

## 2011 BCSECCOM 365

July 28, 2011

### **Headnote**

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 52-107, s. 5.1 *Acceptable Accounting Principles and Auditing Standards* – a reporting issuer wants to early adopt IFRS for purposes of preparing its financial statements. – the issuer has assessed the readiness of its staff, board, audit committee, auditors and investors; the issuer will provide detailed disclosure regarding its early adoption of IFRS as set out in CSA Staff Notice 52-320 in a news release or in restated and re-filed MD&A for its most recent interim period to be disseminated or re-filed within seven days of the decision or prior to or concurrent with filing its first IFRS financial statements; the issuer will restate and re-file any financial statements prepared in accordance with Canadian GAAP for interim periods for the fiscal year in which they intend to adopt IFRS together with related interim MD&A and certificates required by NI 52-109

### **Applicable Legislative Provisions**

National Instrument 52-107 - *Acceptable Accounting Principles and Auditing Standards*, ss. 4.2, 5.1

In the Matter of  
the Securities Legislation of  
British Columbia  
(the Jurisdiction)

and

In the Matter of  
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of  
Firebird Capital Partners Inc.  
(the Filer)

Decision

## 2011 BCSECCOM 365

### Background

- ¶1 The principal regulator in the Jurisdiction (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) for exempting the Filer from the requirements in section 4.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107) that its financial statements be prepared in accordance with Canadian GAAP – Part V in order that the Filer may prepare its financial statements for financial periods beginning on and after April 1, 2010 in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the British Columbia Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 - *Passport System* (MI 11-102) is intended to be relied upon in Alberta.

### Interpretation

- ¶2 Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 52-107 have the same meaning if used in this decision, unless otherwise defined.

### Representations

- ¶3 This decision is based on the following facts represented by the Filer:
- 1. the Filer was incorporated pursuant to the *Business Corporations Act* (British Columbia) on July 31, 2007;
  - 2. the Filer was a capital pool company (CPC), as defined in the policies of the TSX Venture Exchange (the Exchange) and its shares were listed for trading on the Exchange on October 16, 2008 under the symbol FRD.P;
  - 3. effective January 21, 2011 the Filer ceased to be a CPC upon completion of its qualifying transaction, and its shares began trading under the symbol FRD;

## 2011 BCSECCOM 365

4. the registered and head office of the Filer is located at 1200 Waterfront Centre, 200 Burrard St., Vancouver, BC, V7X 1T2;
5. the Filer is a reporting issuer in British Columbia and Alberta;
6. the Filer is not in default of securities legislation of any jurisdiction;
7. the Filer's primary business is the production, exploration and development of petroleum resources in Western Canada;
8. the Filer currently prepares its financial statements in accordance with Canadian GAAP – Part V; the Filer has not previously prepared financial statements that contain an explicit and unreserved statement of compliance with IFRS;
9. the Canadian Accounting Standards Board adopted IFRS as Canadian GAAP for most publicly accountable enterprises for fiscal years beginning on or after January 1, 2011;
10. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants; under NI 52-107, for financial years beginning before January 1, 2011, a domestic issuer must use Canadian GAAP – Part V, with the exception that an SEC registrant may use U.S. GAAP, under Part 4 of NI 52-107, only foreign issuers may use IFRS;
11. in CSA Staff Notice 52-321 – *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS for periods beginning prior to January 1, 2011, and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite section 4.2 of NI 52-107;
12. the Filer's financial year end is March 31; subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS in respect of its financial statements for periods beginning on and after April 1, 2010; the Filer's date of transition to IFRS will be April 1, 2009;

## 2011 BCSECCOM 365

13. the Filer believes that the use of Canadian GAAP for publicly accountable enterprises, which is IFRS incorporated into the Handbook, will eliminate complexity and costs from the Filer's financial statement preparation process;
14. the board of directors of the Filer has approved early adoption of IFRS;
15. the Filer has carefully assessed the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants for the adoption by the Filer of IFRS and has concluded that they will be adequately prepared for the Filer's adoption of IFRS for financial periods beginning on and after April 1, 2010;
16. the Filer has considered the implications of adopting IFRS for the year ending March 31, 2011 on its obligations under the Legislation including, but not limited to, those relating to CEO and CFO certifications, business acquisition reports, offering documents, and previously released material forward-looking information; and
17. the Filer will communicate its IFRS implementation plans to investors as contemplated by CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards* by disclosing relevant information about its adoption of IFRS in a news release prior to or concurrent with filing any interim financial reports or annual financial statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook, including:
18. the key elements and timing of the Filer's changeover plan;
19. the accounting policy and implementation decisions the Filer has made or will have to make;
20. the exemptions available under IFRS 1 *First-time Adoption of International Financial Reporting Standards* (IFRS 1) that the Filer expects to apply in preparing financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises;
21. major identified differences between the Filer's current accounting policies and those the Filer is required or expects to apply in preparing its financial

## 2011 BCSECCOM 365

statements in accordance with Canadian GAAP applicable to publicly accountable enterprises; and

22. the impact of adopting Canadian GAAP applicable to publicly accountable enterprises on the key line items in the Filer's financial statements for the year ending March 31, 2011.

### Decision

- ¶4 The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

1. the Filer prepares its financial statements for financial periods relating to financial years beginning on or after April 1, 2010 in accordance with Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook;
2. the Filer's first interim financial report prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises includes an opening statement of financial position as at the date of transition to IFRS that is presented with prominence equal to the other statements that comprise the interim financial report;
3. to the extent that the Filer has filed or will file interim financial statements prepared in accordance with Canadian GAAP – Part V for one or more interim periods in the year that the Filer adopts IFRS, the Filer will re-state those interim financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises and re-file those interim financial statements together with the related re-stated interim management's discussion and analysis as well as the certificates required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*; and
4. the Filer provides all of the communication and information as described and in the manner set out in paragraph 17.

Martin Eady, CA  
Director, Corporate Finance  
British Columbia Securities Commission