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January 28, 2011
The International Accounting Standards Board
30 Cannon Street
London, United Kingdom
EC4M 6XH

Re: IASB Exposure Draft Effective Dates and Transition Methods

The Committee on Corporate Reporting (CCR) of Financial Executives International Canada (FEI Canada) is writing to provide its response to the International Accounting Standards Board (IASB) Exposure Draft (ED) Effective Dates and Transition Methods.

FEI Canada is the all-industry professional membership association for senior financial executives. With eleven chapters across Canada and more than 2,000 members, FEI Canada provides professional development, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada's leading and most influential corporations.

CCR is one of two national advocacy committees of FEI Canada. CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

Thank you for the opportunity to provide input to the IASB's deliberations on Effective Dates and Transition Methods. We support the board's efforts in seeking views on how the IASB can help entities manage the cost and pace of applying the changes in the International Financial Reporting Standards (IFRSs) that are expected to be completed in 2011 and we applaud the board's efforts in this regard.

Please note that our comments below are based on the current proposed standards (i.e. exposure drafts or staff drafts). Any changes to the proposed standards or significant delay in their issuance may change our views on the overall implementation plan. Our comments also do not take into account the impact of any other new IFRSs that may be issued prior to the effective dates for the current proposed standards.

Q1. (e) Please describe the degree to which each of the proposed new IFRSs is likely to affect you and the factors driving that effect (for example, preparers of financial statements might explain the frequency or materiality of the transactions to their business and investors and creditors might explain the significance of the transactions to the particular industries or sectors they follow).

Below is a table that summarizes our views on the various projects. Please note that we have not provided any comments in our response on the proposed standards "Financial Statement

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Presentation – Replace IAS 1 and IAS 7" and "Financial Instruments with the Characteristics of Equity" as these exposure drafts have not been issued at the date of this response.

Project	**Impact**	**Factors**
Leases	High	This standard will affect most companies and will require significant work for specific industry sectors, such as retail and real estate income trust companies as well as entities that have a large number of leases. All entities, regardless if they are lessee or lessor, will need to review all leasing arrangements and re-document them. The implementation costs and effort will be high due to the significant number of changes that will be required in internal systems, new training for personnel and revised documentation for internal policies and external audit work.
Insurance Contracts	High	This standard will be significant for the insurance industry. The proposed changes will have substantial impact on internal reporting systems. All insurance contracts will need to be reviewed and re-documented. The implementation costs and effort will be high due to the significant number of changes that will be required in internal systems, new training for personnel and revised documentation for internal policies and external audit work.
Revenue Recognition	High	This standard will have a significant impact on many companies, especially those entities in the telecom, technology, software and construction sectors. The implementation effort will be high due to the significant number of changes that will be required in internal systems, new training for personnel and revised documentation for internal policies and external audit work.
Financial Instruments (Replacement of IAS 39)	High	This standard will have a significant impact on many companies, in particular those entities that have complex financial instruments such as financial institutions. The implementation effort will be high due to the significant number of changes that will be required in internal reporting systems, new training for personnel and revised documentation for internal policies and external audit work.
Fair Value Measurement	Medium	This standard will require companies to reconsider all current fair value measurements. Additional effort will be focused on new documentation for internal

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		policies and external audit work, training of personnel and implementation of changes in internal systems.
Consolidation	Medium	The changes are not complex but there will a fair amount of effort around the documentation of investments to support internal policies and external audit work.
Joint Arrangements	Low	Although this standard will require less effort than the consolidation standard, entities will need to update documentation for existing joint arrangements.
Presentation of Other Comprehensive Income	Low	The changes are relatively minor and we believe that most companies should not face any challenges with implementation.
Post-employment Benefits – Defined Benefit Plans	Low	The changes are primarily to the calculation (a variation of the accrual method). We believe that most companies should not face any challenges with implementation.

Q2. Focusing only on those projects included in the table in paragraph 18 above: (a) Which of the proposals are likely to require more time to learn about the proposal, train personnel, plan for, and implement or otherwise adapt?

We believe that following standards will require the most time and effort to implement:

- Leases
- Insurance Contracts
- Revenue Recognition
- Financial Instruments

A change in standards regardless of its individual size or significance always requires effort to understand, plan the changes to the company's reporting process, modify control systems, communicate with management, analysts and other users of financial statements etc. This is especially true when a number of changes are expected to occur in a brief period of time. Therefore, the proposed standards not included in the above list will also require significant effort in total to ensure that they are implemented properly.

Q2. (b) What are the types of costs you expect to incur in planning for and adapting to the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?

There will be numerous costs incurred in the implementation of the proposed changes in standards. This list would include, but not be limited, to the following:

Cost	Description
System changes	Significant costs will be incurred in changing existing transactional and reporting systems. As with all system changes, a significant amount of internal and external resources will need to be allocated to ensure all changes are implemented correctly and on-time.
Reporting costs	The majority of the standards will require retrospective application so many companies will incur additional costs to run parallel systems environments to collect the needed comparative information.
Internal control process changes	As a result of these standards, internal control certifications in Canada and U.S. will require entities to make changes to their current internal controls and related processes. Additional costs will be incurred to document, test and audit these new internal controls.
Audit costs	As with all changes in standards, additional audit costs will be incurred. Companies and auditors will need to discuss the application of the standards, additional audit assurance will be required and additional documentation will be required to support management's reporting decisions.
Training costs	Costs will be incurred at all levels to train staff, both preparers and users of financial statements, about the changes in the standards.
Communication costs	Costs will be incurred to communicate the impact of the new standards to Senior Management, Board of Directors, Analysts and Investors. Management compensation plans may be affected as result of the proposed impact on the financial statements.

Q3. Do you foresee other effects on the broader financial reporting system arising from these new IFRSs? For example, will the new financial reporting requirements conflict with other regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing standards?

The proposed standards may result in changes in regulatory and tax reporting requirements. We are not in a position to comment on these possible changes until the standards are finalized and regulatory bodies assess if (and what) changes to regulations and other reporting requirements are needed.

Q4. Do you agree with the transition method as proposed for each project, when considered in the context of a broad implementation plan covering all the new requirements? If not, what changes would you recommend, and why? In particular, please explain the primary advantages of your recommended changes and their effect on the cost of adapting to the new reporting requirements.

FEI Canada has already provided responses regarding each standard. These responses include our views on the proposed transition method and we have not changed these views. We do believe that the implementation timeframe needs to be carefully considered when the full

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retrospective transition method is required. This consideration is very critical when several significant standards are being implemented at the same time. The timeframe needs to provide companies with sufficient time to ensure changes are implemented effectively and to prepare accurate and complete comparative disclosure information.

Q5. In thinking about an overall implementation plan covering all of the standards that are the subject of this Request for Views:
(a) Do you prefer the single date approach or the sequential approach? Why? What are the advantages and disadvantages of your preferred approach? How would your preferred approach minimise the cost of implementation or bring other benefits? Please describe the sources of those benefits (for example, economies of scale, minimising disruption, or other synergistic benefits).

We believe a sequential approach is more appropriate considering the number and complexity of the new standards being proposed. Most companies will find it difficult to manage all of the changes under a single date approach. Changes need to be implemented over an appropriate period of time so that they can be properly managed to avoid any significant confusion in the Canadian financial markets or undue stress on the companies' financial resources. In addition, we believe the costs of implementation will more burdensome under a single date approach since most companies would need to hire external resources to manage the workload.

(b) Under a single date approach and assuming the projects noted in the introduction are completed by June 2011, what should the mandatory effective date be and why?

As previously stated above, we do not support single date approach. If the single date approach is the only option available, we believe the implementation time frame would need to be extended in order to properly implement the standards and minimize the burden on individual companies' resources. We believe January 1st, 2015 would be the earliest date for implementation if a single date approach was followed. The more complex standards would require a minimum of 3 years to implement system changes and prepare the necessary comparative information under full retrospective treatment.

(c) Under the sequential approach, how should the new IFRSs be sequenced (or grouped) and what should the mandatory effective dates for each group be? Please explain the primary factors that drive your recommended adoption sequence, such as the impact of interdependencies among the new IFRSs.

As previously stated, we believe a sequential implementation approach should be followed. The standards should be grouped based on difficulty of implementation. We believe the following groupings would be the most appropriate.

Group 1 – Effective Date: January 1, 2013

Fair Value Measurement
Post-employment Benefits - Defined Benefit Plans
Presentation of Items in Other Comprehensive Income

Group 2 – Effective Date: January 1, 2014
Consolidation
Joint Arrangements
Leases

Group 3 – Effective Date: January 1, 2015
Revenue Recognition
Insurance Contracts
Financial Instruments (Replacement of IAS 39)

(d) Do you think another approach would be viable and preferable? If so, please describe that approach and its advantages.

Other than the two proposed options above, we do not believe any other approach would be viable or preferred.

Q6. Should the IASB give entities the option of adopting some or all of the new IFRSs before their mandatory effective date? Why or why not? Which ones? What restrictions, if any, should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?

We believe companies should have the option to early adopt proposed standards. The early adoption option allows companies flexibility to manage work load and ensure an effective transition to new standards. In order to reduce the problem of comparability between peer companies, we suggest that early adoption be limited to only one year in advance of the standard's effective date. This timeframe would also beneficial to companies with non-calendar year ends as they could elect to early adopt certain standards and thereby be more comparable to their peers in a shorter period of time.

Q7. Do you agree that the IASB and FASB should require the same effective dates and transition methods for their comparable standards? Why or why not?

We believe that the IASB and FASB should continue to work together in converging IFRS and US GAAP. It is very important for preparers and users of financial statements that both sets of standards should have the same effective date and transition methods, wherever possible, so peer companies can be easily compared. This is especially true in Canada where companies compete directly with U.S. companies in business and for capital.

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Q8. Should the IASB permit different adoption dates and early adoption requirements for first-time adopters of IFRSs? Why, or why not? If yes, what should those different adoption requirements be, and why?

We believe that there is a strong argument to permit first-time adopters to early adopt certain standards in order to avoid multiple transitions to new standards that have been issued but not yet effective. We would also support providing first-time adopters the option to defer new standards for one year if their effective date is within one year of the date of their first adoption. For example, if a company adopted IFRS for the first time in 2011 and a new standard became effective in 2012, the company would have the option to defer the adoption of the new standard until 2013. This option should only available for standards that become effective in 2012. Any standards that become effective in 2013 or later would need to be adopted as required. We believe this option would help companies to effectively manage their transition to IFRS without undue burden to their organizations.

We are supportive of the IFRS Foundation and the IASB's goal to develop a single set of high-quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles.

We encourage both the IFRS Foundation and the IASB to work with the US FASB in converging IFRS and US GAAP in order to promote comparability of financial statements.
Yours very truly,

Tyrone Cotie
Chair
Committee on Corporate Reporting
FEI Canada