

**Session 4**  
**Getting Ready for Year-End: Some Special Considerations for a Special Year 2011**  
**Customer Conference – IFRS and NI 52-109**  
**August 31, 2011**

Please note that for the audio portion of today's event you will need to call in.  
Call-in number (US/Canada): 1-866-469-3239 or 1-650-429-3300  
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## Agenda

- Introduction
- The first year for an IFRS audit
- The requirements for new documentation
- Working with your auditors effectively
- Learn how you can be proactive using IFRS PARTNER and CFO PARTNER to reduce your 2011 year-end workload

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## Presenter – Catherine Connally



**Catherine Connally**  
CIA  
President of Issues Central

Catherine Connally has over twenty-five years experience in financial management and compliance, internal audit and executive management. She began her career in the extractive sector with internal audit responsibilities in both the mining and oil & gas sectors with Atlantic Richfield and British Petroleum. She is a well known technology and compliance sector entrepreneur. She has worked with, and provided seminars, to over eleven hundred organizations around the world on SOX 404/NI 52-109, IFRS transition and financial compliance. Catherine is a co-author and primary architect of the industry-leading solution for local GAAP-to-IFRS transition and reporting, IFRS PARTNER, as well as CFO PARTNER for financial compliance and internal audit in conjunction with the Sarbanes-Oxley Act. She graduated in finance from the University of Colorado at Boulder in the United States and is a Certified Internal Auditor.

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## Presenter – Charley Best



**Charley Best**  
MBA  
Vice President  
Issues Central

Charley Best has over 25 years of experience in executive management and consulting roles across the technology and industrial sectors. He is an authority on international financial compliance legislation trends. Charley has worked extensively with companies in Canada, the United States, South Africa and Nigeria to develop and deliver methodologies and tools to streamline costs and time-to-comply for areas such as IFRS transition, the Sarbanes-Oxley Act of 2002, NI 52-109, Corporate Governance, Executive Compensation Disclosure and more. He has a BA from Queen's University in Kingston, Ontario, Canada and an MBA from York University in Toronto, Canada.

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## Checklist for Annual Audit

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## Quality Assurance for Year End Audit

- Year end financial statement requirements
  - Opening Balance Sheet with supporting adjustments
  - IFRS 1 election choices and support
- Detailed IFRS policies
- Impact assessment documentation supporting your policy choices
- The CGAAP to IFRS reconciliations will also be required for opening balance sheet and 2010 numbers

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## IFRS 1 – First Annual Financial Statements

- **Assuming December reporting date**
- **Statement of financial position**  
1 January 2010, 31 December 2010 & 31 December 2011
- **Statement of Comprehensive Income**  
Year ended 2010 & Year ended 2011
- **Statement of Change in Equity**  
1 January 2010, Year ended 2010 & Year ended 2011
- **Statement of Cash Flows**  
Year ended 2010 & Year ended 2011
- **Notes (including comparatives for 2010)**
  - Opening Balance Sheet with supporting adjustments
  - IFRS 1 election choices and discussion in transition note

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## Detailed IFRS policies

- Many companies rushed to get their financial statements out the door
- Not much attention was paid to accounting policies for applicable standards
- If you have adopted fairly “standard” policies
  - Be sure they reflect what you are really doing

## Detailed IFRS policies (cont'd)

- When the audit is performed, these policies will be used as the guide
- Additionally, internal controls will be tested against these policies
- They should be detailed and accurate
- Now would be a good time to review their accuracy given your increased familiarity with IFRS

## Impact Assessment Documentation

- If you have had an opening balance sheet audit,
  - documentation may have been reviewed by your auditor
- But this may have been a cursory review
- If so, be ready for an in-depth review of all policy decisions
  - Be ready to support these decisions with detailed analysis
    - Qualitative and quantitative support

## Impact Assessment Documentation

- Make sure your documentation is based on “hard data”
  - Such as documented discount rates with supporting third party validation
  - Fair values are based on market comparables or appraisals
  - Financial instrument values are based on active market data
  - Share-based payment details are supported by adequate detail on interest rate, volatility, length of option

## Impact Assessment Documentation

- Financial adjustments should be supported and be organized
- The best way to cut your audit costs is to have all supporting data and documentation available and accurate

## Systems Changes due to IFRS

- If you have made systems changes in the last 12-18 months
  - Be sure these are documented
  - Tests are adequate to assure auditors of accuracy
  - Demonstrate an adequate audit trail to support systems changes
  - Be sure that all reports have been tested
  - Be sure that all “switches” and “settings” are working as advertised
    - If not, be prepared to document work arounds to assure accuracy of financial reporting

## Internal Controls – NI 52-109

- While there is no legislative requirement to attest to internal controls by auditors
  - Many auditors are asking to see internal controls documentation
- Be sure that controls are up to date
  - They include GAAP from last year
  - IFRS from this year
- Be sure that risk based scoping has been performed carefully
- Be sure that testing covers the high risk areas

## Internal Controls – SOX 404

- Auditor attestation will be a high risk proposition for the year end audit
- Be sure that controls are up to date
  - They include GAAP from last year
  - IFRS from this year
- Be sure that risk based scoping has been performed carefully
- Be sure that testing covers the high risk areas
- Make sure the remediate any areas of concern now.

## Working with Auditors at Year End

- Make sure you ask ahead of time for any new documentation requirements
- Determine early what additional costs there will be for year end audit due to IFRS and GAAP numbers
- Understand what level they will want to review of your internal controls
- Go early if possible, avoid the rush, cut costs.

## Q & A

- Your questions
- Our answers

## Conference Materials

- All of you will be sent a link to a Conference website where you can download today's presentations
- In addition there will be link to recordings of today's sessions

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## Our thanks

- We appreciate your time today
- We wish that we could visit with each of you more
- We look forward to helping you meet today's and tomorrow's challenges, and
- We always looks forward to hearing from you

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## Contact Information

- For more information on CFO PARTNER for NI 52-109 / SOX 404 software and related services please visit CFO PARTNER:
  - [www.cfopartner.ca](http://www.cfopartner.ca)
- For more information on IFRS PARTNER software and related consulting services please visit IFRS PARTNER:
  - [www.ifrspartner.ca](http://www.ifrspartner.ca)
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