

OSC Corporate Finance – IFRS Release No. 5

FIRST IFRS ANNUAL FINANCIAL STATEMENTS – TIPS FOR YEAR END

Issuers will begin filing their first IFRS annual financial statements in the first quarter of 2012. In light of this, we are providing you with a new tip sheet that lists the key elements that are required in the first IFRS annual financial statements in order to lessen the possibility of a restatement. Please see the attached tip sheet, which is for calendar year-end companies. If your company has a [March 31](#), [June 30](#), or [September 30](#) year-end, please refer to the OSC website for the tip sheets.

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 to enable an issuer to avoid certain significant deficiencies in their filings.

Some Important Reminders

Filing due date

Issuers are reminded that there is no filing extension for the annual filings. The 30-day extension to the filing due date available to issuers filing their first IFRS interim financial report is not available for the filing of the first annual financial statements. Please refer to the [Filing Due Dates Calendar for Annual & Interim Filings by Reporting Issuers](#) on the OSC website.

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 Reporting* that was included in interim filings. We also remind issuers that the audit report accompanying their annual financial statements must also make reference to IFRS.

Opening IFRS statement of financial position

Both securities rules and IFRS require that an issuer present its opening IFRS statement of financial position in its first IFRS annual financial statements. This transition date statement of financial position is important as it is the issuer's starting point for its accounting under IFRS. IFRS 1 *First-time Adoption of International Financial Reporting Standards* (IFRS 1) states that to comply with IFRS, an issuer's first IFRS annual financial statements shall include at least three statements of financial position, one for each of the comparative years, and the third being the opening IFRS statement of financial position. This opening statement of financial position is required to be presented on the face of the financial statements.

OSC

Ontario Securities Commission
Corporate Finance Branch

December 13, 2011

(For OSC IFRS related publications, please visit the OSC website at www.osc.gov.on.ca/IFRS)



Ontario

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. Therefore, if an 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 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. Issuers 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 of financial position.

Issuers should also be aware of the MD&A disclosure requirements when voluntarily changing their accounting policies in the first year of adopting IFRS. [CSA Staff Notice 52-328 Disclosures About Accounting Policies in the Year of Changeover to International Financial Reporting Standards](#) states that if an issuer changes its accounting policies subsequent to filing its first interim financial report (other than due to the early adoption of a new or revised IFRS standard), the issuer should include disclosure in its MD&A to address Item 1.13(b) of Form 51-102F1 to the extent that the information has not been included in the annual financial statements. Please refer to the CSA Staff Notice for more detail.

Questions

Questions may be referred to:

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ANNUAL 2011 FILING TIP SHEET

(for calendar year-end companies)

Check for inclusion of the following items before you file your first IFRS annual financial statements for the year-ending December 31, 2011. (The dates provided below apply to calendar year-end companies only and assume a transition date of January 1, 2010.)

Financial statements

- Include all of the following on the face of the financial statements:
 - Statements of financial position as at:
 - December 31, 2011 December 31, 2010 January 1, 2010
 - Statements of comprehensive income for the year ending:
 - December 31, 2011 December 31, 2010
 - Statements of changes in equity for the year ending:
 - December 31, 2011 December 31, 2010

(ensure the statements of changes in equity include all components of equity)
 - Statements of cash flows for the year ending:
 - December 31, 2011 December 31, 2010

Notes to financial statements

- Include notes to the annual financial statements.
- Include an unreserved statement of compliance with IFRS.
- Summary of significant accounting policies.
- 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, 2010 December 31, 2010
 - Total comprehensive income reconciliations for:
 - the year ended December 31, 2010

(ensure the reconciliations are for total comprehensive income and not just for net profit)
 - Explain any material adjustments to the statement of cash flows.