

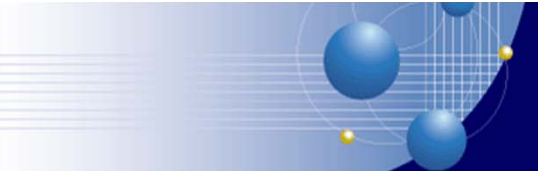
IFRS - Implementation



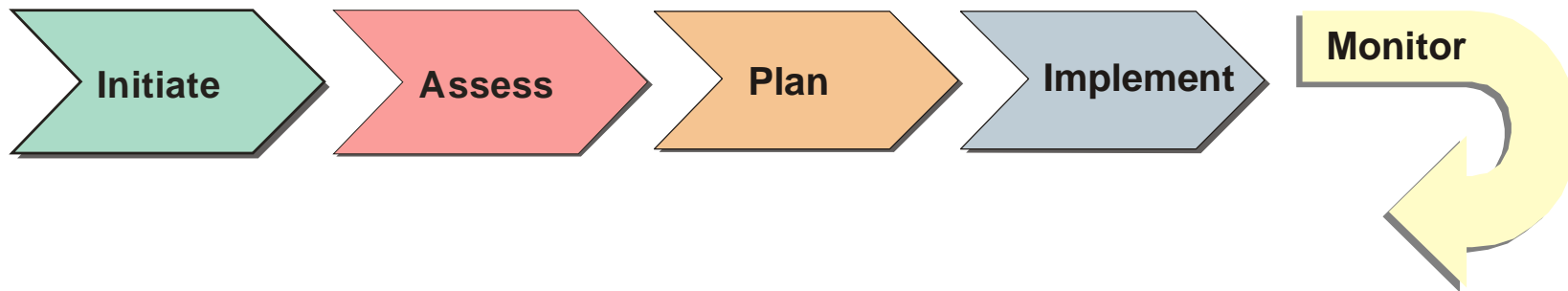
Marcus Guenther CA , MBA
FocusROI Inc
mguenther@focusROI.com

Note:

For a brief overview of IFRS and its implications please refer to the FocusROI presentation entitled "IFRS the Basics"



Planning The Move to IFRS



Initiation	Assessment	Planning	Implementation	Monitoring
Steering committee Project plan Orientation	GAP analysis Stakeholder impact Syst./process review	Prepare IFRS policies Systems/controls impact Training Communication	Finalize IFRS policies Quantification of differences Make policy and IT changes Dry run of systems/controls	Monitor standards Periodic or systematic monitoring On-going testing

Initiate

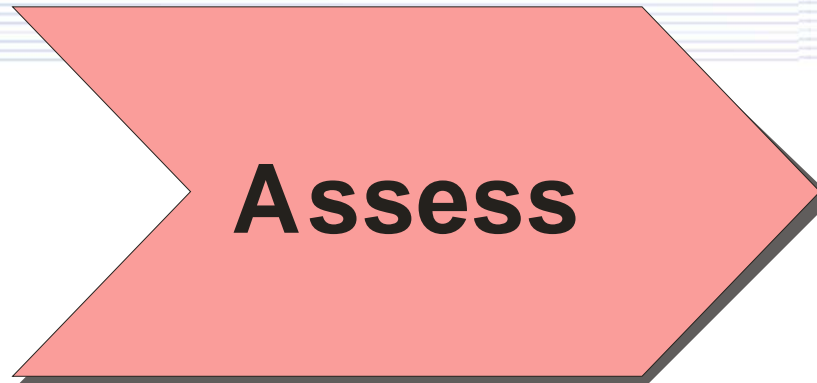
- Establish a steering committee/ high level project plan.
- Understand impact of IFRS - identify major conversion differences
 - Obtain an understanding of relevant IFRS accounting policies, choices and potential differences - (This may be an ongoing process)
 - Identify high level differences between IFRS and Canadian standards that are expected to be in place at time of conversion.
 - Understand industry practice - ensure consistency of accounting policies with competitors.
- Assess Training needs
- Develop a communication plan/strategy to create awareness of IFRS, identify issues and potential impacts

Impact of changes required by IFRS

- Accounting systems on internal controls (ICFR and DCP)
- CEO/CFO and divisional sign-offs
- Directors and officers liability
- Calculation of loan covenant requirements
- Entity reputation risk if restatements are required or errors are made as a result of the changeover process

Disclosing effects of change...

- CSA Staff Notice 52-320 - *DISCLOSURE OF EXPECTED CHANGES IN ACCOUNTING POLICIES RELATING TO CHANGEOVER TO INTERNATIONAL FINANCIAL REPORTING STANDARDS*
- Relevant to each reporting period 3 years before IFRS f/s are issued (2008-2010)
- Must disclose your progress on your changeover plan and communicate transition to users of f/s
- Disclosure not limited to MD&A

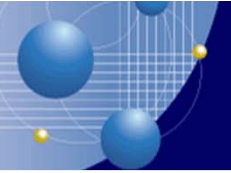


Assess

- Detailed GAP analysis;
 - Identify key differences by FSA and disclosures (accounting policies, choices, IFRS 1 choices)
- Identify choices under IFRS and IFRS 1
- Research industry best practices in IFRS compliance countries, monitor local industry groups implementation progress; i.e. Oil & Gas.
- Prepare a preliminary IFRS financial statement and sample disclosures.....

Plan

- Prepare accounting policies under IFRS and obtain
 - Whitepapers must be written for key accounting policy choices
- Develop project plan for IT and system changes required.
 - Two sets of books Parallel running or adjust to IFRS in 2010
- Develop/revise financial reporting processes to prepare IFRS financial statements
- Assess impact of revised processes on internal control systems and SOX requirements
- Revise budgets and financial targets using IFRS financials
- Conduct training programs for implementation team members.
- Monitor changes to IFRS and Canadian standards



“White papers”

- “White papers” should be written for each key accounting policy to support the entity’s position on the transition differences and choice of accounting policy.
- “These papers should:
 - Analyze key differences between IFRS and C-GAAP;
 - Highlight IFRS accounting policy choices;
 - Identify the accounting policy chosen;
 - Contain supporting documentation and calculation for transition adjustments; and
 - Contain presentation and note disclosure examples.

Implement

- Obtain sign-off on all accounting policies, procedures and disclosures from audit committee, external auditors, management, etc.
- Engage auditors to audit opening balance sheet.
- Quantification of GAP analysis differences
 - Assess impact of changes on key FSAs.
 - MD&A disclosure of differences
- Finalize and implement IT and financial system changes
- Implement accounting and disclosure policies
- Implement new internal controls and extent of testing.

Implement

- Just-in-time training of junior accounting personnel and line staff.
- Do a parallel dry run of processes and controls.
- Prepare IFRS financial statements; finalize IFRS adoption notes and reconciliations.
- Prepare IFRS budgets and financial projections
- Adjust processes based on testing and dry run; finalize documentation

Don't forget about the impact of
IFRS on internal controls

DC&P and ICFR requirements - IFRS

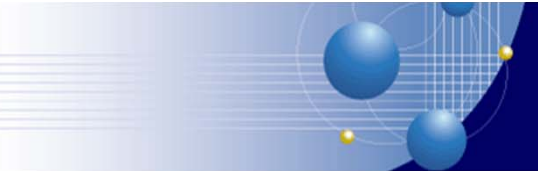
Entity required:

- to certify on the **design** of DC&P and ICFR at each interim period
 - March 31, 2011
- to certify the operating **effectiveness** of DC&P at end of first IFRS reporting period
 - December 31, 2011

Impact of IFRS on DC&P

IFR will increase the need for DC&P due to the significant changes in the 2011 disclosures under IFRS:

- Increased MD&A disclosures
 - 52-320 transitional disclosures
 - 52-109 material changes in internal controls
- Extensive changes to accounting policies and notes to F/S
- Lack of familiarity with new IFRS standards
- Stakeholder impact of new standards

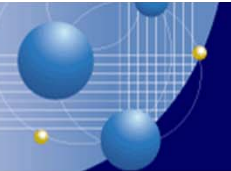


IFRS impact in IC

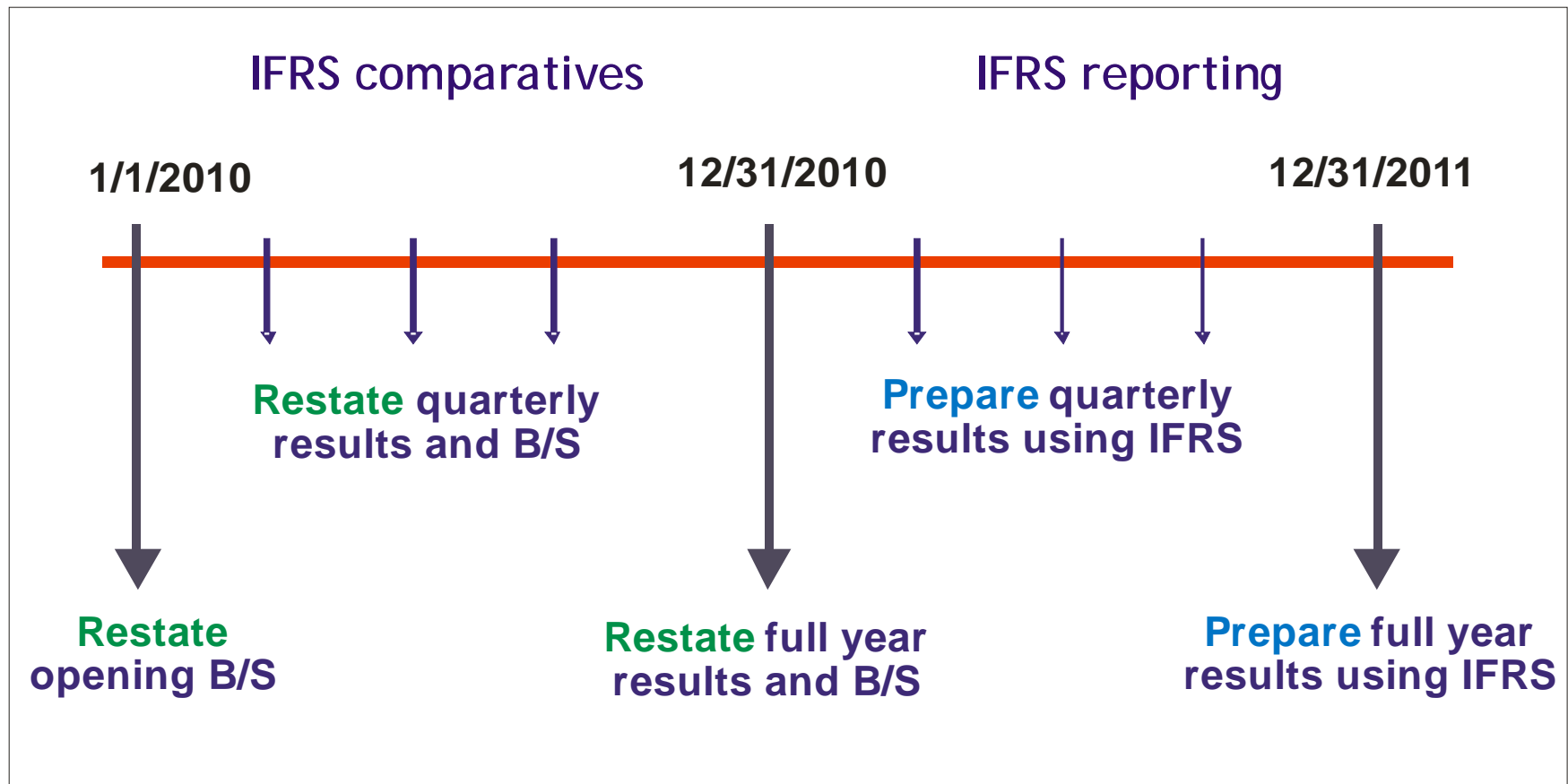
Risks of material misstatement			
Level	Areas to address	Possible Risk level	
Pervasive <i>Entity level</i>	Revisions required in DC&P	Low	
	Additional IFRS and MD&A disclosures	Mod-High	
	Lack of familiarity by staff with new standards	High	
	New risks requiring new controls/policies/procedures	High	
	Need for dual reporting	Mod-High	
	Inadequate IFRS budgets and forecasts.	Mod-High	
	Tight timeframes	High	
	<i>IT general</i>	Controls over dual reporting	Mod-High
		Controls over spreadsheet use and reconciliations	High
		Need for new accounting processes	Mod-High
Specific <i>Process</i> <i>transaction</i> <i>level</i>	Impact of new standards on business processes. Extent will depend on standard, but less prescriptive rules mean more professional judgment.	Mod-High	

Monitor

Monitor implementation progress on a regular basis and take any corrective actions as necessary



Remember the Timelines...



Please contact
us for further
information

info@focusROI.com
416 594 0005

