

SUMMARY OF SIGNIFICANT CHANGES TO ACCOUNTING AND REPORTING REQUIREMENTS

The following document identifies the major changes set out in the recently published Accounting and Reporting Requirements (the “Requirements”); the changes are itemized according to the relevant section number in the 2016 Requirements.

4.2.1.3 Consulting fees

- All consulting fees disbursed to professionals must be itemized in a note to the FCACS.
- Telefilm reserves the right to deem that these fees, in whole or in part, are part of the producer’s fees.

Note that the term “professionals” herein is not limited to members of a professional order but is used to designate all external experts who provide consulting services to senior management and whose fees are included in the production budget.

4.7. Non-Canadian costs

- For production projects, the term “non-Canadian costs” covers admissible expenses for services **provided by non-Canadians (except if services are provided to a Canadian individual, in which case they are treated as Canadian costs).**
- For distribution projects, this term covers admissible expenses for services **provided outside of Canada.**
- If no non-Canadian costs have been incurred, the FCACS must include a note to this effect.

To ensure there is no confusion between the note regarding foreign currency transactions and the note regarding non-Canadian costs, both of which are distinct and required notes, Telefilm explicitly states what it means by “non-Canadian costs.”

The note regarding foreign currency transactions, for its part, refers to the accounting definitions of costs paid in foreign currencies and exchange gains/losses.





5. Responsibility of the independent auditor

This section was revised to clarify the requirement regarding the independence of the auditor selected to certify the FCACS.

- Reminder of the general rule regarding independence of the auditor (largely based on rule 204.1 of the CPA Code of Ethics):
The auditor selected to certify the FCACS shall be a third party independent of the applicant, both in fact and in appearance. This means that the auditor shall be free of any influence, interest or relationship which, in respect of the engagement, impairs the auditor's professional judgment or objectivity, or which, in the view of a reasonable observer, could be seen as impairing the auditor's professional judgment or objectivity.
- Introduction of a new document: "Questionnaire relating to the independence of the independent auditor." This questionnaire is designed to help identify and rectify threats to the auditor's independence. It must be completed by the auditor selected to certify the FCACS and submitted by the applicant either at the time certification work begins—in cases where measures to safeguard the independence of the auditor have been put in place—or by no later than the time of the FCACS.
- Telefilm reiterates that it reserves the right to reject the FCACS when it deems that the threats to the auditor's independence exceed acceptable levels.

This requirement of independence is not new: Telefilm made reference to it in the previous version of the Requirements, and CPAs are familiar with the concept given that it is included in their code of ethics.

Determined to ensure the transparency of its administration, and in the aim of limiting the risk of non-compliance, Telefilm has undertaken to reaffirm, in a more explicit manner, the existence of the regulation relating to independence and has drafted a dedicated questionnaire to help stakeholders comply with the regulation.

For all other questions, please contact Telefilm's Compliance and Collection Department.