



IAS-16 – PLANT, PROPERTY & EQUIPMENT

The implementation of IFRS on January 1, 2011 will introduce some changes to the way corporations account for property, plant and equipment (PP&E). Altus Group brings the expertise, experience and detailed operating knowledge to help guide your organization toward the most appropriate and profitable choice of accounting model for your situation.



FOCUS ON

Plant, Property & Equipment – Managing IAS 16

International Financial Reporting Standards (IFRS) will be implemented in Canada on January 1, 2011. The implications will be far reaching and require an important immediate decision for your organization. Under IAS 16, management of publicly traded companies, in conjunction with their respective Board of Directors, will have the responsibility to decide whether to use the Cost Model or the Revaluation Model.

Altus Group brings the expertise, experience and detailed operating knowledge to help guide your organization toward the most appropriate and profitable decision for your situation.

The Altus Group Advantage

With offices coast to coast and over 1,000 staff in Canada, Altus Group offers a seasoned team of professionals combined with local market knowledge and national coverage. We are uniquely positioned to facilitate the fair-value process of PP&E required for the Cost or Revaluation Model. We provide you:

- **Professional Guidance** – With a top-notch team of domestic and international analysts, we can provide the knowledge to help you make the correct decision. Moreover, we offer single-point access/control, ensuring consistency of data collection, methodology, modeling and reporting.
- **Cost Componentization** – Altus Group can help you segment the major cost components of PP&E, as required for accounting purposes, and provide a depreciated cost estimate for each component based on industry standard life cycles and highly accurate replacement costs. This gives you the kind of practical, detailed knowledge required to move forward with confidence.
- **Planning Tools** – With the benefit of our Capital Planning software, a program designed to produce multi-faceted reports, there is an opportunity for clients to integrate IFRS reporting requirements into strategic planning of future funding requirements, financial accountability and asset performance measurement. This allows data collected for IFRS reporting requirements to be leveraged into a portfolio capital planning solution.
- **Depreciation Analysis** – Altus Group can help facilitate transition and implementation of internal controls with our proprietary software. This software can be utilized for inventory, and depreciate both plant and equipment, thereby offering strategic planning benefits while minimizing impact on existing IT and HR.

We are uniquely positioned to facilitate the fair-value process of PP&E required for the Cost or Revaluation Model.

IAS 16 – A Primer For Client Use

Cost Model

Under IFRS 1, companies can choose to adopt Fair Value as the deemed cost as at the date of transition to IFRS. Unlike the Revaluation Model there is a requirement for annual revaluation thereafter. Utilizing the Cost Model option is particularly attractive in that it allows strategic opportunities to:

- Increase comparability to peer groups
- Strengthen financial position or reported results
- Potential to include key “non-GAAP” performance measures

Implementation Implications of the Cost Model

If an asset is revalued, the entire class to which that asset belongs must be revalued simultaneously. The issuer, at their option, can choose to revalue only CERTAIN classes of PP&E, that is,

- Land & Building
- Machinery
- Equipment

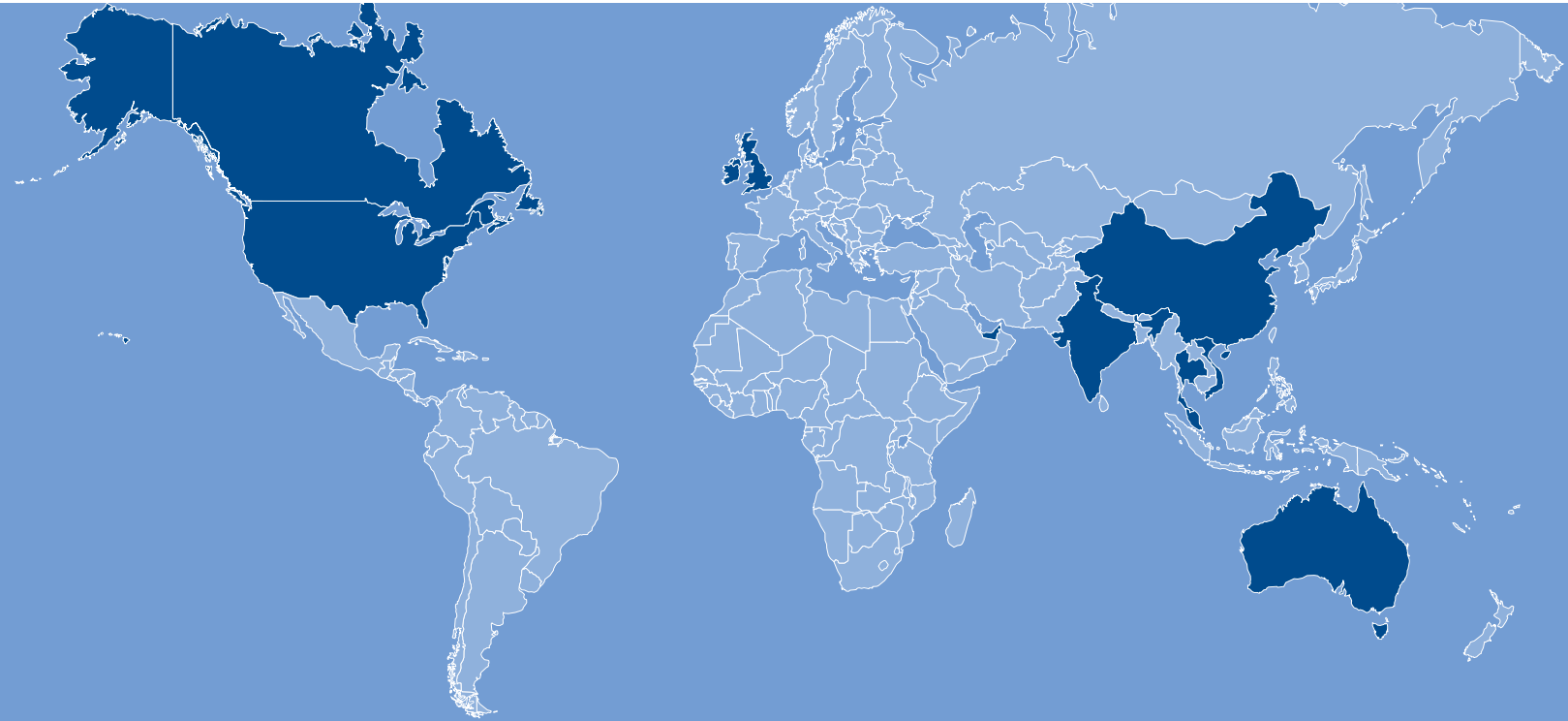
If an asset is stated at a revalued amount, consideration must also be given to required disclosure. This can encompass, among other things the following:

- Effective date of revaluation
- Whether an independent valuer was involved
- Methods and assumptions applied in estimating fair values





Our Network



Altus offers diversified services and unparalleled expertise to a broad range of clients, in various industries across Canada and internationally.

About Altus Group

Altus Group is the leading multidisciplinary provider of independent real estate consulting and professional advisory services worldwide. With a staff of over 1,500, Altus Group has a network of over 50 offices in 11 countries worldwide, including Canada, UK, Australia, Asia, USA and the Middle East. We operate four interrelated Business Units, bringing years of expertise together into one comprehensive platform: Research, Valuation and Advisory; Cost Consulting and Project Management; Realty Tax Consulting and Geomatics services. Our business units work independently or in cooperation to provide clients with the benefit of combined expertise. Our distinctive approach allows for decisions based on independent, carefully reviewed conclusions.

Altus Group provides services to some of the most prominent businesses, including banking institutions, pension funds, insurance companies, accounting firms, law firms, public real estate organizations (including REITs), industrial companies, private investors, asset and fund managers, real estate developers, governmental institutions, and oil and gas companies.



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