QUARTERLY SURVEY OF FINANCIAL STATEMENTS

REPORTING GUIDE

FOR

INVESTMENT DEALERS

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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 include 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 the 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 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.

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 earning 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, writedowns, and writeoffs 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 item 25110 or 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) term deposit, guaranteed investment certificates, term deposit certificates, bearer term 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
11110 Cash and Demand Deposits in Chartered Bank Branches 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 Finance 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
11620 Bearer Term Notes
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 is accrued revenue 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) receivables in connection with the sale of investments and fixed assets
   iii) income taxes recoverable
   iv) insurance claims
   v) patronage dividends receivable
   vi) receivables due from clients, brokers and other dealers
   vii) balance recoverable represented by the excess of GST input tax credits claimed over GST collections

Exclusions

a) other accounts receivable from affiliates - see item 14300 (Loans, Advances, Mortgages, Notes, Bonds and Other Claims of Affiliates)
b) balance owing represented by the excess of GST collections over GST input tax credits 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, other than trade accounts receivable, 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) investments in affiliates - see item 14000 (Investments in and Claims on Parent, Subsidiaries and Affiliates)

b) 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 Finance 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 FINANCE 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
d) short-term paper inventory of investment dealers

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 deposits - see item 11600 (Term Deposits)
c) share options and warrants - see items 15160 and 15200 (Corporate Shares)
d) foreign finance and other short-term paper - see item 15200 (Foreign Investments)
e) bearer deposit notes - see item 11600 (Term Deposits)
f) demand deposits - see item 11000 (Cash and Demand 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 Finance 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)

Detail

15140 Provincial and Municipal Government Debt
15141 Provincial Government Debt
15142 Municipal Government Debt

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 Finance 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 covers 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) 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) stock exchange seats - see item 19800 (Other Assets)

b) cash surrender value of life insurance policies - see item 19800 (Other Assets)

c) goodwill, trademarks, patents, franchises, licences, rights and like items - see item 19100 (Intangible Assets)

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) 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)

b) accrued interest and dividends receivable - see item 12100 (Accounts Receivable and Accrued Revenue)

c) term deposits, bearer deposit notes, deposit receipts and like instruments in foreign financial institutions - items 11638 and 11680 (Term Deposits in Other Institutions)

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) land 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 according 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.

ITEM NO. 18350

ACCUMULATED DEPRECIATION

Definition

This is the accumulated periodic allocations 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. 19800

OTHER ASSETS

Definition

This item covers all assets not elsewhere classified.

Inclusions

a) prepaid expenses and deferred charges, 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) accumulated provisions and allowances for losses
c) cash surrender value of life insurance policies
d) stock exchange seats
e) other unamortized deferred debits

Exclusions

a) intangible assets - see item 19100 (Intangible Assets)
b) allowance for doubtful accounts - see item 12800 (Allowance for Doubtful Accounts)

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 29800 (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 item in 25100 series (Loans and Overdrafts)

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. 22200

CLIENTS' FREE CREDIT BALANCES

Definition

For cash and margin accounts a free credit is: "the credit balance less (market value of short positions plus regulatory margin on those shorts)."

For commodity accounts a free credit is: "any credit balance less (margin required to carry open futures contracts and/or futures contracts option positions less equity in those contracts plus deficits in those contracts)."

Note: The bracketed balance cannot exceed the dollar amount of the credit balance in the account.

Source: Investment Dealers Association

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

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) outstanding cheques - see item 22100 (Accounts Payable and Accrued Liabilities)

b) loans from a parent, subsidiary or affiliate - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)

c) bankers' interest payable - see item 22100 (Accounts Payable and Accrued Liabilities)

d) accrued interest payable - see item 22100 (Accounts Payable and Accrued Liabilities)

e) loans from foreign branches of Canadian chartered banks - see item 25180 (Loans and Overdrafts with Others)

f) bankers' acceptances- see item 25200 (Bankers' Acceptances and Short-Term Notes and Paper)

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) outstanding cheques - see item 22100 (Accounts Payable and Accrued Liabilities)

b) accrued interest payable - see item 22100 (Accounts Payable and Accrued Liabilities)

c) loans from parent, subsidiaries and affiliates - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)

d) finance and other short-term paper - see item 25200 (Bankers' Acceptances and Short-term Notes and Paper)

e) bonds and debentures - see item 25400 (Bonds and Debentures)

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 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

a) finance and commercial paper

b) demand or call notes

c) 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

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 outstanding but, rather, be shown in the appropriate asset category 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) bonds held by affiliates - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)

b) finance and other short-term paper - see item 25200 (Bankers' Acceptances and Short-Term Notes and Paper)

c) 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. 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. 29200

SECURITIES SOLD SHORT

Definition

This refers to the value of securities that an investment dealer does not own but, nevertheless, has sold for delivery to purchasers at a later date.

Detail

29200 Securities Sold Short
29210 Corporate Shares
29280 Other

ITEM NO. 29800

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) trade and other accounts and notes payable - see item 22100 (Accounts Payable and Accrued Liabilities)

b) accrued expenses - see item 22100 (Accounts Payable and Accrued Liabilities)

c) accounts, notes, loans and all other claims owing to affiliates - see item 24000 (Amounts Owing to Parent, Subsidiaries and Affiliates)

d) 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)

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 - cash dividends declared on all common and preferred shares

b) other dividends

   i) stock dividends declared on common or preferred shares

   ii) liquidating dividends

Detail

38800 Dividends Declared
38810 Cash
38804 Preferred Shares
38807 Common Shares
38880 Other

ITEM NO. 41300

NEW ISSUES REVENUE: UNDERWRITING, TRADING AND COMMISSIONS

Definition

This item covers all revenue derived from new issues: underwriting revenue, trading profits and losses and commissions on the placement of new issues.

Underwriting revenue and trading profits and losses are derived from an investment dealer's underwriting function; i.e., subscribing for part or all of a primary issue and reselling it, and consulting fees and commissions as members of underwriting and/or banking groups.

Commissions on the placement of new issues accrue from a dealer's undertaking to place primary issues on a "best effort" basis.

For many investment dealers, this item covers all revenue derived from new issues. Some investment dealers, however, differentiate between new issues revenue generated during the initial offering period and that from subsequent periods. For these, new issues revenue will be split between item 41400 (Principal Transaction Revenue) and this item.

Inclusions

a) commissions and consulting fees on the issuing of short-term paper

Exclusions

a) commissions earned from acting as agent or broker in securities transactions, i.e., brokerage commissions - see item 44200 (Brokerage Commissions)

b) profits and losses earned from the buying and selling of securities on own account in the secondary securities market - see item 78200 (Trading Profits/Losses on Inventories of Securities)

ITEM NO. 41400

PRINCIPAL TRANSACTION REVENUE

Definition

Principal transaction revenue is revenue derived from the sale of new issues after it has been sold. (Note: Some investment dealers differentiate only among brokerage commissions - item 44200, revenue from trading as principals in the secondary market - item 78200, and revenue from new issues - item 41300. For them 41400 will not apply.)

Exclusions

a) trading profits and losses on issues traded in the secondary market - see item 78200 (Trading Profits/Losses on Inventories of Securities)

b) revenue from the sale of new issues from an investment dealer's inventory - see item 41300 (New Issues Revenue: Underwriting Revenue, Trading Gains and Commissions on Placement of New Issues) - Note: Some investment dealers do not differentiate new issues revenue between that arising from the initial offering and from subsequent to the initial offering. For these investment dealers, all new issues revenue should be reported under item 41300

ITEM NO. 44200

BROKERAGE COMMISSIONS

Definition

Commissions are remuneration to an agent or middleman for providing the service to the vendor or purchaser of bringing together the two parties to a transaction.

Valuation

Commission revenue should be shown before deductions for commissions paid but net of applicable goods and services tax (GST).

Inclusions

a) commissions earned on sales of securities

b) commissions earned by: sales representatives and grain dealers

Exclusions

a) underwriting income, securities trading profits and commissions on placement of new securities - see item 41300 (New Issues Revenue: Underwriting, Trading and Commissions)

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 47000 (Foreign Dividend and Interest Revenue)
b) interest revenue from foreign sources - see item 47000 (Foreign Dividend and Interest Revenue)

Detail

45000 Interest Revenue from Canadian Sources
45100 Bonds and Debentures
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) stock dividends - common or preferred - see item 49000 (Other Revenue)
b) interest on small business bonds, small business development bonds and income bonds - see items 45100 (Interest Revenue - Bonds and Debentures) or 47000 (Foreign Dividend and Interest Revenue)
c) 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) 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) stock dividends

Exclusions

a) brokerage commissions - see item 44200 (Brokerage Commissions)

b) liquidating dividends - see items 46000 (Dividends Received from Canadian Corporations) and 47000 (Foreign Dividend and Interest Revenue)

c) 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 - items 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

d) depreciation on rental equipment

   i) for operating leases (by lessor)

   ii) for capital leases (by lessee)

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)

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, special tooling costs, and other deferred charges.

Inclusions

a) amortization of goodwill, patents, franchises, copyrights, organization expense, trademarks

b) amortization of set-up costs, financing costs of issuing debt and share capital, 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

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 income bonds and debentures

g) interest paid on all other borrowing

Exclusions

a) dividends on term and retractable preferred shares - see item 38810 (Cash Dividends Declared)

b) amortization of debt issue expenses - see item 52320 (Amortization - Deferred Charges)

c) debt issue expenses - see item 55000 (Other Expenses)

ITEM NO. 53230

INTEREST EXPENSE ON CLIENTS' FREE CREDIT BALANCES

Definition

This item covers interest paid to clients by the investment dealer for the funds held in the clients' free credit balances.

ITEM NO. 53300

INTEREST EXPENSE ON SECURITY INVENTORY POSITIONS

Definition

This item covers interest expense incurred by investment dealers carrying their security inventory.

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 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, employer's portion of contributions to the Canada Pension Plan, Quebec Pension Plan, Unemployment Insurance and other fringe benefits

c) 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) commission expense

f) charitable donations

g) indirect taxes

h) amount provided during the current period for future losses on investments, loans and other assets

i) advertising, marketing, insurance, other administrative expenses not elsewhere classified

j) withholding tax

k) debt issue expenses

l) commissions to outside agents

m) amounts paid to outside organizations such as public relations agencies

n) compensation for settlement of termination of an employee's contract

Exclusions

a) payments made on capital leases - see item 53100 (Interest Expense)

b) leasehold improvements - see item 18310 (Land and Depreciable Assets - Gross)

c) other 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 29800 (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 "provisions" or "allowance" for decline in value of an asset - see asset item 19800 (Other Assets) and see item 55000 (Other Expenses)

e) amortization of deferred charges and deferred debits - see item 52320 (Amortization - Deferred Charges)

f) 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 covers Canadian 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 primarily 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, and 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. 61600

TOTAL LONG-TERM INVESTMENTS

Definition

Long-term or permanent investments are investments (other than in parent, subsidiaries and affiliates) which the reporting entity's management intend to hold to maturity or for long-term growth.

Valuation

Shares should be shown at acquisition cost except for fixed-term equity investments. All other long-term investments, including fix-term equity investments, should be shown at amortized cost. In cases where the investment value is permanently impaired and a write-down is recorded, the investment should be shown at the reduced book value and the corresponding write-down reflected in item 56200 (Write-Offs and Valuation Adjustments).

Inclusions

a) portfolio investments, excluding marketable or short-term securities

Exclusions

a) short-term or marketable securities - see appropriate short-term investment category

b) stocks and bonds and advances to parent, subsidiaries and affiliates - see items in series 14000 (Investments in and Claims on Parent, Subsidiaries and Affiliates)

c) inventory of securities on hand and to be sold long - see item 61810 (Inventory of Securities on Hand and to be Sold Long)

ITEM NO. 61700

TOTAL SECURITIES AND INVESTMENTS

Definition

This item covers an investment dealer's holdings of both inventories of securities and securities held as long-term investments.

Exclusions

a) investments in and claims on affiliates - see item 14000 (Investments in and Claims on Parent, Subsidiaries and Affiliates)

b) real estate held for income - see item 18320 (Real Estate Held for Income - Gross)

ITEM NO. 61810

INVENTORY OF SECURITIES ON HAND AND TO BE SOLD LONG

Definition

This is an investment dealer's holdings of securities to be traded in the ordinary course of business. Also covered are short-term investments such as term deposits and finance, commercial and other short-term paper.

ITEM NO. 61910

TOTAL LIABILITIES

Definition

This is the sum of obligations to parties other than holders of subordinated loans and notes.

ITEM NO. 61920

TOTAL DEBT CAPITAL AND SHAREHOLDERS' EQUITY

Definition

This is the sum of the reporting entity's subordinated debt outstanding and the entity's owners' equity.

ITEM NO. 67000

TOTAL DEBT CAPITAL

Definition

This item covers debt which has a lower priority of claims than other types of debt on the reporting entity's assets and/or income. Holders of such debt generally rank just ahead of shareholders in the event of liquidation of the reporting entity's assets.

Detail

67000 Total Debt Capital
67100 Subordinated Debt
67110 Chartered Banks
67120 Parent, Affiliates and Shareholders
67180 Other Subordinated Debt

ITEM NO. 69000

REVERSE REPURCHASE AGREEMENTS AND REPURCHASE AGREEMENTS

Definition

Repurchase agreements (repos or buy-backs) are formal or informal money market transactions in which one party (transferor) agrees to "sell" securities, which are typically high grade, to another party (transferee) at a specified price and simultaneously agrees to "repurchase" the same or substituted securities on a specified future date and at a specified price. The transferor generally retains significant risks and/or rewards inherent in the securities.

Reverse repurchase agreements (reverse repo or resale agreement) is the same transaction as the related repos but viewed from the perspective of the transferee.

Detail

69000 Reverse Repurchase Agreements and Repurchase Agreements
69100 Reverse Repurchase Agreements
69110 Residents
69120 Non-Residents
69200 Repurchase Agreement
69210 Residents

69220 Non-Residents

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's accounts), operating expenses (51,000's to 55,000's accounts), gains/losses on disposal of assets (account 56300)

b) unrealized gains/losses, write-downs, write-offs and valuation adjustments included in account 56200

c) non-operating gains and losses on the disposal of investments and capital assets (account 56300)

Exclusions

a) extraordinary gains and losses (see accounts 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 47000 (Foreign Dividend and Interest Revenue)

Detail

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

ITEM NO. 78200

TRADING PROFITS/LOSSES ON INVENTORIES OF SECURITIES

Definition

These are profits and losses arising from the trading of securities from the reporting entity's own inventory, in the secondary market.

Exclusions

a) gains and losses from the sale of primary issues of securities - see item 41300 (New Issues Revenue: Underwriting Revenue, Trading Gains and Commissions on Placements of New Issues) or item 41400 (Principal

Transaction Revenue) Note: Some investment dealers do not differentiate new issues revenue between items 41300 and 41400. For them, all such revenue should be reported under item 41300.

ANNUAL SUPPLEMENT TO THE QUARTERLY SURVEY OF FINANCIAL STATEMENTS

CAPITAL LEASES

Explanation and Definitions for questions 1, 2 and 9

The classification of a lease depends on whether substantially all the benefits and risks of ownership are transferred from the lessor to the lessee. If they are not transferred, the lease is termed an "operating lease"; if they are, it is called a "capital lease" from the lessee's viewpoint, and a "sales-type" or "direct financing" lease for the lessor.

Under an operating lease, the lessor retains the leased assets on its books, depreciates it, and recognizes rental revenue as it becomes due. The lessee charges lease rentals to expense as incurred and its balance sheet is unaffected. Under a capital lease, the lessor recognizes, in essence, a loan receivable (a sale and then a loan receivable for a sales-type lease) and records finance income. The lessee records the acquisition of an asset, which is then depreciated on a basis consistent with assets of a similar nature, and the incurrence of an obligation similar to a loan. Lease payments are shown as a blend of interest expense and repayment of principal.

Questions 1, 2 and 9 relate only to those accounts maintained by a lessee for capital leases:

1. Assets acquired under capital leases - year-end balance:

The amount requested is the depreciated book value of assets acquired under capital leases. (In the quarterly survey of financial statements, this amount should have been reported as part of fixed assets in account 18310.)

2. Capital lease obligations - year-end balance:

This amount represents the year-end balance of the present value of the obligation under capital leases. (In the quarterly survey of financial statements, this amount should have been reported as part of non-mortgage loans or "other loans" - account 25180.)

9. (a) Rental or lease payments for the year:

This is the total payments made by the lessee to the lessor under a capital lease. The payments consist of two components, interest expense and reductions of principal. Expenses related to the operation and maintenance of leased machinery and equipment are not to be included here.

9. (b) Interest expense charged to current operations:

This represents that portion of the rental or lease payments charged to interest expense for the year.

9. (c) Depreciation charged to current operations:

This represents the depreciation expense related to assets acquired under capital leases.

DEFERRED CHARGES AND PROVISION FOR FUTURE OBLIGATIONS

Explanation and Definitions for questions three to six

Purpose

Business profits as reported on the quarterly survey of financial statements are used in the estimate of National Income. National Income is one of the ways that economic production for all of Canada is measured. The System of National Accounts (SNA) has a conceptual framework and set of definitions which are standardized for all sectors of the economy. Thus, the measurement of business income or profits is governed by the definitions of capital and current expenditures in the SNA. Capital expenditures relate to the purchases of fixed assets such as structures, buildings, machinery and equipment. All other expenditures are classified as current and, as such, are deducted from revenues in the measurement of profits.

However, accounting policies used by business recognize what is sometimes referred to as allocation accounting. Under this concept, expenditures which are not capital in nature can be deferred and appear as balance sheet assets. These deferred charges and debits will be charged to operations in future periods. To comply with the SNA concepts of profit measurement, Statistics Canada annually adjusts reported profits by adding back to profits expenditures that are booked during the year as deferred charges or debits. This, in effect, transfers the original expenditure from the balance sheet to the income statement to become a charge against profits in the period in which they were incurred.

QUESTIONS THREE AND FOUR - DEFERRED CHARGES

Questions three and four ask for the necessary information to make the adjustment described above. Question three asks for the amounts booked during the year as deferred charges or deferred debits. Question four asks for the amounts charged to current operations during the year, except amounts charged to current operations and reported in the quarterly questionnaires in the following expense accounts:

Account 52320 - Amortization of deferred charges

Account 56200 - Write-offs and valuation adjustments

Account 58310 - Extraordinary gains and losses

The reason for the exclusion of the above accounts is that the amounts reported in these accounts on the quarterly reports are already added back to profits on a quarterly basis. If the amounts were included in the answer to question four, the add-back to profits would be duplicated.

a) Deferred financing costs of new securities issues - Accounts 62110, 62210

Included in these accounts would be costs recognized in connection with the issuance of securities on the public market, such as bonds, debentures, and shares booked during the year as deferred charges/debits.

Such costs usually include items such as underwriters' fees and commissions, advertising, issuing a prospectus, and legal and accounting fees.

b) Deferred preproduction costs - Accounts 62120, 62220

Included in these accounts would be costs incurred in developing and preparing a facility or a business for operations booked during the year as deferred charges/debits.

Items that should be excluded from deferred preproduction costs (accounts 62120 and 62220) are:

1. Deferred charges related to the purchase of machinery and equipment that will eventually be transferred to a fixed asset account and classified as a capital expenditure
2. Prepaid expenses
3. Deferred research and development costs - see item (c)

c) Deferred research and development costs - Accounts 62130, 62230

Research and development costs relate to costs incurred in the following activities:

Research involves planned investigation undertaken with the hope of gaining new scientific or technical knowledge and understanding. Such investigation may or may not be directed towards a specific practical aim or application.

Development is the translation of research findings or other knowledge into a plan or design for new or substantially improved materials, devices, products, processes, systems or services prior to the commencement of commercial production or use.

QUESTIONS FIVE AND SIX - PROVISION FOR FUTURE OBLIGATIONS

Questions five and six relate to liabilities established to recognize costs and charges against the current period's profits. The obligation to pay such costs or the incurring of such expenditures will not take place until sometime in the medium- to long-term future. Question five asks for amounts credited to the liability accounts and charged to the current year's profits. The recognition of this event does not involve a cash transaction. Question six asks for amounts actually paid during the year related to costs that were previously recognized and expensed when the liabilities were booked in earlier periods. Amounts actually paid include cash paid and accounts payable. Amounts reported in item 5 will be added back to reported profits, while amounts reported in item 6 will be deducted from profits to comply with SNA accounting concepts.

Provision for pension costs, retirement benefits, deferred compensation related to current and former employees - Accounts 62310, 62410

Included in these accounts are costs associated with all types of formal or informal deferred compensation plans for current and former employees credited to the liability accounts and charged to the current year's profits. The recognition of this obligation does not involve a cash transaction.

Deferred compensation is restricted to retirement income and post-employment compensation. This account does include accruals and accounts payable classified as current liabilities.

Rental Revenue

Explanation and Definition for question seven

Rental revenue is required on an annual basis for the System of National Accounts. Accordingly, this question requests a split between rental revenue from all real estate properties (7 a), and rental revenue generated by other assets (7 b).

PROVISIONS FOR LOSSES, WRITE-DOWNS, AND WRITE-OFFS

Explanation and Definitions for question eight

Purpose

According to the definitions and concepts of business profits in the System of National Accounts (SNA), provision for losses related to financial assets such as accounts receivable, investments and loans are not recognized as charges against profits. Similarly, a provision for losses on discontinued operations is not considered a charge against profits. Therefore, to enable Statistics Canada to add these amounts back to profits annually, these charges are requested in column A. The actual write-offs of accounts previously set up as a provision or allowance are requested in column B.

Column A

Provisions charged to current operations during the year - Accounts 55400, 55873, 55871, 55872

The amounts requested in these accounts relate to all provisions for losses charged to current operations related to the uncollectability or the decline in value of accounts receivable, discontinued operations, investments, and loans. These charges to current operations are established by crediting a balance sheet valuation account.

Do not include in these accounts amounts that were reported in the following quarterly questionnaire expense accounts:

Account 56200 - Write-offs and valuation adjustments

Account 58310 - Extraordinary gains and losses

The reason for the exclusion of the above accounts is that the amounts reported in these accounts on the quarterly reports are already added back to profits.

Column B

Write-offs charged to balance sheet contra or valuation accounts - Accounts 71100, 71400, 71200, 71300

The amounts requested in these accounts relate to all write-offs of the categories of assets listed in 8(a), (b), (c) and (d) which cover accounts receivable, assets of discontinued operations, investments, and loans. These write-offs do not flow through the income statement as charges against profits. They represent a reduction in the asset account and an offsetting reduction in the related balance sheet valuation account.