Project	**Financial Statement Presentation**
Topic	**Support for package of decisions**

Introduction

1. As of the January 2010 joint meeting, the boards reached tentative decisions on the majority of substantive issues for the FSP project. In this paper, we review the boards' package of decisions, ask the boards if they support that package, address the length of the comment period, and ask permission to start drafting the preballot draft.

2. Appendix A of this paper includes a complete set of financial statements for ToolCo to illustrate the package of decisions (it includes only the note disclosures specifically addressed in this project). The staff draft includes a complete set of financial statements for three entities. We do not plan to discuss those illustrations at the February joint meeting; however, board member comments are welcome before or after that meeting.

Package of decisions

Project objective and core presentation principles

3. The objective of the financial statement presentation (FSP) project is to establish requirements for the organisation and presentation of information in the financial statements. The final standard will affect how the management of an entity communicates financial statement information to capital providers. The boards' goal is to improve the usefulness of the information provided in an entity's financial statements.

4. We developed two core principles for financial statement presentation. Those principles state that information should be presented in the financial statements in a manner that:

   (a) **Portrays a cohesive financial picture of an entity's activities.** A cohesive financial picture means that the relationship between items across financial statements is clear and that an entity's financial statements complement each other as much as possible.

   (b) **Disaggregates information so that it is useful in assessing an entity's financial position, financial performance, and the amount, timing, and uncertainty of future cash flows.** Financial statement analysis aimed at those objectives requires financial information that is disaggregated into reasonably homogeneous groups of items.

5. The presentation model resulting from the boards' tentative decisions to date meet those core presentation principles in the following ways:

   (a) Groups of assets and liabilities that work together to produce items of income and expense, gain or loss, and cash flows will be displayed together in defined sections and categories in the statements of financial position, comprehensive income and cash flows. The alignment of information across the statements is generally at the section and category level, rather than the line item level. There are three exceptions to the cohesiveness principle:

      (i) There is no equity category on the SCI. Further, the equity category is combined with the debt category on the SFP.

      (ii) The multi-category transactions section is included as part of the SCI and the SCF; it is not part of the SFP.

      (iii) There is an OCI section on the SCI that is not on the SFP or SCF.

   (b) Alignment at the section and category level will result in common subtotals on the primary financial statements.

   (c) The classification of items on each of the financial statements into sections and categories is the first level of disaggregation in the financial statements. Separating an entity's business activities from its financing activities and its continuing activities from its discontinued activities should provide users of financial statements with decision-useful information.

   (d) Further disaggregation on the SFP into short-term and long-term sub-categories as well as increased line item disaggregation by both nature and measurement basis should provide decision-useful information.

   (e) The change in the beginning and ending balance of significant SFP line items will be disaggregated in the notes to financial statements.

   (f) Income and expense items will be disaggregated on the SCI within the operating, investing, and financing categories based on their function.

Those income and expense items will be further disaggregated by their nature either on the SCI or in the notes.

(g) Any amount on the SCI that is the result of a remeasurement will be presented separately either on the SCI or in the notes to financial statements.

(h) Operating cash flows will be presented directly in the SCF. Cash receipts and payments will be disaggregated on the SCF based on the kind of expenses or revenues those cash flows relate to or are used for; the extent to which those cash flows are material and differ from related amounts on the SCI; and the nature of the assets purchased or sold and the liabilities originated, incurred, or serviced.

Have the boards addressed the concerns expressed by respondents to the discussion paper?

6. The majority of respondents to the discussion paper support the basic principles proposed in the paper. Overall, respondents generally **agree** with:

   (a) Linking information across the statements of financial position, comprehensive income, and cash flows

   (b) Providing more detail in the financial statements than may be provided today

   (c) Separating business and financing activities (with the exception of financial services entities)

   (d) Classifying items for presentation in specific sections and categories on the basis of how those items are used by the entity.

7. However, most respondents are concerned with the application of the basic principles to the financial statements. Respondents are consistent in the message that rigid application of the cohesiveness and disaggregation objectives will result in financial statements that are complex and not understandable.

8. When it comes to application of the cohesiveness and disaggregation objectives to the individual financial statements, the majority of respondents **disagree** with:

   (a) Presentation of operating cash flows using a direct method (a few respondents classified as “users of financial statements” [user respondents] voice support for requiring the direct method)

   (b) Disaggregation on the face of the statement of comprehensive income by both function and nature (user respondents’ views are mixed)

   (c) The reconciliation schedule as a whole (user respondents are generally supportive of the reconciliation schedule or one of the alternate formats).

9. The staff think that the boards have addressed constituent concerns (primarily related to costs and resulting understandability of the financial statements) while maintaining the expected benefits of the proposed presentation model. As described in the January 2010 joint meeting materials, the boards made the following tentative decisions that should reduce the costs of implementing the proposed presentation model while retaining the expected benefits of the proposed model:

   (a) An entity should apply the cohesiveness principle at the section and category level, not the line-item level.

   (b) Financing items arising from operating (eg pension interest cost) will be segregated as a subcategory in the operating category from other operating items (eg pension service cost).

   (c) An entity with a single reportable segment may present its by-nature information in the notes; an entity with more than one reportable segment must present its by-nature information in the segment note.

   (d) The individual line items on the SCF do not have to align with the individual line items on the SCI—that is, information does not have to be disaggregated in the same way on both statements.

   (e) The disclosure of the proposed reconciliation schedule has been replaced with the disclosure of an analysis of changes in the balances of all significant asset and liability line items.

10. The following table provides a high-level comparison of the discussion paper and the main provisions that will be in the exposure draft (based on tentative decisions to date).

	Discussion paper	**Exposure draft**
Objective and principles	Cohesiveness, disaggregation, financial flexibility and liquidity	Core presentation principles are cohesiveness (at section/category level not line-item level) and disaggregation (expanded disaggregation principle to specify nature, function, and measurement attribute for each statement as decision-useful)
Classification and definitions	Separate value creating activities from funding activities	Same notion, but use 'business' and 'financing' instead of 'value creating' and 'funding'
	Business section—operating (core) and investing (non-core) activities	Business section—operating (revenue generating) and investing (non-revenue generating) activities Subcategory for financing arising from operating activities

	Discussion paper	Exposure draft
	Financing section—financing assets and financing liabilities	Financing section—debt and equity [only related financial assets, therefore no cash or other treasury assets in financing]
	Classify in those two sections based on how management uses the asset or liability at the reportable segment level	Definitions were narrowed but classification still at reportable segment level (with the exception of cash)
	Sections for discontinued operations, income taxes, other comprehensive income	Same *plus* multi-category transactions (formerly basket transactions)
	Classification in the SFP determines classification on other statements	Classification in the SFP *primarily* determines classification on other statements
Statement of financial position	Classify in short-term and long-term subcategories unless presentation in order of liquidity is more relevant	Same
	Disaggregate similar assets and similar liabilities with different measurement basis	Same
	Eliminate notion of cash equivalent	Same
Statement of comprehensive income	Single statement of comprehensive income with subtotal for net income and a total for comprehensive income	Same
	Disaggregate by both function and nature on the SCI (with some exceptions)	Disaggregate by-function on the SCI Single segment entity disaggregate by-nature either on the SCI or in a new single note (along with by-function) Multi-segment entity disaggregate by nature in the segment note (along with by-function)
Statement of cash flows	Reconcile beginning and ending cash	Same
	Present cash flow information using the direct method, align with line items on the SFP and SCI	Same but no need to align at the line item level
		Present an indirect reconciliation of operating income to operating cash flows in the notes
Notes to financial statements	Disclose maturity information about short-term and long-term contractual assets and liabilities	Eliminated

	Discussion paper	Exposure draft
	Schedule reconciling cash flows to comprehensive income with four columns (cash, accruals and allocations, recurring FV remeasurements, other remeasurements)	Analyze change in balance of significant asset and liability line items. Components of that analysis are similar to the columns in the reconciliation schedule. [IASB require analysis of line items that typically constitute net debt in a single note.] Present remeasurements in a column on the SCI or in the notes; explain in the notes.
		Segment note: by-function and by-nature information about income and expenses
		Reconcile operating profit of reportable segments to consolidated profit.
		[FASB] Additions to segment note for each reportable segment: measure of operating cash flow, assets, and liabilities

Costs, benefits, and outreach

11. As discussed in January, we have discussed throughout deliberations the feedback received by respondents to the discussion paper and field test participants about the perceived costs, benefits, and effects of specific aspects of the proposed presentation model, particularly a direct method SCF, disaggregation by function and nature, and the reconciliation schedule.

12. As requested by FASB members, we will talk with enterprise software providers about the costs of implementing the proposed presentation model. As requested by IASB members, we will talk with preparers about how we describe the preparation of a direct method SCF in the exposure draft to ensure it adequately communicates the change from the discussion paper that we envision.

13. The overall cost information we received (summarized in the January 2010 joint meeting materials) provides useful information regarding the potential effects of the proposed presentation model. We will use that information as we gather more feedback about costs prior to (and after) the exposure draft is published. We continue to explore ways to gather information about the benefits of the presentation model to be proposed in the exposure draft. We will ask JIG/FIAG

members for suggestions on other ways to assess the costs and benefits of the presentation model at the February 12 working group meeting.

14. At that working group meeting, we also will discuss communication and outreach ideas. We plan to discuss our outreach, field test, and related ideas with the project's board advisors prior to publishing the exposure draft.

Comment period

15. The current time line for the project includes a four-month comment period. The discussion paper issued in October 2008 had a six-month comment period. Because the presentation model proposed in the exposure draft retains the basic principles as the model proposed in the discussion paper, the staff think a four month period is adequate. If the boards publish an exposure draft on April 30, for example, the comment period would end on August 31.

Question on comment period
1. The staff recommend a four-month comment period for the exposure draft. **Do the boards agree with that recommendation**?

Permission to begin drafting

16. The staff request permission to draft an exposure draft for balloting and publication. Board members should indicate if they plan to present an alternative view in the exposure draft.

Questions on exposure draft
2. Do board members support the drafting and publication of an exposure draft based on the package of tentative decisions and related information addressed herein?
3. Do any board members plan to present an alternative view in the exposure draft?

Appendix A

STATEMENT OF COMPREHENSIVE INCOME

	For years ended 31 December	
	2010	**2009**
BUSINESS		
Operating		
Revenue	3,487,600	3,239,250
Cost of goods sold	(1,959,175)	(1,818,353)
Gross profit	*1,528,425*	*1,420,897*
Selling expenses	(153,268)	(130,034)
General and administrative expenses	(468,304)	(431,700)
Gain on disposal of property, plant and equipment	22,650	-
Interest income on cash balances	8,619	5,500
Realized gain on future contracts	3,996	3,700
Loss on sale of receivables	(4,987)	(2,025)
Impairment loss on goodwill	-	(35,033)
Operating before financing arising from operating	**937,131**	**831,305**
Financing costs arising from operating activities	(36,135)	(37,750)
Total operating income	**900,996**	**793,555**
Investing		
Dividend income	54,000	50,000
Earnings in equity of affiliate A	23,760	22,000
Realized gain on available-for-sale securities	18,250	7,500
Gain on equity of affiliate B	7,500	3,250
Total investing income	**103,510**	**82,750**
TOTAL BUSINESS INCOME	**1,004,506**	**876,305**
FINANCING		
Interest expense	(111,353)	(110,250)
TOTAL FINANCING EXPENSE	**(111,353)**	**(110,250)**
Income from continuing operations before taxes	**893,154**	**766,055**
INCOME TAXES		
Income tax expense	(333,625)	(295,266)
Net income from continuing operations	***559,529***	***470,789***
DISCONTINUED OPERATIONS		
Loss on discontinued operations	(32,400)	(35,000)
Tax benefit	11,340	12,250
NET LOSS ON DISCONTINUED OPERATIONS	**(21,060)**	**(22,750)**
NET INCOME	**538,469**	**448,039**
OTHER COMPREHENSIVE INCOME (after tax)		
Unrealized gain on available for sale securities (investing)	17,193	15,275
Revaluation surplus (operating)	3,653	-
Foreign currency translation adjustment-consolidated subsidiary (operating)	2,094	(1,492)
Foreign currency translation adjustment on equity method investee (operating)	(1,404)	(1,300)
Unrealized gain on futures contract (operating)	1,825	1,690
TOTAL OTHER COMPREHENSIVE INCOME	**23,361**	**14,173**
TOTAL COMPREHENSIVE INCOME	**561,830**	**462,212**
Earnings per common share	7.07	6.14
Earnings per common share assuming dilution	6.85	5.90

STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2010	**2009**
BUSINESS		
Operating		
Cash	1,174,102	861,941
Accounts receivable, trade (net of allowance of 23,642, and 13,534 respectively)	922,036	527,841
Inventory	679,474	767,102
Prepaid advertising and other	80,000	75,000
Total short-term assets	*2,855,611*	*2,231,884*
Property, plant, and equipment (less accumulated depreciation of 2,267,620 and 2,022,350, respectively)	2,817,460	3,041,500
Building (net of accumulated depreciation of 1,500 and 3,000, respectively)	27,620	23,500
Goodwill	154,967	154,967
Other intangible assets	35,000	35,000
Total long-term assets	*3,035,047*	*3,254,967*
Advances from customers	(182,000)	(425,000)
Accounts payable, trade	(612,556)	(505,000)
Wages, salaries, and benefits payable	(173,000)	(200,000)
Share-based compensation liability	(39,586)	(21,165)
Futures contract-cash flow hedge	6,552	3,150
Total short-term liabilities	*(1,000,590)*	*(1,148,015)*
Other long-term liabilities	(3,848)	(1,850)
Net operating assets before financing arising from operating	**4,886,221**	**4,336,986**
Financing Arising from Operating		
Accrued pension liability	(293,250)	(529,500)
Current portion of lease liability	(35,175)	(33,500)
Interest payable on lease liability	(14,825)	(16,500)
Lease liability (excluding current portion)	(261,325)	(296,500)
Decommissioning Liability	(29,640)	(14,250)
Total Financing Arising from Operating	**(634,215)**	**(890,250)**
Net operating assets	**4,252,006**	**3,445,436**
Investing		
Available-for-sale securities	473,600	485,000
Investment in affiliate A	261,600	240,000
Investment in affiliate B	46,750	39,250
Total investing assets	**781,950**	**764,250**
NET BUSINESS ASSETS	**5,033,956**	**4,209,686**

STATEMENT OF FINANCIAL POSITION (continued)

	As at 31 December	
	2010	**2009**
DISCONTINUED OPERATIONS		
Assets held for sale	856,832	876,650
Liabilities held for sale	(400,000)	(400,000)
NET ASSETS HELD FOR SALE	**456,832**	**476,650**
INCOME TAXES		
Short-term		
Income taxes payable	(72,514)	(63,679)
Long-term		
Deferred tax asset	44,259	89,067
TOTAL INCOME TAXES	**(28,255)**	**25,388**
FINANCING		
Debt		
Short-term debt	(562,000)	(400,000)
Interest payable	(140,401)	(112,563)
Dividends payable	(20,000)	(20,000)
Total short-term debt	(722,401)	(532,563)
Long-term debt	(2,050,000)	(2,050,000)
Total debt	**(2,765,849)**	**(2,579,413)**
Equity		
Share capital	(1,427,240)	(1,343,000)
Retained earnings	(1,100,358)	(648,289)
Accumulated other comprehensive income	(162,534)	(139,173)
Total equity	**(2,690,132)**	**(2,130,462)**
TOTAL FINANCING	**(5,455,981)**	**(4,709,874)**
Total short-term assets	**4,186,043**	**3,593,534**
Total long-term assets	**3,387,656**	**3,623,284**
Total assets	**7,573,700**	**7,216,818**
Total short-term liabilities	**(2,538,755)**	**(2,723,756)**
Total long-term liabilities	**(2,344,813)**	**(2,362,600)**
Total liabilities	**(4,883,568)**	**(5,086,356)**

STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	2010	**2009**
BUSINESS		
Cash flows from operating activities		
Cash collected from customers	2,812,741	2,572,073
Cash paid for labor	(810,000)	(845,000)
Cash paid for materials	(935,554)	(785,000)
Other business related cash outflows	(264,330)	(245,685)
Lease payment	(50,000)	-
Pension outflows	(340,200)	(315,000)
Capital expenditures	(54,000)	(50,000)
Interest received on cash balances	8,619	5,500
Disposal of property, plant and equipment	37,650	-
Settlement of cash flow hedge	3,402	3,150
Sale of receivables	8,000	10,000
Net cash from operating activities	**416,329**	**350,038**
Cash flows from investing activities		
Investment in affiliates	-	(120,000)
Dividends received	54,000	50,000
Purchase of available-for-sale securities	-	(130,000)
Sale of available-for-sale securities	56,100	51,000
Net cash from for investing activities	**110,100**	**(149,000)**
NET CASH FROM BUSINESS ACTIVITIES	**526,429**	**201,038**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(86,400)	(80,000)
Interest paid	(83,514)	(82,688)
Proceeds from reissuance of treasury stock	84,240	78000
Proceeds from issuance of short-term debt	162,000	150,000
Proceeds from issuance of long-term debt	-	250,000
NET CASH FROM FINANCING ACTIVITIES	**76,326**	**315,312**
Net cash from continuing operations before taxes	602,754	516,350
CASH FLOWS FROM INCOME TAXES		
Cash paid for current tax expense	(281,221)	(193,786)
Change in cash from continuing operations	**321,533**	**322,564**
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Cash outflows from discontinued operations	(12,582)	(11,650)
Effect of Foreign Exchange	3,209	1,027
Change in cash	**312,160**	**311,941**
Beginning cash	861,941	550,000
Ending Cash	**1,174,101**	**861,941**

Disclosure of Supplemental Cash Flows

The following table is the reconciliation of operating income to operating cash flows:

	For the year ended 31 December	
	2010	**2009**
Operating earnings	900,996	793,555
Adjustment to reconcile operating earnings to cash flow from operating activities of continuing operations:		
Realized loss(gain) on future contracts	(3,996)	(3,700)
Loss(gain) on disposal of property, plant and equipment	(22,650)	-
Interest expense on decommissioning obligation	-	750
Depreciation and amortization	279,120	273,500
Bad debt expense	23,068	15,034
Loss on obsolete and damaged inventory	29,000	9,500
Impairment loss on goodwill	-	35,033
Litigation expense	1,998	1,850
Net change in selected assets and liabilities		
Account receivable, trade	(417,267)	(429,638)
Inventory	60,250	46,853
Advances from customers	(244,605)	(225,000)
Accounts and salaries payable	80,556	95,000
Other assets and liabilities	12,557	4,651
Pension Liability	(236,250)	(220,500)
Cash inflows and outflows from other operating activities		
Settlement of cash flow hedge contract	3,402	3,150
Sale of Property Plant and Equipment	37,650	-
Capital expenditure	(54,000)	(50,000)
Cash paid on lease liability	(33,500)	-
Cash flow from operating activities	416,329	350,038

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Foreign currency translation adjustment—consolidated subsidiary	Foreign currency translation adjustment—associate A	Revaluation surplus	Unrealized gain on cash flow hedge	Unrealized gain on available-for-sale financial assets	Total equity
Balance at 31 Dec. 2008	**1,265,000**	**280,250**	**50,200**	**37,000**	**800**	**31,000**	**6,000**	**1,670,250**
Issue of share capital	78,000							78,000
Dividends		(80,000)						(80,000)
Total comprehensive income		448,039	(1,492)	(1,300)	-	1,690	15,275	462,212
Balance at 31 Dec. 2009	**1,343,000**	**648,289**	**48,708**	**35,700**	**800**	**32,690**	**21,275**	**2,130,462**
Issue of share capital	84,240							84,240
Dividends		(86,400)						(86,400)
Total comprehensive income		538,469	2,094	(1,404)	3,653	1,825	17,193	561,830
Balance at 31 Dec. 2010	**1,427,240**	**1,100,358**	**50,802**	**34,296**	**4,453**	**34,515**	**38,468**	**2,690,132**

Notes to Financial Statements

[This is not a comprehensive set of notes to financial statements. This illustration includes only notes that would be in addition to or different from what is currently required by IFRSs.]

Note 1. Basis for classification

Assets and liabilities that are associated directly with ToolCo's operation of producing and selling hand and power tools are included in the operating category. This includes costs associated with materials, labour, overheads, maintaining production facilities, and performing selling, administrative, and executive activities. Revenues, expenses, gains, and losses are generally classified on the basis of their nature and function. However, some items are not classified as part of a fundamental sub-category because management does not believe that presenting those items in one of the functional categories enhances the usefulness of the information in predicting future cash flows.

ToolCo also invests its resources in assets intended to generate a return. Assets and liabilities associated with those activities are classified in the investing category. For the years ended 31 December 2009 and 2010, those activities were limited to investing in financial assets and investing in associates.

Liabilities and equity associated with funding the operations of ToolCo are classified in the financing section. An item is classified in the financing section if it is part of the entity's capital structure.

Note 2. Disaggregation of expenses by nature

The following table provides additional information about the nature of some expenses that appear in the statement of comprehensive income for the years ended 31 December:

Note 2. Disaggregation of expenses by nature (continued)

	2010	2009
Sales-wholesale	2,790,080	2,591,400
Sales-retail	697,520	647,850
Total revenue	3,487,600	3,239,250
Cost of goods sold		
Materials	(1,043,100)	(925,000)
Labor	(405,000)	(450,000)
Pension expense	(41,725)	(37,000)
Overhead-depreciation	(219,300)	(215,000)
Overhead-transportation and other	(160,800)	(135,000)
Change in inventory	(60,250)	(46,853)
Loss on obsolete and damaged inventory	(29,000)	(9,500)
Total cost of goods sold	(1,959,175)	(1,818,353)
Selling Expenses		
Advertising expense	(60,000)	(50,000)
Compensation expense	(56,700)	(52,500)
Bad debt expense	(23,068)	(15,034)
Other selling expenses	(13,500)	(12,500)
Total selling expenses	(153,268)	(130,034)
General and administrative expenses		
Compensation expense	(321,300)	(297,500)
Pension expense	(41,725)	(37,000)
Depreciation expense-property plant and equipment	(58,320)	(57,000)
Depreciation expense-building	(1,500)	(1,500)
Stock compensation expense	(22,023)	(17,000)
Other	(12,960)	(12,000)
Research and development	(8,478)	(7,850)
Litigation expense	(1,998)	(1,850)
Total general and administrative expenses	(468,304)	(431,700)
Other operating		
Gain on disposal of PPE	22,650	-
Interest incoming on cash balances	8,619	5,500
Realized gain on future contracts	3,996	3,700
Loss on sale of receivables	(4,987)	(2,025)
Impairment loss on goodwill	-	(35,033)
Total Operating costs before financing arising from operating	30,278	(27,858)
Costs of financing arising from operating		
Pension costs	(20,500)	(20,500)
Interest expense on lease liability	(14,825)	(16,500)
Accretion expense on asset retirement obligation	(810)	(750)
Total financing costs arising from operating	(36,135)	(37,750)
Total continuing operating income	900,996	793,555

Note 3. Information about noncash activities

In 2009, ToolCo entered into a capital lease in the amount of CU330,000 to finance the acquisition of new production equipment. ToolCo made a cash payment on the lease obligation of CU50,000 in 2010.

Note 4. Restrictions of cash and short term investments

ToolCo currently has $200,000 of cash in a foreign jurisdiction for which it would incur a tax which could range between 15-25% if repatriated.

Note 5. Remeasurements

ToolCo. Had the following remeasurements during the years ended 31 December:

	2010	2009
Remeasurements of available for sale securities (Investing)	44,700	31,000
Fair value remeasurement of equity method investment (Investing)	7,500	3,250
Gain on disposal of PP&E (Operating)	22,650	-
Gain on futures contracts (Operating)	5,821	5,390
Impairment of Goodwill (Operating)	-	(35,033)
Foreign currency	690	(2,792)
Remeasurement of pension liability (Operating)	18,000	18,000
Stock based compensation (Operating)	(6,250)	(5,000)
Loss on inventory (Operating)	(29,000)	(9,500)

Note 6. Debt

The following table provides an analysis of the changes of the balances of debt and interest on debt (this analysis would be incorporated with existing disclosures as well as other information):

	Long-Term	Short-Term	Interest Payable
Beginning balance, 1 January 2009	(1,950,000)	(250,000)	(85,000)
Cash paid for purchases	-	-	-
Cash received from issuance of debt	(250,000)	(150,000)	-
Cash paid for interest	-	-	82,688
Accrual - purchases on account	-	-	-
Accrual - interest	-	-	(110,250)
Reclassify as held for sale	150,000	-	-
Ending balance, 31 December 2009	(2,050,000)	(400,000)	(112,563)
Cash paid for purchases	-	-	-
Cash received from issuance of debt	-	(162,000)	-
Cash paid for interest	-	-	83,514
Accrual - purchases on account	-	-	-
Accrual - interest	-	-	(111,353)
Ending balance, 31 December 2010	(2,050,000)	(562,000)	(140,401)

Note 7. Revenues and Billings

The following table provides an analysis of the changes of the balances accounts receivable and advances from customers (this analysis would be incorporated with existing disclosures as well as other information):

	Accounts Receivable	Customer Advances
Beginning balance, 1 January 2009	339,500	(650,000)
Cash collections	(2,262,025)	(300,000)
Revenue accrual	2,675,000	525,000
Accruals - bad debt	(15,034)	-
Amounts reclassified to held for sale	(225,000)	-
Remeasurement - foreign exchange	15,400	-
Ending balance, 31 December 2009	527,841	(425,000)
Cash collections	(2,491,950)	(324,000)
Revenue accrual	2,889,000	567,000
Reserve for bad debts	(23,068)	-
Remeasurement - foreign exchange	(3,250)	-
Ending balance, 31 December 2010	922,036	(182,000)

Note 8. Inventory

The following table provides an analysis of the changes in inventory (this analysis would be incorporated with existing disclosures as well as other information):

	Inventory
Beginning balance, 1 January 2009	1,000,000
Increase to inventory	1,530,000
Reduction from sales	(1,600,000)
Remeasurement - loss on inventory	(9,500)
Remeasurement - foreign exchange	21,602
Amounts reclassified to held for sale	(175,000)
Ending balance, 31 December 2009	767,102
Increase to inventory	1,667,400
Reduction from sales	(1,727,650)
Remeasurement - loss on inventory	(29,000)
Remeasurement - foreign exchange	1,622
Ending balance, 31 December 2010	679,474

Note 9. Property, Plant and Equipment

The following table provides an analysis of the changes of the balances of property plant and equipment (this analysis would be incorporated with existing disclosures as well as other information):

	PP&E Net	Building Net
Beginning balance, 1 January 2009	3,420,000	25,000
Capital expenditures	50,000	-
Capitalization of Leased Asset	330,000	-
ARO recognition	13,500	-
Allocation - depreciation, accretion	(272,000)	(1,500)
Amounts reclassified to held for sale	(500,000)	-
Ending balance, 31 December 2009	3,041,500	23,500
Capital expenditures	54,000	-
Cash received from sale of assets	(37,650)	-
ARO recognition	14,580	-
Allocation - depreciation, accretion	(277,620)	(1,500)
Remeasurement - gain on sale of assets	22,650	-
Remeasurement - revaluation surplus	-	5,620
Ending balance, 31 December 2010	2,817,460	27,620

Note 10. Leases

The following table provides an analysis of the changes of the balances of lease liabilities (this analysis would be incorporated with existing disclosures as well as other information):

	Lease liability (long-term)	Lease liability (current)	Interest Payable on Lease Liability
Beginning balance, 1 January 2009	-	-	-
Acquisition of lease	(330,000)	-	-
Reclassify to current	33,500	(33,500)	-
Accrual - interest	-	-	(16,500)
Ending balance, 31 December 2009	(296,500)	(33,500)	(16,500)
Cash paid for lease	35,175	33,500	-
Cash paid for interest	-	-	1,675
Reclassify to current	-	(35,175)	-
Ending balance, 31 December 2010	(261,325)	(35,175)	(14,825)

Note 11. Pensions and other Compensation

The following table provides an analysis of the changes of the balances of compensation related liabilities (this analysis would be incorporated with existing disclosures as well as other information):

	Wages, Salaries, Benefits	Share-based Remuneration	Pension Liability
Beginning balance, 1 January 2009	(245,000)	(7,500)	(750,000)
Cash paid for wages, salaries and benefits	845,000	-	-
Cash paid for stock remuneration	-	3,335	-
Contribution to plan	-	-	115,000
Payment of benefits	-	-	200,000
Wage Expense	(800,000)	-	-
Accrual - stock remuneration	-	(12,000)	-
Accrual - pension expense (service cost)	-	-	(112,500)
Remeasurement of plan assets	-	-	18,000
Remasurement - fair value	-	(5,000)	-
Ending balance, 31 December 2009	(200,000)	(21,165)	(529,500)
Cash paid for wages, salaries and benefits	810,000	-	-
Cash paid for stock remuneration	-	3,602	-
Contribution to plan	-	-	124,200
Payment of benefits	-	-	216,000
Wage Expense	(783,000)	-	-
Accrual - stock remuneration	-	(15,773)	-
Accrual - pension expense (service cost)	-	-	(121,950)
Remeasurement - remeasurement of plan assets	-	-	18,000
Remasurement - fair value	-	(6,250)	-
Ending balance, 31 December 2010	(173,000)	(39,586)	(293,250)

Note 12. Income Taxes

The following table provides an analysis of the changes of tax balances (this analysis would be incorporated with existing disclosures as well as other information):

	Deferred Taxes	Income Tax Payable
Beginning balance, 1 January 2009	125,000	(2,750)
Taxes paid	-	193,786
Other adjustment - reverse provision	(35,933)	-
Accruals - current tax	-	(254,715)
Ending balance, 31 December 2009	89,067	(63,679)
Taxes paid	-	281,221
Other adjustment - reverse provision	(44,808)	-
Accruals - current tax	-	(290,057)
Ending balance, 31 December 2010	44,259	(72,514)

Note 13. Investments

The following table provides an analysis of the changes of investments (this analysis would be incorporated with existing disclosures as well as other information):

	AFS Securities	Associate A	Associate B
Beginning balance, 1 January 2009	375,000	100,000	36,000
Purchase securities	130,000	120,000	-
Sale of securities	(51,000)	-	-
Share of profit of associate	-	22,000	-
Remeasurement - foreign exchange	-	(2,000)	-
Remeasurement - fair value	23,500	-	3,250
Remeasurement - gain on sale of securities	7,500	-	-
Ending balance, 31 December 2009	485,000	240,000	39,250
Sale of securities	(56,100)	-	-
Share of profit of associate	-	23,760	-
Remeasurement - foreign exchange	-	(2,160)	-
Remeasurement - fair value	26,450	-	7,500
Remeasurement - gain on sale of securities	18,250	-	-
Ending balance, 31 December 2010	473,600	261,600	46,750

Note 14. Goodwill and Intangibles

The following table provides an analysis of the changes of the balances of goodwill and intangibles (this analysis would be incorporated with existing disclosures as well as other information):

	Goodwill	Other Intangible Assets
Beginning balance, 1 January 2009	190,000	35,000
Remeasurement - impairment loss	(35,033)	-
Ending balance, 31 December 2009	154,967	35,000
Remeasurement - impairment loss	-	-
Ending balance, 31 December 2010	154,967	35,000

Note 15. Accounts Payable

The following table provides an analysis of the changes of the balance of accounts payable (this analysis would be incorporated with existing disclosures as well as other information):

	Accounts Payable
Beginning balance, 1 January 2009	(615,000)
Cash paid for purchases	725,000
Accrual - purchases on account	(865,000)
Reclassify as held for sale	250,000
Ending balance, 31 December 2009	(505,000)
Cash paid for purchases	912,444
Accrual - purchases on account	(1,020,000)
Ending balance, 31 December 2010	(612,556)