

16. ACCOUNTING STANDARDS IMPLEMENTED IN 2007

During the year, the Company implemented the following accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”):

On January 1, 2007, the Company implemented the CICA Handbook Section 3855, “Financial Instruments – Recognition and Measurement”, Section 3865, “Hedges”, Section 1530, “Comprehensive Income”, Section 3251, “Equity” and Section 3861, “Financial Instruments – Disclosure and Presentation”. The transitional adjustments resulting from these standards are recognized in the opening balance of retained earnings and opening accumulated other comprehensive loss. Prior periods have not been restated except to reclassify unrealized foreign currency translation losses on net investments in self-sustaining foreign operations to accumulated other comprehensive loss.

The new accounting standards require that all financial instruments be classified into a defined category, namely, held-for-trading financial assets or financial liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. The financial instruments within scope, including derivative instruments, are included on the Company’s balance sheet and measured at fair value except for loans and receivables, held-to-maturity financial assets and other financial liabilities which are measured at cost or amortized cost except for the Weston’s 3% Exchangeable Debentures as more fully discussed in note 2 to the consolidated financial statements. Held-for-trading financial assets and financial liabilities are measured at fair value with gains and losses recognized in net earnings in the period in which they arise. Available-for-sale financial assets are measured at fair value, with unrealized gains and losses, including changes in foreign exchange rates, recognized in other comprehensive income until the financial asset is derecognized or impaired, at which time any unrealized gains or losses are recorded in net earnings. In cash flow hedges, the effective portion of the change in fair value of the hedging item is recorded in other comprehensive income. To the extent the change in fair value of the derivative instrument is not completely offset by the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded immediately in net earnings.

Upon implementation of these standards, the Company has recorded the following transitional adjustments:

(\$ millions)	Balance as Reported, Dec. 31, 2006	Transitional Adjustments	Opening Balance Jan. 1, 2007
Other assets	\$ 1,459	\$ (101)	\$ 1,358
Accounts payable and accrued liabilities	\$ 3,176	\$ 1	\$ 3,177
Long term debt	\$ 5,918	\$ (11)	\$ 5,907
Future income taxes	\$ 366	\$ (41)	\$ 325
Other liabilities	\$ 688	\$ 41	\$ 729
Retained earnings	\$ 4,506	\$ (100)	\$ 4,406
Accumulated other comprehensive loss	\$ (503)	\$ 9	\$ (494)

For further details of the specific accounting changes and related impacts, see note 2 to the consolidated financial statements.