

MEDIA RELEASE

Communiqué

Accounting Standards Board announces decision regarding fair value accounting standards and impairment of debt securities

TORONTO, April 30, 2009 - The Accounting Standards Board (AcSB) confirmed, following a special meeting, that the recent US guidance on determining the fair value of financial instruments is consistent with Canadian standards. The guidance deals with determining whether a market is inactive and whether a transaction is a distressed sale.

Also, the AcSB decided to revise its standards on impairment of debt instruments to converge with international standards. These decisions are consistent with the AcSB's strategy of adopting IFRSs for publicly accountable enterprises in 2011.

For financial assets classified as "held-to-maturity" or "loans and receivables" (which could include debt instruments not quoted in an active market), impairment would be based on the credit loss that has been incurred as at the balance sheet date. These proposed revisions will be exposed for public comment. The changes will also narrow the differences with new US requirements.

The AcSB strongly supports the work of the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) to develop a new international standard on measurement and recognition of financial instruments.

The AcSB meeting was added to its meeting schedule to ensure that it acted in a timely manner and had all required information to make appropriate and responsible choices for Canada.

In the lead up to the changeover to IFRSs, one of the AcSB's guiding principles is to avoid changes that conflict with IFRSs and that are not aligned with emerging global accounting standards. The AcSB is committed to working with the IASB and the FASB to develop new, high-quality standards.

"We endorse a level playing field and believe that a robust global accounting standard on financial instruments is the best way to achieve it. The proposed changes in the accounting for impairment respond to concerns that Canadian companies should not be disadvantaged as we make the transition to IFRSs," said Paul Cherry, Chair of the AcSB. "Canadian standards historically have been of a high quality, and maintaining transparency and trust in financial statements is vital."

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For more information or to arrange an interview, contact:

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The Accounting Standards Board establishes financial accounting and reporting standards for use by Canadian companies and not-for-profit organizations. It participates in the development of internationally accepted accounting standards. The Board sets its financial accounting and reporting standards after an extensive process of consultation with organizations and individuals that are interested in or affected by the standards. The standards contribute to enhanced decision making by continually improving the quality of financial and other information about organizational performance reported by Canadian entities. www.ascbcanada.org