

IFRS Reporting with PROPHIX

Overview

International Financial Reporting Standards (IFRS) provides a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements, replacing GAAP (Generally Accepted Accounting Principles).

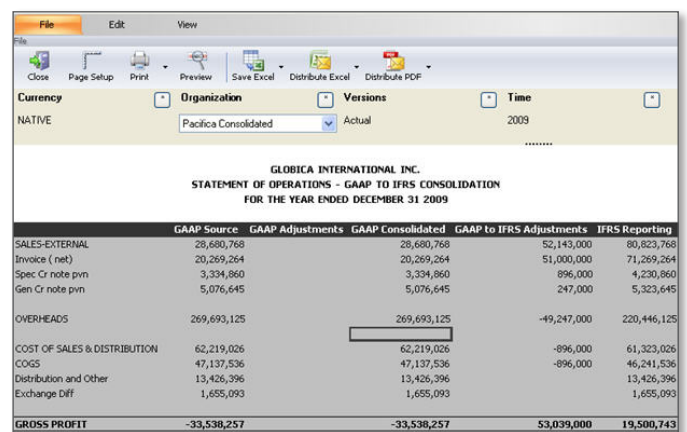
PROPHIX and IFRS

The change from GAAP to IFRS applies to all Publicly Accountable Enterprises (PAEs), which include listed companies and any other organizations that are responsible to large or diverse groups of stakeholders, including non-listed financial institutions, securities dealers and many cooperative enterprises. These companies require a system that has the capabilities to manage and maintain both the underlying GAAP values as well as the adjustment to go to IFRS and the subsequent transition to IFRS.

This transition is critical and costly in the accounting and financial reporting practices of many firms, yet is typically handled with inadequate solutions. PROPHIX accommodates the change in companies across various industries and provides the framework for how all these rules may be implemented and maintained by the business user without the need for additional resources. PROPHIX accepts various kinds of data from general ledger systems and presents it in any format required for reporting. When it comes to reporting by two different set of standards such as IFRS and GAAP, PROPHIX's flexible functionalities take users to the next level.

Highlights

- Eliminate time spent on managing multiple sets of books by storing net book values, depreciation, and revaluations in a single application
- Easily manage cross-conversions between GAAP and IFRS for over any number of years
- Ensure IFRS balances meet business requirements by using scenario and version management
- Easily perform comparisons and variance analyses between the two accounting standards to understand the effect on bottom-line financials
- Ensure Sarbanes-Oxley compliance with a complete audit trail
- Improve data accuracy by automating the report creation and distribution using both accounting standards
- Strengthen collaboration throughout the reporting process including adjustments, consolidating global entities, and report distribution, with workflow and audit records



	GAAP Source	GAAP Adjustments	GAAP Consolidated	GAAP to IFRS Adjustments	IFRS Reporting
SALES-EXTERNAL	28,680,768		28,680,768	52,143,000	80,823,768
Invoice (net)	20,269,264		20,269,264	51,000,000	71,269,264
Spec Cr note pvn	3,334,860		3,334,860	896,000	4,230,860
Gen Cr note pvn	5,076,645		5,076,645	247,000	5,323,645
OVERHEADS	269,693,125		269,693,125	-49,247,000	220,446,125
COST OF SALES & DISTRIBUTION	62,219,026		62,219,026	-896,000	61,323,026
COGS	47,137,536		47,137,536	-896,000	46,241,536
Distribution and Other	13,426,396		13,426,396		13,426,396
Exchange Diff	1,655,093		1,655,093		1,655,093
GROSS PROFIT	-33,538,257		-33,538,257	53,039,000	19,500,743

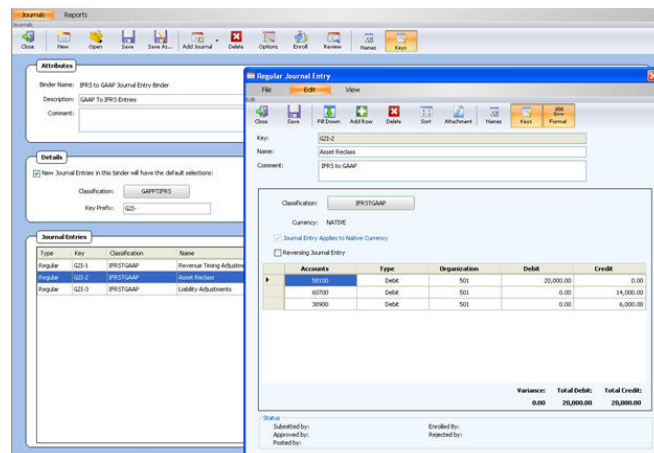
Simplifying the Transition from GAAP to IFRS

PROPHIX eases the pains of conversion by creating a system that can house multiple sets of books that need to be maintained during the conversion, which involve various key components:

- **Statement Presentation** – IFRS requires that certain minimum information must be contained on the balance sheet and income statement. PROPHIX supports the ability to maintain multiple sets of reporting rules in accordance with IFRS as well as GAAP. At the click of a button, change the view of your report from GAAP to IFRS, or vice versa.

GLOBICA INTERNATIONAL INC. SEGMENTED BALANCE SHEET AS AT 31 DECEMBER 2009				
	Pacifica Consolidated	Corporate HQ	Global Eliminations	Pacifica: Americas
Cash and cash equivalents	6,579,509	246,907	219,197	4,463,306
Cash held in escrow				
Inventories	3,462,858	135,952	100,675	2,312,791
Current note receivable				
FNB Option Premium				
Prepaid assets	23,494,248	846,505	796,283	15,906,813
Assets available for sale	9,939,895	364,850	310,677	6,771,906
Accounts receivable	13,496,003	462,713	459,484	9,179,802
Reserve for accounts receivable	15,209,848	588,587	530,456	10,307,543
Net accounts receivable	28,705,851	1,051,300	989,941	19,487,345
Total current assets	72,182,360	2,645,514	2,416,773	48,942,160
Property, plant and equipment	15,398,200	580,426	562,307	10,344,737
Accum deprec.	40,454,901	1,476,559	1,445,410	27,535,967
Net PP&E	55,853,101	2,056,984	2,007,717	37,880,705
Investments in affiliates				
Long-term portion notes receivable, net	1,625,923	53,321	60,383	1,083,733
Goodwill				
Software development amortization development	1,730,815	42,695	50,072	1,232,630
Net development	3,356,738	96,017	110,455	2,316,363
Intangible assets -Acquired assets				
Amortization of intangible assets				
Net intangible assets				
Total Long Term Assets	62,444,221	2,268,640	2,235,288	42,360,084
Total assets	134,626,581	4,914,154	4,652,062	91,302,244

- **Adjustments** – Tracking all IFRS to GAAP adjustments is crucial for auditing purposes. PROPHIX offers a fully secure and auditable environment for monitoring all journal entry adjustments—whether performed under GAAP, during the move towards IFRS, or completely under the new regulations.



- **Cash-Generating Units** – Under IFRS, revenue is recognized with specified cash-generating units. As a result, existing entities need to roll up appropriately. PROPHIX allows you to divide out existing entities into further operating units or consolidate multiple units to a single entity.
- **Asset Impairment** – Requirements set out by IFRS require that companies break down assets into components to track capital assets at a granular level. With PROPHIX, every asset can easily be captured with multiple values on an ongoing basis, i.e. values with or without impairments and net book values.

GLOBICA INTERNATIONAL INC. STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2009		
	August	September
Fixed Assets	4,966,694	5,015,815
Intangible Assets	303,073	317,689
Tangible Assets	4,663,621	4,698,126
Current Assets	6,857,035	6,835,199
Stocks	297,184	328,390
Trade Debtors, net	2,271,986	2,224,500
Freehold Property For Sale	851,276	773,622
bad debt provision	130,043	158,123
PACIFICA USA	382,609	450,972
Other debtors and prepayments	1,927,602	2,007,221
Cash at bank in hand	555,139	520,025
Corporate Tax	155,015	111,636
Deferred Tax	286,181	260,711
Creditors	15,308,069	15,388,957
GTZ Limited	1,820,253	1,898,653
Bank overdraft	2,949,286	2,986,008
Trade creditors	2,210,007	2,148,591

About PROPHIX Software Inc.

For over twenty years, PROPHIX has been a leader in delivering performance management solutions including budgeting, reporting, forecasting, planning, and financial consolidation. Additional applications include business intelligence analysis, strategic planning, capital planning, and resource planning. Today, thousands of users worldwide are using PROPHIX to make more informed business decisions.

To learn more about PROPHIX, visit www.prophix.com.