

**QUARTERLY SURVEY OF FINANCIAL STATEMENTS (QFS)**

**REPORTING GUIDE**

**For**

**NON-FINANCIAL ENTERPRISES**

**(QUESTIONNAIRE IC1)**

## **Legal Information**

### **i) Authority**

The quarterly survey of financial statements is conducted under the authority of the Statistics Act, Revised Statutes of Canada 1985, Chapter S-19. Completion of this questionnaire is a legal requirement under the Statistics Act.

### **ii) Confidentiality**

Statistics Canada is prohibited by law from publishing any statistics which would divulge information obtained from this survey that relates to any identifiable business without the previous written consent of that business. The data reported to this survey will be treated in confidence, used for statistical purposes, and published in aggregate form only. The confidentiality provisions of the Statistics Act are not affected by the Access to Information Act or any other legislation.

## **Table of Contents**

### **I. ABOUT THE SURVEY**

i) Purpose .....	7
ii) Data Availability .....	7
iii) Timeliness of the Statistics .....	8
iv) Comparability and Predictive Value .....	8
v) Year-End and Prior Year's Adjustments .....	8
vi) Capital Expenditures .....	9

### **II. REPORTING ENTITIES**

1. Corporate structure .....	9
2. Joint Ventures and Partnerships .....	10
i) Foreign Operations of Canadian Enterprises .....	10
ii) Foreign Subsidiaries of Canadian Enterprises.....	11
iii) Classification of Capital and Head Office Accounts of Unincorporated Reporting Entities..	11
3. Accounting Standards – Financial Statement Presentation and Disclosure.....	11
i) Balance Sheet .....	12
ii) Capital Expenditures.....	12
iii) Retained Earnings .....	12
iv) Income Statement.....	13
v) Discontinued Operations .....	13

### **III. SURVEY CONTENT (as per the order in the Questionnaire)**

#### **SECTION A – ASSETS**

1. <b>11000</b> Cash and Deposits .....	14
2. <b>12100</b> Accounts Receivable.....	15
a) <b>12110</b> Trade .....	16
b) <b>17112</b> Consumer Credit .....	16
c) <b>12180</b> other. ....	16
d) <b>12800</b> Allowance for Doubtful Accounts.....	16
3. <b>12200</b> Lease Contracts .....	16
4. <b>13000</b> Inventory.....	16
5. <b>14000</b> Investments in Affiliates .....	17
6. <b>15100</b> Canadian Investments – Non-affiliates .....	18
a) <b>15190</b> Short Term Paper.....	19
b) <b>15195</b> Bonds and Debentures.....	19
c) <b>15160</b> Corporate Shares, Fund or Trust Units and Other Equity.....	20
d) <b>15180</b> Other Canadian Investments.....	21

7. <b>15200</b> Foreign Investments – Non-affiliates .....	21
8. <b>19900</b> Derivatives .....	21
9. <b>16000</b> Mortgage Loans to Non-affiliates .....	22
10. <b>17000</b> Non-mortgage Loans to Non-affiliates .....	23
11. <b>18300</b> Fixed Assets.....	23
a) <b>18319</b> Depreciable Assets and Land.....	25
b) <b>18316</b> Capitalized Leases of Lessee.....	25
c) <b>18350</b> Accumulated Depreciation.....	25
d) <b>18360</b> Depletable Assets .....	25
12. <b>19100</b> Intangible Assets.....	26
13. <b>19800</b> Other Assets .....	26

## **SECTION B – LIABILITIES AND EQUITY**

### **20000 LIABILITIES**

15. <b>22100</b> Accounts Payable .....	28
16. <b>23000</b> Income Taxes Payable.....	29
17. <b>24000</b> Amounts Owing to Affiliates .....	29
18. <b>25000</b> Borrowing from Non-affiliates.....	30
a) Loans and Overdrafts.....	30
b) <b>25200</b> Commercial Paper.....	31
c) <b>25400</b> Bonds and Debentures.....	31
d) <b>25500</b> Mortgage Loans .....	32
e) <b>25184</b> Capital Lease Obligations.....	32
19. <b>29950</b> Equity Securities Classified as Liabilities .....	32
20. <b>29900</b> Derivatives.....	33
21. <b>27000</b> Future Income Taxes .....	33
22. <b>28000</b> Minority Interest.....	34
23. <b>29000</b> Other Liabilities .....	34

### **30000 EQUITY**

24. <b>31000</b> Share Capital .....	35
25. <b>32300</b> Unitholders' Capital .....	35
26. <b>33000</b> Contributed Surplus .....	36
27. <b>36000</b> Accumulated other Comprehensive Income.....	36
28. Retained Earnings.....	36
a) <b>38100</b> Opening Balance.....	37
b) <b>38200</b> Net Income (loss) for the Current Period.....	37
c) <b>38400</b> Transfers from (to) Share Capital .....	37

d) <b>38700</b> Other Additions (Deductions) .....	37
e) <b>38800</b> Dividends Declared .....	38
f) <b>38300</b> Income Trust Distributions.....	38
g) <b>38000</b> Closing Balance .....	39

## SECTION C – INCOME STATEMENT

### 40000 REVENUE

30. Operating Revenue .....	40
a) <b>41900</b> Sales of Goods and Services .....	40
b) <b>43000</b> Rental Revenue.....	41
c) <b>49000</b> Other Operating Revenue .....	41

### 50000 EXPENSES

32. <b>55210</b> Wages and Salaries .....	41
33. <b>55220</b> Employer Portion of Employee Benefits .....	42
34. <b>62310</b> Pension Expense .....	42
35. <b>62340</b> Stock Option Expense.....	42
36. <b>55002</b> Indirect Taxes.....	42
37. <b>52100</b> Depreciation .....	43
38. <b>52200</b> Depletion .....	43
39. <b>52300</b> Amortization .....	44
40. <b>55831</b> Resource Royalties Expense .....	45
41. <b>55600</b> Bad Debt Expense, Charitable Donations and Write-down of Inventory .....	45
42. <b>55001</b> Purchased Goods and Services .....	45
43. <b>58420</b> Total Operating Expenses.....	46
44. <b>58430</b> Operating Income (Loss).....	46

### OTHER OPERATING REVENUE AND EXPENSES

45. <b>78500</b> Canadian Interest Revenue .....	46
46. <b>78600</b> Canadian Dividends .....	47
47. <b>78700</b> Foreign Interest and Dividend Revenue .....	48
48. <b>53100</b> Interest Expense .....	48
49. <b>53400</b> Dividend Paid on Equity Securities Classified as Liabilities.....	49
50. <b>56300</b> Gains (Losses) on the sale of assets.....	49
51. <b>56100</b> Foreign Currency Gains (Losses) .....	49
52. <b>56400</b> Derivative Gains (Losses).....	50
53. <b>56200</b> Revaluations, (Write-downs) and (Write-offs).....	51
54. <b>58460</b> Income (Loss) before Income Taxes .....	51

55. <b>57100</b> Current Income Tax Expense .....	51
56. <b>57200</b> Future Income Tax Expense .....	52
57. <b>58470</b> Income (Loss) after Income taxes .....	52
58. <b>58100</b> Equity in Unconsolidated Affiliates .....	53
59. <b>58200</b> Minority Shareholders' Portion of Net Income of Consolidated Affiliates .....	53
60. <b>58300</b> Extraordinary Gains (losses).....	53
61. <b>58480</b> Net Income (Loss).....	54
62. <b>56500 / 56600 / 57300</b> Other Comprehensive Income .....	55
63. <b>58485</b> Comprehensive Income .....	55

**SECTION D – DISCLOSURE OF SELECTED ACCOUNTS**

**BALANCE SHEET DISCLOSURE**

64. <b>61200</b> Current Assets .....	56
---------------------------------------	----

**PENSION PLAN FUNDING**

66. <b>66300</b> Funded Status .....	56
--------------------------------------	----

**INCOME STATEMENT DISCLOSURE**

67. <b>50500</b> Cost of Goods and Services Sold .....	57
68. <b>55700</b> Software Costs Expensed.....	57
69. <b>75000</b> Equity Method Dividends .....	58
70. <b>74700</b> Unusual Items .....	58
71. <b>58412</b> Consolidation Accounting Elimination of Sales.....	58
72. Capital Expenditures .....	59
73. <b>59810</b> Capitalized tooling.....	59

**OTHER DISCLOSURE**

74. 80005 Hours Spent Completing Questionnaire .....	60
------------------------------------------------------	----

**INDEX - CELL REFERENCE NUMBER.....61**

## QUARTERLY SURVEY OF FINANCIAL STATEMENTS – RESPONDENTS’ REPORTING GUIDE

This reporting guide is available to aid respondents with completing the quarterly financial survey. In the case where respondents are uncertain about the value to be filled in a given cell, refer to the item number indicated on the left margin of the questionnaire and locate the page number in this reporting guide for further instructions. The respondent may also use the cell reference number (5 digit number) located beside each cell on the questionnaire and refer to the index located on the final pages of this reporting guide.

For further information, definitions of terms used, or questions concerning this survey, please contact Statistics Canada at:

Telephone: (877) 898-6686  
Fax: (800) 552-4428  
Email: QSFS-RTEP@statcan.gc.ca

### I. ABOUT THE SURVEY

#### i) Purpose

The data you provide is used to prepare industry financial statements for the Canadian business sector and as an input into the calculation of gross domestic product, the national balance sheet and Canada's international investment position. This information is used by all levels of government, the private sector, analysts and the general public to understand current economic conditions.

#### ii) Data Availability

Selected results of this survey are available free of charge at [www.statcan.gc.ca](http://www.statcan.gc.ca).

Once on the site:

1. Click Browse by subject
2. Business performance and ownership
3. Financial statements and performance
4. Quarterly Financial Statistics for Enterprises

Or search 61-008-x then click on Quarterly Financial Statistics for Enterprises : Product main page

Additional data may be purchased from our website -- [www.statcan.gc.ca](http://www.statcan.gc.ca):

1. Select Browse by Key resource.
  1. Select CANSIM (\$) on the left toolbar.
  2. Then search for the following catalogues: 187-0001 and 187-0002
- or contact our Client Services Unit at 1-888-811-6235.

**iii) Timeliness of the Statistics**

Preliminary statistics must be prepared 45 days after the calendar quarter to meet the deadlines for the release of the quarterly national accounts. To meet these dates the survey data must be received within 30 days after the calendar quarter.

Late response to the survey affects the quality of the industry estimates and makes them more susceptible to revision in subsequent periods. It is imperative that the quarterly financial survey be submitted, including those exceeding the 30 days following the calendar quarter as it is a legal requirement as stated by the Statistics Act. Therefore, it is important to respond to the survey on time.

**iv) Comparability and Predictive Value**

In order for the statistics to be useful, quarter-to-quarter changes which are caused by:

- Year-to-date bookkeeping adjustments included in the current quarter estimates
- Changes in accounting policies and methods
- Changes in the Corporate Structure (corporations included in the financial statements)
- Changes resulting from mergers or amalgamations and other structural adjustment, or
- Any other changes in the current quarter's financial statements that would render them incomparable with those of the previous quarter should be documented either in the reporting entity section on the front page of the questionnaire, on the Corporate Structure, or in the comment section on the questionnaire. These adjustments are reallocated to previous quarters in the current year to produce a better estimate of quarterly trends.

**v) Year-End and Prior Year's Adjustments**

Because of the preliminary nature of the interim financial statements, the quarterly statistical program provides for revisions to the statistics on an ongoing basis. It is recognized that interim financial statements contain a number of estimates that are revised at year-end. The accounts may also include year-end accruals and reclassifications that are not made during the year in the interim financial statements. Adjustments that materially affect the fourth quarter revenue and expense accounts can as a result distort the fourth quarter profits. To eliminate the distortions, respondents are asked to flag year-end adjustments in excess of \$500 thousand in the comment section of the fourth quarter questionnaire.

Statistics Canada's annual financial statistics program uses your enterprise's quarterly responses to produce annual accounts. This eliminates the need to conduct an annual survey in addition to the quarterly survey. The sum of the accounts of the four quarters should agree with the annual accounts as published in the annual financial statements. Therefore, it is important to know about all year-end adjustments.



If your year-end adjustments have not been entered in your books prior to the preparation of the Statistics Canada fourth quarter financial statement report, the retained earnings closing balance reported on your Statistics Canada return will not agree with the year-end balance in your company's financial statements. In a subsequent quarter's questionnaire the following fiscal year, this imbalance will appear as an adjustment to retained earnings. This prior year's adjustment should also be noted in the comments section for item 38700.

#### **vi) Capital Expenditures**

Statistics Canada conducts an annual survey entitled "Capital and Repair Expenditures - Actual," which requests capital expenditures by the various types of new construction and machinery and equipment. The definitions and concepts for this survey are the same as in the "Quarterly Survey of Financial Statements." Therefore, the sum of the four quarters' capital expenditures as reported on the quarterly survey should agree with the annual capital expenditures reported to the annual survey for the general categories of new buildings, new machinery and new equipment.

## **II. REPORTING ENTITIES**

The term "reporting entity" referred to on the front page of the questionnaire means the business entity covered by the quarterly financial statements. It is important for Statistics Canada to know precisely what operations are covered in the report to ensure total and unduplicated survey coverage of all business activity in Canada.

### **1. Corporate structure**

In most cases reporting entities fall into one of the following three categories:

- a) a single corporation
  - b) part of a corporation (e.g. branch, division, head office)
  - c) a consolidated family of corporations
- 
- Where a corporation does not have any ownership and control relationships with other corporations, the reporting entity is the single corporation.
  - Families of Canadian corporations under common ownership and control should report a consolidated financial statement in the quarterly survey questionnaire.
  - For the purposes of this report, the following should not be consolidated:
    - Foreign subsidiaries and foreign branches of Canadian corporations covering foreign operations
    - Foreign parents of subsidiaries operating in Canada to the extent that they do not have any of their own operations in Canada

- Where the family of corporations covers diverse and independent industry activities which are unrelated and are organized as separate business segments for which separate financial statements are prepared, each business or business segment is to report separately (each business must be capable of reporting separate financial statements including a complete balance sheet and income statement)

A Corporate Structure may be enclosed with the questionnaire listing all of the corporations believed to be consolidated in the reporting entity's financial statements. This document should be reviewed carefully, corrected if necessary, and returned with the completed questionnaire to Statistics Canada.

Subsidiaries and affiliates that are accounted for in the financial statements as a one-line consolidation or net investment, using the equity method, should be excluded from the list of corporations on the reporting entity Corporate Structure.

If a Corporate Structure was not received and this reporting entity is part of a Canadian consolidation, please check the appropriate box and complete the questionnaire. You will be contacted so our Business Register can be updated.

## **2. Joint Ventures and Partnerships**

The survey covers the activities of joint ventures and partnerships. These may form part of your return or be surveyed separately. Please identify any non corporate entities included in this report on the comments page of the questionnaire.

However, it is recognized in some cases that separate financial statements for the joint venture are not produced quarterly or annually and it is the practice of the venturers to account for their investment by consolidating their portion of the joint venture in their financial statements. In such cases the joint venture is not reported as a separate entity, but it is covered in the reports of the venturers.

### **i) Foreign Operations of Canadian Enterprises**

Foreign operations of Canadian enterprises include all business conducted by establishments that are situated outside Canada, including foreign branches, foreign divisions and foreign offices.

Report income from foreign operations as a net amount in item 58100 (Equity in unconsolidated affiliates). The assets of the foreign operations should not be reported on a line-by-line basis, but rather as a net amount in item 14120 (Investments in affiliates outside Canada) and any accumulated earnings at item 14200.

**ii) Foreign Subsidiaries of Canadian Enterprises**

Foreign subsidiaries should always be excluded from line-by-line consolidation and reported in either item 14120 (Investments in affiliates outside Canada) where control or significant influence exists, or in item 15200 (Foreign investments - non-affiliates) for portfolio investments. Income from foreign investments, i.e., portfolio investments, should be reported at item 78700 (Foreign interest and dividend revenue). Investments reported on the equity basis should include the investor's share of earnings in item 58100 (Equity in unconsolidated affiliates) with the corresponding adjustment to the investment account in item 14200 (Accumulated earnings).

Dividends received from foreign investments reported on the equity basis are excluded from the income statement and are reported in Section D, "Disclosure of Selected Accounts," item 75200 (Equity method dividends – foreign dividends).

**iii) Classification of Capital and Head Office Accounts of Unincorporated Reporting Entities**

Unincorporated entities such as partnerships, joint ventures, and Canadian branch operations of foreign corporations.

Temporary loans and advances intended to be repaid are classified as a liability in series 24000 (Amounts owing to affiliates). Investments of capital of a permanent nature should be classified as owner's capital in item 32300 (Unitholders' capital). Undistributed profits of the entity are reported separately in item 38000 (Retained earnings – closing balance).

**3. Accounting Standards – Financial Statement Presentation and Disclosure**

The quarterly financial statements questionnaire is designed to collect structured information required for the industry financial statistics program, and the Canadian System of National Economic Accounts. The financial statements details and selected disclosure questions and schedules which are not normally found in published business financial statements are required to make the necessary conceptual adjustments and to calculate the Statement of Change in Financial Position as prescribed by the program.

Generally, the financial statements should be prepared in accordance with prevailing accounting standards.

Specific requirements of the survey that depart from these standards, other industry specific accounting principles, and financial statement disclosure standards are as follows:

**i) Balance Sheet**

- Unclassified balance sheet: Current assets and current liabilities are not separately itemized in the balance sheet but are requested as supplementary questions.
- Bank account credit balances (overdrafts) should not be offset against bank account debit balances. All credit balances should be shown as liabilities.
- Investments in subsidiaries, affiliates, and joint ventures on the equity method are separated into two accounts, investment in the acquired shares, and post acquisition accumulated equity in the investee.
- Sinking funds related to funded debt should be shown separately as an asset in the investment category, and not netted against the liability.
- Fixed assets include assets leased to others under an operating lease, capitalized leases (lessee), depletable assets, deferred exploration and development costs, and construction-in-progress (new capital projects). This category excludes intangible assets.
- Future Income Taxes: All balance sheet accounts including credit and debit balances, short and long term, should be shown net in one line on the liability side of the balance sheet in cell 27000.

**ii) Capital Expenditures**

- Purchases of used building and structures and machinery and equipment are itemized separately from the purchase of new capital assets.
- Capital expenditures include additions to the construction-in-progress accounts, not transfers from construction-in-progress to fixed assets accounts.
- Capital expenditures should be reported at gross values before deducting credits such as government assistance, grants, donations, investment tax credits, and flow through share credits, but net of GST input tax credits claimed.

**iii) Retained Earnings**

Prior period adjustments are to be included in item 38700 (Other additions (deductions)).

**iv) Income Statement**

- Expenses related to the amortization of deferred debits and deferred charges should be included in cell 52350 (Amortization – intangible assets and deferred charges).
- All unrealized losses, write-downs, and write-offs of assets, including adjustments to net realizable values, should be included in item 56420 (Derivative gains (losses) - unrealized), 56100 (Foreign currency gains (losses)), 56200 (Revaluations, (write-downs) and (write-offs)) or item 56500 (other comprehensive income (unrealized gains and (losses))).
- All realized gains and losses related to the disposal of investments, loans, and capital assets (except extraordinary items) should be included in item 56410 (Derivative gains (losses) – realized), 56300 (Realized gains (losses) on the sale of assets), 56100 (Foreign Currency gains (losses)) or 56600 (Other comprehensive income realized (gains) and losses).
- Profits or losses accruing to minority shareholders of consolidated subsidiaries should include the minority shareholders' portion of extraordinary gains and losses of the subsidiary. This means that the entire extraordinary gain or loss attributable to the subsidiary must be included in the extraordinary gain or loss line item of the consolidated income statement.

**v) Discontinued Operations**

Gains or losses from discontinued businesses related to operations should be disclosed as normal operations showing detailed revenues and expenses separately in the prescribed accounts in the income statement. As well, the balance sheet items related to discontinued operations should be shown separately in their respective accounts.

Estimated gains or losses forecasted from a future disposal of assets of a discontinued operation are classified as an unrealized gain or loss and as such should be shown in the revaluation account (item 56200) - noted above.

### III. SURVEY CONTENT (as per the order in the Questionnaire)

#### SECTION A – ASSETS

##### 1. 11000 Cash and Deposits

###### Details

- a) 11300 Canadian currency
- b) 11400 foreign currency

###### Definition

Cash and deposits consist of coins; bank notes; money orders; postal notes; cheques; accepted sight drafts; demand, notice and term deposit balances with banks and other financial institutions. Cheques issued against the reporting entity's accounts but not yet cleared by the financial institution should be shown in item 22180 (Accounts payable - other). If the reporting entity has more than one deposit account, debit balances should not be netted against credit balances.

Credit balances should be classified as overdrafts in items 25700 or 25800 (Loans and overdrafts from lenders in Canada and outside Canada).

###### Valuation

Cash items and deposit balances should be valued at their face value at the balance sheet date. Foreign currency should be expressed in terms of Canadian dollars using the exchange rate at the balance sheet date.

###### Inclusions

- Demand, notice, savings and term deposits
- Restricted demand deposits
- Guaranteed investment certificates
- Guaranteed savings certificates
- Deposit receipts
- Bearer deposit notes

###### Exclusions

- Bank overdrafts - see items 25700 and 25800 (Loans and overdrafts from lenders in Canada and outside Canada).
- Overdrafts in deposit accounts with other financial institutions - see items 25700 and 25800 (Loans and overdrafts from lenders in Canada and outside Canada).
- Gold bullion held for sale - see item 13000 (Inventory)

**2. 12100 Accounts receivable****Details**

- a) **12110** trade
- b) **17112** consumer credit (*see separate definition*)
- c) **12180** other
- d) **12800** allowance for doubtful accounts (*see separate definition*)

**Definition**

All claims against debtors arising from the sale of goods and services. Also included are accrued revenue receivable and accrued government grants receivable. Trade receivables are claims against customers for goods and services sold in the ordinary course of business.

**Valuation**

All accounts receivable should be shown gross before deducting allowance for doubtful accounts (item 12800).

**Inclusions**

- Trade
  - From affiliates arising from the sale of goods and services
  - Holdbacks receivable (construction activity)
  - Promissory notes and instalments receivable arising from sales of goods and services
- Other
  - Interest, dividend and other investment income receivable
  - Grants, subsidies, and royalties receivable
  - Receivables in connection with the sale of investments and fixed assets
  - Income taxes recoverable
  - Insurance claims
  - Patronage dividends receivable
  - Balance recoverable represented by the excess of GST input tax credits claimed over GST collections

**Exclusions**

- Other accounts receivables from affiliates - see items 14310 and 14320 (Debt Claims on Affiliates in Canada or outside Canada)
- Loans receivable - see items 16000 (Mortgage loans to non-affiliates) or 17000 (Non-mortgage loans to non-affiliates)
- Balance owing represented by the excess of GST collections over GST input tax credits claimed - see item 22100 (Accounts payable)

**b) 17112 consumer credit****Definition**

Credit card and other receivables due directly from non-commercial clients (i.e. households or individuals).

**d) 12800 allowance for doubtful accounts****Definition**

The allowance for doubtful accounts is a deduction from the book value of accounts receivable to reduce them to the estimated realizable value.

**3. 12200 Lease contracts****Details**

a) 12210 financial leases

b) 12220 residual value

**Definition**

Lease contracts receivable represent the total dollar value of lease payments receivable from lessees over the life of the financing lease written by the reporting unit.

Residual value refers to the salvage value of property leased by the reporting unit to others under financing lease contracts.

**Valuation**

Report net of unearned finance income.

**4. 13000 Inventory****Definition**

Tangible property held for sale in the ordinary course of business, in the process of production for such sale, or to be consumed in the production of goods and services for sale.

**Valuation**

Inventory should be valued at the lower of cost or net realizable value. Cost may be determined by any of the generally accepted methods of costing inventories. Provisions or reserves for future decline in inventory values should not be deducted - see item 19800 (Other assets). For construction companies, work-in-progress should not include the profit element. It should be valued at cost.



**Inclusions**

- Stocks of finished goods, raw materials, and work-in-progress
- Repair and service parts
- Supplies
- Fuel
- Containers
- Repossessed assets held for sale
- Ore and gold bullion on hand (for companies whose primary activity is mining)
- Real estate held or being developed for sale (for companies whose primary activities are real estate and construction)
- Costs of work-in-progress (for construction companies)

**Exclusions**

- Inventories of leased assets - see item 18316 (capitalized leases of lessee)
- Progress billings on construction activities - see item 29000 (Other liabilities)
- Goods shipped outside Canada on consignment, considered sold

**5. 14000 Investments in affiliates****Details****a) shares and equity**

- (1) 14110 in Canada
- (2) 14120 outside Canada
- (3) 14200 accumulated earnings

**b) debt claims on affiliates**

- (1) 14310 in Canada
- (2) 14320 outside Canada

**Definition**

All investments in and claims on (other than trade accounts receivable) unconsolidated parent, affiliated, and subsidiary corporations, affiliated joint ventures and partnerships, head office, directors, officers, and individual shareholders.

Subsidiary companies are corporations directly controlled (i.e., over 50% of the voting shares held) by the reporting entity.

Affiliated companies of the reporting entity are corporations which are:

- Effectively controlled or whose operations are significantly influenced by the reporting entity, despite its holding less than the majority of voting shares
- Controlled or significantly influenced by another company under the reporting entity's control
- Within the same family of corporations under common ownership and control

**Valuation**

Shares should be valued at acquisition cost and other investments should be shown at amortized cost. In cases where the investment value is permanently impaired and a write-down is recorded, this write-down will be reflected in item 56200 (Revaluations, (write-downs) and (write-offs)). If the equity method is used, the cost of shares is shown separately (in items 14110 or 14120) from the accumulated earnings less dividends received which are shown in item 14200.

**Inclusions***Claims:*

- Loans, including mortgage loans, notes and advances to “affiliates,” and holdings of debt instruments issued by non-consolidated parent, subsidiary, and affiliated corporations, head office, and affiliated joint ventures and partnerships
- Loans, notes, and advances to directors, officers, and individual shareholders
- Dividends and other non-trade receivables from non-consolidated parent, subsidiary, and affiliated corporations, head office, and affiliated joint ventures and partnerships

**Exclusions**

- Trade accounts receivable - see item 12110 (Accounts receivable - trade)

**6. 15100 Canadian investments – non-affiliates****Details**

- a) **15190** short-term paper (*see separate definition*)
- b) **15195** bonds and debentures (*see separate definition*)
- c) **15160** corporate shares, fund or trusts units and other equity (*see separate definition*)
- d) **15180** other Canadian investments (*see separate definition*)

**Definition**

Investments in securities issued by non-affiliated entities.

**Valuation**

The above financial instruments should be valued in accordance with prevailing accounting standards to the category under which the financial assets have been classified upon initial recognition or acquisition. Gains and losses on subsequent measurement or disposition of these assets and impairment losses should be taken to net income or other comprehensive income as applicable for the respective financial instrument category, in accordance with the same prevailing accounting standards.

**Exclusions**

- Loans receivable - see item 16000 (Mortgage loans to non-affiliates) and 17000 (Non-mortgage loans to non-affiliates)
- Investments in affiliates - see series 14000 (Investments in affiliates)
- Term deposits, guaranteed investment certificates, term deposit certificates and bearer deposit notes - see series 11000 (Cash and deposits)

**a) 15190 short term paper****Definition**

Investments in short-term debt securities issued by provincial and municipal governments, financial institutions, and industrial corporations resident in Canada. Short-term securities are generally those with an original term to maturity of less than one year.

Include investments in short-term Government of Canada obligations issued at a discount in lieu of interest. These obligations may be issued in Canadian or other currencies.

**Inclusions**

- Canadian provincial and municipal government short-term bills and notes
- Financial and commercial paper
- Bankers' acceptances
- Government of Canada treasury bills

**Exclusions**

- Term deposits, guaranteed investment certificates, deposit certificates and collateral deposits - see series 11000 (Cash and deposits)
- Demand, notice and savings deposits - see series 11000 (Cash and deposits)
- Share options and warrants - see item 19900 (Derivatives)
- Foreign finance and other short-term paper - see 15200 (Foreign investments – non-affiliates)
- Demand deposit notes - see series 11000 (Cash and deposits)

**b) 15195 bonds and debentures****Definition**

All debt securities issued by Canadian corporations, government business enterprises or Canadian government.

Include investments in Canadian issued debt securities, except treasury bills and notes with original terms to maturity of less than one year. Included are debt securities issued by provincial and municipal government business enterprises guaranteed by provincial or municipal governments.

**Inclusions**

- Income debentures, mortgage bonds, small business development bonds and small business bonds
- Notes with an original term to maturity of one year or over, except promissory notes arising from the sale of goods and services
- Own debt securities held but not retired
- Debt securities issued by separately constituted government enterprises and not guaranteed by a Canadian government
- Government guaranteed debt securities of private sector enterprises
- Government business enterprise debt guaranteed by a Canadian government

**Exclusions**

- Short-term paper - see item 15190 (Short-term paper)
- Debt securities of foreign governments and corporations - see item 15200 (Foreign investments – non-affiliates)
- Accrued interest receivable - see item 12180 (Accounts receivable - other)
- Debt securities of affiliates - see item 14000 (Investments in affiliates)
- Promissory notes arising from the sale of goods and services - see item 12110 (Accounts receivable - trade)
- Treasury bills - see item 15190 (Short-term paper)

**c) 15160 corporate shares, fund or trust units and other equity****Definition**

Investments in all Canadian equity issued by non-affiliated Canadian entities.

**Inclusions**

- Common and preferred shares of non-affiliated Canadian corporations
- Fixed term equity securities
- Closed-end and open-end funds
- Credit union shares
- Trust units

**Exclusions**

- Shares of affiliates – see items 14110 and 14120 (Shares and equity in Canada or outside Canada)
- Shares in foreign corporations - see item 15200 (Foreign investments – non affiliates)
- Dividends receivable - see item 12180 (Accounts receivable - other)
- Stock warrants and options - see item 19900 (Derivatives)

**d) 15180 other Canadian investments****Definition**

Canadian investments not elsewhere classified.

**Inclusions**

- Gold and silver certificates
- Precious metals (except for mining companies, where these should be part of inventory)

**Exclusions**

- Cash surrender value of life insurance policies - see item 19800 (Other assets)
- Goodwill, trademarks, patents, franchises, licences, rights and like items – see item 19100 (Intangible assets)
- Mortgage loans and non-mortgage loans - see items 16000 (Mortgage loans to non-affiliates) and 17000 (Non-mortgage loans to non-affiliates)

**7. 15200 Foreign investments – non-affiliates****Definition**

Investments in foreign securities other than securities issued by, and loans to, foreign affiliates.

**Valuation**

The above financial instruments should be valued in accordance with the prevailing accounting standards applicable to the category under which the financial assets have been classified upon initial recognition or acquisition. Gains and losses on subsequent measurement or disposition of these assets and impairment losses should be taken to net income or other comprehensive income as applicable for the respective financial instrument category, in accordance with the same prevailing accounting standards. Foreign investments should be expressed in Canadian dollars using the rate of exchange in effect on the balance sheet date.

**8. 19900 Derivatives****Definition**

A derivative is a financial security whose value is dependent upon or derived from 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 an asset to be recognized, it must provide future benefits that your enterprise controls and for which a transaction has occurred.

### **Valuation**

These financial instruments should be valued in accordance with the prevailing accounting standards:

- At fair value upon initial recognition
- At fair value after initial recognition
- Derivatives that are linked to and must be settled by delivery of equity instruments of another entity whose fair value cannot be reliably measured should be measured at cost
- Gains and losses should be recognized in net income for the period in which they arise except by those related to derivatives forming part of a hedge relationship which should be accounted for using hedge accounting rules.

### **Exclusion**

- Notional amount

## **9. 16000 Mortgage loans to non-affiliates**

### **Definition**

Mortgage loans and sales agreements receivable are loans made to purchase real estate contingent upon the borrowers' conveying title to the underlying real property to the lender as security for the loan.

### **Valuation**

Mortgages and sales agreements should be shown at amortized cost before deducting provision for mortgage loan losses - see item 19800 (Other assets).

### **Inclusions**

- Advances or draws as well as completed loans
- Mortgages purchased from another investor
- Mortgages assumed by seller of real estate

### **Exclusions**

- Mortgage loans to affiliates - see series 14300 (Debt Claims on Affiliates in Canada and outside Canada)
- Chattel or collateral mortgages - loans made for purposes other than the purchase of real estate but secured by real estate - see item 17000 (Non-mortgage loans to non-affiliates)
- Mortgage bonds, debentures and notes - see item 15195 (Bonds and debentures)

- Advances made to finance, real estate development and construction which are not secured by a mortgage, i.e., bridge financing - see item 17000 (Non-mortgage loans to non-affiliates)
- Accrued interest receivable - see item 12180 (Accounts receivable - other)

## 10. 17000 Non-mortgage loans to non-affiliates

### Definition

Funds lent to borrowers, other than through mortgage loan contracts or the purchase of debt securities issued by borrowers. Loans may be demand or time loans and, within these categories, secured or unsecured.

### Valuation

Non-mortgage loans receivable should be shown at amortized cost before deducting the loan loss provision - see item 19800 (Other assets). Loans denominated in foreign currency should be expressed in Canadian dollars using the exchange rate at the balance sheet date.

### Inclusions

- Day and call loans
- Short-term and long-term loans
- Overdrafts on depositors' accounts and drawings on lines-of-credit
- Collateral or chattel mortgages

### Exclusions

- Bills, serial notes, bonds and like evidence of indebtedness - see items in 15100 series (Canadian investments - non-affiliates)
- Loans receivable from affiliates - see item 14300 (Debt claims on affiliates)
- Mortgage loans receivable and funds lent to purchase real estate - see item 16000 (Mortgage loans to non-affiliates)
- Accrued interest receivable - see item 12180 (Accounts receivable - other)

## 11. 18300 Fixed assets

### Details

- a) **18319** depreciable assets and land (*see separate definition*)
- b) **18316** capitalized leases of lessee (*see separate definition*)
- c) **18350** accumulated depreciation (*see separate definition*)
- d) **18360** depletable assets (*see separate definition*)

### Definition

Tangible and intangible assets that:

- Are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and may include items held for the maintenance or repair of such assets
- Have been acquired or constructed with the intention of being used on a continuing basis
- Are not intended for sale in the ordinary course of business

Depletable assets costs represent costs incurred by the reporting entity in exploring and developing natural resource properties and the purchase of proven natural resource properties.

Also included are assets acquired under capital leases which are leases where all the benefits and risks of ownership of leased property are transferred from the lessor to the lessee.

This category includes real estate held for rental.

This item covers the accumulated depreciation and amortization on “real estate held for income” and “fixed assets.”

### **Valuation**

Fixed assets should be valued at acquisition cost including interest capitalized, or allowance for funds used for construction, plus the cost of betterments, less write-downs to reflect permanent impairment.

Depreciable assets should be reported before deducting depreciation.

Depletable assets should be shown net of amortization.

### **Inclusions**

- Land
- Construction, structures, roads, bridges and towers
- Construction in progress accounts related to new fixed assets
- Real estate held for rent
- Inventories of assets held for leasing
- Leasehold improvements
- All types of machinery and equipment including transportation and mobile equipment
- Depletable assets related to natural resource properties such as timber, water and power rights, mines, oil and gas wells, quarries and sand pits
- Deferred exploration and development charges related to mining and petroleum properties
- Assets acquired under capital leases

### **Exclusions**

- Repossessed assets held for sale by companies whose primary activities are non-financial - see item 13000 (Inventory)
- Intangible assets - see item 19100 (Intangible assets)
- Tooling and special tooling costs (transportation equipment manufacturers) - see item 19800 (Other assets)



**a) 18319 depreciable assets and land****Definition**

Property, plant, and equipment are tangible assets that are:

- Held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and may include items held for the maintenance or repair of such assets;
- Have been acquired or constructed with the intention of being used on a continuing basis;
- Not intended for sale in the ordinary course of business.

This category includes real estate held for rental.

**Valuation**

Land and depreciable assets should be valued at acquisition cost including interest capitalized, or allowance for funds used for construction, plus the cost of betterments, less write-downs to reflect permanent impairment. Depreciable assets should be reported before deducting depreciation.

**Inclusions**

- Land, roads, bridges and towers
- Buildings and other structures
- Leasehold improvements and other improvements
- Machinery and equipment

**b) 18316 capitalized leases of lessee****Definition**

Include assets acquired under capital leases which are leases where all the benefits and risks of ownership of leased property are transferred from the lessor to the lessee. Leased properties include land, buildings, machinery, and equipment (see general definition above under item 18300).

**c) 18350 accumulated depreciation****Definition**

The accumulated periodic allocations of the cost of rental properties and fixed assets to expense.

**d) 18360 depletable assets****Definition**

The costs of acquiring proven or producing natural resource properties. The cost of exploring and developing new natural resource properties.

**Valuation**

Show net of accumulated depletion and amortization.

**12. 19100 Intangible assets****Definition**

Long-term assets that lack physical substance such as goodwill, trademarks, licences, rights, patents, and franchises. All such assets will be valued at cost less accumulated amortization. Report deferred charges in item 19800 (Other assets).

**Valuation**

Intangible assets with a definite life should be valued at cost less accumulated amortization and impairment losses. Intangible assets with an indefinite life should be valued at cost less any impairment losses.

**13. 19800 Other assets****Definition**

All assets not elsewhere classified.

**Valuation**

Other assets should be valued at acquisition or amortized cost.

**Inclusions**

- Prepaid expenses and deferred charges - expenditures which are expected to yield benefits in the future and are carried forward to be allocated to current operations in subsequent periods, e.g., amounts paid for goods and services not yet received, prepaid insurance and rents, discount and expense on bond issues, organizational expense, research and development costs, preproduction costs, and deferred pension costs
- Deposits and advances - amounts lodged with or payments made to others to be either charged to expense or refunded at a later period, e.g., deposits on contracts and tenders, performance bonds, down payments and advances to suppliers
- Pipeline fill
- Cash surrender value of life insurance policies
- Other unamortized deferred debits
- Accumulated provisions and allowances for losses on inventories, on investments, loans and other assets charged to expenses
- Tooling and special tooling costs less accumulated amortization - the cost of developing tools and dies used in the fabrication of durable goods such as transportation equipment

**Exclusions**

- Deferred charges related to exploration and development cost (mining and petroleum properties) - see item 18360 (Depletable assets)

- Allowance for doubtful accounts - see item 12800 (Allowance for doubtful accounts)
- Reserves for losses which are appropriations of retained earnings - see item 38000 (Retained earnings – closing balance)

## SECTION B – LIABILITIES AND EQUITY

### 20000 LIABILITIES

#### 15. 22100 Accounts payable

##### Details

- a) 22110 trade
- b) 22180 other

##### Definition

All claims by creditors arising from the purchase of goods and services. Included are accrued liabilities and amounts owing to governments except corporate income tax. Trade payables are amounts claimed by creditors arising from the purchase of goods and services used in the ordinary course of business.

##### Inclusions

- Trade
  - Trade accounts payable to affiliates
  - Holdbacks payable
- Other
  - Interest, dividends and rent payable
  - Accrued expenses such as salaries, wages, payroll taxes, employee benefits, indirect taxes, capital taxes, guarantee and warranty costs
  - Debt arising from the purchase of fixed assets and investments
  - Patronage dividends and experience rating refunds payable
  - Outstanding cheques
  - Balance owing represented by the excess of GST collections over GST input tax credits claimed

##### Exclusions

- Income taxes payable - see item 23000 (Income taxes payable)
- Advances and unearned income - see item 29000 (Other liabilities)
- Lease contracts payable - see item 25184 (Capital lease obligations)
- Other accounts payable to affiliates - see series 24000 (Amounts owing to affiliates)
- Borrowings - see items in series 25000 series (Borrowings from non-affiliates)
- Balance recoverable represented by the excess of GST input tax credits claimed over GST collections - see item 12180 (Accounts receivable - other)

**16. 23000 Income taxes payable****Definition**

Income taxes, provincial mining and logging taxes payable to provincial and federal governments.

**Exclusions**

- Other taxes such as municipal taxes, business taxes, payroll taxes, sales taxes, royalties, licences and fees payable to provincial and municipal governments - see item 22180 (Accounts payable - other)
- Capital taxes - see item 22180 (Accounts payable - other)
- Income taxes recoverable - see item 12180 (Accounts receivable - other)

**17. 24000 Amounts owing to affiliates****Details**

a) **24100** in Canada

b) **24200** outside Canada

**Definition**

Debt, other than trade payables, owed by the reporting entity to non-consolidated parent, subsidiary, and affiliated corporations, affiliated joint ventures and partnerships, head office, directors, officers, and individual shareholders.

**Valuation**

Claims of affiliates should be shown at amortized value. Do not net with claims on affiliates (Item 14300).

**Inclusions**

- All loans, advances, mortgages, bonds, debentures, and notes held by non-consolidated parent, subsidiaries, and affiliated corporations, affiliated joint ventures and partnerships, head office, directors, officers, and individual shareholders
- Dividends and other non-trade accounts payable to non-consolidated parent, subsidiaries, and affiliated corporations, affiliated joint ventures and partnerships, head office, directors, officers, and individual shareholders

**Exclusions**

- Trade payables - see item 22110 (Accounts payable – trade)

**18. 25000 Borrowing from non-affiliates****Details**

- a) loans and overdrafts (*see separate definition*)
  - (1) **25700** from lenders in Canada
  - (2) **25800** from lenders outside Canada
- b) **25200** commercial paper (*see separate definition*)
- c) **25400** bonds and debentures (*see separate definition*)
- d) **25500** mortgage loans (*see separate definition*)
- e) **25184** capital lease obligations (*see separate definition*)

**a) loans and overdrafts****Details**

- (1) **25700** loans and overdrafts from lenders in Canada
- (2) **25800** loans and overdrafts from lenders outside Canada

**Definition**

Includes funds lent by chartered banks to the reporting entity other than through mortgage loan contracts or the banks' purchase of the reporting entity's securities. These loans may be demand or time loans and, within these categories, secured or unsecured.

Also includes funds borrowed from lenders other than chartered bank branches in Canada.

**Valuation**

Loans denominated in foreign currency should be expressed in Canadian dollars using the exchange rate in effect on the balance sheet date.

**Inclusions**

- Loans from Canadian chartered banks
- Overdrafts on deposit accounts as shown in the banks' records
- Loans from others
- Chattel or collateral mortgages
- Exercised lines of credit

**Exclusions**

- Mortgage loans - see item 25500 (Mortgage loans)
- Outstanding cheques - see item 22100 (Accounts payable)
- Loans from affiliates - see series 24000 (Amounts owing to affiliates)
- Finance and other short-term paper - see item 25200 (Commercial paper)
- Accrued interest payable - see item 22180 (Accounts payable - other)

**b) 25200 commercial paper****Definition**

Short-term notes and paper issued and outstanding.

**Valuation**

This liability should be valued at the proceeds of the issue before deducting fees or commissions. However, many issues are issued at a discount and may be recorded at amortized value. If data on actual proceeds are not available, amortized values are acceptable. Loans, denominated in foreign currency, should be expressed in Canadian dollars using the exchange rate in effect on the balance sheet date.

**Inclusions**

- Finance and commercial paper
- Demand or call notes
- Promissory notes not insurable under a deposit insurance act in Canada
- Bankers' acceptances - bankers' acceptances is short-term money market financing that is guaranteed by a bank

**c) 25400 bonds and debentures****Definition**

Bonds and debentures which represent long-term obligations. The instruments include a written promise to pay a specified sum of money at a fixed time in the future and to pay interest at a specified rate, and are usually secured by a pledge of assets. These debt instruments are usually marketable.

**Valuation**

This liability should be valued at the proceeds of the issue before deducting fees or commission. However, many issues are issued at a discount and may be recorded at amortized value. If data on proceeds are not available, amortized values are acceptable.

Sinking funds consisting of investments may be established by the debtor under the terms of the bond agreement. The value of these investments should not be deducted from the value of the bonds outstanding, but should be shown in the appropriate asset category and the amount of debt shown as the actual amount outstanding.

Bonds and debentures retired through the use of sinking funds or other resources should be deducted from the total debt outstanding.

Investments in the reporting entity's bonds and debentures should not be netted against the corresponding liabilities, but should be shown in the appropriate investment category.

Bonds and debentures denominated in foreign currency should be expressed in Canadian dollars using the exchange rate in effect on the balance sheet date.

**Inclusions**

- Mortgage bonds
- Collateral trust bonds
- Own bonds held but not retired
- Equipment trust certificates
- Small business bonds and small business development bonds
- Income bonds

**Exclusions**

- Mortgage loans - see item 25500 (Mortgage loans)
- Bonds held by affiliates - see series 24000 (Amounts owing to affiliates)
- Finance and other short-term paper - see item 25200 (Commercial paper)
- Bank or other loans secured by bonds, debentures, and serial notes – see items 25700 and 25800 (Loans and overdrafts from lenders in Canada and outside Canada)

**d) 25500 mortgage loans****Definition**

Funds borrowed under a mortgage contract to purchase real estate.

**Valuation**

Loans denominated in foreign currency should be expressed in Canadian dollars using the exchange rate in effect on the balance sheet date.

**Exclusions**

- Chattel or collateral mortgages - see items 25700 and 25800 (Loans and overdrafts from lenders in Canada and outside Canada)
- Mortgages due to affiliates - see series 24000 (Amounts owing to affiliates)
- Accrued interest payable - see item 22180 (Accounts payable - other)
- Mortgage bonds - see item 25400 (Bonds and debentures)

**e) 25184 capital lease obligations****Definition**

Capital lease obligations represent the total dollar value of lease payments payable by lessees over the life of the financing lease

**19. 29950 Equity securities classified as liabilities****Definition**



Include equities classified as liabilities as required in Section 3861 of the CICA Handbook outlining the accounting treatment for financial instruments.

## 20. 29900 Derivatives

### Definition

A derivative is a financial security whose value is dependent upon or derived from 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 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.

## 21. 27000 Future income taxes

### Definition

Future income tax assets and liabilities are the amounts of income tax benefits arising in respect of:

- Deductible or taxable temporary differences
- The carry forward of unused tax losses
- The carry forward of unused income tax reductions, except for investment tax credits

This account represents the accumulated temporary differences between accounting net income and taxable income, multiplied by the tax rate.

### Inclusions

- All deferred income tax debits and credits arising from use of the future income taxes method

### Exclusions

- Income taxes payable based on taxable income - see item 23000 (Income taxes payable)

**22. 28000 Minority interest****Definition**

Equity in subsidiaries consolidated in a reporting unit's return that is applicable to shares not owned by the reported parent company or any other company that is included in the consolidated report.

**23. 29000 Other liabilities****Definition**

Liabilities not elsewhere classified.

**Inclusions**

- Advances received, deferred income, unearned revenue, and progress billings
- Provision for future expenditures recognized in current operations as a charge against current income, e.g., retroactive increases in wages, provision for pension costs, provision for warranty claims, and retroactive adjustments
- Unamortized deferred credits/debits such as unamortized foreign exchange gains/losses
- Unrealized gains/losses on the translation of foreign currency
- Unamortized balance of deferred gains/losses on the disposal of investments

**Exclusions**

- Trade and other accounts and notes payable - see item 22100 (Accounts payable)
- Accrued expenses - see item 22180 (Accounts payable - other)
- Accounts, notes, loans and all other claims owing to affiliates - see series 24000 (Amounts owing to affiliates)

## 30000 EQUITY

### 24. 31000 Share capital

#### Details

- a) 31100 preferred
- b) 31200 common

#### Definition

The ownership interest in a company as authorized by its instrument of incorporation. It covers all classes of share capital including membership shares, additional shares held by members and estate/endowment shares (such as in credit unions).

#### Valuation

Share capital issued and outstanding should be stated at par value or, if there is no par value, their stated value.

#### Inclusions

- Common or ordinary shares
- Preferred shares: cumulative, participating, non-cumulative, term, redeemable

#### Exclusions

- Retained earnings - see item 38000 (Retained earnings – closing balance)
- The undistributed profits portions of the head office accounts and capital accounts of unincorporated entities - see item 38000 (Retained earnings – closing balance)
- Contributed surplus - see item 33000 (Contributed surplus)

### 25. 32300 Unitholders' capital

#### Definition

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

#### Inclusions

- Investments in unincorporated entities which represent permanent capital - this includes unincorporated partnerships and joint ventures.

**26. 33000 Contributed surplus****Definition**

The portion of paid-in capital (i.e., contributed capital) arising from:

- Premiums received on the issue of par value shares
- That portion of no par value shares issued that have not been classified as part of share capital
- Proceeds of sale of donated shares
- Profit on forfeited shares
- Redemption or conversion of shares at an amount different from that set up as share capital
- Donations of capital

**Exclusions**

- Undistributed earnings - see item 38000 (Retained earnings – closing balance)
- Share capital - see item 31000 (Share capital)

**27. 36000 Accumulated other comprehensive income****Definition**

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.

**28. Retained earnings****Details**

- a) **38100** opening balance (*see separate definition*)
- b) **38200** net income (loss) for the current period (*see separate definition*)
- c) **38400** transfers from (to) share capital (*see separate definition*)
- d) **38700** other additions (deductions) (*see separate definition*)
- e) **38800** dividends declared: (*see separate definition*)
  - (1) **38804** preferred shares
  - (2) **38806** common shares
- f) **38300** income trust distributions (*see separate definition*)
- g) **38000** closing balance (*see separate definition*)

**a) 38100 opening balance****Definition**

The accumulated balance of income less losses of a reporting entity, after taking into account dividends and other appropriate charges or credits. The amount here is the balance at the beginning of the period and must agree with the closing balance of item 38000 of the prior period.

**b) 38200 net income (loss) for the current period****Definition**

Current period net income as reported in the Income Statement - see item 58480 (Net income (loss)).

**c) 38400 transfers from (to) share capital****Definition**

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.

**Inclusions**

- Transfers between a branch and its parent head office which are not included in the branch's report
- Transfers between self-reporting branches

**Exclusions**

- Infusion of funds which are treated by the reporting entity as loans or advances from the head office - see items 24100 and 24200 (Amounts owing to affiliates)
- Loans and advances to head office - see items 14310 and 14320 (Debt claims on affiliates)
- Adjustments relating to prior years – see item 38700 (Other additions (deductions))

**d) 38700 other additions (deductions)****Definition**

Changes in retained earnings arising from events other than those described in item 38400 or through dividends paid.

**Inclusions**

- Adjustments resulting from changes in accounting methods and the basis of reporting
- Prior period adjustments

**Exclusions**

- Transfers between a branch and its parent head office which are not included in the branch's report - see item 38400 (Transfers from (to) share capital)
- Transfers between self-reporting branches - see item 38400 (Transfers from (to) share capital)
- Transfers from/to share capital - see item 38400 (Transfers from (to) share capital)

**e) 38800 dividends declared****Details**

(1) **38804** preferred shares

(2) **38806** common shares

**Definition**

An amount declared by the board of directors for distribution to shareholders in proportion to their holdings, having regard for the respective rights of various classes of stock.

**Inclusions**

- Cash dividends declared
  - Cash dividends declared on all common and preferred shares
- Other dividends
  - Stock dividends declared on common or preferred shares
  - Liquidating dividends
  - Patronage dividends

**Exclusions**

- Interest expense on small business development bonds, small business bonds, income bonds and debentures - see item 53110 (Interest expense on bonds and debentures)

**f) 38300 income trust distributions****Definition**

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

**g) 38000 closing balance****Definition**

The accumulated undistributed earnings derived from all sources, including capital or extraordinary gains and losses. Retained earnings may be appropriated (i.e., set aside at the discretion of management or in accordance with the requirements of a statute, by-law, trust indenture or other agreement for a specific or general purpose), or unappropriated. Both are included here.

Include head office accounts which represents the undistributed profits a foreign company has retained in an unincorporated branch operating in Canada. Also, other incorporated entities such as partnerships and joint ventures, branches and divisions of corporations should include their undistributed profits in this account.

**Inclusions**

- The undistributed profits portion of the head office accounts and capital accounts of unincorporated entities

**Exclusions**

- Contributed surplus - see item 33000 (Contributed surplus)
- Share capital - see item 31000 (Share capital)
- Unitholder's capital – see item 32300 (Unitholder's capital)

## SECTION C – INCOME STATEMENT

### 40000 REVENUE

#### 30. OPERATING REVENUE

##### Details

- a) **41900** sales of goods and services (*see separate definition*)
- b) **43000** rental revenue (*see separate definition*)
- c) **49000** other operating revenue (*see separate definition*)

##### a) **41900 sales of goods and services**

##### Definition

The total proceeds of the disposition of stock-in-trade during the period. Sales of services represents the actual or expected cash inflow for services rendered during the period.

##### Valuation

Sales should be shown before deduction of royalty expenses, but net of sales and excise taxes, goods and services tax (GST), trade discounts, and returns and allowances. Sales should include shipping and freight charges to purchaser. Sales denominated in foreign currency should be translated to Canadian currency at the exchange rate on the transaction date.

##### Inclusions

- All goods sold including consignments shipped outside Canada
- All service revenue related to transportation, storage, communication, repairs, maintenance, cleaning, entertainment, computer, advertising, professional, accommodation, construction contracts, health services, recreational social services, services to business, food, management and administrative services
- Sales of properties purchased for development and for resale
- Sales of repossessed property
- Revenue from hotel rooms, tourist cabins, lodges, and public parking charges
- Commissions earned on sales of real estate and securities and commissions earned by insurance agents, travel agents, sales representatives, and grain dealers

##### Exclusions

For some industries, transactions that are considered as sales may be separately identified, such as:

- Investment revenue - see items 78500 (Canadian interest revenue), 78600 (Canadian dividends) and 78700 (Foreign interest and dividend revenue)
- Rental revenue - see item 43000 (Rental revenue)



**b) 43000 rental revenue****Definition**

Rental revenue resulting from the renting of real estate, machinery, equipment, and other properties.

**Valuation**

Rental revenue should be shown before deduction of expenses such as property taxes and repairs and maintenance, but net of the goods and services tax (GST).

**c) 49000 other operating revenue****Definition**

Includes royalties, franchise fees, operating subsidies and operating revenue not elsewhere classified.

**Exclusions**

- Realized and unrealized gains (losses) - see items 56100, 56200, 56300, 56400, 58300, 56500 and 56600.

**50000 EXPENSES****32. 55210 Wages and salaries****Definition**

Reported wages and salaries (including commissions) before deductions. An employee is defined as a worker for whom a Revenue Canada T4 Supplementary Form was completed.

**Inclusions**

- Vacation pay
- Director's fees
- Bonuses (including profit-sharing)
- Commissions
- Gratuities
- Taxable allowances (e.g., room and board)
- Retroactive wage payments
- Amounts deposited into foreign accounts

**33. 55220 Employer portion of employee benefits****Inclusions**

- Employee life and extended health care insurance plans (e.g., medical, dental, drug, vision care plans)
- CPP/QPP contributions
- Employer pensions contributions
- Workers' Compensation contributions
- Employment Insurance premiums (E.I.)
- Retiring allowances or lump sum payments to employees at time of termination or retirement
- All other employee benefits such as childcare or supplementary unemployment benefit (SUB) plans

**Exclusions**

- Ontario Employer Health Tax - see item 55002 (Indirect taxes)

**34. 62310 Pension expense****Definition**

Include pension expense incurred by the reporting entity as per CICA Handbook Section 3461. Report other benefits expenses under item 55220 (Employer portion of employee benefits).

**35. 62340 Stock option expense****Definition**

Include employee stock options that were expensed during the current period as per CICA Handbook Section 3870.

**36. 55002 Indirect taxes****Definition**

Taxes that are payable as a result of production, traffic and consumption. They are proportional and the rate does not depend upon the personal characteristics of the taxpayer. The most common indirect taxes are those applied to sales, to the consumption of goods considered as special or as a luxury, and to the transfer of immobile goods.

**Inclusions***Salary Related*

- Ontario Employer Health Tax
- Québec: Employers' contribution to health services funds

- Manitoba Levy for Health and education and the Newfoundland Payroll tax

*Other*

- Property taxes, business taxes and other fees
- Licenses for which no goods or services are received from municipal, provincial and federal governments
- Provincial capital taxes

### **37. 52100 Depreciation**

#### **Definition**

Depreciation is the accounting process whereby the cost of a capital asset is systematically allocated to current operations over the term of its useful life.

#### **Inclusions**

Depreciation relates to fixed assets - items 18319 (Depreciable assets and land) and 18316 (Capitalized leases of lessee).

- Depreciation of building and structures
- Amortization of leasehold improvements (related to buildings)
- Depreciation of machinery and equipment.
- Amortization of leasehold improvements (related to machinery and equipment)
- Depreciation of rental assets
  - For operating leases (by lessor)
  - For capital leases (by lessee)

#### **Exclusions**

- Depletion expenses -see item 52200 (Depletion)
- Amortization of intangible assets and deferred charges - see item 52350 (Amortization – intangible assets and deferred charges)
- One-time write-offs or write-downs - see item 56200 (Revaluations, (write-downs) and (write-offs))

### **38. 52200 Depletion**

#### **Definition**

Depletion is the systematic allocation of costs to current operations based on the reduction in the quantity of wasting assets as a result of consumption, removal, or passage of time. Depletion charges relate to the cost of depletable assets. Depletable assets represent the costs of purchasing proven resource or operating properties.

Also includes the gradual writing off of capitalized costs involved in discovering and bringing a mineral or other natural resource property into production.

**Inclusions**

- Depletion charges related to the cost of acquiring proven or producing resource properties.
- Also includes amortization of deferred exploration and development charges which covers:
  - Mine-site exploration and development expenditures capitalized – this refers to expenditures on properties which are in production or are being prepared for production, and includes such expenditures as underground, surface and airborne exploration, drifts, shafts, raises, diamond drilling and stripping.
  - General exploration expenditures capitalized - this refers to expenditures other than those incurred on producing properties or on properties being prepared for production.
  - Land and lease acquisition and retention expenditures capitalized – this includes non-producing lease rentals, bonuses, legal fees, filing fees, land department salaries, taxes, and applicable overhead.
  - Exploration and development drilling expenditures capitalized – this refers to the costs of physical work, casings and other materials, dry wells, productive wells, capped wells, wells in progress, administration, and applicable overhead.
  - Geological and geophysical expenditures capitalized - these expenses pertain to cost of seismographs, velocity surveys, gravity meters, magnetic playbacks, camps, crews, dirt work, and applicable overhead.

**Exclusions**

- Write-offs of depletable assets - see item 56200 (Revaluations, (write-downs) and (write-offs))
- Portion of exploration and development expenses not capitalized, but charged directly to current operations

**39. 52300 Amortization****Details**

**a) 52350** intangible assets and deferred charges

**b) 52330** tooling and special tooling costs

**Definition**

Amortization is the gradual writing off of a balance in an asset account over an appropriate period. This balance usually arises from the capitalization of expenditures made to benefit future periods and includes intangible assets, special tooling costs, and other deferred charges.

**Inclusions**

- Amortization of goodwill, patents, franchises, copyrights, organization expense, trademarks – item 52350
- Amortization of research and development costs, set-up costs, financing costs of issuing debt and share capital, preproduction costs, deferred compensation and pension costs – item 52350

- Amortization of deferred gains and losses on investments – item 52350
- Amortization of tooling and special tooling costs (manufacturing) – item 52330

**Exclusions**

- Amortization of leasehold improvements - see item 52100 (Depreciation)
- Amortization of premiums and discounts on investments - see appropriate interest income or expense item
- Amortization of exploration and development expenses - see item 52200 (Depletion)
- Amortization of deferred losses on the translation of foreign currency – see item 56100 (Foreign currency gains (losses))

**40. 55831 Resource royalties expense****Definition**

This item applies only to mineral extraction and forestry companies. It represents the fees paid by companies to governments for the right to utilize natural resources.

**41. 55600 Bad debt expense, charitable donations and write-down of inventory****Definition**

Include bad debt expense, charitable donations and write-downs of inventory in the current period.

**42. 55001 Purchased goods and services****Inclusions**

- Direct cost of sales including the cost of goods purchased for resale and the cost of materials included in the cost of goods manufactured and sold
- Supplies, parts, small tools and equipment and materials purchased and consumed in the production, distribution, marketing and administrative functions
- Contractors and sub-contractors
- Agents and self-employed persons (personal service contracts)
- Professional, technical, administrative and security services
- Information and data processing services
- Repairs, maintenance and cleaning services
- Water and sewer charges levied by municipalities
- Rent and leasing of land, buildings and equipment
- Advertising, promotion and marketing services
- Insurance
- Telephone and other communication services

- Travel services
- Memberships, licenses, fees and non-resource royalties expense

**Exclusions**

- Bad debt expense, charitable donations and write-down of inventory - see item 55600 (Bad debts expense, charitable donations and write-down of inventory)
- Resource royalties expense - see item 55831 (Resource royalties expense)

**43. 58420 TOTAL OPERATING EXPENSES****Inclusions**

- 52100 Depreciation
- 52200 Depletion
- 52300 Amortization
- 55001 Purchased goods and services
- 55002 Indirect taxes
- 55210 Wages and salaries
- 55220 Employer portion of employee benefits
- 55600 Bad debts expense, charitable donations, and write-down of inventory
- 55831 Resource royalties expense
- 62310 Pension expense
- 62340 Stock options expense

**44. 58430 OPERATING INCOME (LOSS)****Definition**

The difference between total operating revenue and total operating expenses.

**OTHER OPERATING REVENUE AND EXPENSES****45. 78500 Canadian interest revenue****Definition**

Revenue earned with respect to the lending of money through loans and the holding of debt instruments such as bonds, mortgages, and other financial claims.

**Valuation**

Interest revenue should not be netted against interest expense.

**Inclusions**

- Amortization of discounts and premiums on the purchase of fixed income securities and the lending of money
- Interest on deposits
- Interest on income bonds and debentures
- Finance charges on accounts receivable
- Interest on small business development bonds
- Interest on small business bonds
- Finance income from sales type and financing leases - a financing lease transfers substantially all the benefits and risks incident to the ownership of property to the lessee; this type of lease is incidentally a method of financing the purchase of property.
- Imputed interest or discounts from commercial paper, financial paper, and treasury bills

**Exclusions**

- Dividends on term and retractable preferred shares - see items 78600 (Canadian dividends) or 78700 (Foreign interest and dividend revenue)
- Interest revenue from foreign sources - see item 78700 (Foreign interest and dividend revenue)

**46. 78600 Canadian dividends****Definition**

Receipts of cash arising from the reporting entity's shareholdings in corporations incorporated in Canada. This item excludes dividends received when the equity method of accounting for investments is used.

**Inclusions**

- Cash dividends on all common and preferred shares except other than classified as liabilities under Section 3861 of CICA Handbook
- Liquidating dividends

**Exclusions**

- Patronage dividends
- Stock dividends and non-cash dividends
- Interest on small business bonds, small business development bonds and income bonds - see items 78500 (Canadian interest revenue) or 78700 (Foreign interest and dividend revenue)
- Cash dividends from affiliates accounted for on the equity method - see item 75000 (Equity method dividends)

**47. 78700 Foreign interest and dividend revenue****Definition**

All cash dividends received from corporations incorporated outside Canada and interest revenue from foreign sources.

**Valuation**

Interest and dividend income received from foreign sources should be shown before deduction of interest expenses but net of foreign withholding taxes.

**48. 53100 Interest expense****Details**

- a) **53132** short-term debt
- b) **53110** bonds and debentures
- c) **53120** mortgages
- d) **53131** other long-term debt

**Definition**

Payments for the use of funds raised through loans, bonds, short-term paper, notes, and other debt instruments.

**Valuation**

Interest expense should be shown net of interest capitalized. Interest expense should not be netted against interest revenue.

**Inclusions**

- Amortization of bond discounts
- Discount expense
- Imputed interest expense on commercial and financial paper and treasury bills
- Interest payments on capital leases
- Finance charges
- Interest on small business development bonds
- Interest on small business bonds
- Interest on income bonds and debentures
- Interest paid on all other borrowing
- Interest paid to affiliates



**Exclusions**

- Dividends on term and retractable preferred shares - see item 38804 (Dividends declared - preferred shares)
- Amortization of debt issue expenses - see item 52350 (Amortization – intangible assets and deferred charges)
- Debt issue expenses - see item 55001 (Purchased goods and services)

**49. 53400 Dividend paid on equity securities classified as liabilities****Definition**

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 29950 (Equity securities classified as liabilities) on the balance sheet.

**50. 56300 Gains (losses) on the sale of assets****Definition**

Realized gains or losses that are not considered extraordinary items - see item 58300 (Extraordinary gains (losses)). The assets in this category are not considered part of stock-in-trade purchased or produced for sale from the normal operations of the business. They are considered to be of a capital nature such as fixed assets, portfolio investments, and intangible assets.

**Valuation**

The accounting measure of the gain or loss on the sale of an asset represents the difference between its book value and the proceeds of disposition before the deduction of incidental costs and income taxes applicable. The gains or losses in financial instruments should be measured in accordance with Section 3855 financial instruments recognition measurement from the CICA Handbook.

**Exclusions**

- Realized gains (losses) reported elsewhere - see items 56100, 56410, 58300 and 56600.

**51. 56100 Foreign currency gains (losses)****Definition**

Gains or losses will occur on the translation of foreign currency because of fluctuating exchange rates over time. This item will include unrealized gains and losses on foreign currency denominated monetary assets and liabilities. This item will also include amortization of deferred exchange gains and losses.

Also included are realized exchange gains and losses arising from the settlement of foreign currency denominated monetary items.

**Exclusions**

- Amounts related to derivatives (see series 56400) and other comprehensive income (see items 56500, 56600 and 57300)

**52. 56400 Derivative gains (losses)****Details**

- (a) 56410 realized
- (b) 56420 unrealized

**Definition**

The gains or losses on derivatives that meet the definition of financial instruments as per Handbook Section 3855 are considered here. A derivative is a financial security whose value is dependent upon or derived from 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.

**Valuation**

The gains or losses in financial instruments should be measured in accordance with Section 3855 financial instruments recognition measurement from the CICA Handbook. If derivatives are held-for-trading, their gains or losses should be reported in series 56400. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity in item 56500. The gain or loss relating to the ineffective portion is recognized immediately in series 56400.

More information on how financial instruments should be presented in financial statements, please refer to Section 3861 of the CICA Handbook.

**53. 56200 Revaluations, (write-downs) and (write-offs)****Definition**

Unrealized gains or losses resulting from the adjustment of book values on the revaluation of assets.

**Valuation**

Any gains or losses should be shown before the deduction of income taxes applicable.

**Inclusions**

- Write-offs or write-downs of all assets other than inventories and accounts receivable - see item 55600 (Bad debts, charitable donations and write-down of inventory)
- Write-offs of dry holes, abandoned and unproductive properties related to mining, petroleum and natural gas operations

**Exclusions**

- Gains (losses) on the sale of assets - see item 56300
- Extraordinary gains/losses - see item 58300 (Extraordinary gains (losses))
- Current period provision for losses with respect to bad debts and inventory -see item 55600 (Bad debts, charitable donations and write-down of inventory)
- Amortization of deferred charges and deferred debits - see item 52350 (Amortization – intangible assets and deferred charges)
- Derivatives gains (losses) -see series 56400 (Derivatives gains (losses))

**54. 58460 INCOME (LOSS) BEFORE INCOME TAXES****Definition**

Net income before provision for income taxes, equity in net income of unconsolidated affiliates, minority shareholders' portion of net income and extraordinary gains (losses).

**55. 57100 Current income tax expense****Definition**

Current Canadian corporate income taxes. Also included are taxes levied by provincial governments on mining and logging operations.

**Inclusions**

- Current income taxes - the amount currently payable based on taxable income
- Large corporations - federal capital tax
- Provincial taxes on mining and logging operations
- Taxes related to all gains/losses except taxes on extraordinary items
- Tax benefit of loss carry forward

**Exclusions**

- Taxes related to extraordinary items - report extraordinary gains (losses), item 58300, net of applicable income taxes
- Indirect taxes - see item 55002 (Indirect taxes)
- Provincial capital taxes - see item 55002 (Indirect taxes)
- Income taxes paid to foreign governments - see item 55001 (Purchased goods and services)
- Deferred income taxes - arises from timing differences in the recognition of revenue and expenses in the measurement of accounting and taxable income – see item 57200 (Future income tax expense)

**56. 57200 Future income tax expense****Definition**

Deferred Canadian corporate income taxes. Also included are taxes levied by provincial governments on mining and logging operations.

**Inclusions**

- Large corporations - federal capital tax
- Provincial taxes on mining and logging operations
- Taxes related to all gains/losses except taxes on extraordinary items
- Deferred income taxes - arises from timing differences in the recognition of revenue and expenses in the measurement of accounting and taxable income
- Tax benefit of loss carry forward

**Exclusions**

- Taxes related to extraordinary items - report extraordinary gains (losses)-item 58300- net of applicable income taxes
- Indirect taxes - see item 55002 (Indirect taxes)
- Provincial capital taxes - see item 55002 (Indirect taxes)
- Income taxes paid to foreign governments - see item 55001 (Purchased goods and services)
- Current income taxes - the amount currently payable based on taxable income – see item 57100 (Current income tax expense)

**57. 58470 INCOME (LOSS) AFTER INCOME TAXES****Definition**

Net income after taxes but before equity in net income of unconsolidated affiliates, minority shareholders' portion of net income (loss), and extraordinary gains (losses).

**58. 58100 Equity in unconsolidated affiliates****Definition**

This item is applicable only to reporting entities employing the equity method of accounting for investment in unconsolidated parent, affiliated and subsidiary corporations, affiliated joint ventures and partnerships. It covers the reporting entity's portion of the profit or loss for the current period of affiliates.

**Exclusions**

- Under the equity method of accounting for investments, dividends received from affiliates that are credited directly to the investment account will not appear in this item, nor will they be included in the measurement of net income - see items 75100 and 75200 (Equity method dividends).

**59. 58200 Minority shareholders' portion of net income of consolidated affiliates****Definition**

In cases where reporting entities consolidate a subsidiary which is not wholly owned, the portion of the subsidiary's profit or loss for the current period accruing to the minority shareholders will be shown in this item.

Contrary to C.I.C.A. treatment, which requires the exclusion of the minority shareholders' portion of extraordinary gains and losses of consolidated subsidiaries, the IOFD definition requires that this item include the minority shareholders' interest in all revenues, expenses, gains and losses, including extraordinary gains and losses. The consolidated accounts should include 100% of the subsidiary's revenues, expenses, gains and losses, including extraordinary gains and losses.

**60. 58300 Extraordinary gains (losses)****Definition**

Gains, losses and provision for losses which are not typical of the normal business activities of the reporting entity. In a business, the events giving rise to extraordinary gains/losses are not expected to occur regularly over a period of years, are not considered as recurring factors in ordinary business operations.

In the case of consolidated financial statements, the parent's portion as well as the minority shareholders' share of extraordinary items (i.e. 100% of the gains or losses) should be included in this item. This treatment is contrary to C.I.C.A. guidelines, which recommend that only the parent's portion of a subsidiary's extraordinary item be reported.

**Valuation**

Report net of applicable taxes.

**Inclusions**

- Events and circumstances that do not depend primarily on decisions or determinations by management or owners
- Intervention by government or other regulatory bodies such as expropriations of property
- Acts of God, such as floods or earthquakes
- Losses resulting from fires or other catastrophes

**Exclusions**

- Tax benefit of a loss carried forward - see items 57100 (Current income tax expense) and 57200 (Future income tax expense)
- Gains/losses from discontinued operations
  - Results of current operations should be reflected in appropriate revenue and expense items
  - Recognition of future gains or losses - see item 56200 (Revaluations, (write-downs) and (write-offs))
  - Realized gains/losses - see Item 56300 (Gains (losses) on the sale of assets)
- Unusual and non-recurring items that do not meet the criteria set out in the definition of extraordinary gains/losses
  - Asset valuation adjustments such as write-downs and write-offs to net realizable values - see item 56200 (Revaluations, (write-downs) and (write-offs)) and 56500 (unrealized gains and (losses))
  - Gains and losses on the disposal of investments, fixed assets, and loans - see item 56300 (Gains (losses) on the sale of assets) and 56600 (realized (gains) and losses)

**61. 58480 NET INCOME (LOSS)****Definition**

Net income represents the difference between all revenue and expenses, gain and loss items for the reporting period. Net income comes after deduction of current and future income tax expenses. This item must coincide with the value reported in 38200 (Net Income (loss) for the current period). Note that this item excludes "other comprehensive income" - items 56500, 56600 and 57300.

**62. 56500 / 56600 / 57300 OTHER COMPREHENSIVE INCOME****Details****a) 56500** unrealized gains (losses)

Include unrealized gains and (losses) that would not normally be included in net income. The gains or losses should be measured in accordance with the CICA Handbook. Include unrealized gains (losses) on derivatives designated as cash flow hedges, hedges of unrealized foreign currency gains (losses), and available-for-sale financial assets revalued to fair value.

**b) 56600** realized (gains) and losses

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

**c) 57300** income taxes

Related to other comprehensive income.

**Definition**

It comprises revenues, expenses, gains and losses that in accordance with prevailing accounting standards are recognized in comprehensive income, but excluded from net income.

**Valuation**

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 56200 (Revaluations, (write-downs) and (write-offs))

**63. 58485 COMPREHENSIVE INCOME****Definition**

Comprehensive income is the change in equity (net assets) of an enterprise during a period from transactions, other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

## SECTION D – DISCLOSURE OF SELECTED ACCOUNTS

### BALANCE SHEET DISCLOSURE

#### 64. 61200 Current assets

**Definition**

The total of cash and other resources that are expected to be realized in cash or sold or consumed within one year or within the normal operating cycle of the business, whichever is longer.

**Inclusions**

- Current portion of long-term assets

#### 65. 61400 CURRENT LIABILITIES

**Definition**

A liability that in the ordinary course of business will be liquidated within one year or within the normal operating cycle, whichever is longer.

**Inclusions**

- Current portion of long-term debt

### PENSION PLAN FUNDING

#### 66. 66300 Funded Status

**Detail****a) 66100** plan assets

Assets held by the trustee at market (fair) value

**b) 66200** benefit obligation

Actuarial obligation at the end of the quarter

**c) 66300** funded status

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

**d) 66500** accrued benefits (liability) or asset

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



**Valuation**

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

**INCOME STATEMENT DISCLOSURE****67. 50500 Cost of goods and services sold****Definition**

The direct costs of manufacturing or purchasing goods that are transferred from inventory to the income statement and reported as an expense when the goods are sold and sales revenue is reported.

**Inclusions**

- Merchandising activity: cost of goods purchased for resale
- Manufacturing activity: inventoried product costs including raw material, direct labour, sub-contracts, and manufacturing overhead
- Construction and real estate development activity: the costs that are deferred related to real estate held for sale and reported in the asset inventory account (13000); these costs would include direct materials and labour, sub-contracts, construction overhead and deferred financing and administrative costs
- Forestry, mining, petroleum, and natural gas extraction activity: the costs of harvesting, extracting and processing the wood, minerals, and fuels; these costs would include direct labour and materials, fuels and energy consumed, sub-contracts, services, transportation, transmission, and production overhead that are assigned to the product inventory cost

**Exclusions**

- Depletion charges - see item 52200 (Depletion)
- Amortization of special tooling and tooling costs - see item 52330 (Amortization – tooling and special tooling costs)
- Amortization of deferred exploration and development charges - see item 52350 (Amortization – intangible assets and deferred charges)
- Depreciation of buildings and equipment used in a rental operation – see item 52100 (Depreciation)

**68. 55700 Software costs expensed****Definition**

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.

**69. 75000 Equity method dividends****Details**

- a) **75100** Canadian
- b) **75200** foreign

**Definition**

Dividends received from unconsolidated subsidiaries and affiliates accounted for on the equity method. Such dividends received are credited to the balance sheet investment account and do not appear as dividend income reported on the income statement.

**Exclusions**

- Dividends received from corporations where the investment is accounted for on the cost method - see items 78600 (Canadian dividends) and 78700 (Foreign interest and dividend revenue)

**70. 74700 Unusual Items****Definition**

Transactions, events or circumstances recognized in the income statement that are not classified as extraordinary gains/losses but are not expected to occur frequently over several years, or do not typify normal business activities, and have a material impact on the current period's operating profits.

**Inclusions**

- Transactions, events or circumstances recognized in the income statement that are reported as operating revenues, or operating expenses.

**71. 58412 Consolidation accounting elimination of sales****Definition**

This item represents the amount of inter-corporate sales eliminated when reporting consolidated sales. If your enterprise has sales between plants, divisions, or companies that are eliminated upon the consolidation of your accounts, the value of that transaction is reported here.

## 72. CAPITAL EXPENDITURES

### Details

- a) **59113** new buildings
- b) **59114** new machinery and new equipment
- c) **59160** used buildings, used machinery and land
- d) **59200** depletable assets
- e) **59130** capitalized leases
- f) **59000** total capital expenditures

### Definition

Gross additions to fixed assets and construction in progress accounts during the period.

### Valuation

Capital expenditures should be reported at acquisition cost net of GST input tax credits claimed, revenue credits, capital grants, donations, government assistance and investment tax credits.

**Do not net against proceeds from disposals of assets.**

Include capitalized interest.

**Exclude assets associated with the acquisition of companies.**

### Inclusions

- Additions to land, depreciable and depletable assets
- Capitalized interest
- Assets acquired under financing or sales type leases (lessees)
- Capitalized expenditures on exploration and development pertaining to mining, petroleum, and natural gas operations
- Construction-in-progress

### Exclusions

- Properties developed for sale - see item 13000 (Inventory)

## 73. 59810 Capitalized tooling

### Definition

Expenditures that are deferred and amortized over future periods (deferred charges). Tooling and special tooling costs represent the cost of developing tools and dies which are used in the fabrication of durable goods such as transportation equipment.

**OTHER DISCLOSURE****74. 80005 Hours spent completing questionnaire****Definition**

The approximate number of hours required to collect data and complete this questionnaire.

**INDEX - CELL REFERENCE NUMBER**

	<b>Page</b>
<b>11000</b> Cash and Deposits.....	14
<b>11300</b> Canadian currency .....	14
<b>11400</b> Foreign currency .....	14
<b>12100</b> Accounts receivable.....	15
<b>12110</b> Account receivable - trade.....	16
<b>12180</b> Account receivable - other .....	16
<b>12200</b> Lease contracts.....	16
<b>12210</b> Financial leases .....	16
<b>12220</b> Residual value.....	16
<b>12800</b> Allowance for doubtful accounts .....	16
<b>13000</b> Inventory .....	16
<b>14000</b> Investments in affiliates .....	17
<b>14110</b> Investment in affiliates - shares and equity - in Canada .....	17
<b>14120</b> Investment in affiliates - shares and equity - outside Canada.....	17
<b>14200</b> Investment in affiliates - shares and equity - accumulated earnings .....	17
<b>14310</b> Investment in affiliates - debt claims - in Canada.....	17
<b>14320</b> Investment in affiliates - debt claims - outside Canada .....	17
<b>15100</b> Canadian investments – non-affiliates .....	18
<b>15160</b> Corporate shares, fund or trust units and other equity .....	20
<b>15180</b> Other Canadian investments .....	21
<b>15190</b> Short term paper.....	19
<b>15195</b> Bonds and debentures .....	19
<b>15200</b> Foreign investments – non-affiliates.....	21
<b>16000</b> Mortgage loans to non-affiliates .....	22
<b>17000</b> Non-mortgage loans to non-affiliates .....	23
<b>17112</b> Accounts receivable – consumer credit.....	16
<b>18300</b> Fixed assets .....	23
<b>18316</b> Capitalized leases of lessee .....	25
<b>18319</b> Depreciable assets and land .....	25
<b>18350</b> Accumulated depreciation .....	25

---

<b>18360</b> Depletable assets .....	25
<b>19100</b> Intangible assets .....	26
<b>19800</b> Other assets .....	26
<b>19900</b> Derivatives .....	21
<b>22100</b> Accounts payable .....	28
<b>22110</b> Accounts payable - trade.....	28
<b>22180</b> Accounts payable - other .....	28
<b>23000</b> Income taxed payable .....	29
<b>24000</b> Amounts owing to affiliates.....	29
<b>24100</b> Amounts owing to affiliates - in Canada .....	29
<b>24200</b> Amounts owing to affiliates - outside Canada.....	29
<b>25000</b> Borrowing from non-affiliates .....	30
<b>25184</b> capital lease obligations .....	32
<b>25200</b> commercial paper.....	31
<b>25400</b> bonds and debentures .....	31
<b>25500</b> mortgage loans .....	32
<b>25700</b> loans and overdrafts from lenders in Canada.....	30
<b>25800</b> loans and overdrafts from lenders outside Canada .....	30
<b>27000</b> Future income taxes .....	33
<b>28000</b> Minority interest.....	34
<b>29000</b> Other liabilities.....	34
<b>29900</b> Derivatives .....	33
<b>29950</b> Equity securities classified as liabilities .....	33
<b>31000</b> Share capital.....	35
<b>31100</b> Share capital - preferred.....	35
<b>31200</b> Share capital - common .....	35
<b>32300</b> Unitholders' capital.....	35
<b>33000</b> Contributed surplus.....	36
<b>36000</b> Accumulated other comprehensive income .....	36
<b>38000</b> Closing balance .....	39
<b>38100</b> Opening balance.....	37

---

<b>38200</b> Net income (loss) for the current period .....	37
<b>38300</b> Income trust distributions .....	38
<b>38400</b> Transfers from (to) share capital.....	37
<b>38700</b> Other additions (deductions).....	37
<b>38800</b> Dividends declared.....	38
<b>38804</b> Dividends declared - preferred shares.....	38
<b>38806</b> Dividends declared - common shares .....	38
<b>41900</b> Sales of goods and services.....	40
<b>43000</b> Rental revenue .....	41
<b>49000</b> Other operating revenue.....	41
<b>50500</b> Cost of goods and services sold.....	57
<b>52100</b> Depreciation.....	43
<b>52200</b> Depletion.....	43
<b>52300</b> Amortization .....	44
<b>52330</b> Amortization - tooling and special tooling costs .....	44
<b>52350</b> Amortization - intangible assets and deferred charges .....	44
<b>53100</b> Interest expense.....	47
<b>53110</b> Interest expense - bonds and debentures.....	48
<b>53120</b> Interest expense - mortgages.....	48
<b>53131</b> Interest expense - other long-term debt .....	48
<b>53132</b> Interest expense - short-term debt.....	48
<b>53400</b> Dividend paid on equity securities classified as liabilities .....	49
<b>55001</b> Purchased goods and services .....	45
<b>55002</b> Indirect taxes .....	42
<b>55210</b> Wages and salaries.....	41
<b>55220</b> Employer portion of employee benefits.....	42
<b>55600</b> Bad debt expense, charitable donations and write-down of inventory .....	45
<b>55700</b> Software costs expensed .....	57
<b>55831</b> Resource royalties expense .....	45
<b>56100</b> Foreign currency gains (losses) .....	49
<b>56200</b> Revaluations, (write-downs) and (write-offs).....	51

---

<b>56400</b> Derivatives gains (losses) .....	50
<b>56410</b> Derivatives gains (losses) - realized .....	50
<b>56420</b> Derivatives gains (losses) - unrealized .....	50
<b>56500</b> unrealized gains (losses) .....	55
<b>56600</b> realized (gains) and losses .....	55
<b>57100</b> Current income tax expense.....	51
<b>57200</b> Future income tax expense.....	51
<b>57300</b> income taxes.....	55
58100 Equity in unconsolidated affiliates.....	53
58200 Minority shareholders' portion of net income of consolidated affiliates.....	53
58300 Extraordinary gains (losses).....	53
58412 Consolidation accounting elimination of sales .....	58
58420 TOTAL OPERATING EXPENSES .....	46
58430 OPERATING INCOME (LOSS).....	46
58460 INCOME (LOSS) BEFORE INCOME TAXES .....	51
58470 INCOME (LOSS) AFTER INCOME TAXES .....	52
58480 NET INCOME (LOSS).....	54
58485 COMPREHENSIVE INCOME .....	55
59000 total capital expenditures .....	59
59113 new buildings .....	59
59114 new machinery and new equipment.....	59
59130 capitalized leases.....	59
59160 used buildings, used machinery and land .....	59
59200 depletable assets.....	59
59810 Capitalized tooling.....	59
61200 Current assets .....	56
61400 Current liabilities .....	56
62310 Pension expense.....	42
62340 Stock option expense .....	42
66100 plan assets .....	56
66200 benefit obligation .....	56



---

66300 funded status .....	56
66500 accrued benefits (liability) or asset .....	56
74700 Unusual Items .....	58
75000 Equity method dividends .....	58
75100 Canadian .....	58
75200 foreign .....	58
78500 Canadian interest revenue .....	46
78600 Canadian dividends .....	47
78700 Foreign interest and dividend revenue .....	48
80005 Hours spent completing questionnaire .....	60