Investment fund issuers will begin filing their first IFRS annual financial statements in the first quarter of 2015. In light of this, we are providing a tip sheet that lists key elements that are required in the first IFRS annual financial statements of calendar year-end investment funds. Please note that this publication is not meant to be a complete checklist for all of the requirements under IFRS and securities legislation for annual financial statements, but rather a quick reference tool.

**Statement of compliance with IFRS**

Securities rules require annual financial statements to be prepared in accordance with Canadian generally accepted accounting principles applicable to publicly accountable enterprises and to disclose an unreserved statement of compliance with IFRS. IFRS states that an issuer shall not describe financial statements as complying with IFRS unless they comply with all the requirements of IFRS. Issuers should note that the annual statement of compliance differs from the statement of compliance with IAS 34 *Interim Financial Reporting* that was included in the interim filings. We also remind investment fund issuers that the audit report accompanying their annual financial statements must also make reference to IFRS.

**Opening IFRS Statement of financial position**

We expect all investment funds to comply with the requirement in IFRS 1 *First-time Adoption of International Financial Reporting Standards* (IFRS 1) and subsection 18.5.1(2) of National Instrument 81-106 *Investment Fund Continuous Disclosure* to provide an opening IFRS statement of financial position at the date of transition to IFRS (the Opening Statement). The Opening Statement is required to be presented on the face of the financial statements.

**Change in accounting policies in the year of IFRS adoption**

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* does not apply to changes in accounting policies an issuer makes in the year of adopting IFRS. If an investment fund issuer changes its accounting policies (including early adoption of new IFRS standards) in its first IFRS annual financial statements from those applied in previously issued interim financial reports, it should follow paragraph 27A of IFRS 1, which requires the investment fund issuer to explain such changes in the annual financial statements, as well as to update the reconciliations required to be included in those statements. Similar disclosure should be provided for a change in the use of IFRS 1 exemptions. Investment funds are also reminded that accounting policy changes that are applied retrospectively should be reflected in the comparative amounts in the annual financial statements, including the Opening Statement.

If an investment fund issuer changes its accounting policies subsequent to filing its first interim financial report, it should also be aware of the disclosure requirement in the management report of fund performance (MRFP) to discuss all significant factors that have affected performance of the investment fund (Part B, item 2.3 of Form 81-106F1 *Content Requirements for Annual Management Report of Fund Performance*). The investment fund should include a discussion in its annual MRFP of the effect of these accounting policy changes on the results of operations.

January 23, 2015

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1 New funds that started in 2013 should refer to the discussion in IFRS Release No. 3 *Outcomes from the Review of First IFRS Interim Financial Reports*, issued on December 19, 2014.
Check for inclusion of the following items before you file your first IFRS annual financial statements for the year-ending December 31, 2014.

**Financial statements**

- Include all of the following on the face of the financial statements:
  - Statements of financial position as at:
    - December 31, 2014
    - December 31, 2013
    - January 1, 2013
  - Statements of comprehensive income for the year ending:
    - December 31, 2014
    - December 31, 2013
  - Statements of changes in financial position for the year ending:
    - December 31, 2014
    - December 31, 2013
    (ensure the statements of changes in equity include all components of equity)
  - Statements of cash flows for the year ending:
    - December 31, 2014
    - December 31, 2013
  - Statement of investment portfolio:
    - December 31, 2014

**Notes to financial statements**

- Include an unreserved statement of compliance with IFRS
- Include a summary of significant accounting policies
- Include an explanation of the basis for classifying the fund’s own securities as equity instruments or financial liabilities
- Include a reconciliation of net asset value (NAV) per security compared to net assets attributable to securityholders per security and an explanation of each of the differences between these amounts, if NAV is different from net assets
- Include all of the following IFRS 1 reconciliations (with sufficient detail to enable a user to understand the material adjustments):
  - Equity reconciliations for:
    - January 1, 2013
    - December 31, 2013
  - Total comprehensive income reconciliations for:
    - The year ended December 31, 2013
  - Explain any material adjustments to the statement of cash flows, if a statement of cash flows was presented under pre-changeover Canadian GAAP

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2 Or the date of transition to IFRS for new funds that started in 2013. Please refer to IFRS Release No. 3 Outcomes from the Review of First IFRS Interim Financial Reports, issued on December 19, 2014.

3 Section 2.5.1 of Companion Policy 81-106CP Investment Fund Continuous Disclosure discusses that, while the term “statement of investment portfolio” is used in securities law, preparers of the financial statements may refer to it as a “schedule of investment portfolio” within a complete set of investment fund financial statements.

4 Or a reconciliation of NAV per security compared to total equity per security, if the fund’s own securities are classified as equity.