

# Transitioning to International Financial Reporting Standards ("IFRS")



# Overview

- Terminology
- Statement D
- Other Form 1 Items
- Updates
- Going Forward



# Terminology

- Canadian Generally Accepted Accounting Principles (“GAAP”, “Canadian GAAP”) vs. International Financial Reporting Standards (“IFRS”)
- Financial Questionnaire and Report (“FQR”) vs. Form 1



# Statement D

- Lines 1 and 2 – # of salespersons and AUA moved to separate, new Schedule 6
- Line 11 – Realized/Unrealized Gain (Loss) on Marketable Securities - moved from expense section to revenue section to reflect intent to earn profit
- Line 15 – Commissions and Fees Paid to Third Parties - new line item, gross balances
- Line 18 – Financing Costs - gross balances



# Statement D

- Line 21 – Profit (Loss) from Discontinued Operations - on a pre-tax basis (e.g. closure of branches)
- Line 22 – Profit (Loss) for Early Warning Test - minimize confusion as to which P&L line to use
- Lines 23 and 24 – Income / Expense Asset Revaluation - for revaluation model of PPE and intangibles
- Line 28 – Income Tax Expense (Recovery) - change in terminology



# Statement D

## Other Comprehensive Income

- Line 30 – Gain (Loss) Arising on Revaluation of Properties - for revaluation model of PPE and intangibles
- Line 31 – Actuarial Gain (Loss) on Defined Benefit Pension Plans
- No OCI reporting re: marketable securities
  - ❖ Prescribed IFRS accounting treatment → marketable securities are categorized as Held for Trading, with gains (losses) reported as revenue on line 11



# Other Form 1 Items

- Statements
  - ❖ B – margin requirement increased to 100% for guarantees provided by a Member
  - ❖ C – EW tests moved to separate, new Schedule 5
  - ❖ E – new format, new section for Reserves
  - ❖ Notes to Form 1 – moved to separate component, after Statement F



# Other Form 1 Items

- Schedules
  - ❖ 1 – minor changes to margin rates for fixed income securities; bonds category renamed “debt”
  - ❖ 2 – new sum category for Client Debit Balances (Statement A, line 13)
  - ❖ 3 – Analysis of Future Income Taxes section removed
  - ❖ 5 – new schedule for EW tests from Statement C
  - ❖ 6 – new schedule for disclosures from Statement D (# of salespersons and AUA); new, separate disclosure for Quebec (# of salespersons)



# Other Form 1 Items

- Certificate of Partners or Directors
  - ❖ Moved to the front of Form 1 to represent Member's management's responsibility for contents of Form 1
- Auditors' Reports
  - ❖ Fair Presentation opinion re: Statements A, D, and E
  - ❖ Compliance opinion re: Statements B, C, and F
  - ❖ Report on Compliance for Insurance and Segregation of Cash and Securities



# Updates

- Formal approval of Form 1 was given by the recognizing securities commissions on January 21, 2011 ([www.bcsc.bc.ca/sros.asp](http://www.bcsc.bc.ca/sros.asp))
- Bulletin #0462-P, *Amendments to MFDA Rule 3.1.1 (Capital – Minimum Levels) and Form 1 – Financial Questionnaire and Report*, issued January 21, 2011
- Bulletin #0463-P, *Transition Periods to Adopt International Financial Reporting Standards and Other Form 1 Amendments*, issued January 21, 2011



# Going Forward

- Additional guidance Bulletins to be issued as needed
- New version of EFS under development for new Form 1 filings
- *Members should consult their external auditors re: adoption of, and conversion to, IFRS*

