reporting Standards in numerical order with the Canadian GAAP counterpart noted in the columns to the right.

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 1000, Financial Statement Concepts *IASB Framework* *IAS 1, Presentation of Financial Statements*	Section 1000 and the IASB Framework are **converged, except** that: (i) the IASB Framework does not explicitly address not-for-profit organizations; and (ii) the IASB Framework describes concepts of financial and physical capital maintenance without prescribing that a particular concept should apply, whereas Section 1000 specifies that financial statements are prepared with capital maintenance measured in financial terms. IAS 1 provides more comprehensive guidance on going concern than Section 1000.	IASB and FASB have commenced a project to develop a converged conceptual framework. Canada is participating. The AcSB approved amendments to Section 1400 that converge with the going concern paragraphs of IAS 1. AcSB has issued an Exposure Draft on internally developed intangible assets, the proposals of which require changes to Section 1000. If adopted, the changes would clarify the role of "matching" in financial reporting and make Section 1000 more similar to the framework in this regard.	The IASB/FASB project is a long-term project—parts of which might not be complete until after changeover.
Section 1400, General Standards of Financial Statement Presentation *IAS 1, Presentation of Financial Statements*	Section 1400 and the corresponding requirements of IAS 1 are **converged, except** that IAS 1: (i) permits departure from standards on grounds of fair presentation if the relevant regulatory framework for the enterprise permits or requires such a departure; (ii) does not require a statement of retained earnings, but does require a statement of changes in equity; and (iii) does not permit comparative information to be omitted in the rare circumstances when it is not meaningful.	IASB and FASB have commenced a project on Financial Statement Presentation to improve the presentation of information in certain financial statements. AcSB intends to issue converged standards at the same time.	*See Category 3b) regarding difference (i) and (iii).*

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 1510, Current Assets and Current Liabilities *IAS 1, Presentation of Financial Statements*	Section 1510 is **less comprehensive** than IAS 1 as IAS 1: (i) requires presentation in order of liquidity when such presentation provides information that is reliable and more relevant; and (ii) requires current classification of breached long-term liabilities unless refinancing is complete by the balance sheet date.	IASB and FASB have commenced a project on Financial Statement Presentation to improve the presentation of information in certain financial statements. AcSB intends to issue converged standards at the same time.	
Section 1520, Income Statement *IAS 1, Presentation of Financial Statements*	Section 1520 and the corresponding requirements of IAS 1 are **converged, except** that Section 1520 provides more specific guidance on the items to be disclosed in the income statement.	IASB and FASB have commenced a project on Financial Statement Presentation to improve the presentation of information in certain financial statements. AcSB intends to issue converged standards at the same time.	Work in process likely to reduce differences further, but also to result in significant change from present requirements and practices.
Section 1530, Comprehensive Income *IAS 1, Presentation of Financial Statements*	Section 1530 and the corresponding requirements of IAS 1 are **converged**.	IASB has issued an Exposure Draft, the proposals in which, if adopted, would limit the possible choices of presentation compared to those available in accordance with Canadian standards. AcSB has decided not to converge with the proposals in that Exposure Draft at this time. However, see also Section 1520 above.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 1540, Cash Flow Statements *IAS 7, Cash Flow Statements*	Section 1540 and IAS 7 are **converged, except** that IAS 7 does not prohibit the disclosure of cash flow per share amounts.	IASB and FASB have commenced a project on Financial Statement Presentation to improve the presentation of information in certain financial statements. AcSB intends to issue converged standards at the same time.	
Section 1581, Business Combinations *IFRS 3, Business Combinations*	Section 1581 and IFRS 3 are **converged, except** that IFRS 3: (i) requires the acquisition date to be the date on which the acquirer obtains control over the acquired entity or business; (ii) requires that shares issued as consideration be measured based on their fair value at the date of the exchange transaction; (iii) does not allow the use of the acquiree's share of the fair value of the net assets or equity instruments acquired if that is more reliably measurable, in determining the cost of a business combination; (iv) requires that contingent consideration be recognized when it is probable that it will be paid and can be reliably measured; (v) requires that any negative goodwill be recognized immediately in profit or loss; and (vi) requires the acquirer to recognize the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date (rather than the acquirer's share only), thus resulting in any non-controlling interest in the acquiree being stated at the non-controlling interest's portion of the net fair values of those items.	IASB and FASB have commenced a project on business combinations to develop new requirements for purchase method procedures. AcSB intends to issue converged standards at the same time.	Differences expected to be eliminated by work in process but also to result in change from present requirements and practices.

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 1590, Subsidiaries *IAS 27, Consolidated and Separate Financial Statements*	Section 1590 and IAS 27 are **converged, except** that IAS 27 assesses control at a point in time, whereas Section 1590 assesses control based on an entity's continuing ability to make strategic policy decisions. *(See also AcG-15, AcG-18, and SIC-12 below.)*	IASB and FASB have commenced a project on consolidation, which intends to develop a comprehensive definition of control. AcSB intends to issue converged standards at the same time.	Differences expected to be eliminated by work in process but also to result in change from present requirements and practices.
Section 1600, Consolidated Financial Statements *IAS 27, Consolidated and Separate Financial Statements* *IFRS 3, Business Combinations*	Section 1600 and IFRS 3 and IAS 27 are **converged, except** that IFRSs: (i) have less detail on dilution gains and step acquisitions; (ii) require non-controlling interests to be shown within equity separately from the parent shareholders' equity (as a consequence, non-controlling interest's share of net income is reported as an allocation within equity, rather than as income or expense in the income statement); and (iii) require non-controlling interests to be stated at their proportion of the net fair value of the acquired net assets, rather than at the subsidiary's carrying amount. *(See also Section 1581 above and AcG-18 below.)*	IASB and FASB have commenced projects on business combinations and consolidations to converge the standards. AcSB intends to issue converged standards at the same time.	Differences expected to be eliminated by work in process but also to result in change from present requirements and practices.
Section 3030, Inventories *IAS 2, Inventories*	Section 3030 is **less comprehensive** than IAS 2 as IAS 2: (i) requires inventories to be measured at the lower of cost and net realizable value ; (ii) contains more extensive guidance on the determination of cost, including guidance on the allocation of overhead; and (iii) requires recognition of a reversal arising from an increase in net realizable value(However, like IAS 2, Canadian practice would generally carry inventory at the lower of cost and net realizable value). IAS 2 also prohibits the last-in, first-out (LIFO) method of cost determination.	AcSB approved Section 3031, which replaces Section 3030. Section 3031 is substantially converged with IAS 2.	Differences for many entities expected to be eliminated by work in process but also to result in significant change from present requirements and practices. .

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 3051, Investments *IAS 28, Investments in Associates* *IAS 36, Impairment of Assets*	Section 3051 and the corresponding requirements in IAS 28 and IAS 36 are **converged**, **except** that IFRSs: (i) require an impairment to be recognized when the recoverable amount of an asset is less than the carrying amount, rather than when there is a significant or prolonged decline in value below the carrying amount; (ii) determine the impairment loss as being the excess of the carrying amount above the recoverable amount (the higher of fair value less costs to sell and value in use, calculated as the present value of future cash flows from the asset), rather than the excess of the carrying amount above the undiscounted future cash flows of the asset; and (iii) require the reversal of an impairment loss when the recoverable amount changes. *(See also AcG-18 below.)*	Convergence of impairment requirement identified as longer-term convergence project.	Convergence by FASB and IASB of impairment requirements before changeover will be strongly encouraged by the AcSB.
Section 3055, Interests in Joint Ventures *IAS 31, Investments in Joint Ventures*	Section 3055 **differs** from IAS 31 as IAS 31: (i) permits the use of either the proportionate consolidation method or the equity method to account for joint ventures; and (ii) excludes a venturer's interest in a joint venture held by a venture capital organization, mutual fund, unit trust or similar entity.	IASB has commenced a project to remove the option for accounting for interests in jointly controlled entities using the proportionate consolidation method. AcSB plans to consider similar revisions.	Work in process likely to reduce differences in accounting methods, but also to result in significant change from present requirements if IASB decides to eliminate the proportionate consolidation method.

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 3061, Property, Plant and Equipment *IAS 16, Property, Plant and Equipment* *IAS 36, Impairment of Assets* *IAS 40, Investment Property*	Section 3061 and IAS 16, IAS 36 and IAS 40 are **converged**, **except** that: (i) IAS 16 permits the revaluation of property, plant and equipment to fair value; (ii) IAS 16 requires the depreciable amount to be the asset cost less its residual value, rather than using the greater of the asset cost less its residual value or asset cost less its salvage value; (iii) IAS 36 requires discounting in determining the net recoverable amount of property, plant and equipment; (iv) IAS 40 allows investment property to be accounted for using a fair value or a cost-based model; (v) IFRSs contain an exemption from applying the GAAP hierarchy to develop accounting policies for exploration and evaluation activities; and (vi) IFRS 6 provides limited guidance on the financial reporting for exploration for, and evaluation of, mineral resources. (*See also AcG-16 and EIC-126 below.)*	IASB project on extractive industries is in progress. AcSB expects to reconsider its standards in conjunction with that project. Convergence of impairment requirements identified as longer-term convergence project.	AcSB will strongly encourage convergence by FASB and IASB of impairment requirements before changeover. Fair value options within IAS 16 and IAS 40 will not be converged until the changeover. *See comments in Category 2 and Category 3b).*

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 3062, Goodwill and Other Intangible Assets *IAS 36, Impairment of Assets* *IAS 38, Intangible Assets*	Section 3062 is **less comprehensive** than IAS 38 as IAS 38 provides more guidance on intangible assets. Also, IAS 38 permits revaluation at fair value for intangible assets that have an active market. Section 3062 and IAS 38 guidance on accounting for goodwill are **converged**. Section 3062 uses a **different model** from IAS 36 and IAS 38 for testing impairment as IAS 36: (i) includes identifiable indefinite life intangible assets in the cash-generating unit to which it relates; (ii) might require goodwill impairment assessments to be made below the level of the reporting unit, at the cash generating unit; and (iii) determines an impairment loss as the excess of the carrying amount above the recoverable amount of the cash generating unit to which the goodwill is allocated, rather than the difference between carrying amount and fair value of the reporting unit's goodwill. *(See also Section 3051and 3063.)*	Convergence of impairment requirements identified as longer-term convergence project. AcSB has issued an Exposure Draft on Internally Developed Intangible Assets (IDIA), the proposals would narrow the differences between Section 3062 and IAS 38. It is intended that the IDIA project will improve the convergence with IAS 38. IASB and FASB have identified intangible assets as a topic for longer-term convergence.	Convergence by FASB and IASB of impairment requirements before changeover will be strongly encouraged by the AcSB. The option to revalue intangibles to fair market when there is an active market will not be adopted until change over. *See comments in Category 3b).*

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 3063, Impairment of Long-lived Assets *IAS 36, Impairment of Assets*	Section 3063 **differs** from IAS 36 as IAS 36: (i) does not include a separate "trigger" for recognizing impairment losses based on an assessment of undiscounted cash flows; (ii) determines an impairment loss as the excess of the carrying amount of an asset or group of assets above the recoverable amount (the higher of fair value less costs to sell and value in use), rather than the difference between carrying amount and fair value; and (iii) requires the reversal of an impairment loss when there has been a change in estimates used to determine the recoverable amount. *(See also Section 3051 and 3062 above.)*	Convergence of impairment requirements identified as longer-term convergence project.	Convergence by FASB and IASB of impairment requirements before changeover will be strongly encouraged by the AcSB.
Section 3450, Research and Development Costs *IAS 38, Intangible Assets*	Section 3450 and IAS 38 are **converged, except** that IAS 38 allows for periodic revaluation of intangible assets that have an active market.	IASB and FASB are considering this topic in their short-term convergence project. The AcSB has a project on Internally Developed Intangible Assets that is intended to converge more closely with IAS 38.	The AcSB project will not eliminate the revaluation difference.

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 3465, Income Taxes *IAS 12, Income Taxes* *SIC-25, Income Taxes — Changes in the Tax Status of an Enterprise or Its Shareholders*	Section 3465 and IAS 12 are **converged, except** that IAS 12: (i) continues to allocate to equity any current-year deferred taxes on items that are related to an item charged to equity in a prior year ("backward tracing"); (ii) prohibits recognition of a deferred tax asset if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect accounting or taxable income at the time; (iii) requires recognition of a deferred tax liability or asset for temporary differences that arise on translation of non-monetary assets that are remeasured from the local currency to the functional currency using historical rates and result from changes in exchange rates and indexing for tax purposes; (iv) requires recognition of an income tax asset or liability when there is a temporary difference on intercompany transfers of assets; (v) requires the application of average tax rates; and (vi) addresses the consequences of a change in tax status of the entity. SIC-25 requires that the effects of such a change be allocated based on its origin.	IASB and FASB have commenced a project to converge their standards. AcSB intends to issue converged standards on income tax shortly after those resulting from this current joint IASB/FASB project.	Most differences expected to be eliminated by work in process. Treatment of uncertain tax positions. FASB has issued guidance for the accounting for uncertainty in income taxes that separates recognition from measurement. The IASB's approach requires that any uncertainty be reflected through the measurement via an expected outcome method. The AcSB plans to issue similar proposals to the IASB on this issue.
Section 3480, Extraordinary Items *IAS 1, Presentation of Financial Statements*	Section 3480 **differs** from IAS 1 as IAS 1 does not allow separate presentation of extraordinary items.	IASB and FASB have commenced a project on Financial Statement Presentation to improve the presentation of information in certain financial statements. AcSB intends to issue converged standards at the same time.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Section 3500, Earnings per Share *IAS 33, Earnings per Share*	Section 3500 and IAS 33 are **converged, except** that IAS 33: (i) does not require presentation of earnings per share for income and loss before discontinued operations and extraordinary items and (ii) does not allow rebuttal of the presumption of share settlement treatment on contracts that may be settled in shares or cash, based on past experience of contract settlements.	IASB has a current project that proposes to amend IAS 33. The AcSB intends to adopt the proposed changes and converge Section 3500 with revised IAS 33 when the IASB issues the revised standard.	Difference causing conflict expected to be eliminated by work in process.
Section 3863, Financial Instruments — Presentation *IAS 32, Financial Instruments: Presentation*	The presentation requirements of Section 3863 and IAS 32 are **converged, except** that IAS 32: (i) does not apply to insurance contracts; (ii) addresses the presentation of derivatives on an entity's own equity; and (iii) does not allow for initial measurement of a compound financial instrument using the relative fair value method.	FASB has commenced a project on liabilities and equity, with which IASB and AcSB expect to converge.	Differences (i) and (iii) are expected to be eliminated by work in process. *See Category 3 b)*
Section 4211, Life Insurance Enterprises — Specific Items *IFRS 4, Insurance Contracts* *IAS 36, Impairment of Assets* *IAS 40, Investment Property*	Section 4211 **differs** from IFRS 4, IAS 36 and IAS 40 as IFRSs: (i) provide limited guidance; (ii) do not address actuarial liabilities, reinsurance and retrocession, segregated accounts and income and distributions; (iii) do not permit presentation of discretionary participation features separately from liabilities and equity; and (iv) permit investment property to be measured at fair value versus the moving average market value method. *(See also Section 3051 above for differences regarding impairment testing and AcG-3, AcG-8 and AcG-9 below.)*	IASB has commenced a project to introduce new requirements for insurance contracts. Project is expected to become a joint IASB/FASB initiative. AcSB intends to issue harmonized requirements at the same time as IASB.	Differences expected to be eliminated by work in process.

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Accounting Guideline AcG-3, Financial Reporting by Property and Casualty Companies *IFRS 4, Insurance Contracts*	AcG-3 **differs** from IFRS 4 as IFRS 4 contains only limited requirements.	See Section 4211 above.	Differences expected to be eliminated by work in process.
Accounting Guideline AcG-8, Actuarial Liabilities of Life Insurance Enterprises — Disclosure *IAS 32, Financial Instruments: Presentation* *IFRS 4, Insurance Contracts*	AcG-8 is **more comprehensive** than IAS 32 and IFRS 4 as AcG-8 provides additional guidance as to how the requirements of Sections 1508 and 3861 are to be applied to actuarial liabilities.	See Section 4211 above.	Differences expected to be eliminated by work in process.
Accounting Guideline AcG-9, Financial Reporting by Life Insurance Enterprises *IFRS 4, Insurance Contracts*	AcG-9 **differs** from IFRS 4 as IFRS 4 contains only limited requirements.	See Section 4211 above.	Differences expected to be eliminated by work in process.
Accounting Guideline AcG-11, Enterprises in the Development Stage EIC-27, Revenues and Expenditures During the Pre-operating period *IAS 38, Intangible Assets*	AcG-11 **differs** from IAS 38 as IAS 38 precludes capitalizing intangibles that would be permitted by AcG-11. (For example, IAS 38 would not allow pre-operating costs to be capitalized as detailed in EIC-27, which interprets AcG-11.)	Current AcSB project on deferral of costs / internally developed intangible assets proposes to eliminate ability to capitalize pre-operating period expenses.	Differences expected to be eliminated by work in process.

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
1. AcSB expects to converge with IFRS before changeover because of a current or anticipated project			
Accounting Guideline AcG-15, Variable Interest Entities *SIC-12, Consolidation — Special Purpose Entities*	AcG-15 **differs** from SIC-12 as SIC-12: (i) does not deal with variable interest entities (VIEs) in the same manner, and relies on the general principles of consolidation; and (ii) is less detailed. However, both rely on similar underlying principles.	IASB and FASB have commenced a joint project on consolidations, which is considering accounting for VIEs. AcSB will consider similar revisions.	
Accounting Guideline AcG-18, Investment Companies *IAS 27, Consolidated and Separate Financial Statements* *IAS 28, Investments in Associate* *IAS 39, Financial Instruments: Recognition and Measurement*	AcG-18 **differs** from IFRSs as IFRSs do not contain any special treatments for accounting for investments by investment companies and for investment companies by its parent or equity method investor. The fair value treatment under AcG-18 differs from the consolidation method required by IAS 27 for subsidiaries and the equity method required by IAS 28 for associates subject to significant influence.	IASB and FASB have commenced a joint project on consolidation. AcSB intends to issue converged standards at the same time.	Most differences expected to be eliminated by work in process. Investments by investment companies will not be addressed before changeover. *See Category 3b).*

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
2. IASB project in process at changeover — AcSB will evaluate depending on progress of IASB project at changeover date			
Section 3061, Property, Plant and Equipment *IAS 16, Property, Plant and Equipment* *IAS 36, Impairment of Assets* *IAS 40, Investment Property* *IFRS 6, Exploration for and Evaluation of Mineral Resources*	Certain portions of Section 3061 and all of AcG-16 and EIC-126 are **more comprehensive** than IAS 16 with respect to mineral resources. Section 3061 does not contain an exemption from applying the GAAP hierarchy to develop accounting policies for exploration and evaluation activities. IFRS 6 provides limited guidance on the financial reporting for exploration for, and evaluation of, mineral resources. Some portions of Section 3061 and all of AcG-16, and EIC-126 are **more comprehensive** than IFRS 6 as IFRS 6 only provides guidance onthe exploration and the evaluation of mineral resources up to the point that technical feasibility and commercial viability of extracting is demonstrated. IFRS 6 would permit a form of full cost accounting only during the exploration and evaluation phases, but the full cost accounting model cannot be extended to development and production. *(See also AcG-16 and EIC-126 below.)*	IASB research project on extractive industries is in progress. AcSB expects to reconsider its standards in conjunction with that project.	
Section 3065, Leases *IAS 17, Leases*	Section 3065 and IAS 17 are **converged, except** that: (i) IAS 17 uses the term “finance lease” in the same manner as Section 3065 uses “capital lease”; (ii) IAS 17 does not subdivide finance leases into sales-type leases and direct financing leases; and (iii) disclosure requirements vary.	IASB and FASB have commenced a project on lease accounting, likely to result in a significantly different accounting model.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
2. IASB project in process at changeover — AcSB will evaluate depending on progress of IASB project at changeover date			
Section 3400, Revenue EIC-141, Revenue Recognition *IAS 11, Construction Contracts* *IAS 18, Revenue* *SIC-31, Revenue — Barter Transactions Involving Advertising Services*	Recognition criteria in Section 3400 and EIC 141 and IAS 11, IAS 18 and SIC-31 are **converged**, **except** that: (i) IAS 11 does not allow the completed contract method; (ii) IAS 11 provides more guidance on work in process; (iii) IAS 18 includes measurement standards requiring fair value for consideration received or receivable; (iv) SIC-31 deals with barter transactions involving advertising services specifically; (v) IFRSs do not provide specific guidance regarding goods with right of return, like EIC 141; and (vi) both sets of standards have application guidance in various other related standards. *(See also AcG-2 and AcG-4 below.)*	IASB and FASB have commenced a project on revenue recognition, likely to result in a significantly different accounting model.	.

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
2. IASB project in process at changeover — AcSB will evaluate depending on progress of IASB project at changeover date			
Section 3461, Employee Future Benefits *IAS 19, Employee Benefits*	Section 3461 and IAS 19 are **converged, except** that IAS 19: (i) requires plan assets to be measured at fair value for all purposes at all reporting dates; (ii) requires past service costs to be recognized on a straight-line basis over the average period until the amended benefits become vested; (iii) requires multi-employer plans with defined benefit characteristics to be accounted for as defined benefit plans; and (iv) permits a choice of recognizing actuarial gains and losses directly in equity in the period in which they occur, without subsequent recycling to net income.	IASB has issued an Exposure Draft proposing amendments to IAS 37, with complementary adjustments to the termination benefits requirements of IAS 19. The proposals include greater specificity regarding accounting for special involuntary termination benefits. The AcSB issued an Exposure Draft that requires recognition of the over/underfunded status of an entity's defined benefit plan on the balance sheet and measurement of plan assets and related obligations as at the balance sheet date. The proposals in the Exposure Draft would not change the benefit cost charged to expense in a period. Recognition of the funded status on the balance sheet is permitted but not required under IAS 19 and the benefit cost charged to expense in a period could differ in some respects. Employee benefits is identified as a longer-term convergence project.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
2. IASB project in process at changeover — AcSB will evaluate depending on progress of IASB project at changeover date			
Accounting Guideline AcG-2, Franchise Fee Revenue *IAS 18, Revenue*	AcG-2 is **more comprehensive** than IAS 18.	See Section 3400 above.	
Accounting Guideline AcG-4, Fees and Costs Associated with Lending Activities *IAS 18, Revenue*	AcG-4 is **more comprehensive** than IAS 18.	See Section 3400 above.	
Accounting Guideline AcG-12, Transfers of Receivables *IAS 39, Financial Instruments: Recognition and Measurement*	AcG-12 **differs** from IAS 39 as IAS 39: (i) addresses the derecognition of other financial instruments, such as securities lending transactions or sale and repurchase agreements; and (ii) does not focus on legal isolation, but on risks and rewards of ownership.	AcSB has a project to amend AcG-12 that intends to maintain convergence with U.S.GAAP. In the long-term, IASB, FASB and AcSB are all considering improvements to their standards on derecognition. However, the intention would be to converge with one another on any improvements.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
2. IASB project in process at changeover — AcSB will evaluate depending on progress of IASB project at changeover date			
Accounting Guideline AcG-16, Oil and Gas Accounting — Full Cost EIC-126, Accounting By Mining Enterprises For Exploration Costs *IAS 16, Property, Plant and Equipment* *IAS 36, Impairment of Assets* *IFRS 6, Exploration for and Evaluation of Mineral Resources*	AcG-16, EIC-126 and certain portions of Section 3061 are **more comprehensive** than IFRS 6 as IFRS 6 only provides guidance during exploration and evaluation of mineral resources up to the point that technical feasibility and commercial viability of extracting is demonstrated. IFRS 6 would permit a form of full cost accounting only during the exploration and evaluation phases but the full cost accounting model cannot be extended to the development and production phases. Accounting during these phases will generally be by analogy to IAS 16 and IAS 36.	IASB has commenced a research project on extractive industries. AcSB expects to reconsider its standards in conjunction with that project.	Differences expected to be eliminated by work in process.
3a). AcSB adoption of IFRSs at changeover — substantially converged currently			
Section 1100, Generally Accepted Accounting Principles *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*	Section 1100 and the corresponding requirements of IAS 8 are **converged, except** that Section 1100 provides a temporary exception for recognition and measurement of assets and liabilities arising from rate regulation.	AcSB issued an Exposure Draft that will eliminate the exception.	Remainder of Section 1100 is converged with IAS 8. Little change expected at changeover.
Section 1505, Disclosure of Accounting Policies *IAS 1, Presentation of Financial Statements*	Section 1505 and the corresponding requirements of IAS 1 are **converged, except** that IAS 1 requires disclosure of judgments made in the process of applying accounting policies. Certain Canadian standards on individual financial statement items require disclosure of assumptions.	None.	*See comment Section 3861 in category 1.*

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
3a). AcSB adoption of IFRSs at changeover — substantially converged currently			
Section 1535, Capital Disclosures *IAS 1, Presentation of Financial Statements*	Section 1535 and the corresponding requirements of IAS 1 are **converged**..		
Section 1701, Segment Disclosures *IFRS 8, Operating Segments*	Section 1701 and IAS 14 are converged except that: (i) IFRS 8 only applies to listed entities and those in the process of filing, (ii) IFRS 8 requires the disclosure of segment liabilities and (iii) IFRSs do not recognize extraordinary items.		
Section 3000, Cash *IAS 1, Presentation of Financial Statements*	Section 3000 and the corresponding requirements of IAS 1 are **converged**.	None.	
Section 3020, Accounts and Notes Receivable *IAS 1, Presentation of Financial Statements*	Section 3020 and the corresponding requirements of IAS 1 are **converged**.	None.	
Section 3040, Prepaid Expenses *IAS 1, Presentation of Financial Statements*	Section 3040 and the corresponding requirements of IAS 1 are **converged**.	None.	
Section 3210, Long-Term Debt *IAS 1, Presentation of Financial Statements*	Section 3210 and the corresponding requirements of IAS 1 are **converged**.	None.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
3a). AcSB adoption of IFRSs at changeover — substantially converged currently			
Section 3240, Share Capital *IAS 1, Presentation of Financial Statements*	Section 3240 and the corresponding requirements of IAS 1 are **converged**.	None.	
Section 3251, Equity *IAS 1, Presentation of Financial Statements*	Section 3251 and the corresponding requirements of IAS 1 are **converged**.	See Section 1520 above.	
Section 3260, Reserves *IAS 1, Presentation of Financial Statements*	Section 3260 and the corresponding requirements of IAS 1 are **converged**.	None.	
Section 3280, Contractual Obligations *IAS 1, Presentation of Financial Statements* *IAS 16, Property, Plant and Equipment*	Section 3280 and the corresponding requirements of IAS 1 and IAS 16 are **converged**.	None.	
Section 3475, Long-Lived Assets and Discontinued Operations *IFRS 5, Non-current Assets Held for Sale and Discontinued Operations*	Section 3475 and IFRS 5 are **converged, except** that IFRS 5 contains a more restrictive definition of a discontinued operation;	IASB and FASB have commenced a project on Financial Statement Presentation to improve the presentation of information in certain financial statements and will define discontinued operations. AcSB intends to issue converged standards at the same time.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
3b). AcSB adoption of IFRSs at changeover — no further changes before changeover			
Section 1400, General Standards of Financial Statement Presentation *IAS 1, Presentation of Financial Statements*	IAS 1 differs from 1400 because IAS 1 (i) permits departure from standards on grounds of fair presentation if the relevant regulatory framework for the enterprise permits or requires such a departure; and (ii) does not permit comparative information to be omitted in the rare circumstances when it is not meaningful.		The exemption in (i) allowing for departure from IAS 1 if another method provides a “true and fair” presentation is rarely applied.
Section 1506, Accounting Changes *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*	Section 1506 differs from IAS 8 because IAS 8 allows an entity to be exempt from the requirement to restate prior periods for the correction of an error on grounds of impracticability.	AcSB decided not to adopt this aspect of IAS 8 in its project to revise Section 1506.	This is also a difference between IFRSs and US GAAP. The AcSB decided to maintain convergence with US GAAP on this aspect until changeover.
Section 1508, Measurement Uncertainty *IAS 1, Presentation of Financial Statements* *IAS 37, Provisions, Contingent Liabilities and Contingent Assets*	Section 1508 and the corresponding requirements of IAS 1 and IAS 37 are **converged, except** that IFRSs: (i) contain additional disclosure requirements; and (ii) do not allow an exemption from these disclosures, including the recognized amount, based on seriously prejudicial circumstances.	None.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
3b). AcSB adoption of IFRSs at changeover — no further changes before changeover			
Section 1651, Foreign Currency Translation EIC-130, Translation Method When the Reporting Currency Differs from the Measurement Currency or There is a Change in the Reporting Currency *IAS 21, The Effects of Changes in Foreign Exchanges Rates* *IAS 29, Financial Reporting in Hyperinflationary Economies*	Section 1651 and EIC-130 and IAS 21 are **converged, except** that IAS 21 requires that non-monetary items measured at fair value be translated at the date when the fair value was determined rather than the balance sheet date. For accounting in highly inflationary environments, IAS 29 is more comprehensive than Section 1651, including providing requirements for restating financial statements to an inflation-adjusted basis before translation.	None.	
Section 1751, Interim Financial Statements *IAS 34, Interim Financial Reporting*	Section 1751 and IAS 34 are **converged, except** that: (i) IAS 34 contemplates providing a condensed set of financial statements; (ii) IAS 34 does not require the presentation of a cash flow statement for the current interim period, only for the cumulative period; (iii) IAS 34 precludes the deferral, in interim periods, of manufacturing cost variances that are expected to be absorbed by year end; and (iv) IAS 34 treats the initial recognition of a previously unrecognized income tax asset as an adjustment to the estimated average annual effective income tax rate used in determining interim period tax expense, rather than as a separate item of the income tax expense.	None.	
Section 3025, Impaired Loans *IAS 39, Financial Instruments: Recognition and Measurement*	Section 3025 and related requirements in IAS 39 are **converged**, **except** that IAS 39 is more stringent regarding general loan loss allowances.	None.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
3b). AcSB adoption of IFRSs at changeover — no further changes before changeover			
Section 3061, Property, Plant and Equipment *IAS 16, Property, Plant and Equipment (revaluation aspects)* *IAS 40, Investment Property*	IAS 16 permits the revaluation of property, plant and equipment to fair value, and requires the depreciable amount to be the asset cost less its residual value, rather than using the greater of the asset cost less its residual value or asset cost less its salvage value. IAS 40 allows investment property to be accounted for using a fair value or a cost-based model		
Section 3062, Goodwill and Other Intangible Assets *IAS 36, Impairment of Assets* *IAS 38, Intangible Assets*	Section 3062 is **less comprehensive** than IAS 38 as IAS 38 provides more guidance on intangible assets. Also, IAS 38 permits revaluation at fair value for intangible assets that have an active market. Section 3062 and IAS 38 guidance on accounting for goodwill are **converged**. *(See also Section 3051and 3063 in category 1 above.)*	AcSB has issued an Exposure Draft on internally developed intangible assets, the proposals of which would narrow the differences between Section 3062 and IAS 38. However, the Exposure Draft does not include some of the specific exclusions and inclusions found in IAS 38. IASB and FASB have identified intangible assets as a topic for longer-term convergence.	The option to revalue intangibles to fair market when there is an active market will not be adopted until changeover.
Section 3110, Asset Retirement Obligations EIC-159 , Conditional Asset Retirement Obligations *IAS 37, Provisions, Contingent Liabilities and Contingent Assets*	Section 3110 is **more comprehensive** than the corresponding requirements of IAS 37. Also, IAS 37 requires the use of management's best estimate of the enterprise's cash outflows, rather than fair value measurement on initial recognition, and requires the use of current interest rates in each estimate.	IASB has issued an Exposure Draft proposing amendments to IAS 37, however, the differences noted will remain. AcSB is not undertaking a project to adopt the proposals in that Exposure Draft at this time.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
3b). AcSB adoption of IFRSs at changeover — no further changes before changeover			
Section 3290, Contingencies *IAS 37, Provisions, Contingent Liabilities and Contingent Assets*	Section 3290 and IAS 37 are **converged, except** that when a contingency under IAS 37 meets recognition criteria it is treated as a provision, or if it is a debit balance it is recognized as an asset when realization of income is virtually certain. *(See also AcG-14 below.)*	IASB has issued an Exposure Draft proposing amendments IAS 37. AcSB is not undertaking a project to adopt the proposals in that Exposure Draft at this time.	If IASB Exposure Draft is adopted, differences could be significant for those affected. *See Category 4 comments regarding provisions in IAS 37.*
Section 3800, Government Assistance *IAS 20, Accounting for Government Grants and Disclosure of Government Assistance* *SIC-10, Government Assistance — No Specific Relation to Operating Activities*	Sections 3800, IAS 20 and SIC-10 are **converged, except** that IAS 20: (i) permits, and provides guidance on, the recognition of non-monetary government grants at zero; and (ii) provides guidance on biological assets.	IASB has deferred consideration of changes to IAS 20 to address accounting for government grants using a fair value model until further work is completed on IAS 37 and IAS 41. This is also a topic for short-term convergence with U.S. GAAP. AcSB may consider similar revisions.	
Section 3820, Subsequent Events *IAS 10, Events After the Balance Sheet Date*	Section 3820 and IAS 10 are **converged, except** that IAS 10: (i) requires reporting of subsequent events to the date of authorization for issue of financial statements; and (ii) requires disclosure of the date of authorization for issue and who gave that authorization.	None.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
3b). AcSB adoption of IFRSs at changeover — no further changes before changeover			
Section 3831, Non-Monetary Transactions *IAS 16, Property, Plant and Equipment* *IAS 38, Intangible Assets* *IAS 40, Investment Property* *SIC-31, Revenue — Barter Transactions Involving Advertising Services*	Section 3831 is **more comprehensive** than IAS 16, IAS 38, and IAS 40 as Section 3831 applies to a broader range of non-monetary transactions. Sections 3400 and 3831 provide **less comprehensive** guidance than SIC-31 on barter transactions involving advertising services.	None.	
Section 3840, Related Party Transactions *IAS 24, Related Party Transactions*	Section 3840 **differs** from IAS 24 as IAS 24 does not contain requirements for measuring related party transactions or guidance on the resulting treatment of any gains and losses. Also, IAS 24 does not exclude from its scope management compensation arrangements, expense allowances and similar payments to individuals in the normal course of operations. Section 3840 and IAS 24 disclosure requirements are **converged**.	The IASB issued and Exposure Draft that amends IAS 24 to address disclosure of transactions by state-controlled entities and transactions between a subsidiary of a significant investor of an associate and the associate.	

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
3b). AcSB adoption of IFRSs at changeover —no further changes before changeover			
Section 3850, Interest Capitalized — Disclosure Considerations *IAS 23, Borrowing Costs*	Section 3850 **differs** from IAS 23 as IAS 23 does not allow the expensing of borrowing costs to the extent they are directly attributable to acquisition, production and construction of a qualifying asset. IAS 23 also includes guidance on how to determine the amount of borrowing costs eligible for capitalization.	None. The AcSB does not plan to adopt the IASB's recent amendment to IAS 23 eliminating the option of expensing borrowing costs to the extent they are directly attributable to acquisition, production and construction of a qualifying asset.	
Section 3855, Financial Instruments — Recognition and Measurement *IAS 39, Financial Instruments: Recognition and Measurement*	Section 3855 and IAS 39 are **converged, except** that IAS 39: (i) restricts the circumstances in which the option to measure a financial instrument at fair value through profit or loss is available; (ii) requires quoted loans to be measured at fair value through profit or loss, whereas Section 3855 classifies these as loans and receivables and accounts for them at amortized cost (other than debt securities, which may be classified as held for trading, held to maturity or available for sale); (iii) requires all available-for-sale financial assets to be measured at fair value unless fair value is not reliably determinable, whereas Section 3855 requires non-quoted equity instruments classified as available for sale to be measured at cost; (iv) requires foreign exchange gains and losses on available-for-sale financial assets to be recognized immediately in net income; (v) does not allow a choice of accounting policy for transaction costs; (vi) does not address financial instruments exchanged or issued in related party transactions; and (vii) requires reversal of impairment losses.	In the long-term, IASB, FASB and AcSB are all considering improvements to their standards on financial instruments. However, the intention would be to converge with one another on any improvements.	

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
3b). AcSB adoption of IFRSs at changeover — no further changes before changeover			
Section 3861, Financial Instruments — Disclosure and Presentation *IAS 32, Financial Instruments: Presentation* *IFRS 7, Financial Instruments: Disclosures*	The presentation requirements of Section 3861 and IAS 32 are **converged, except** that IAS 32: (i) does not apply to insurance contracts whereas IFRS 4 requires the disclosure as specified in IAS 32; (ii) addresses the presentation of derivatives on an entity's own equity; and (iii) does not allow for initial measurement of a compound financial instrument using the relative fair value method. The disclosure requirements of IFRS 7 are generally **more comprehensive** than Section 3861 as IFRS 7: (i) requires only that entities disclose information that enables users of their financial statements to evaluate the significance of financial instruments, rather than specific contractual terms and conditions of financial instruments; (ii) requires disclosures about financial instruments classified into (as well as out of) a fair value classification; (iii) requires more specific disclosures about collateral; (iv) requires disclosure of the existence of multiple embedded derivatives whose values are interdependent, when these are contained in an instrument having both a liability and an equity component; (v) does not encourage (or require) disclosures about average aggregate carrying amounts during the year, average aggregate principal during the year, or average aggregate fair value during the year; (vi) requires disclosure of the disposition of any inception profit that might result from the use of a valuation technique used to measure a financial instrument that has no active market price; (vii) requires extensive disclosures about exposures to liquidity, currency and other price risks; and (viii) requires an analysis of the sensitivity of net income to possible changes in market risk factors.	FASB has commenced a project on liabilities and equity, with which IASB and AcSB expect to converge (i) and (iii) of the presentation differences.	Section 3861 can be applied only to insurance contracts by entities choosing not to apply the disclosures required in Section 3862. See Section 3862

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
3b). AcSB adoption of IFRSs at changeover — no further changes before changeover			
Section 3862, Financial Instruments — Disclosure *IFRS 7, Financial Instruments: Disclosures*	The disclosure requirements of Section 3862 and IFRS 7 are **converged, except** that IFRS 7: (i) does not apply to insurance contracts, however IFRS 4 requires the disclosure as specified in IFRS 7; (ii) does apply to partially de-recognized assets; (iii) requires disclosure of any remedy or renegotiation on the terms of a loan in default obtained prior to the financial statements being 'authorised for issue' versus 'completed'; and (iv) requires less specific disclosures about hedging transactions.		
Section 3863, Financial Instruments — Presentation *IAS 32, Financial Instruments: Presentation*	The presentation requirements of Section 3863 and IAS 32 are **converged, except** that IAS 32 addresses the presentation of derivatives on an entity's own equity		
Section 3865, Hedges *IAS 39, Financial Instruments: Recognition and Measurement*	Section 3865 and IAS 39 are **converged, except** that IAS 39 permits fair value hedge accounting for a portfolio hedge of interest rate risk.	In the long-term, IASB, FASB and AcSB are all considering improvements to their standards on financial instruments. However, the intention would be to converge with one another on any improvements.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
3b). AcSB adoption of IFRSs at changeover — no further changes before changeover			
Section 3870, Stock-Based Compensation and Other Stock-Based Payments *IFRS 2, Share-based Payments*	Section 3870 and IFRS 2 are **converged, except** that IFRS 2: (i) does not provide an exemption for the recognition of an expense when an employee share purchase plan provides a discount to employees that does not exceed the per-share amount of share issuance costs that would have been incurred to raise a significant amount of capital by a public offering and is not extended to other holders of the same class of shares; (ii) defaults to using the fair value of the non-tradable equity instruments granted if the value of received goods or non-employee service is not reliably measurable; (iii) requires that share-based payments to non-employees be measured at the date the entity obtains the goods or the counterparty renders service; (iv) requires cash-settled share-based payments are measured at the fair value of the liability not intrinsic value; (v) requires the transaction to be accounted for as a cash-settled transaction if the entity has incurred a liability to settle in cash or other assets, or as an equity-settled transaction if no such liability has been incurred; and (vi) is more detailed about how to deal with a modification of an award.	IASB issued an Exposure Draft proposing to restrict the vesting conditions to service or performance conditions (consistent with 3870) and clarify the treatment of cancellations by parties other than the entity.	.
Section 4100, Pension Plans *IAS 26, Accounting and Reporting by Retirement Benefit Plans*	Section 4100 **differs** from IAS 26 as IAS 26: (i) does not require a statement of changes in net assets available for benefits; (ii) does not require information on pension obligations be included in the statements of a defined contribution plan; and (iii) permits the actuarial valuation with or without salary projection and without prorating the effect.	None.	The AcSB has yet to conclude on whether to adopt IAS 26 at changeover.

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
3b). AcSB adoption of IFRSs at changeover — no further changes before changeover			
Accounting Guideline AcG-14, Disclosure of Guarantees *IAS 37, Provisions, Contingent Liabilities and Contingent Assets* *IAS 39, Financial Instruments: Recognition and Measurement*	AcG-14 **differs** from IAS 37 as: (i) IAS 37 addresses recognition and measurement requirements for non-financial guarantees, as well as disclosure; and (ii) IAS 37 addresses subsequent measurement more extensively than Section 3290.	IASB has issued an Exposure Draft amending aspects of IAS 37 (see 3290 above). The proposed changes will not eliminate the differences with AcG-14.	
Accounting Guideline AcG-18, Investment Companies *IAS 27, Consolidated and Separate Financial Statements* *IAS 28, Investments in Associate* *IAS 39, Financial Instruments: Recognition and Measurement*	AcG-18 **differs** from IFRSs as IFRSs do not contain any special treatments for accounting for investments by investment companies and for investment companies by its parent or equity method investor. The fair value treatment under AcG-18 differs from the consolidation method required by IAS 27 for subsidiaries and the equity method required by IAS 28 for associates subject to significant influence.		Investments by investment companies will not be addressed before changeover.
4. IASB standards that have no Canadian counterpart and will be adopted at changeover			
IFRS 1, First-time Adoption of International Financial Reporting Standards	There is no Canadian standard providing exceptions to the normal basis of application when a new basis of accounting is applied for the first time. The usual requirements for changes in accounting policies would apply (see Section 1100 and Section 1506 above).	None.	AcSB will consider whether there is any need for exceptions for Canadian first-time adoption of IFRSs.

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
4. IASB standards that have no Canadian counterpart and will be adopted at changeover			
IAS 37, Provisions, Contingent Liabilities and Contingent Assets	IAS 37 requires a best estimate of the obligation or, when there is a large population of items, that an expected value method be applied in measuring liability provisions. If the time value of money is material, then discounting should be applied. Canadian standards dealing with "provisions" are limited to the application of the definition of a liability in Section 1000.	IASB has issued an Exposure Draft of amendments to aspects of IAS 37 in conjunction with the IASB/FASB joint project on business combinations. AcSB is not undertaking a project to adopt the proposals in that Exposure Draft at this time..	
IAS 41, Agriculture	IAS 41 provides specific guidance in dealing with agriculture. For example, IAS 41 requires that biological assets, as defined, be measured at fair value less estimated point-of-sale costs.		This will not be addressed in the current Canadian project on inventories.
5. Canadian standards that have no IFRS counterpart — AcSB to consider disposition of Sections			
Section 1300, Differential Reporting	There is **no corresponding IFRS**. All entities adopting IFRSs apply the standards in full.	IASB issued an Exposure Draft on accounting standards for small- and medium-sized entities (SMEs), which may develop alternative guidance for such entities.	
Section 1625, Comprehensive Revaluation of Assets and Liabilities	There is **no corresponding IFRS**.	None.	

Canadian standards ***IASB equivalents***	**Comparison of accounting treatments**	**Work in process**	**Comments**
5. Canadian standards that have no IFRS counterpart — AcSB to consider disposition of Sections			
Section 1800, Unincorporated Businesses	There is **no corresponding IFRS**.	IASB issued an Exposure Draft on accounting standards for small- and medium-sized entities, which may develop guidance applicable to some such entities.	
Section 3610, Capital Transactions	There is **no corresponding IFRS**.	None.	
Section 3805, Investment Tax Credits	There is **no corresponding IFRS**. IAS 12, *Income taxes*, and IAS 20, *Accounting for Government Grants and Disclosures of Government Assistance*, specifically scope out investment tax credits.	IASB and FASB have commenced a project to converge their income tax standards. AcSB intends to issue converged standards on income tax shortly after those resulting from this current joint IASB/FASB project.	Difference may be eliminated by work in process.
Section 3841, Economic Dependence	There is **no corresponding IFRS**.	None.	
Section 4250, Future-Oriented Financial Information	There is **no corresponding IFRS**.	None.	
Sections 4400-4460, Not-for-Profit Organizations	There are **no corresponding IFRSs**.	AcSB Not-for-Profit Advisory Committee is considering improvements to Sections 4400-4460.	
Accounting Guideline AcG-7, The Management Report	There is **no corresponding IFRS**.	None.	

Canadian standards *IASB equivalents*	Comparison of accounting treatments	Work in process	Comments
5. Canadian standards that have no IFRS counterpart — AcSB to consider disposition of Sections			
Accounting Guideline AcG-19, Disclosures by Entities Subject to Rate Regulation	There is **no corresponding IFRS**.	None.	

The following table of concordance relates each International Financial Reporting Standard and Interpretation issued as of March 31, 2007 to corresponding CICA Handbook – Accounting material. (EIC Abstracts no longer effective at March 31, 2007, and hence to be withdrawn, are not included.)

	International Financial Reporting Standards	**Handbook Sections**	**Accounting Guidelines**	**EIC Abstracts**
IAS 1	Presentation of Financial Statements	1000, 1300, 1400, 1505, 1508, 1510, 1520, 1530,1535, 3000, 3020, 3210, 3240, 3251, 3260, 3480		59, 122
IAS 2	Inventories	3030		
—	IAS 3 has been superseded by IAS 27 and IAS 28	—		
—	IAS 4 has been superseded by IAS 36 and IAS 38	—		
—	IAS 5 has been superseded by IAS 1	—		
—	IAS 6 has been superseded by IAS 15	—		
IAS 7	Cash Flow Statements	1540, 1651		34, 47
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1100, 1506, 3480, 3610		
—	IAS 9 has been superseded by IAS 38			
IAS 10	Events After the Balance Sheet Date	3820		
IAS 11	Construction Contracts	1505, 1508, 3030, 3400		65, 78
IAS 12	Income Taxes	1300, 3465		120, 136, 146
—	IAS 13 has been superseded by IAS 1	—		
	IAS 14 has been superseded by IFRS 8			
—	IAS 15 has been withdrawn	—		
IAS 16	Property, Plant and Equipment	1400, 1506, 1520, 3061, 3280, 3831		27, 80, 86, 126
IAS 17	Leases	1520, 3065		19, 21, 25, 30, 46, 52, 61, 85, 97,150
IAS 18	Revenue	3400	2, 4	65, 123, 141, 142, 143, 156
IAS 19	Employee Benefits	3461		134, 162
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1520, 3800		
IAS 21	The Effects of Changes in Foreign Exchange Rates	1651		130
—	IAS 22 has been superseded by IFRS 3	—		
IAS 23	Borrowing Costs	1505, 3061, 3850		12
IAS 24	Related Party Disclosures	3840		79, 83
—	IAS 25 has been superseded by IAS 39 and IAS 40	—		
IAS 26	Accounting and Reporting by Retirement Benefit Plans	4100		
IAS 27	Consolidated and Separate Financial Statements	1300, 1590, 1600, 3051	15	163

Implementation Plan for Incorporating IFRSs into Canadian GAAP -Appendix B

	International Financial Reporting Standards	Handbook Sections	Accounting Guidelines	EIC Abstracts
IAS 28	Investments in Associates	1300, 3051	18	8
IAS 29	Financial Reporting in Hyperinflationary Economies	1651		
—	IAS 30 has been superseded by IFRS 7	—		
IAS 31	Interests in Joint Ventures	1300, 3055, 3831	18	38,
IAS 32	Financial Instruments: Presentation	1300, 3863		50, , 69, 70, 74, 75, 94, 96, 148, 149
IAS 33	Earnings per Share	3500		10, 40, 50,155
IAS 34	Interim Financial Reporting	1505, 1751, 3461, 3870		
—	IAS 35 has been superseded by IFRS 5	—		
IAS 36	Impairment of Assets	1581, 3025, 3051, 3061, 3062, 3063, 4211		61, 64, 126, 129, 133, 136, 152
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1000, 1508, 3110, 3280, 3290, 3475	14	91, 134, 135, 159
IAS 38	Intangible Assets	1581,3061,3062, 3450		55, 86, 118
IAS 39	Financial Instruments: Recognition and Measurement	1300, 1651, 3025, 3855, 3865	12, 14, 18	69, 88, 96, 101,
IAS 40	Investment Property	3061		
IAS 41	Agriculture	—		
IFRS 1	First-time Adoption of International Financial Reporting Standards	—		
IFRS 2	Share-based Payment	3870		127, 132
IFRS 3	Business Combinations	1300, 1581, 1600, 3062		10, 14, 42, 55, 64, 66, 73, 76, 94, 114, 119, 124, 125, 127, 137, 140, 152, 154
IFRS 4	Insurance Contracts	4211	3,8,9	
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	3475		135, 153,161
IFRS 6	Exploration for and Evaluation of Mineral Resources	3061, 3063	11,16	126,,152,160
IFRS 7	Financial Instruments: Disclosures	3025, 3862		
IFRS 8	Operating Segments	1701		115

IFRSs do not generally apply to not-for-profit organizations and, accordingly, there are no IFRSs corresponding to Handbook Sections 4400, 4410, 4420, 4430, 4440, 4450 and 4460.

	Interpretations of International Financial Reporting Standards	Handbook Sections	Accounting Guidelines	EIC Abstracts
SIC-7	Introduction of the Euro (IAS 21)			
SIC-10	Government Assistance — No Specific Relation to Operating Activities (IAS 20)	3800		
SIC-12	Consolidation — Special Purpose Entities (IAS 27)		15	157
SIC-13	Jointly Controlled Entities — Non-monetary Contributions by Venturers (IAS 31)	3055, 3831		
SIC-15	Operating Leases — Incentives (IAS 17)	3065		21
SIC-21	Income Taxes — Recovery of Revalued Non-Depreciable Assets (IAS 12, IAS 16)	3061, 3465		
SIC-25	Income Taxes — Changes in the Tax Status of an Entity or its Shareholders (IAS 12)	3465		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease (IAS 1, IAS 17, IAS 18)	3065, 3400		
SIC-29	Disclosure — Service Concession Arrangements (IAS 1)			
SIC-31	Revenue — Barter Transactions Involving Advertising Services (IAS 18)	3400		
SIC-32	Intangible Assets — Web Site Costs (IAS 38)	3061, 3062		86, 118
IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities (IAS 1, IAS 8, IAS 16, IAS 23, IAS 36, IAS 37)	—		
IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments (IAS 32, IAS 39)	3861		
	IFRIC-3 -Emission Rights has been withdrawn	—		
IFRIC-4	Determining whether an Arrangement Contains a Lease (IAS 8, IAS 16, IAS 17, IAS 38)	3065		150
IFRIC-5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (IAS 8, IAS 27, IAS 28, IAS 31, IAS 37, IAS 39)	—		
IFRIC-6	Liabilities Arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment	—		
IFRIC-7	Applying the Restatement Approach Under IAS 29, *Financial Reporting in Hyperinflationary Economies*	—		
IFRIC-8	Scope of IFRS 2	3870		
IFRIC-9	Reassessment of Embedded Derivatives (IAS 39)	3855		

	Interpretations of International Financial Reporting Standards	Handbook Sections	Accounting Guidelines	EIC Abstracts
IFRIC-10	Interim Financial Reporting and Impairment (IAS 39, IFRS 1)	1751, 3062, 3855		
IFRIC-11	IFRS–2 – Group and Treasury Share Transactions	3870		
IFRIC-12	Service Concession Arrangements (IAS 18)	3400		