



SECTION: Financial Statements

INDEX NO.: F100-150

TITLE: CICA Guideline For Annual Audited Statements

APPROVED BY: Canadian Institute of Chartered Accountants

PUBLISHED: Bulletin 2/4 (February 1992)

EFFECTIVE DATE: When Published - March 1992 [Information outdated - Feb. 2003]

CICA Approves Guideline for Annual Audited Financial Statements

The Auditing Standards Board of the CICA has recently approved a CICA Handbook Auditing and Related Services Guideline "Auditor's Report on Pension Fund Financial Statements Filed with a Regulator". Pension fund financial statements exclude the pension plan benefit obligation. The Guideline does not apply if the Administrator of the pension plan intends a general distribution of the financial statements to pension plan members.

The Guideline is expected to be released this March and should reduce the concerns being experienced by auditors and Administrators about the basis of accounting for such pension fund financial statements. It states that, in the Auditing Standards Board's opinion, a basis of accounting other than generally accepted accounting principles as set out in Section 4100 is appropriate for pension fund financial statements of a defined benefit pension plan prepared for the purpose of filing with a regulator pursuant to governing statute or regulations. Accordingly, the Board believes the auditor should express an opinion whether such statements are in accordance with an appropriate disclosed basis of accounting.

The basis of accounting will be described on the notes to the financial statements. The PCO takes the position that the notes to the statements should state that the financial statements have been prepared for regulatory purposes only and are not general purpose financial statements. The notes should also state that there is no disclosure of the pension benefit obligation, but in all other respects, the financial statements are prepared in accordance with generally accepted accounting principles.

For a more detailed discussion of the background of the "fund" versus "plan" issue and the PCO's position, please refer to the PCO Bulletin dated July, 1991, Volume 2, Issue 2, page 7.

The PCO appreciates the co-operation of the CICA and the auditing firms on this and related issues.