

Moving forward

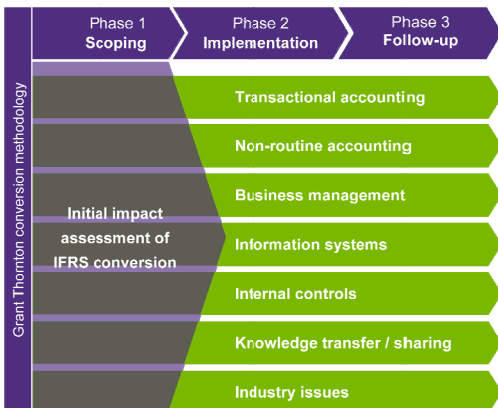
Grant Thornton IFRS conversion methodology: phase one

Our experience assisting organizations on similar projects has confirmed that major changes to business requirements, staff knowledge and experience, related processes and entire information systems are always more complex than anticipated. As such, the level of effort required to execute the project is typically underestimated.

To assist in mitigating this risk, our approach is a multi-phase process which focuses first on **scoping the magnitude of the change** to your organization. This will enable rigorous project planning and targeted training going forward.

Phase one: scoping

The initial scoping phase of the Grant Thornton approach to IFRS conversion focuses on a pragmatic assessment of accounting policies and procedures, financial accounting and reporting business processes, information systems and organizational capabilities.



This allows us to gauge your company's IFRS readiness and to develop an action plan that will cover both solution development and implementation.

GAAP/IFRS comparison and accounting policy direction

Similar to Canadian GAAP, IFRS provisions restrict subsequent accounting policy changes to limited circumstances. Getting the policy choice decisions right at the outset will be critical. Our approach includes

- the identification of situations where alternative IFRS accounting policies exist;
- research of policy alternatives, including industry-specific materials to determine industry preferences and peer group consensus; and
- a high level assessment of the organizational impacts of the available policy alternatives, including impacts to non-financial aspects of your company.

Disclosure and transitional impact assessment

When considering the financial reporting and disclosure aspects of the IFRS conversion process, our approach will be divided into two segments. The first segment will be based on the comparison of GAAP and IFRS and incorporating suggested accounting policy changes. We will assess potential disclosure impacts

The key to managing change is preparing for it.

Our methodology is based on years of experience working with Canadian companies who already report under IFRS. We've also drawn on the international expertise of other Grant Thornton International Ltd member firms, including numerous conversion projects in the United Kingdom.

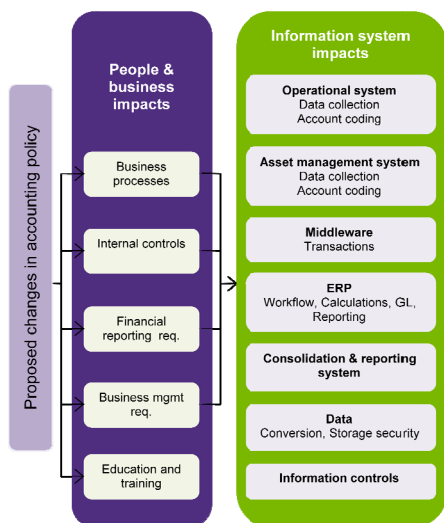
leading up to the 2011 conversion. This will include the following steps:

- Identify the statutory requirements for financial statement, MD&A and AIF disclosures.
- Review proposed peer group and industry sector approach.
- Identify and report on any potential subsequent regulatory changes to disclosure.

In addition to reporting on the impacts to disclosure, we will assess the potential impacts of standards to be harmonized before 2011. This assessment will not only take into account new accounting pronouncements that will occur to Canadian and US GAAP, but also any potential changes to IFRS that may occur during the conversion process.

Detailed impact assessment

Based on the identification of the relevant differences between GAAP and IFRS, as well as the suggested accounting policy direction, we will engage in a more detailed understanding of the impacts to your company.



Specifically, we will be looking to determine the magnitude of the changes to

- business processes and internal controls;
- financial, operational and related information systems; and
- staff and board accounting standards competencies.

The basis of our approach will be to review current documentation of business processes, internal controls and information systems maps in order to identify, assess and prioritize potential changes. This initial assessment will focus on categorization of the magnitude of the changes required and implementation options (for instance, financial system modification versus other viable workarounds).

Develop implementation charter and plan

We will gather the work products from all of the streams together into an integrated implementation project charter and work plan that identifies

- the scope of the effort required for implementation,
- a tailored project roadmap including approximate timelines and key milestones,
- project organizational structure, including roles and responsibilities, and
- key risk factors and mitigation strategies.

Your Grant Thornton adviser can help you with your IFRS conversion project. We look forward to working with you as you move forward in adopting IFRS.

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