

From: KPMG Canada [KPMGCA@kpmgemail.com]
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To: Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]
Subject: Focus on financial reporting – 2017 Annual update

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Focus on financial reporting – 2017 Annual update

We are pleased to announce the release of KPMG's annual *Focus on financial reporting (FOFR)* publication to assist you in understanding the nature and impact of 2017 and future financial reporting and related regulatory developments.

As discussed in more detail in *FOFR*, there are relatively few new standards or amendments to existing standards that are effective for 2017 financial reporting. However, for entities that apply IFRS, the January 1, 2018 effective date for IFRS 9 *Financial Instruments* and IFRS 15 *Revenue* and the January 1, 2019 effective date for IFRS 16 *Leases* are looming, as are similar changes for entities applying US GAAP. The adoption of these new standards requires significant time and resources. While the new standards are not effective this year, the 2017 annual financial statements of companies (assuming a calendar year end) must provide detailed and entity specific disclosures with respect to the impact of the new standards, and the adoption and implementation efforts. Also, entities that issue insurance or reinsurance contracts can now begin preparation for the adoption of IFRS 17 *Insurance Contracts* which becomes effective in 2021.

Remember, the impact of the new standards is not limited to accounting. Their implementation will impact internal controls over financial reporting, including controls over measuring the transition adjustments and preparing the expanded disclosures, and could result in new risks or changes to previously identified risks, including fraud risks. Additionally, the adoption of the new standards may impact numerous corporate functions including Finance, Actuarial and IT. Companies need to update accounting policies and related manuals, accounting technical papers, process flowcharts, and the design of related internal controls and their assessments of those internal controls. Public companies should disclose those changes that have materially affected, or are reasonably likely to materially affect, their internal controls over financial reporting in accordance with the appropriate regulatory framework.

Entities applying Accounting Standards for Private Enterprises (ASPE) will see minimal changes in their 2017 financial reporting. However, they should monitor proposals for changes to the accounting for retractable or mandatorily redeemable shares; entities in the agricultural sector will be interested in the AcSB's project on accounting for biological assets and agricultural produce.

Similarly, not-for-profit organizations will see minimal financial reporting changes in 2017 but will want to follow developments in accounting for tangible and intangible capital assets and

collections. Changes to accounting for these assets are proposed for 2019.

Finally, entities applying Public Sector Accounting Standards will be aware that numerous changes became effective for fiscal years beginning in 2017. Further changes to standards including financial instruments, portfolio investments, foreign currency translation and financial statement presentation become effective in 2018 and 2019.

The information in this edition of FOFR is based on pronouncements released prior to November 15, 2017. For pronouncements released after this date, please refer to the website of the standard setter or regulator in question, or contact your KPMG adviser.

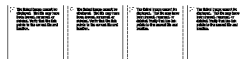
This edition is of a general nature, intended solely to increase awareness of financial reporting developments. Readers should consult the original pronouncements and/or their financial advisers for detailed guidance on the application of these standards. The French edition will be available for download in January 2018.

Focus on financial reporting is intended to help boards of directors, audit committees, corporate management and other interested parties to identify and address International, Canadian, US regulatory and other financial reporting developments that may affect their organizations. KPMG is developing new channels to distribute this information on a timely basis, including our [Current Developments](#). Stay tuned for exciting changes! We thank you for your support.



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