

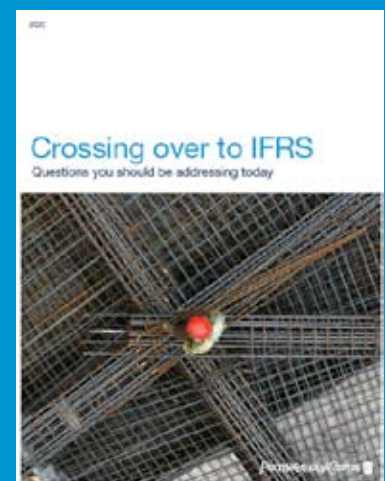
## Crossing over to IFRS – Questions you should be addressing today

The 2011 date for mandatory adoption of International Financial Reporting Standards (IFRS) in Canada is in sight and entities now are focusing on preparing first-time IFRS financial statements, including the balance sheet that converts the entity's Canadian GAAP financial statements over to IFRS (the transition balance sheet). In PwC's recent publication titled *Crossing Over to IFRS: Questions you should be addressing today*, found at [www.pwc.com/ca/publications](http://www.pwc.com/ca/publications), we discuss questions that have frequently arisen about the preparation, presentation and disclosure of this transition balance sheet, and other related issues.

**Consider the questions with care.** 2011 is closer than it might seem and some decisions, such as financial instrument designations and hedging relationship need to be made and documented by January 1, 2010 if desired accounting outcomes are to be achieved.

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### Breaking News

#### U.S. proposed changes for accounting for acquisition costs

On November 19, 2009 the FASB's Emerging Issues Task Force (EITF) reached a consensus-for-exposure related to the definition and types of costs that should be considered acquisition costs by insurance entities. Currently acquisition costs include those costs that vary with and are primarily related to the acquisition of insurance contracts. This definition has been interpreted in different ways, resulting in diversity in practice in terms of the types of costs that are being capitalized.

The proposal would redefine acquisition costs as those costs that are "directly related" to the acquisition of new and renewal insurance contracts. In addition, direct costs would include costs such as agent and broker commissions, as well as the portion of selling agent and underwriter salaries, benefits and occupancy costs allocated to successful contract acquisitions, but exclude the portion of such costs relating to unsuccessful acquisitions efforts. These changes could be significant for insurance companies reporting under U.S. GAAP.