

QUARTERLY SURVEY OF FINANCIAL STATEMENTS

Addendum to the Reporting Guides for Financial and Non-Financial Enterprises

The questionnaires used in the Quarterly Survey of Financial Statements have been modified as of the second quarter of 2007. The principal changes to the questionnaires are summarized in this document. These changes were implemented in response to evolving financial reporting standards as outlined by the Canadian Institute of Chartered Accountants as well as requirements of the System of National Accounts.

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Items appear in the same order as on the actual questionnaires

1) ADDITIONS

a) Balance Sheet

i. Assets

ITEM 19900: DERIVATIVES

A derivative is a financial security whose value is dependent upon or derived from the value of one or more underlying assets. The derivative itself is a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Futures contracts, forward contracts, options and swaps are the most common types of derivatives. Since derivatives are contracts, just about anything can be used as an underlying asset. Derivatives are generally used to protect against financial risk, interest rates or the levels of financial indices but can also be used for speculative purposes.

For a derivative asset to be recognized, it must provide future benefits that your enterprise controls and for which a transaction has occurred.

ITEM 69100: REVERSE REPURCHASE AGREEMENTS

Reverse repurchase agreements are the purchase of securities with the agreement to sell them at a higher price at a specific future date. For the party selling the security (and agreeing to repurchase in the future) it is a repurchase agreement also known as a repo; for the counterparty (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement. A reverse purchase agreement is the same transaction as represented below in item 69200 (Obligation Related to Repurchase Agreement), but viewed from the perspective of the transferee.

ii. Liabilities and Equity

ITEM 29900: DERIVATIVES

Same definition of derivatives as above (item 19900). For a derivative liability to be recognized, it must represent an obligation to transfer value to a third party and there must be no way for your enterprise to circumvent its obligation.

ITEM 69200: OBLIGATIONS RELATED TO REPURCHASE AGREEMENTS

A repurchase agreement is an agreement with a commitment by the seller (dealer) to buy a security back from the purchaser (customer) at a specified price at a designated future date. Also called a repo, it represents a collateralized short-term loan for which, where the collateral may be a Treasury security, money market instrument, federal agency security, or mortgage-backed security. From the purchaser's (customer's) perspective, the deal is reported as a reverse repo. Repos are classified as a money-market instrument and are usually used to raise short-term capital.

ITEM 29950: EQUITY SECURITIES CLASSIFIED AS LIABILITIES

Include equities classified as liabilities as required in section 3861 of the CICA handbook outlining the accounting treatment for financial instruments. In essence, they are convertible preferred shares.

ITEM 32300: UNITHOLDERS' CAPITAL

Unitholders' capital represents the investment in the trust, fund or partnership by the owners.

ITEM 36000: ACCUMULATED OTHER COMPREHENSIVE INCOME

Comprehensive income is the change in the company's net assets that result from transactions, events and circumstances from sources other than the company shareholders. It includes items that would not normally be included in net income. The accumulated other comprehensive income account includes the accumulated balance of amounts reported on the income statement under items 56500, 56600 and 57300.

ITEM 38000: RETAINED EARNINGS

The statement of retained earnings has been integrated in to the balance sheet. Item 38880, other additions and deductions is removed.

ITEM 38300: INCOME TRUST DISTRIBUTIONS

Distributions of funds to the owners of the trust, fund or partnership.

ITEM 38400: TRANSFERS FROM/TO SHARE CAPITAL

Transfers between the retained earnings account and share capital accounts of the reporting unit. Also includes transfers between a reporting unit which is a branch of a company and its head office, or between two branches, each of which is a reporting unit.

b) Income Statement

ITEM 45400: INTEREST REVENUE FROM CANADIAN SOURCES – FINANCIAL LEASES

Include all interest revenue earned through financial leases.

ITEM 56400: DERIVATIVE GAIN (LOSSES)

Same definition of derivatives as above (item 19900). Impairments of derivatives are recognized in net income immediately and should be reported in item 56400. For more information on how financial instruments should be presented in financial statements please refer to Section 3861 of the CICA Handbook.

ITEM 62310: PENSION EXPENSE

Include pension expense incurred by the reporting entity per CICA handbook section 3461. Report other benefits expenses under item 55220 (Employer Portion of Employee Benefits)

ITEM 62340: STOCK OPTIONS EXPENSED

Include employee stock options that were expensed during the current period per CICA handbook section 3870.

ITEM 53400: DIVIDENDS PAID ON EQUITY SECURITIES CLASSIFIED AS LIABILITIES

Include dividends paid on equity securities classified as liabilities as required in section 3861 of the CICA handbook outlining the accounting treatment for financial instruments. These financial instruments are shown under item no. 29950 on the balance sheet.

ITEM 55600: BAD DEBTS EXPENSE AND CHARITABLE DONATIONS

Include bad debt expense and charitable donations for the period. These amounts were previously included in item 55003, other expenses.

ITEM 56500 / 56600 / 57300: OTHER COMPREHENSIVE INCOME

Comprehensive income is the change in the company's net assets that result from transactions, events and circumstances from sources other than the company shareholders. It includes items that would not normally be included in net income. Report as per CICA section 1530 (Comprehensive Income). Report realized and unrealized gains and losses available-for-sale financial assets. If impaired, report in item 56400-Derivatives Gains (Losses)

ITEM 56500: UNREALIZED GAINS (LOSSES)

Include unrealized gains and (losses) on derivatives designated as cash flow hedges, non-derivative investments and unrealized translation gains and losses from integrated self-sustaining entities (if applicable).

ITEM 56600: REALIZED GAINS (LOSSES)

Report the realization of (gains) losses previously reported in item 56500.

ITEM 57300: INCOME TAXES

Related to other comprehensive income.

c) Disclosure of Selected Accounts

ITEM 55700: SOFTWARE COSTS EXPENSED

Include all computer software costs expensed directly in the current period. Report only the cost of own-use software whether purchased or licensed. Exclude any amounts deferred and amortized.

ITEM 66000: PENSION PLAN FUNDING

Report the closing balance for pension plans held through a trustee at the end of the quarter. Exclude other benefits plans.

ITEM 66100: PLAN ASSETS

Assets held by the trustee at market (fair) value

ITEM 66200: BENEFIT OBLIGATION

Actuarial obligation at the end of the quarter

ITEM 66300: FUNDED STATUS

Report the (deficit) or surplus net position (66100 minus 66200)

ITEM 66500: ACCRUED BENEFITS (LIABILITY) OR ASSET

Funded status adjusted for the unamortized amounts of transitional obligation, past service cost and net actuarial gain.

ITEM 81000: MATCHING OF INCOME STATEMENT GAINS (LOSSES) WITH THE RELATED ASSETS AND LIABILITIES

This statement is revamped to match the asset and liability items on the revised balance sheet.

2) DELETIONS

Item 34000 Appraisal increase credits (debits)

Item 35000 Retained earnings

Item 61405 Amounts owing to parents, subsidiaries and affiliates - Interest bearing debt

Item 61407 Amounts owing to parents, subsidiaries and affiliates - Non-interest bearing debt

Item 38810 Retained earnings - Total cash dividends declared

Item 38880 Retained earnings - Other

Item 52380 Amortization - Other

Item 55003 Other expenses

Item 74700 Unusual revenues, expenses, gains/losses from continuing business operations

Item 74100 Interest expense on debt owing to parent, subsidiaries and affiliates

Item 80003 Average number of people employed during the reporting period

Item 40012 Revenue between divisions that are eliminated upon consolidation of accounts

3) MODIFICATIONS

a) Balance Sheet

i. Assets

ITEMS 11300 and 11400: CASH AND DEPOSITS

Cash and deposits are now requested in two cells:

11300 Canadian Currency

11400 Foreign Currency

These cells include both demand and term deposits. Previously cash and demand deposits were requested separately from term deposits

ITEMS 17112 and 17117: NON-MORTGAGE LOANS TO NON-AFFILIATES

a) loans to individuals, unincorporated businesses and non-profit institutions:

1) credit card receivables

2) lines of credit

These two variables were previously combined.

ii. Liabilities and Equity

ITEMS 25700 and 25800: BORROWING FROM NON-AFFILIATES

a) loans and overdrafts:

1) from lenders in Canada

2) from lenders outside of Canada

Previously loans and overdrafts were requested separately for chartered bank branches in Canada and with others.

b) Income Statement

ITEM 52100: DEPRECIATION

This item was previously requested in two parts:

a) depreciation on construction, buildings, structures and leasehold improvements

b) depreciation on machinery and equipment.

4) FORMAT CHANGES

- Many cell names have been altered or shortened. For example, “Investments in and claims on parent, subsidiaries and affiliates” has been replaced with “Investments in affiliates.” In such cases, as long as the SICA box number has not changed, the same definitions and reporting methods apply as before.
- All Supplementary questions have now been placed in the last section of the questionnaire, rather than at the end of each individual section.