

QUARTERLY SURVEY OF FINANCIAL STATEMENTS

REPORTING GUIDE

FOR

INVESTMENT AND HOLDING

MANAGEMENT COMPANIES

TABLE OF CONTENTS

	Page
Introduction	
Authority.....	1
Confidentiality.....	1
Purpose of the Quarterly Survey	1
Timeliness of the Statistics.....	1
Reporting Entity.....	1
Reporting Entity Profile	2
Joint Ventures and Partnerships	2
Foreign Operations of Canadian Enterprises	2
Foreign Subsidiaries of Canadian Enterprises	2
Classification of Capital and Head Office Accounts of Unincorporated Reporting Entities	2
Comparability and Predictive Value of Quarterly Financial Statistics	3
Definitions	
11000 - Cash and Demand Deposits.....	5
11600 - Term Deposits	5
12100 - Accounts Receivable and Accrued Revenue.....	6
12800 - Allowance for Doubtful Accounts	6
14000 - Investments in and Claims on Parent Subsidiaries and Affiliates	6
15000 - Investments in Non-Affiliates	7
15110 - Government of Canada Treasury Bills	8
15120 - Bankers' Acceptances and Financial, Commercial and Other Short-Term Paper	8
15130 - Government of Canada Debt.....	9
15140 - Provincial and Municipal Government Debt	9
15150 - Corporate Bonds and Debentures.....	10
15160 - Corporate Shares.....	10
15180 - Other Canadian Investments	11
15200 - Foreign Investments.....	11
16000 - Mortgage Loans to Non-Affiliates	11
17000 - Non-Mortgage Loans to Non-Affiliates.....	12
18310 - Land and Depreciable Assets - Gross.....	12
18320 - Real Estate Held for Income - Gross	13
18350 - Accumulated Depreciation.....	13
19100 - Intangible Assets.....	13
19810 - Accumulated Provisions and Allowances for Losses.....	14
19880 - Other Assets	14
22100 - Accounts Payable and Accrued Liabilities	14
23000 - Income Taxes Payable.....	15
24000 - Amounts Owing to Parent, Subsidiaries and Affiliates	15
25110 - Loans and Overdrafts with Chartered Bank Branches in Canada	16
25180 - Loans and Overdrafts with Others.....	16
25200 - Bankers' Acceptances and Short-Term Notes and Paper.....	17
25400 - Bonds and Debentures.....	17
25500 - Mortgage Loans.....	18
27000 - Deferred Income Taxes.....	18
28000 - Minority Interest in Consolidated Subsidiaries	18
29000 - Other Liabilities	18
31000 - Share Capital.....	19

TABLE OF CONTENTS

	Page
Definitions - Concluded	
33000 - Contributed Surplus	19
34000 - Appraisal Increase Credits/Debits	20
35000 - Retained Earnings/Head Office Account	20
38000 - Retained Earnings - Closing Balance	20
38100 - Retained Earnings - Opening Balance	21
38200 - Net Income/Loss	21
38700 - Other Additions/Deductions	21
38800 - Dividends Declared	21
40012 - Inter-Corporate Sales (Eliminated on Consolidation)	22
41000 - Sales of Services	22
45000 - Interest Revenue from Canadian Sources	22
46000 - Dividends Received from Canadian Corporations	23
47000 - Foreign Dividend and Interest Revenue	23
48000 - Gains/Losses on the Sale of Assets (Operating)	24
49000 - Other Revenue	24
52100 - Depreciation	24
52300 - Amortization	25
53100 - Interest Expense on Debt	25
55000 - Other Expenses	26
56100 - Gains/Losses on the Translation of Foreign Currency	27
56200 - Write-Offs and Valuation Adjustments	27
57000 - Canadian Income Taxes	27
58100 - Equity in Net Income/Loss of Unconsolidated Affiliates	28
58200 - Minority Shareholders' Portion of Net Income/Loss	28
58300 - Extraordinary Gains/Losses - Net	28
58460 - Income/Loss before Income Taxes	29
58470 - Income/Loss after Income Taxes	29
58480 - Net Income/Loss	29
61405 - Interest Bearing Debt	29
61407 - Non-Interest Bearing Debt	30
74100 - Interest Expense on Debt Owing to Parent, Subsidiaries and Affiliates	30
74700 - Unusual Revenues, Expenses, Gains/Losses from Continuing Business Operations	30
75000 - Dividends Received from Corporations Accounted for on the Equity Method	31
80003 - Average Number of People Employed during the Reporting Period	31
81000 - Schedule A: Distribution of Gains/Losses and Write-Ups/Write-Downs	31

INTRODUCTION

AUTHORITY

The quarterly and annual surveys of financial statements are conducted under the authority of the Statistics Act, Revised Statutes of Canada 1985, Chapter S19.

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 either the Access to Information Act or any other legislation.

PURPOSE OF THE QUARTERLY SURVEY

The data reported in the Quarterly Survey of Financial Statements is used to produce business financial statistics. The statistics are used in the national income and financial flow accounts, which are components of the Canadian System of National Accounts. The financial statements are aggregated to the industry level and are also published as a self-contained set of industry financial statistics. These statistics are available to the public and are used extensively by government, financial institutions, and industry associations.

TIMELINESS OF THE STATISTICS

Preliminary statistics must be prepared 45 calendar days after the 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 calendar days after the quarter.

Late response to the survey causes delays in the release of the statistics. Since the usefulness of the statistics declines significantly if the releases are delayed, it is important to respond to the survey on time.

REPORTING ENTITY

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.

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

1. a single corporation
2. a consolidated family of corporations
3. a branch or division or part of a corporation

In cases where a corporation does not have any ownership and control relationships with other corporations the reporting entity should be the single corporation. Families of corporations under common ownership and control should report a consolidated financial statement in the quarterly survey questionnaire, except for the following situations:

1. Foreign subsidiaries and foreign branches of Canadian corporations covering foreign operations are to be excluded.
2. Foreign parents of subsidiaries that operate in Canada are to be excluded to the extent that they do not have any of their own operations in Canada.
3. The family of corporations is not viewed as one economic unit, and consolidated financial statements are not prepared quarterly or annually.
4. The family of corporations whose major industrial activity is non-financial but includes financial activities should report the two types of activities in separate reports. Financial activities include such things as banking, lending, investing, brokerage and insurance. Insurance corporations that are part of a family should report separately.
5. The family of corporations covers diverse and independent industry activities which are unrelated and organized as separate business segments for which separate financial statements are prepared. In such cases 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.

If a family of corporations does not consolidate the financial statements of the parent corporation, and the parent has operations in Canada or is resident in Canada, it will have to submit a separate financial statement report to the quarterly survey.

REPORTING ENTITY PROFILE

You may find a separate document enclosed with the questionnaire listing the corporations included in the reporting entity. 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 profile.

The register of all businesses maintained by Statistics Canada includes a list of corporations which are referred to as legal entities. To facilitate the matching of the reporting entities to list of legal entities on the business register, the quarterly survey describes the reporting entities in the profile document in terms of the legal names of the corporations included in the report.

JOINT VENTURES AND PARTNERSHIPS

The survey covers the activities of joint ventures and partnerships as separate businesses from those of the venturers or partners. Therefore, these businesses are surveyed as separate reporting entities. To avoid double counting of these businesses the investors, venturers, and partners should account for their investments using the cost or equity method. Complete or proportionate consolidations of joint ventures and partnerships should not be done for the quarterly survey of financial statements.

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 ventures 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.

FOREIGN OPERATIONS OF CANADIAN ENTERPRISES

Definition: 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 number 58100, "Equity in Net Income of 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 number 14120, "Investments in Subsidiaries and Affiliates Outside Canada."

FOREIGN SUBSIDIARIES OF CANADIAN ENTERPRISES

Foreign subsidiaries should always be excluded from line-by-line consolidation and should be reported in either item 14120, "Investments in Subsidiaries and Affiliates Outside Canada," where control or significant influence exists, or in item 15200, "Foreign Investments in Non-Affiliates," for portfolio investments. Income from foreign investments reported on the cost basis, i.e., portfolio investments, should be reported in item 47000, "Foreign Dividend and Interest Revenue." Investments reported on the equity basis should include the investor's share of earnings in item 58100, "Equity in Net Income of Unconsolidated Affiliates," with the corresponding adjustment to the investment account in item 14200, "Accumulated Earnings Less Dividends Received."

Dividends received from foreign investments reported on the equity basis are excluded from the income statement and should be reported as supplementary item 75200, "Dividends Received from Corporations Accounted for on the Equity Method."

CLASSIFICATION OF CAPITAL AND HEAD OFFICE ACCOUNTS OF UNINCORPORATED REPORTING ENTITIES

Definition: Unincorporated entities include partnerships, joint ventures and Canadian branch operations of foreign corporations.

Temporary loans and advances that are intended to be repaid should be classified as a liability in item 24000, "Amounts Owing to Parent, Subsidiaries and Affiliates." Investments of capital of a permanent nature should be classified as owner's capital in item 31000, "Share Capital." Undistributed profits of the entity should be reported separately in item 38000, "Retained Earnings."

Summary:

Loans and advances to be repaid	- item 24000
Permanent capital investment	- item 31000
Undistributed profits	- item 38000

COMPARABILITY AND PREDICTIVE VALUE OF QUARTERLY FINANCIAL STATISTICS

The quarterly statistics produced from this survey are used to analyze short- and long-term cyclical trends. They are also used as leading indicators to forecast future economic activity and business profits. In order for the statistics to be useful they should be free of volatile quarter to quarter changes which are caused by year-to-date bookkeeping adjustments included in the current quarter estimates. As well, changes in accounting policies and methods, changes in the corporations included in the financial statements, and changes resulting from mergers or amalgamations and other structural adjustments affect quarter to quarter comparability of the statistics.

Quarter to quarter changes in items such as depreciation, amortization, interest expense, income taxes and capital expenditures caused by year-to-date adjustments included in the current quarter should be documented in the questionnaire and brought to the attention of the Statistics Canada survey staff. These adjustments are reallocated to previous quarters in the current year to produce a better estimate of quarterly trends. As well, 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 or on an insert.

YEAR-END AND PRIOR YEAR'S ADJUSTMENTS

One of the objectives of the statistical program is to get as accurate as possible a measurement of quarterly revenues, expenses, and profits. It is recognized that interim financial statements do in fact contain a number of estimates that are revised at year-end to actual amounts. Because of the preliminary nature of the interim financial statements, the quarterly statistical program provides for revisions to the statistics on an on-going basis. Revenues and expenses reported in the fourth fiscal quarter could include year-end adjustments from preliminary estimates to actual amounts for the year. The accounts could also include year-end accruals and reclassifications that are not made during the year in the interim financial statements. The adjustments can materially affect the fourth quarter revenue and expense accounts, which in turn could distort the fourth quarter profits. To eliminate the distortions respondents are asked to report year-end adjustments in excess of \$500 thousand in the appropriate section of the fourth quarter questionnaire.

Statistics Canada's annual financial statistics program uses the quarterly revenues, expenses, and profit accounts as reported to the quarterly survey 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. There are situations where year-end adjustments have not been entered in the company books prior to the preparation of the Statistics Canada fourth quarter financial statement report. In these cases the reported fourth quarter closing balance of retained earnings will not agree with the year-end balance in the company's financial statements. In the report of the first quarter of the following fiscal year this imbalance will appear as an adjustment to retained earnings. This prior year's adjustment should be reported in the appropriate section of the first quarter questionnaire in the year-end and prior year's adjustments statement. In some cases the year-end adjustments may not be finalized until the second quarter subsequent to the year-end. In these cases the applicable information will be reported in the questionnaire for the second fiscal quarter.

ACCOUNTING PRINCIPLES - 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 system of national economic accounts. The financial statements detail and supplementary 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 the codified generally accepted accounting principles (GAAP) as set out in the Canadian Institute of Chartered Accountants (C.I.C.A.) Handbook.

Specific requirements of the survey that depart from the C.I.C.A. Handbook, other industry specific accounting principles, and financial statement disclosure standards are as follows:

Balance Sheet

- i) Bank account credit balances (overdrafts) should not be offset against bank account debit balances. All credit balances should be shown as liabilities.

- ii) 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.
- iii) Sinking funds related to funded debt should be shown separately as an asset in the investment category, not netted against the liability.
- iv) Fixed assets include assets leased to others under an operating lease, capitalized leases (lessee), and construction-in-progress (new capital projects). This category excludes intangible assets.
- v) Deferred 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.

Retained Earnings

- i) Prior Period Adjustments are to be included in cell 38700, "Other Additions or Deductions."

Income Statement

- i) Expenses related to the amortization of deferred debits and deferred charges should be included in cell 52320.
- ii) All unrealized losses, write-downs, and write-offs of assets, including adjustments to net realizable values, should be included in cell 56200.
- iii) All realized gains and losses related to the disposal of investments, loans and capital assets (except extraordinary items) should be included in cell 48000.
- iv) Charges related to allowances and provisions for declines in values of assets should be included in cell 55000, "Other Expenses."
- v) 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.

Real Estate Industry

A common practice of this industry is to capitalize or defer operating expenses and revenues of new properties until they are substantially occupied. For purposes of the quarterly financial statement survey, all such operating revenues and expenses should be included in their appropriate categories in the income statement.

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 (cell 56200).

ITEM NO. 11000**CASH AND DEMAND DEPOSITS****Definition**

Cash and demand deposits consist of coins, bank notes, money orders, postal notes, cheques, accepted sight drafts, demand and notice deposit balances with banks and other financial institutions. Cheques issued against the reporting entity's accounts but not yet cleared should be shown in item 22100 (Accounts Payable and Accrued Liabilities). 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 25110 and 25180 (Loans and Overdrafts).

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

- a) demand, notice and savings deposits
- b) restricted demand deposits

Exclusions

- a) bank overdrafts - see item 25110 (Loans and Overdrafts with Chartered Bank Branches in Canada)
- b) overdrafts in deposit accounts with other financial institutions - see item 25180 (Loans and Overdrafts with Others)
- c) guaranteed investment certificates, term deposit certificates and bearer deposit notes - see item 11600 (Term Deposits)
- d) swapped deposits - see item 11600 (Term Deposits)

Detail

- 11000 Cash and Demand Deposits
- 11100 Cash and Canadian Currency Demand Deposits Branches
- 11110 Cash and Demand Deposits in Chartered Bank in Canada
- 11180 Other Canadian Currency Demand Deposits (include Canadian currency deposits in other financial institutions and bank branches outside Canada)
- 11200 Foreign Currency Demand Deposits

ITEM NO. 11600**TERM DEPOSITS****Definition**

These are sums of money placed with another party, usually a deposit accepting financial institution, for a specified time period with the rate(s) of interest established in advance. Some term deposits may be cashable on demand, with a penalty before the maturity date.

Inclusions

- a) guaranteed investment certificates and debentures
- b) guaranteed savings certificates
- c) deposit receipts
- d) bearer deposit notes
- e) swapped deposits

Exclusions

- a) short-term notes of sales finance companies - see item 15120 (Bankers' Acceptances and Financial, Commercial and Other Short-Term Paper)
- b) short-term commercial paper, including promissory notes of mortgage companies - see item 15120
- c) bankers' acceptances - see item 15120
- d) notice deposits - see item 11000 (Cash and Demand Deposits)

Detail

11600	Term Deposits
11630	Canadian Currency
11631	Chartered Bank Branches in Canada
11638	Other Institutions
11680	Foreign Currency

ITEM NO. 12100**ACCOUNTS RECEIVABLE AND ACCRUED REVENUE****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

- a) Trade Receivables - from affiliates arising from the sale of goods and services
- b) Other Accounts Receivable
 - i) interest, dividend and other investment income receivable
 - ii) grants, subsidies and royalties receivable
 - iii) receivables in connection with the sale of investments and fixed assets
 - iv) income taxes recoverable
 - v) insurance claims
 - vi) patronage dividends receivable
 - vii) balance recoverable represented by the excess of GST input tax credits claimed over GST collections

Exclusions

- a) other accounts receivable from affiliates - see items 14310 and 14320 (Loans, Advances, Mortgages, Notes, Bonds and Other Claims of Affiliates)
- b) loans receivable - see items 16000 (Mortgage Loans to Non-Affiliates) or 17000 (Non-Mortgage Loans to Non-Affiliates)
- c) balance owing represented by the excess of GST collections over GST input tax claimed - see item 22100 (Accounts Payable and Accrued Liabilities)

ITEM NO. 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.

ITEM NO. 14000**INVESTMENTS IN AND CLAIMS ON PARENT SUBSIDIARIES AND AFFILIATES****Definition**

This category covers all investments in and claims on non-consolidated 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:

- a) effectively controlled or whose operations are significantly influenced by the reporting entity despite its holding less than the majority of voting shares;
- b) controlled or significantly influenced by another company under the reporting entity's control;
- c) 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 (Write-Offs and Valuation Adjustments). If the equity method is used, the cost of shares is shown separately in item 14100 from the accumulated earnings less dividends received which are shown in item 14200.

Inclusions

Claims:

- a) 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.
- b) loans, notes and advances to directors, officers, and individual shareholders
- c) dividends and other non-trade receivables from non-consolidated parent, subsidiary and affiliated corporations, head office, and affiliated joint ventures and partnerships

Exclusions

- a) trade accounts receivable - see item 12100 (Accounts Receivable and Accrued Revenue)

Detail

14000	Investments in and Claims on Parent, Subsidiaries and Affiliates
14100	Cost of Shares
14110	Canadian Corporations
14120	Foreign Corporations
14200	Accumulated Earnings less Dividends Received
14300	Loans, Advances, Mortgages, Notes, Bonds and Other Claims
14310	Canadian Companies
14320	Foreign Companies

ITEM NO. 15000

INVESTMENTS IN NON-AFFILIATES

Definition

This category covers investments in securities issued by non-affiliated entities.

Valuation

Except as noted below, debt securities and fixed term equity securities should be valued at acquisition cost or at amortized cost. Other equity securities should be valued at acquisition 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 (Write-Offs and Valuation Adjustments).

Exclusions

- a) loans receivable - see items 16000 (Mortgage Loans to Non-Affiliates) and 17000 (Non-Mortgage Loans to Non-Affiliates)
- b) investments in affiliates - see item 14000 (Investments in and Claims on Parent, Subsidiaries and Affiliates)
- c) term deposits, guaranteed investment certificates, term deposit certificates, bearer deposit notes and swapped deposits - see item 11600 (Term Deposits)

Detail

15000	Investments in Non-Affiliates
15100	Canadian Investments in Non-Affiliates
15110	Government of Canada Treasury Bills (see separate definition)

- 15120 Bankers' Acceptances and Financial, Commercial and Other Short-Term Paper (see separate definition)
- 15130 Government of Canada Debt (see separate definition)
- 15140 Provincial and Municipal Government Debt (see separate definition)
- 15150 Corporate Bonds and Debentures (see separate definition)
- 15160 Corporate Shares (see separate definition)
- 15180 Other Canadian Investments (see separate definition)
- 15200 Foreign Investments (see separate definition)

ITEM NO. 15110**GOVERNMENT OF CANADA TREASURY BILLS****Definition**

This item covers 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.

Valuation

Canada treasury bills should be shown at acquisition cost. Some investors, however, record this item at amortized cost.

Foreign currency should be expressed in terms of Canadian dollars using the exchange rate at the balance sheet date.

Inclusions

- a) Canada bills (bills issued in U.S. currency)

ITEM NO. 15120**BANKERS' ACCEPTANCES AND FINANCIAL, COMMERCIAL AND OTHER SHORT-TERM PAPER****Definition**

This category covers 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.

Valuation

These investments should be shown at acquisition cost. However, since short-term paper is generally purchased at a discount or premium and recorded at amortized cost, amortized cost is also acceptable.

Inclusions

- a) Canadian provincial and municipal government short-term bills and notes
- b) financial and commercial paper
- c) bankers' acceptances

Exclusions

- a) Government of Canada treasury bills - see item 15110 (Government of Canada Treasury Bills)
- b) term deposits, swapped deposits, guaranteed investment certificates, deposit certificates and collateral certificates - see item 11600 (Term Deposits)
- c) demand and notice deposits - see item 11000 (Cash and Demand Deposits)
- d) share options and warrants - see items 15160 and 15200 (Corporate Shares)
- e) foreign finance and other short-term paper - see item 15200 (Foreign Investments)
- f) bearer deposit notes - see item 11600 (Term Deposits)

ITEM NO. 15130**GOVERNMENT OF CANADA DEBT****Definition**

This item covers investments in debt securities, other than treasury bills, issued by the Government of Canada.

Valuation

These investments should be shown at amortized cost.

Inclusions

- a) Government Business Enterprises' debt guaranteed by the Government of Canada

Exclusions

- a) debt issued by government enterprises and not guaranteed by the Government of Canada - see item 15150 (Corporate Bonds and Debentures)
- b) Government of Canada treasury bills and short-term notes - see item 15110 (Government of Canada Treasury Bills)
- c) debt issued by private sector enterprises and guaranteed by the Government of Canada - see item 15150 (Corporate Bonds and Debentures)
- d) debt issued by provincial and municipal governments and guaranteed by the Government of Canada - see item 15140 (Provincial and Municipal Government Debt)
- e) accrued interest receivable - see item 12100 (Accounts Receivable and Accrued Revenue)

ITEM NO. 15140**PROVINCIAL AND MUNICIPAL GOVERNMENT DEBT****Definition**

This item covers investments in debt securities, except treasury bills and notes with original terms to maturity of less than one year, issued by Canadian provincial and municipal governments.

Also included are debt securities issued by provincial and municipal government business enterprises guaranteed by provincial or municipal governments.

Valuation

These investments should be shown at amortized cost.

Inclusions

- a) provincial and municipal government business enterprise debt guaranteed by provincial and/or municipal governments
- b) debt issued by school boards, commissions and districts
- c) provincial and municipal debt securities guaranteed by the Government of Canada

Exclusions

- a) debt issued by government enterprises and not guaranteed by a provincial or municipal government - see item 15150 (Corporate Bonds and Debentures)
- b) treasury bills and short-term notes - see item 15120 (Bankers' Acceptances and Financial, Commercial and Other Short-Term Paper)
- c) debt issued by private sector enterprises and guaranteed by provincial or municipal governments - see item 15150 (Corporate Bonds and Debentures)
- d) accrued interest receivable - see item 12100 (Accounts Receivable and Accrued Revenue)

ITEM NO. 15150**CORPORATE BONDS AND DEBENTURES****Definition**

This item covers all debt securities issued by Canadian corporations, other than debt issued by government business enterprises and guaranteed by Canadian governments, and short-term paper.

Valuation

These 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 (Write-Offs and Valuation Adjustments).

Inclusions

- a) income debentures, mortgage bonds, small business development bonds and small business bonds
- b) notes with an original term to maturity of one year or over, except promissory notes arising from the sale of goods and services
- c) own debt securities held but not retired
- d) debt securities issued by separately constituted government enterprises and not guaranteed by a Canadian government
- e) government guaranteed debt securities of private sector enterprises

Exclusions

- a) short-term paper - see item 15120 (Bankers' Acceptances and Financial, Commercial and Other Short-Term Paper)
- b) government business enterprise debt guaranteed by a Canadian government - see items 15130 (Government of Canada Debt) and 15140 (Provincial and Municipal Government Debt)
- c) debt securities of foreign governments and corporations - see item 15200 (Foreign Investments)
- d) accrued interest receivable - see item 12100 (Accounts Receivable and Accrued Revenue)
- e) debt securities of affiliates - see item 14000 (Investments in and Claims on Parent, Subsidiaries and Affiliates)
- f) promissory notes arising from the sale of goods and services - see item 12100 (Accounts Receivable and Accrued Revenue)

ITEM NO. 15160**CORPORATE SHARES****Definition**

Investments in shares cover all holdings of common and preferred shares issued by non-affiliated Canadian corporations.

Valuation

Investments in shares should be shown at acquisition cost after adjustments to reflect permanent impairment in the underlying values. Fixed term equity securities should be carried at amortized cost.

Inclusions

- a) common and preferred shares of non-affiliated Canadian corporations
- b) fixed term equity securities
- c) closed-end and open-end funds
- d) credit union shares
- e) stock warrants and options

Exclusions

- a) shares of affiliates - see item 14110 (Cost of Shares - Canadian Corporations)
- b) shares in foreign corporations - see item 15200 (Foreign Investments)
- c) dividends receivable - see item 12100 (Accounts Receivable and Accrued Revenue)

ITEM NO. 15180**OTHER CANADIAN INVESTMENTS****Definition**

This item covers Canadian investments not elsewhere classified.

Valuation

These investments should be valued at acquisition or amortized cost.

Inclusions

- a) precious metals
- b) gold and silver certificates

Exclusions

- a) cash surrender value of life insurance policies - see item 19880 (Other Assets)
- b) goodwill, trademarks, patents, franchises, licenses, rights and like items - see item 19100 (Intangible Assets)
- c) mortgage loans and non-mortgage loans - see items 16000 (Mortgage Loans to Non-Affiliates) and 17000 (Non-Mortgage Loans to Non-Affiliates)

ITEM NO. 15200**FOREIGN INVESTMENTS****Definition**

This item covers investments in foreign securities other than securities issued by, and loans to, foreign affiliates.

Valuation

Marketable and equity securities should be valued at acquisition cost. Some investors, however, record marketable securities at amortized cost. This method is acceptable. Debt securities should be valued 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 (Write-Offs and Valuation Adjustments).

Foreign investments should be expressed in Canadian dollars using the rate of exchange in effect on the balance sheet date.

Inclusions

- a) foreign marketable securities
- b) foreign debt securities
- c) foreign equity securities

Exclusions

- a) foreign mortgage loans - see item 16000 (Mortgage Loans to Non-Affiliates)
- b) claims on and investments in foreign affiliates - see items 14120 (Cost of Shares - Foreign Corporations) and 14320 (Loans, Advances, Mortgages, Notes, Bonds and Other Claims - Foreign Corporations, Officers and Shareholders)
- c) accrued interest and dividends receivable - see item 12100 (Accounts Receivable and Accrued Revenue)
- d) term deposits, bearer deposit notes, deposit receipts and like instruments in foreign financial institutions - see items 11638 and 11680 (Term Deposits in Other Institutions)

ITEM NO. 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 (item 19810).

Inclusions

- a) advances or draws as well as completed loans
- b) mortgages purchased from another investor
- c) mortgages assumed by seller of real estate

Exclusions

- a) mortgage loans to affiliates - see item 14300 (Loans, Advances, Mortgages, Notes, Bonds and Other Claims to Affiliates)
- b) 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)
- c) mortgage bonds and debentures - see item 15150 (Corporate Bonds and Debentures)
- d) 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)
- e) accrued interest receivable - see item 12100 (Accounts Receivable and Accrued Revenue)

ITEM NO. 17000**NON-MORTGAGE LOANS TO NON-AFFILIATES****Definition**

Non-mortgage loans receivable refers to 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 (item 19810).

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

Inclusions

- a) day and call loans
- b) short-term and long-term loans
- c) collateral or chattel mortgages

Exclusions

- a) bills, serial notes, bonds and like evidence of indebtedness - see items in 15000 series (Investments in Non-Affiliates)
- b) loans receivable from affiliates - see item 14300 (Loans, Advances, Mortgages, Notes, Bonds and Other Claims from Affiliates)
- c) mortgage loans receivable and funds lent to purchase real estate - see item 16000 (Mortgage Loans to Non-Affiliates)
- d) accrued interest receivable - see item 12100 (Accounts Receivable and Accrued Revenue)

ITEM NO. 18310**LAND AND DEPRECIABLE ASSETS - GROSS****Definition**

These are tangible and intangible assets that are:

1. held by a corporation for use in the production or supply of goods and services, for rental to others (except real estate), or for administrative purposes, and may include items held for the maintenance or repair of such assets;

2. have been acquired or constructed with the intention of being used on a continuing basis;
3. not intended for sale in the ordinary course of business.

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. Leased properties include land, buildings, machinery and equipment.

Also included are properties which the reporting entity has classified as non-productive or non-operating (i.e., not part of its fixed assets) and of which it is in the process of divesting itself.

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

- a) land, roads, bridges and towers
- b) buildings and other structures
- c) leasehold improvements
- d) machinery and equipment
- e) assets acquired under capital leases

ITEM NO. 18320

REAL ESTATE HELD FOR INCOME - GROSS

Definition

Investments in land, buildings and leaseholds for the production of income. Properties held for both own use and production of income should be apportioned between real estate investment and fixed assets according to the actual use of the property. If amounts are not material, however, such properties may be classified in their entirety as investment or fixed assets to their major use.

Valuation

Real estate investment should be valued at acquisition cost including interest capitalized and cost of betterments, less write-downs to reflect permanent impairment. Amounts reported should be before deducting depreciation. Also, do not net encumbrances from the value of real estate report encumbrances under account 25500 (Mortgage Loans).

ITEM NO. 18350

ACCUMULATED DEPRECIATION

Definition

This is the accumulated periodic allocation of the cost of rental properties and fixed assets to expense.

ITEM NO. 19100

INTANGIBLE ASSETS

Definition

Long-term assets that lack physical substance.

Valuation

All such assets will be valued at cost less accumulated amortization.

Inclusions

- a) goodwill
- b) trademarks
- c) licences

- d) rights
- e) patents
- f) franchises

ITEM NO. 19810**ACCUMULATED PROVISIONS AND ALLOWANCES FOR LOSSES****Definition**

This item is the sum of the various contra or valuation accounts pertaining to provisions and allowances for losses or decline in value of investments, loans and other assets.

Exclusions

- a) allowance for doubtful accounts - see item 12800 (Allowance for Doubtful Accounts)
- b) reserves for losses which are appropriations of retained earnings - see item 35000 (Retained Earnings)

ITEM NO. 19880**OTHER ASSETS****Definition**

This item covers all assets not elsewhere classified.

Valuation

Other assets should be valued at acquisition or amortized cost.

Inclusions

- a) 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
- b) deposits and advances - amounts lodged with or payments made to other to be either charged to expense or refunded at a later period; e.g., deposits on contracts and tenders, performance bonds, downpayments and advances to suppliers
- c) stock exchange seats
- d) cash surrender value of life insurance policies
- e) other unamortized deferred debits

Exclusions

- a) intangible assets - see item 19100 (Intangible Assets)

ITEM NO. 22100**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES****Definition**

Accounts payable covers all claims by creditors arising from the purchase of goods and services. Also 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

- a) Trade Payables - trade accounts payable to affiliates
- b) Other Accounts Payable
 - i) interest, dividends and rent payable

- ii) accrued expenses such as salaries, wages, payroll taxes, employee benefits, indirect taxes, capital taxes, guarantee and warranty costs
- iii) debt arising from the purchase of fixed assets and investments
- iv) outstanding cheques
- v) balance owing represented by the excess of GST collections over GST input tax credits claimed

Exclusions

- a) income taxes payable - see item 23000 (Income Taxes Payable)
- b) advances and unearned income - see item 29000 (Other Liabilities)
- c) lease contracts payable - see item 25180 (Loans and Overdrafts with Others)
- d) other accounts payable to affiliates - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)
- e) loans payable - see items in 25100 series (Loans and Overdraft) and 25500 (Mortgage Loans)
- f) balance recoverable represented by the excess of GST input tax credits claimed over GST collections - see item 12100 (Accounts Receivable and Accrued Revenue)

ITEM NO. 23000

INCOME TAXES PAYABLE

Definition

This item covers income taxes payable to provincial and federal governments.

Exclusions

- a) other taxes such as municipal taxes, business taxes, payroll taxes, sales taxes, royalties, licences and fees payable to provincial and municipal governments - see item 22100 (Accounts Payable and Accrued Liabilities)
- b) capital taxes - see item 22100 (Accounts Payable and Accrued Liabilities)
- c) income taxes recoverable - see item 12100 (Accounts Receivable and Accrued Revenue)

ITEM NO. 24000

AMOUNTS OWING TO PARENT, SUBSIDIARIES AND AFFILIATES

Definition

This category covers 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 (cf. item 14000).

Valuation

Claims of affiliates should be shown at amortized value.

Inclusions

- a) 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
- b) 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

- a) trade payables - see item 22100 (Accounts Payable and Accrued Liabilities)

Detail

24000	Amounts Owing to Parent, Subsidiaries and Affiliates
24100	In Canada
24200	Outside Canada

ITEM NO. 25110**LOANS AND OVERDRAFTS WITH CHARTERED BANK BRANCHES IN CANADA****Definition**

Bank loans refer to 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.

Valuation

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

Inclusions

- a) overdrafts on deposit accounts as shown in the banks' records
- b) chattel or collateral mortgages
- c) exercised lines of credit

Exclusions

- a) mortgage loans - see item 25500 (Mortgage Loans)
- b) outstanding cheques - see item 22100 (Accounts Payable and Accrued Liabilities)
- c) loans from a parent, subsidiary or affiliates - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)
- d) bankers' acceptances (drawers) - see item 25200 (Bankers' Acceptances and Short-Term Notes and Paper)
- e) accrued interest payable - see item 22100 (Accounts Payable and Accrued Liabilities)
- f) loans from foreign branches of Canadian chartered banks - see item 25180 (Loans and Overdrafts with Others)

ITEM NO. 25180**LOANS AND OVERDRAFTS WITH OTHERS****Definition**

This item covers funds borrowed from lenders other than chartered bank branches in Canada and affiliates.

Valuation

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

Inclusions

- a) chattel or collateral mortgages
- b) overdrafts on deposit accounts as shown in the financial institution records
- c) exercised lines of credit
- d) capital lease obligations
- e) loans from foreign branches of Canadian chartered banks and foreign banks

Exclusions

- a) finance and other short-term paper - see item 25200 (Bankers' Acceptances and Short-Term Notes and Paper)
- b) funds raised through mortgage loan contracts and the issuance of securities - see items 25500 (Mortgage Loans), 25200 (Bankers' Acceptances and Short-Term Notes and Paper) and 25400 (Bonds and Debentures)
- c) bonds and debentures outstanding - see item 25400 (Bonds and Debentures)
- d) outstanding cheques - see item 22100 (Accounts Payable and Accrued Liabilities)
- e) accrued interest payable - see item 22100 (Accounts Payable and Accrued Liabilities)
- f) loans from parent, subsidiaries and affiliates - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)
- g) mortgage loans - see item 25500 (Mortgage Loans)

ITEM NO. 25200**BANKERS' ACCEPTANCES AND SHORT-TERM NOTES AND PAPER****Definition**

This item covers short-term notes and paper issued and outstanding.

Valuation

This liability should be valued at 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 is 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

- a) finance and commercial paper
- b) bankers' acceptances - Bankers' acceptances is short-term money market financing that is guaranteed by a bank. It is a commercial draft or bill of exchange drawn by a corporate borrower for payment of a certain sum (usually a minimum of \$100,000) on a specified date and guaranteed by the borrower's bank. The acceptance must be drawn to finance the manufacture or marketing of a tangible good. In practice the maximum term has been 90 days, since the Bank of Canada will accept bankers' acceptances as collateral only for a term not exceeding 90 days. However there have been acceptances issued for longer than 90 days. Once a bank accepts or guarantees the draft, the draft is usually sold to a money market dealer, but banks have been known to provide the funds in a few cases
- c) promissory notes not insurable under a deposit insurance act in Canada
- d) demand or call notes

ITEM NO. 25400**BONDS AND DEBENTURES****Definition**

This item covers 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 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 category outstanding but, rather, be shown in the appropriate asset and the amount of debt shown at 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 own bonds and debentures should not be netted against the corresponding liabilities but, rather, 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

- a) mortgage bonds
- b) collateral trust bonds
- c) own bonds held but not retired
- d) equipment trust certificates
- e) small business bonds and small business development bonds
- f) income bonds

Exclusions

- a) mortgage loans - see item 25500 (Mortgage Loans)
- b) bonds held by affiliates - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)
- c) finance and other short-term paper - see item 25200 (Bankers' Acceptances and Short-Term Notes and Paper)
- d) bank or other loans secured by bonds and debentures - see items 25110 (Loans and Overdrafts with Chartered Bank Branches in Canada) or 25180 (Loans and Overdrafts with Others), respectively

ITEM NO. 25500**MORTGAGE LOANS****Definition**

Mortgage loans payable are 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

- a) chattel or collateral mortgages - see items 25110 (Loans and Overdrafts with Chartered Bank Branches in Canada) and 25180 (Loans and Overdrafts with Others)
- b) mortgages due to affiliates - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)
- c) accrued interest payable - see item 22100 (Accounts Payable and Accrued Liabilities)
- d) mortgage bonds - see item 25400 (Bonds and Debentures)

ITEM NO. 27000**DEFERRED INCOME TAXES****Definition**

The excess or deficiency of income taxes payable based on taxable income in comparison to income taxes based on accounting income. The differences in income measurement between taxable income and accounting income are related to the timing of recognition of revenues and expenses. This account represents the accumulated amount by which income taxes charged in the accounts have been increased or decreased as a result of timing differences.

Inclusions

- a) all deferred income tax debits and credits arising from use of the income tax allocation method

Exclusions

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

ITEM NO. 28000**MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES****Definition**

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

ITEM NO. 29000**OTHER LIABILITIES****Definition**

This item covers liabilities not elsewhere classified.

Inclusions

- a) advances received, deferred income and unearned revenue
- b) provision for future expenditures recognized in current operations as a charge against current income, e.g., retroactive increases in wages, provision for pension costs, and retroactive adjustments
- c) unamortized deferred credits/debits such as unamortized foreign exchange gains/losses
- d) unrealized gains/losses on the translation of foreign currency

Exclusions

- a) unrealized gains may be recognized as income (item 56100 - Gains/Losses on the Translation of Foreign Currency; item 56200 - Write-Offs and Valuation Adjustments; item 58310 - Extraordinary Gains/Losses - Before Taxes, or part of item 34000 Appraisal Increase Credits/Debits)
- b) trade and other accounts and notes payable - see item 22100 (Accounts Payable and Accrued Liabilities)
- c) accrued expenses - see item 22100 (Accounts Payable and Accrued Liabilities)
- d) accounts, notes, loans and all other claims owing to affiliates - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)

ITEM NO. 31000**SHARE CAPITAL****Definition**

Share capital represents the ownership interest in a company as authorized by its instrument of incorporation. It covers all classes of share capital.

Valuation

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

Inclusions

- a) common or ordinary shares
- b) preferred shares: cumulative, participating, non-cumulative, term, redeemable

Exclusions

- a) retained earnings - see item 35000 (Retained Earnings)
- b) appraisal increase credits/debits - see item 34000 (Appraisal Increase Credits/Debits)
- c) head office accounts - see item 35000 (Retained Earnings)
- d) contributed surplus - see item 33000 (Contributed Surplus)

Detail

31000 Share Capital
 31100 Preferred Shares
 31200 Common Shares

ITEM NO. 33000**CONTRIBUTED SURPLUS****Definition**

Contributed surplus represents that portion of paid-in capital (i.e., contributed capital) arising from:

- a) premiums received on the issue of par value shares
- b) that portion of no par value shares issued that have not been classified as part of share capital
- c) proceeds of sale of donated shares
- d) profit on forfeited shares
- e) redemption or conversion of shares at an amount different from that set up as share capital
- f) donations of capital

Exclusions

- a) undistributed earnings - see item 35000 (Retained Earnings)
- b) appraisal increase credits/debits - see item 34000 (Appraisal Increase Credits/Debits)
- c) share capital - see item 31000 (Share Capital)

ITEM NO. 34000**APPRAISAL INCREASE CREDITS/DEBITS****Definition**

This refers to unrealized increases in the value of fixed assets arising from an appraisal. It represents the difference between the appraised value of the asset and its cost or depreciated cost.

Exclusions

- a) gains/losses resulting from the disposal of assets - these are recognized as income and flowed through the income statement under item 48000 (Gains/Losses on the Sale of Assets) or item 58300 (Extraordinary Gains/Losses - Net)

ITEM NO. 35000**RETAINED EARNINGS/HEAD OFFICE ACCOUNT****Definition**

Retained earnings refers to 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.

In general, the unappropriated portion of retained earnings is usually labelled simply as "retained earnings." Thus, if an industry's questionnaire contains separate accounts for appropriated retained earnings, the "retained earnings" covered by the Statement of Retained Earnings refers only to unappropriated retained earnings.

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

Inclusions

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

Exclusions

- a) contributed surplus - see item 33000 (Contributed Surplus)
- b) appraisal surplus or appraisal increase credits/debits - see item 34000 (Appraisal Increase Credits/Debits)
- c) share capital - see item 31000 (Share Capital)
- d) permanent capital of unincorporated entities - see item 31000 (Share Capital)

ITEM NO. 38000**RETAINED EARNINGS - CLOSING BALANCE****Definition**

This item is the balance at the end of the period and should be equal to and as defined in item 35000 (Retained Earnings).

ITEM NO. 38100**RETAINED EARNINGS - OPENING BALANCE****Definition**

Retained earnings is 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.

ITEM NO. 38200**NET INCOME/LOSS****Definition**

This represents the current period net income as reported in the Income Statement - see item 58480 (Net Income/Loss).

ITEM NO. 38700**OTHER ADDITIONS/DEDUCTIONS****Definition**

These are changes in retained earnings arising from events other than those described or through dividends paid.

Inclusions

- a) adjustments resulting from changes in accounting methods and basis of reporting
- b) prior period adjustments
- c) Part IV Refundable Taxes

ITEM NO. 38800**DIVIDENDS DECLARED****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

- a) cash dividends declared
- b) cash dividends declared on all common and preferred shares (RCR)
- c) other dividends
 - i) stock dividends declared on common or preferred shares
 - ii) premium paid on redemption of any class of shares of corporations
 - iii) liquidating dividends

Exclusions

- a) interest expense on small business development bonds, small business bonds, income bonds and debentures - see item 53110 (Interest Expense on Bonds and Debentures)

Detail

38800	Dividends Declared
38810	Cash
38804	Preferred Shares
38806	Common Shares
38880	Other

ITEM NO. 40012**INTER-CORPORATE SALES (ELIMINATED ON CONSOLIDATION)****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.

ITEM NO. 41000**SALES OF SERVICES****Definition**

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

- a) 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
- b) sales of properties purchased for development and for resale
- c) sales of repossessed property

ITEM NO. 45000**INTEREST REVENUE FROM CANADIAN SOURCES****Definition**

Interest represents 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

- a) amortization of discounts and premiums on the purchase of fixed income securities and the lending of money
- b) interest on deposits
- c) interest on income bonds and debentures
- d) finance charges on accounts receivable
- e) interest on small business development bonds
- f) interest on small business bonds
- g) imputed interest or discounts from commercial paper, financial paper, and treasury bills
- h) interest from affiliates (put entirely under item 45800)

Exclusions

- a) dividends on term and retractable preferred shares - see items 46000 (Dividends Received from Canadian Corporations) or 47100 (Dividends Received from Foreign Corporations)
- b) interest revenue from foreign sources - see item 47200 (Interest Revenue from Foreign Sources)

Detail

45000	Interest Revenue from Canadian Sources
45100	Bonds and Debentures
45200	Mortgage Loans
45800	Other

ITEM NO. 46000**DIVIDENDS RECEIVED FROM CANADIAN CORPORATIONS****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

- a) cash dividends on all common and preferred shares
- b) liquidating dividends

Exclusions

- a) patronage dividends - see item 49000 (Other Revenue)
- b) stock dividends - common or preferred - see item 49000 (Other Revenue)
- c) interest on small business bonds, small business development bonds and income bonds - see items 45100 (Interest Revenue on Bonds and Debentures) or 47200 (Interest Revenue from Foreign Sources)
- d) cash dividends from affiliates accounted for on the equity method - see item 75000 (Dividends Received from Corporations - Equity Method)

ITEM NO. 47000**FOREIGN DIVIDEND AND INTEREST REVENUE****Definition**

This item covers 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 and foreign withholding taxes.

Inclusions

- a) see items 45000 (Interest Revenue from Canadian Sources) and 46000 (Dividends Received from Canadian Corporations)

Exclusions

- a) patronage dividends - see item 49000 (Other Revenue)
- b) stock dividends - see item 49000 (Other Revenue)

Detail

47000	Foreign Dividend and Interest Revenue
47100	Dividends Received from Foreign Corporations
47200	Interest Revenue from Foreign Sources

ITEM NO. 48000**GAINS/LOSSES ON THE SALE OF ASSETS (OPERATING)****Definition**

This item covers realized gains or losses on the sale of assets that are not considered extraordinary items - see item 58310 (Extraordinary Gains/Losses - Before Taxes). 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, investments, loans and securities.

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.

Exclusions

- a) incidental costs, e.g., legal fees, commissions - see item 55000 (Other Expenses)
- b) unrealized gains/losses - see item 56200 (Write-Offs and Valuation Adjustments)

ITEM NO. 49000**OTHER REVENUE****Definition**

Receipts and inflows of cash, receivables or other considerations that are:

- 1. not elsewhere classified;
- 2. not related to income of prior periods;
- 3. not of a capital nature.

Inclusions

- a) patronage dividends
- b) stock dividends
- c) commission revenue
- d) royalties and franchise fees

Exclusions

- a) liquidating dividends - see items 46000 (Dividends Received from Canadian Corporations) and 47100 (Dividends Received from Foreign Corporations)
- b) realized and unrealized gains/losses - see items 48000, 56100, 56200 and 58310

ITEM NO. 52100**DEPRECIATION****Definition**

Depreciation is the accounting process whereby the cost of fixed assets is systematically allocated over the term of their useful life to current operations. This process recognizes the gradual exhaustion of the service capacity of the fixed asset.

Inclusions

Depreciation relates to fixed assets - item 18310 (Land and Depreciable Assets - Gross) and 18320 (Real Estate Held for Income)

- a) depreciation of buildings and structures
- b) depreciation of machinery and equipment
- c) amortization of leasehold improvements

Exclusions

- a) amortization of intangible assets and deferred charges - see item 52300 (Amortization)

b) one-time nature write-offs or write-downs – see item 56200 (Write-Offs and Valuation Adjustments)

Detail

52100 Depreciation
 52120 Depreciation on New Construction, Buildings, Structures and Leasehold Improvements
 52130 Depreciation on Machinery and Equipment

ITEM NO. 52300

AMORTIZATION

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 and other deferred charges.

Inclusions

- a) amortization of goodwill, patents, franchises, copyrights, organization expense, trademarks
- b) amortization of research and development costs, set-up costs, financing costs of issuing debt and share capital, preproduction costs, deferred compensation, and pension costs
- c) amortization of deferred gains and losses on investments

Exclusions

- a) amortization of leasehold improvements - see item 52100 (Depreciation)
- b) amortization of premiums and discounts on investments - see appropriate interest income or expense item
- c) amortization of deferred losses on the translation of foreign currency - see item 56100 (Gains/Losses on the Translation of Foreign Currency)

Detail

52300 Amortization of
 52310 Intangible Assets
 52320 Deferred Charges
 52380 Other

ITEM NO. 53100

INTEREST EXPENSE ON DEBT

Definition

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

Valuation

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

Inclusions

- a) amortization of bond discounts
- b) discount expense
- c) imputed interest expense on commercial and financial paper and treasury bills
- d) interest payments on capital leases
- e) finance charges
- f) interest on small business development bonds
- g) interest on small business bonds
- h) interest on income bonds and debentures
- i) interest paid on all other borrowing
- j) interest paid to affiliates (put entirely under item 53130)

Exclusions

- a) dividends on term and retractable preferred shares - see item 38810 (Dividends Declared - Cash)
- b) amortization of debt issue expenses - see item 52320 (Amortization - Deferred Charges)
- d) debt issue expenses - see item 55000 (Other Expenses)

Detail

- 53100 Interest Expense On Debt
- 53110 Bond and Debentures
- 53120 Mortgages
- 53130 Other

ITEM NO. 55000**OTHER EXPENSES****Definition**

Expenses and outflows of cash, payables or other considerations that are:

1. not elsewhere classified;
2. not related to expenditures in prior periods;
3. not of a capital nature.

Inclusions

- a) cost of materials and supplies
- b) salaries, wages and employee benefits including directors fees, bonuses, contributions under profit-sharing plans, vacation pay, contributions to pension plans and other deferred compensation plans, workers' compensation, employee group insurance, severance pay and employer's contribution to the Canada Pension Plan, Quebec Pension Plan, and Unemployment Insurance
- c) rental expense - rental of land, buildings, office space, other leased real estate, equipment, automobiles and trucks, office machines, computers and computer hardware
- d) provision for bad debts
- e) repairs and maintenance expense
- f) royalty expense
- g) commission expense
- h) research and development costs charged to current expense
- i) charitable donations
- j) indirect taxes
- k) advertising, marketing, insurance, other administrative expenses not elsewhere classified
- l) withholding tax
- m) debt issue expenses
- n) commissions to outside agents
- o) amounts paid to outside organizations such as public relations agencies
- p) compensation for settlement of termination of an employee's contract
- q) amount provided during the current period for future losses on investments, loans and other assets

Exclusions

- a) provision for losses with respect to inventories and investments - see item 56200 (Write-Offs and Valuation Adjustments)
- b) payments made on capital leases - see item 53130 (Interest Expense - Other)
- c) all expenses classified elsewhere

ITEM NO. 56100**GAINS/LOSSES ON THE TRANSLATION OF FOREIGN CURRENCY****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 on monetary assets and liabilities that have a fixed or ascertainable life extending beyond the end of the following fiscal year.

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

Exclusions

- a) unrealized gains/losses on the translation of financial statements of self-sustaining foreign operations - see item 29000 (Other Liabilities)

ITEM NO. 56200**WRITE-OFFS AND VALUATION ADJUSTMENTS****Definition**

This item covers unrealized gains or losses resulting from the adjustment of book values on the revaluation of assets which are not treated as extraordinary items on the income statement.

Valuation

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

Inclusions

- a) write-offs or write-downs of investments and loans in circumstances where their values are permanently impaired
- b) write-offs or write-downs of other assets

Exclusions

- a) realized gains/losses on sale of assets - see item 48000 (Gains/Losses on the Sale of Assets)
- b) extraordinary gains/losses - see item 58310 (Extraordinary Gains/Losses - before taxes)
- c) current period provision for losses with respect to bad debts - see item 55000 (Other Expenses)
- d) credits to contra or valuation balance sheet accounts related to the establishment of a "provision" or "allowance" for decline in value of an asset - see items 19810 (Accumulated Provisions and Allowances for Losses) and 55000 (Other Expenses)
- e) amortization of deferred gains/losses on investments - see item 52380 (Amortization - Other)
- f) amortization of deferred charges and deferred debits - see item 52320 (Amortization - Deferred)
- g) revaluations resulting from appraisal increases/decreases in real estate - see item 34000 (Appraisal Increase Credits/Debits)

ITEM NO. 57000**CANADIAN INCOME TAXES****Definition**

This item includes corporate income taxes including both current and deferred taxes which are based on the tax allocation method of accounting.

Refundable taxes such as tax on capital gains under Part I and tax on taxable dividends under Part IV are to be included in item 19880 (Other Assets).

Inclusions

- a) current income taxes - the amount currently payable based on taxable income
- b) large corporations Federal capital tax (implemented July 1989)
- c) taxes related to all gains/losses except taxes on extraordinary items

- d) deferred income taxes - arises from timing differences in the recognition of revenue and expenses in the measurement of accounting and taxable income
- e) tax benefit of loss carry-forward

Exclusions

- a) taxes related to extraordinary items - see item 58320 (Income Taxes on Extraordinary Items and Tax Benefits from Loss Carryforwards)
- b) indirect taxes - see item 55000 (Other Expenses)
- c) provincial capital taxes - see item 55000 (Other Expenses)
- d) income taxes paid to foreign governments - see item 55000 (Other Expenses)

Detail

57000 Canadian Income Taxes
 57100 Current
 57200 Deferred

ITEM NO. 58100

EQUITY IN NET INCOME/LOSS OF 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

- a) 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 (Dividends Received from Corporations Accounted for on the Equity Method)

ITEM NO. 58200

MINORITY SHAREHOLDERS' PORTION OF NET INCOME/LOSS

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.

ITEM NO. 58300

EXTRAORDINARY GAINS/LOSSES - NET

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, and 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.

Inclusions

- a) events and circumstances that do not depend on decisions or determinations by management or owners
- b) intervention by government or other regulatory bodies such as expropriations of property

- c) acts of God such as floods or earthquakes
- d) losses resulting from fires or other catastrophes

Exclusions

- a) tax benefit of a loss carried forward - see item 57000 (Canadian Income Taxes)
- b) gains/losses from discontinued operations
 - i) results of current operations should be reflected in appropriate revenue and expense items
 - ii) recognition of future gains or losses - see item 56200 (Write-offs and Valuation Adjustments)
 - iii) realized gains/losses - see item 48000 (Gains/Losses on the Sale of Assets)
- c) unusual and non-recurring items that do not meet the criteria set out in the definition of extraordinary gains/losses
 - i) asset valuation adjustments such as write-downs and write-offs to net realizable values - see item 56200 (Write-offs and Valuation Adjustments)
 - ii) gains and losses on the disposal of investments, fixed assets and loans - see item 48000 (Gains/Losses on the Sale of Assets)
 - iii) provisions for future liabilities for estimated costs that will be paid in the future - see item 55000 (Other Expenses)

ITEM NO. 58460

INCOME/LOSS BEFORE INCOME TAXES

Definition

Net income before provision for income taxes, equity in net income of unconsolidated affiliates, minority shareholder's portion of net income, and extraordinary gains/losses.

ITEM NO. 58470

INCOME/LOSS AFTER INCOME TAXES

Definition

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

ITEM NO. 58480

NET INCOME/LOSS

Definition

Net income represents the difference between all revenue and expenses, gain and loss items for the reporting period.

ITEM NO. 61405

INTEREST BEARING DEBT

Definition

This item covers both short and long term 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 in Canada and outside Canada (see item 24000 - Amounts Owing to Parent, Subsidiaries and Affiliates). The debt is interest bearing.

Valuation

Loans denominated in foreign currency should be expressed in Canadian dollars using the exchange rate in effect on the balance sheet date. Claims of affiliates should be shown at amortized value.

Inclusions

- a) loans and advances from affiliates

b) dividends and other non-trade accounts and notes payable to affiliates

Exclusions

a) trade payables - see item 22100 (Accounts Payable and Accrued Liabilities)

ITEM NO. 61407

NON-INTEREST BEARING DEBT

Definition

This item covers both short and long term 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 in Canada and outside Canada (see item 24000 - Amounts Owing to Parent, Subsidiaries and Affiliates). The debt does not bear interest.

Valuation

Loans denominated in foreign currency should be expressed in Canadian dollars using the exchange rate in effect on the balance sheet date. Claims of affiliates should be shown at amortized value.

Inclusions

- a) loans and advances from affiliates
- b) dividends and other non-trade accounts and notes payable to affiliates

Exclusions

a) trade payables - see item 22100 (Accounts Payable and Accrued Liabilities)

ITEM NO. 74100

INTEREST EXPENSE ON DEBT OWING TO PARENT, SUBSIDIARIES AND AFFILIATES

Definition

This covers that portion of interest expense reported in item 53100 that is paid to parent, subsidiaries and affiliates.

ITEM NO. 74700

UNUSUAL REVENUES, EXPENSES, GAINS/LOSSES FROM CONTINUING BUSINESS OPERATIONS

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 profits.

Inclusions

- a) transactions, events or circumstances recognized in the income statement that are reported as operating revenues (40,000\$ accounts) operating expenses (51,000\$ to 55,000\$ accounts) gains/losses on disposal of assets (item 58300)
- b) unrealized gains/losses, write-downs, write-offs and valuation adjustments included in item 56200.
- c) non-operating gains and losses on the disposal of investments and capital assets (item 58300)

Exclusions

a) extraordinary gains and losses (see items 58300, 58310, 58320)

ITEM NO. 75000**DIVIDENDS RECEIVED FROM CORPORATIONS ACCOUNTED FOR ON THE EQUITY METHOD****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

- a) dividends received from corporations where the investment is accounted for on the cost method - see items 46000 (Dividends Received from Canadian Corporations) and 47100 (Dividends Received from Foreign Corporations)

Detail

75000 Dividends Received from Corporations Accounted for on the Equity Method
75100 Canadian
75200 Foreign

ITEM NO. 80003**AVERAGE NUMBER OF PEOPLE EMPLOYED DURING THE REPORTING PERIOD****Inclusions**

- a) Full-time, part-time, and temporary employees and employees absent with pay

Exclusions

- a) Contract workers who are not part of your payroll

ITEM NO. 81000**SCHEDULE A: DISTRIBUTION OF GAINS/LOSSES AND WRITE-UPS/WRITE-DOWNS****Definition**

This schedule details the realized and unrealized gains and losses on the assets and liabilities of the reporting entity. The assets and liabilities are as defined for the balance sheet. Total gains/losses and write-ups/write-downs should equal the sum of items 48000, 56100, 56200 and 58310 in the Income Statement.