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LETTER OF COMMENT NO. $\left(\begin{array}{c} \uparrow \\ \downarrow \end{array} \right)$

Telephone: (403) 298-6111

April 14, 2009

International Accounting Standards Board 30 Canon Street London, United Kingdom EC4M 6XH

U.S. Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut USA 06856-5116

Dear Sir/Madam:

We are responding to the joint International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) ("the Boards") Discussion Paper on their Preliminary Views on Financial Statement Presentation. We thank the Boards for the opportunity to comment on this Discussion Paper.

While we support the Boards' attempt at improving the usefulness of the information provided in financial statements, there are a number of areas within the proposed approach which cause significant concern for our Company. These concerns have been outlined below.

Question #1

Would the objectives of financial statement presentation proposed in paragraphs 2.5—2.13 improve the usefulness of the information provided in an entity's financial statements and help users make better decisions in their capacity as capital providers? Why or why not? Should the boards consider any other objectives of financial statement presentation in addition to or instead of the objectives proposed in this discussion paper? If so, please describe and explain.

While we can see merit in the Boards' objectives of cohesiveness, disaggregation and liquidity/financial flexibility captured within entity financial statements, we have significant concerns regarding the manner in which the Boards have proposed to achieve

these objectives. In addition, these proposed changes focus on assisting users make better decisions in their capacity as capital providers; however, capital providers are not the only stakeholders and therefore it should be considered if undue emphasis is being placed on this one category of users of the financial statements.

Promoting financial statement cohesiveness by improving the linkages between the various financial statements makes sense from a technical perspective. While this requires each statement to consistently use the same sections, the benefit of forcing companies to provide information in this manner may be limited due to the different purposes of each financial statement. For example, the statement of financial position is performed at a point in time, while a comprehensive income statement and cash flow statement are performed over a period of time (reporting period). Due to the fact that each of these statements serves a different purpose, providing financial statement linkages through consistent presentation of sections provides limited benefit to financial statement users.

In theory, disaggregation of information in an entity's financial statements will make the information more useful in assessing the amount, timing and uncertainty of its future cash flows. However, due to the fact that clear guidance has not been given on the level at which disaggregation is required, this will inevitably result in a loss of comparability among entities as the level at which they provide disaggregated financial information will be subject to interpretation. As a result, the information provided by two similar entities may be vastly different based on the level at which they choose to disaggregate their financial information, resulting in a loss of meaningful comparison between the entities.

In addition, while disaggregation provides more detailed information, there becomes a point at which a company's management reserves the right to not want to display information at a detailed disaggregated level. This issue especially becomes critical in terms of potentially sensitive information which certain financial statement users do not have access to.

In order to capture the requirements of the proposed format, financial statements will increase considerably in size and there will be an increase in the amount and type of information required, resulting in an increase in financial statement preparation costs. Due to the points raised above, we believe the benefits obtained from this increase in financial information will not exceed the increased costs required to prepare such financial information.

The Boards have affirmed that accrual accounting is the appropriate basis to present financial statements, recognizing that accrual accounting presents the proper resources and claims on resources. Accrual accounting gives a more "normalized" view of the company and provides better predictive information. We believe that the suggested changes to financial statement presentation are not any more predictive than accrual accounting and that proper disclosures on accrual accounting will be as informative as the proposed changes.

Question #2

Would the separation of business activities from financing activities provide information that is more decision-useful than that provided in the financial statement formats used today (see paragraph 2.19)? Why or why not?

In limited instances, separation of business activities from financing activities would provide information that is more decision-useful (i.e. for financial institutions). However, for the most part, we believe that the information provided in the financial statement formats used today provides information that is well understood and already provides decision-useful information. In addition, we believe that the increased benefit of separating business activities from financing activities would be minimal as compared to our current financial statement format.

Question #3

Should equity be presented as a section separate from the financing section or should it be included as a category in the financing section (see paragraphs 2.19(b), 2.36 and 2.52–2.55)? Why or why not?

We agree that equity should be presented as a separate section from the financing section since there is a fundamental difference in raising financing as opposed to raising equity.

Question #4

In the proposed presentation model, an entity would present its discontinued operations in a separate section (see paragraphs 2.20, 2.37 and 2.71–2.73). Does this presentation provide decision-useful information? Instead of presenting this information in a separate section, should an entity present information about its discontinued operations in the relevant categories (operating, investing, financing assets and financing liabilities)? Why or why not?

We agree with the proposed presentation model of presenting discontinued operations in a separate section.

Question #5

The proposed presentation model relies on a management approach to classification of assets and liabilities and the related changes in those items in the sections and categories in order to reflect the way an item is used within the entity or its reportable segment (see paragraphs 2.27, 2.34 and 2.39–2.41).

- a) Would a management approach provide the most useful view of an entity to users of its financial statements?
- b) Would the potential for reduced comparability of financial statements resulting from a management approach to classification outweigh the benefits of that approach? Why or why not?

The management approach to classification of assets and liabilities and the related changes in those items would provide the most useful view of an entity to users of its financial statements.

The management approach increases the level of subjectivity and interpretation used in financial statement classification which results in reduced overall comparability between entities. The benefit of providing information in this manner does not outweigh the lost comparability as the proposed format limits the usefulness of the information. Under the proposed methodology, the management approach becomes critical for classification purposes, however, a company's management does not have the ability to provide a complete and useful picture of the entity as a whole because they are bound by a very prescriptive financial statement format. Allowing for the use of the management approach in certain areas (but not all), is conflicting and in our opinion limits the usefulness of this information.

Use of the management approach increases inconsistencies and reduces comparability which is contradictory to one of the key obstacles the Boards were hoping to overcome as a result of this project. From this perspective, the Boards need to determine if 1) consistency and comparability among entities or 2) use of the management approach to provide the most useful view of an entity is their focus of this project. Once the focus has been selected, companies will be in a better position to comment on the proposed approach as currently there are contradictions within the proposed approach.

Question #6

Paragraph 2.27 proposes that both assets and liabilities should be presented in the business section and in the financing section of the statement of financial position. Would this change in presentation coupled with the separation of business and financing activities in the statements of comprehensive income and cash flows make it easier for users to calculate some key financial ratios for an entity's business activities or its financing activities? Why or why not?

Theoretically, this change in presentation coupled with the separation of business and financing activities in the statements of comprehensive income and cash flows will make it easier for financial statement users to calculate key financial ratios. However, the proposed change only provides a minimal enhancement to the current financial statement

presentation method. We believe the current financial statement presentation structure allows for the calculation of financial ratios.

Question #7

Paragraphs 2.27, 2.76 and 2.77 discuss classification of assets and liabilities by entities that have more than one reportable segment for segment reporting purposes. Should those entities classify assets and liabilities (and related changes) at the reportable segment level as proposed instead of at the entity level? Please explain.

If the focus of the proposed methodology is on using the management approach, this requirement seems appropriate. However, it should be noted that this requirement results in increased inconsistencies and lost comparability among entities as companies will be classifying assets, liabilities and the related changes based on how such items are used within each reportable segment, which is a very entity-specific determination.

Question #8

The proposed presentation model introduces sections and categories in the statements of financial position, comprehensive income and cash flows. As discussed in paragraph 1.21(c), the boards will need to consider making consequential amendments to existing segment disclosure requirements as a result of the proposed classification scheme. For example, the boards may need to clarify which assets should be disclosed by segment: only total assets as required today or assets for each section or category within a section. What, if any, changes in segment disclosures should the boards consider to make segment information more useful in light of the proposed presentation model? Please explain.

No comment

Question #9

Are the business section and the operating and investing categories within that section defined appropriately (see paragraphs 2.31–2.33 and 2.63–2.67)? Why or why not?

The business section and the categories which are included within this section are defined appropriately. However, we believe that the current financial statement presentation format is straightforward without a lot of complexity and in our current financial statements it is not difficult to determine business vs. financing assets. As a result, it would seem unnecessary to segregate the financial statements into sections and categories within those sections on an individual line-by-line basis when the information is readily available from our current financial statement presentation structure.

Question #10

Are the financing section and the financing assets and financing liabilities categories within that section defined appropriately (see paragraphs 2.34 and 2.56–2.62)? Should the financing section be restricted to financial assets and financial liabilities as defined in IFRSs and US GAAP as proposed? Why or why not?

The financial section and the financing assets and financial liabilities categories within that section are defined appropriately, however, similar to question #9; our financial statements are straightforward such that this information would be easily determinable from the current financial statement presentation structure and financial statement note disclosures.

Question #11

Paragraph 3.2 proposes that an entity should present a classified statement of financial position (short-term and long-term subcategories for assets and liabilities) except when a presentation of assets and liabilities in order of liquidity provides information that is more relevant.

- a) What types of entities would you expect not to present a classified statement of financial position? Why?
- b) Should there be more guidance for distinguishing which entities should present a statement of financial position in order of liquidity? If so, what additional guidance is needed?

No comment

Question #12

Paragraph 3.14 proposes that cash equivalents should be presented and classified in a manner similar to other short-term investments, not as part of cash. Do you agree? Why or why not?

We do not have issues with presenting and classifying cash equivalents in a manner similar to other short-term investments, however, it should be noted that this may result in a disincentive for companies to use such short-term investments even though such investments may be appropriate in the circumstances. For example, short-term investments would appear to have to be moved into the investing category as opposed to leaving cash in the operating category. This requirement may impact financial ratios within the operating categories and influence decisions regarding excess cash.

Question #13

Paragraph 3.19 proposes that an entity should present its similar assets and liabilities that are measured on different bases on separate lines in the statement of financial position. Would this disaggregation provide information that is more decision-useful than a presentation that permits line items to include similar assets and liabilities measured on different bases? Why or why not?

Theoretically, proposing that an entity present its similar assets and liabilities that are measured on different bases on separate lines in the statement of financial position does provide more decision-useful information, however, we believe that this information does not need to be included as separate financial line items and can instead be captured in financial statement note disclosures. Some users may find disaggregation more useful, however, the financial statements inherently become more cumbersome and in our view, lose simplicity. If such information can be included in the financial statement note disclosures as opposed to the financial statements themselves, this ensures that the financial statements do not lose their simplicity and do not become overwhelmed with disaggregated information.

Question #14

Should an entity present comprehensive income and its components in a single statement of comprehensive income as proposed (see paragraphs 3.24–3.33)? Why or why not? If not, how should they be presented?

We currently present comprehensive income and its components in a single statement. While the proposed methodology would require the presentation of more detailed information, the Company has the ability to provide this information on this more detailed basis and therefore, this is not an issue.

Question #15

Paragraph 3.25 proposes that an entity should indicate the category to which items of other comprehensive income relate (except some foreign currency translation adjustments) (see paragraphs 3.37–3.41). Would that information be decision-useful? Why or why not?

Indicating the category to which items of other comprehensive income relate is consistent with the cohesiveness objective and appears reasonable.

Question #16

Paragraphs 3.42–3.48 propose that an entity should further disaggregate within each section and category in the statement of comprehensive income its revenues, expenses, gains and losses by their function, by their nature, or both if doing so will enhance the usefulness of the information in predicting the entity's future cash flows. Would this level of disaggregation provide information that is decision-useful to users in their capacity as capital providers? Why or why not?

Further disaggregation within each section and category in the statement of comprehensive income will in theory enhance the usefulness of the information in predicting the entity's future cash flows. However, disaggregating without more disclosures or explanation will not provide decision-useful information.

Question #17

Paragraph 3.55 proposes that an entity should allocate and present income taxes within the statement of comprehensive income in accordance with existing requirements (see paragraphs 3.56–3.62). To which sections and categories, if any, should an entity allocate income taxes in order to provide information that is decision-useful to users? Please explain.

No comment

Question #18

Paragraph 3.63 proposes that an entity should present foreign currency transaction gains and losses, including the components of any net gain or loss arising on remeasurement into its functional currency, in the same section and category as the assets and liabilities that gave rise to the gains or losses.

- a) Would this provide decision-useful information to users in their capacity as capital providers? Please explain why or why not and discuss any alternative methods of presenting this information.
- b) What costs should the boards consider related to presenting the components of net foreign currency transaction gains or losses for presentation in different sections and categories?

Based on the objective of cohesiveness, presenting foreign currency transaction information in the same section and category as the assets and liabilities that gave rise to the gains and losses would provide decision-useful information to financial statement users versus the current presentation in which this information is aggregated at a higher

level. The costs associated with presenting the components of net foreign currency transaction gains or losses for presentation in different sections and categories include one-time implementation costs related to system changes as the foreign currency translation process is an automatic process which would need to be reconfigured. In addition, there would be on-going costs related to these required system changes for maintenance and system checks. Moreover, if an entity decided to incorporate these required changes via a manual process, this would increase the associated costs based on the manual process selected. Training costs of employees would also increase.

Question #19

Paragraph 3.75 proposes that an entity should use a direct method of presenting cash flows in the statement of cash flows.

- a) Would a direct method of presenting operating cash flows provide information that is decision-useful?
- b) Is a direct method more consistent with the proposed cohesiveness and disaggregation objectives (see paragraphs 3.75–3.80) than an indirect method? Why or why not?
- c) Would the information currently provided using an indirect method to present operating cash flows be provided in the proposed reconciliation schedule (see paragraphs 4.19 and 4.45)? Why or why not?

By enforcing a direct method statement of cash flows, a cash-based approach is utilized in determining cash flows. In paragraph 2.2 of the discussion paper the Boards explicitly reaffirm the importance of accrual accounting in presenting financial information. As a result, using a cash-based approach seems inconsistent with the emphasis and importance the Boards have place on accrual accounting within this project. Furthermore, we believe that a direct method cash flow approach does not always provide information that is decision-useful from a predictive value perspective as the timing of cash flows may change from year to year.

In addition, entities generally do not use the direct method for internal management purposes, thereby indicating that it is not a critical decision making tool used by management and as a result the decision-usefulness of this information may be limited.

We do not believe that the direct method is more consistent with the proposed cohesiveness and disaggregation objectives than an indirect method. Companies would be able to meet these objectives through additional reconciliation disclosures or enhanced breakdowns within the indirect cash flow approach.

Our Company believes that the majority of the information that is currently provided in an indirect cash flow would have to be recreated in the proposed reconciliation. The reconciliation schedule is essentially information that is provided in an indirect cash flow allocated out on a line-by-line basis to reconcile such cash flows to comprehensive income.

Question #20

What costs should the boards consider related to using a direct method to present operating cash flows (see paragraphs 3.81–3.83)? Please distinguish between one-off or one-time implementation costs and ongoing application costs. How might those costs be reduced without reducing the benefits of presenting operating cash receipts and payments?

The majority of entities use an indirect method to calculate their cash flows. As a result, the information required to compile a statement of cash flows using the direct method is not currently available in many cases. Obtaining this information in this manner would require a significant amount of time, effort and costs (including a considerable amount of training), which in our opinion, would exceed the benefits of providing such information. If a financial statement preparer is currently using the indirect method in preparing their statement of cash flows, it is highly probable that systems are not currently configured to accumulate the information in a manner which would allow for the use of the direct method. Costs would be required to configure the systems in such a manner to capture this information. One-time implementation costs include changing transaction data to capture which category each transaction belongs to from a cash flow perspective. In addition, increased implementation costs would result from having to distinguish between 1) cash received or paid other than in transactions with owners not from remeasurement, 2) accruals, allocations and other not from remeasurement, 3) recurring valuation adjustments from remeasurement and 4) all other from remeasurement as required by the reconciliation of cash flows to comprehensive income and from having to properly capture this information. Implementation training costs would also increase as a result of these changes. Any employee involved with cash would require training on any required changes to their processes.

From an ongoing application costs perspective, additional costs will result from sustainment of system and process changes, maintenance of more detailed schedules, increased controls and checks due to the increase in the detailed information required to be presented and potentially increased staff to perform the more detailed information requirements and to ensure that this information is properly captured in the statement of cash flows.

Question #21

On the basis of the discussion in paragraphs 3.88–3.95, should the effects of basket transactions be allocated to the related sections and categories in the statement of comprehensive income and the statement of cash flows to achieve cohesiveness? If not, in which section or category should those effects be presented?

No comment

Question #22

Should an entity that presents assets and liabilities in order of liquidity in its statement of financial position disclose information about the maturities of its short-term contractual assets and liabilities in the notes to financial statements as proposed in paragraph 4.7? Should all entities present this information? Why or why not?

The Boards should address which principle is more important (liquidity vs. short-term/long-term) and consistently apply this requirement to companies since having choice results in less comparability across entities.

While the Boards may feel that by requiring financial statement note disclosures regarding the maturities of short-term contractual assets and liabilities for companies who choose the liquidity approach alleviates some of the differences in approach as compared to entities who present this information based on a short-term/long-term basis, this is not the case as the amount and quality of disclosure of such information will inevitably vary between entities. As a result, comparability will be lost if this process of additional disclosure requirements is utilized.

Question #23

Paragraph 4.19 proposes that an entity should present a schedule in the notes to financial statements that reconciles cash flows to comprehensive income and disaggregates comprehensive income into four components: (a) cash received or paid other than in transactions with owners, (b) accruals other than remeasurements, (c) remeasurements that are recurring fair value changes or valuation adjustments, and (d) remeasurements that are not recurring fair value changes or valuation adjustments.

a) Would the proposed reconciliation schedule increase users' understanding of the amount, timing and uncertainty of an entity's future cash flows? Why or why not? Please include a discussion of the costs and benefits of providing the reconciliation schedule.

- b) Should changes in assets and liabilities be disaggregated into the components described in paragraph 4.19? Please explain your rationale for any component you would either add or omit.
- c) Is the guidance provided in paragraphs 4.31, 4.41 and 4.44–4.46 clear and sufficient to prepare the reconciliation schedule? If not, please explain how the guidance should be modified.

We do not believe that the proposed reconciliation schedule significantly increases users' understanding of the timing of an entity's future cash flows because knowledge of an accrual is not sufficient to predict timing of future cash flow. We believe that the benefits provided from this information would be minimal and would not exceed the costs of providing such information (refer to question #20 for a discussion of additional costs required).

In addition, we do not believe that the changes in assets and liabilities should be disaggregated into the components described in paragraph 4.19 because we do not agree with a direct cash flow approach (refer to question #19 for our comments on the direct cash flow approach).

The guidance provided in paragraphs 4.31, 4.41 and 4.44 - 4.46 are fairly straightforward. However, we believe that by requiring a direct cash flow approach and a reconciliation of these cash flows to comprehensive income, the reconciliation schedule is essentially information that is provided in an indirect cash flow allocated out on a line-by-line basis to reconcile such cash flows to comprehensive income. As a result, the proposed methodology requires a direct method cash flow and a reconciliation that essentially mirrors an indirect cash flow. In our opinion, the benefits of providing this information do not outweigh the costs of providing such information.

Question #24

Should the boards address further disaggregation of changes in fair value in a future project (see paragraphs 4.42 and 4.43)? Why or why not?

Since we are not completely in agreement with the proposed approach for disaggregation, we do not support further disaggregation. Without clear guidance as to what level this disaggregation and further disagreaggtion would require, we are not able to comment appropriately at this time.

Question #25

Should the boards consider other alternative reconciliation formats for disaggregating information in the financial statements, such as the statement of financial position reconciliation and the statement of comprehensive income matrix described in Appendix B, paragraphs B10–B22? For example, should entities that primarily manage assets and liabilities rather than cash flows (for example, entities in the financial services industries) be required to use the statement of financial position reconciliation format rather than the proposed format that reconciles cash flows to comprehensive income? Why or why not?

We do not believe that the Boards should consider other alternative reconciliation formats for disaggregating information in the financial statements as providing alternatives allows for inconsistencies and more choice between entities. The Boards need to make a decision as to which is the most appropriate format and ensure that this format is applied consistently.

Question #26

The FASB's preliminary view is that a memo column in the reconciliation schedule could provide a way for management to draw users' attention to unusual or infrequent events or transactions that are often presented as special items in earnings reports (see paragraphs 4.48–4.52). As noted in paragraph 4.53, the IASB is not supportive of including information in the reconciliation schedule about unusual or infrequent events or transactions.

- a) Would this information be decision-useful to users in their capacity as capital providers? Why or why not?
- b) APB Opinion No. 30 Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, contains definitions of unusual and infrequent (repeated in paragraph 4.51). Are those definitions too restrictive? If so, what type of restrictions, if any, should be placed on information presented in this column?
- c) Should an entity have the option of presenting the information in narrative format only?

No comment

Question #27

As noted in paragraph 1.18(c), the FASB has not yet considered the application of the proposed presentation model to non-public entities. What issues should the FASB consider about the application of the proposed presentation model to non-public entities? If you are a user of financial statements for a non-public entity, please explain which aspects of the proposed presentation model would and would not be beneficial to you in making decisions in your capacity as a capital provider and why.

Not applicable to Husky

Sincerely,

Angela Butler, CA

Controller