

Accounting Standards Board

Annual Plan

2017-2018

Table of Contents

| | |
|---|-----------|
| About the Accounting Standards Board | 2 |
| Overview | 2 |
| 2017-2018 AcSB objectives, activities and performance indicators | 3 |
| Publicly accountable enterprises | 4 |
| Private enterprises | 7 |
| Not-for-profit organizations | 8 |
| Pension plans | 9 |
| Global contributions | 10 |
| Communications | 10 |
| Research | 11 |
| Due process | 12 |
| Appendix – Organization chart | 14 |

About the Accounting Standards Board

The [Accounting Standards Board](#) (AcSB) is an independent body with the authority to establish accounting standards for use by all Canadian entities outside the public sector. Accounting standards specify how transactions and other events are to be communicated in an entity's financial statements.

Overview

The accounting standards issued by the AcSB are included in the four parts of the CPA Canada Handbook – Accounting (Handbook):

- Part I – International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB), are applied by publicly accountable enterprises in Canada;
- Part II – accounting standards for private enterprises (ASPE);
- Part III – accounting standards for not-for-profit organizations (NFPOs); and
- Part IV – accounting standards for pension plans.

In the [AcSB 2016-2021 Strategic Plan](#), we concluded, and Canadians strongly agree, that the overall strategies adopted for the four categories of reporting entities are meeting stakeholder needs. We think we can do even better -- not only by listening to what our stakeholders say they need, but also by staying attuned to the Canadian financial reporting environment to anticipate changes in stakeholder needs. As a result, our strategic plan focuses on making continuous improvements to the way we implement our strategies.

The key elements of the AcSB's Strategic Plan considered for this annual plan are summarized in the chart below.

| Overarching strategic goal – Retain separate strategies for each category of reporting entity in Canada's private sector | | | |
|--|---|---|-------------------|
| Category | Strategy | Objectives | Page |
| Publicly accountable enterprises | Support the application in Canada of IFRSs. | <ul style="list-style-type: none">• Influence future international standards by maintaining and leveraging Canada's strong reputation internationally.• Stakeholders apply new and existing IFRSs effectively. | 4 |

| Overarching strategic goal – Retain separate strategies for each category of reporting entity in Canada’s private sector | | | |
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| | | <ul style="list-style-type: none"> Differences in global standards are narrowed, including alignment of adoption dates for new IFRSs. | |
| Private enterprises | Retain and improve the standards in Part II. | <ul style="list-style-type: none"> Part II contains a high-quality set of standards that: <ul style="list-style-type: none"> produces decision-useful information; is complete; and supports the exercise of professional judgment while providing sufficient guidance to result in consistent application. Private enterprises apply new and existing standards effectively. | 7 |
| NFPOs | Retain and improve the standards in Part III. | <ul style="list-style-type: none"> Improvements to the Part III standards consider stakeholder input and the unique needs of NFPOs. The needs of NFPOs are met following changes made to ASPE. | 8 |
| Pension plans | Retain the standards in Part IV. | <ul style="list-style-type: none"> Part IV standards meet the needs of this sector. | 9 |

2017-2018 AcSB expected activities and performance indicators

Our objectives, relative to the strategies in the [AcSB 2016-2021 Strategic Plan](#), are set out below. Plans for each of the major categories of reporting entities in Canada’s private sector are set out under separate headings, followed by plans for our global contribution, communications, research and due process. For each objective, we have identified below the outcomes for the 2017-2018 operating year associated with achievement of the objective and then set out the specific activities that will be undertaken to actualize each outcome.

In carrying out the activities described, we will keep in mind the need to prioritize in order to apply our resources where they will be most effective in achieving our objectives. It may not be possible to carry out some planned activities to the fullest extent or to achieve all planned targets due to resource constraints. In addition, we may need to reconsider some details of this plan during the year to respond to changes in circumstances while continuing to work towards our key objectives.

Publicly accountable enterprises

Support the application in Canada of IFRSs

Objective 1: Influence future international standards by maintaining and leveraging Canada's strong reputation internationally.

The AcSB is seen as a key member of the IASB's Accounting Standards Advisory Forum (ASAF).

- Make significant contributions by sharing Canadian practice on relevant issues based on research and data gathering, and providing constructive recommendations on major technical issues relating to standard-setting activities and issues of concern in Canada.
- Support the development and implementation of an enhanced preparation process for each ASAF meeting to prepare the AcSB Chair and Director for the meeting topics. The preparation process includes performing research and analysis on issues relevant to Canadian stakeholders.
- When appropriate, supplement the discussions by providing detailed analysis and recommendations to IASB staff.

The AcSB influences the IASB in the development of high-quality IFRSs to benefit Canadian stakeholders.

- Undertake communication activities to raise awareness with our stakeholders of IFRS standard-setting and research projects.
- Respond to the IASB's documents for comment, when appropriate.
- Provide support and input to the IASB when requested that includes, when appropriate, consultations with and feedback received from our stakeholders.
- Connect Canadians with the IASB on particular standard-setting projects, when appropriate.
- Consult with and obtain advice from our committees, including the IFRS Discussion Group and Academic and User Advisory Councils.

Objective 2: Stakeholders apply new and existing IFRSs effectively.

IFRS implementation issues raised by our stakeholders are identified early and addressed efficiently.

- Raise issues and participate in the IASB's process to ensure Canadian concerns are considered by the IASB.
- Support Canadians appointed to the IFRS Interpretations Committee and implementation groups including revenue and impairment of financial instruments.
- Provide implementation support for the four major new IFRSs (i.e., financial instruments, revenue, leases, and insurance contracts) by:
 - maintaining a dialogue with stakeholders regarding implementation challenges; and
 - determining how to best provide implementation support to stakeholders for each standard; this may include the use of the IFRS Discussion Group and/or standard specific implementation committees.
- Hold specific events, such as webinars and panel discussions, to support the application of new standards by Canadians when a need for such support is identified.
- Promote awareness among Canadian stakeholders of the IASB resources that are available to assist stakeholders in the implementation and application of standards.

The AcSB's IFRS Discussion Group is effective and timely in identifying and supporting application issues.

- Support the IFRS Discussion Group in identifying implementation issues affecting Canadians — in particular, those relating to revenue, leases and financial instruments.
 - Maintain open channels of communication with stakeholders in order to ensure stakeholders raise application issues.
 - Build robust agendas that will appeal to a broad group of stakeholders.
 - Reduce the time needed to publish the meeting report.
- Obtain advice from the IFRS Discussion Group on matters that relate to the Board's strategy to influence the development of IFRSs focussing attention on issues that are important to Canadians.

Non-authoritative guidance¹ issued by the IASB that support and supplement specific IFRSs is incorporated into the CPA Canada Handbook in a timely manner.

- Include IASB non-authoritative guidance in Part I for IFRS 15 *Revenue from Contracts with Customers*.
- Complete the translations of the IASB non-authoritative guidance for IFRS 9 *Financial Instruments* and IFRS 16 *Leases*.
- Identify which other IASB non-authoritative material should be translated following the completion of the guidance specified above.

Objective 3: Differences in global standards are narrowed, including alignment of adoption dates for new IFRSs.

The alignment of financial reporting outcomes under IFRSs and U.S. GAAP is increased.

- Leverage our involvement and communication with the IASB and the U.S. Financial Accounting Standards Board (FASB) to encourage whenever possible, high-quality solutions that will result in more comparable financial reporting outcomes in the U.S. and globally.
- Maintain regular engagement with FASB through attendance at semi-annual meetings.
- Respond to invitations to comment on FASB projects when proposals are significant to our Canadian stakeholders or include significant differences in reporting outcomes compared to IFRSs.

Effective dates for new standards are substantially aligned globally.

- Work with the IASB and other global standard setters to encourage a common global effective date for new and amended standards.
- Continue to remind the IASB of the efforts required to implement significant new or complex standards and encourage the IASB to set the effective dates accordingly.
- Monitor adoption dates in other jurisdictions and consider further action if other jurisdictions delay beyond the effective date set by the IASB.

¹ Non-authoritative guidance includes the Basis for Conclusions and Implementation guidance issued for each IFRS.

Private enterprises

Retain and improve the standards in Part II

Objective 1: Part II contains a high-quality set of standards that produces decision-useful information, is complete and supports the exercise of professional judgment while providing sufficient guidance to result in consistent application.

High-quality standards are available to stakeholders on a timely basis, achieved by advancing our work on our current and future standards-level projects.

- Advance our work and improve timeliness on current projects:
 - Continue to advance the project on redeemable preferred shares towards the issuance of a re-exposure draft.
 - Deliberate comments received on the agriculture project and begin the preparation of an exposure draft.
 - Develop an exposure draft to address the narrow-scope issues identified through the Section 3856, *Financial Instruments*, Post-implementation Review.
- Consult with and gather input from our Private Enterprise Advisory Committee on major Part II projects.
- Complete consultations with stakeholders about our relative priorities for future Part II projects:
 - Seek input from stakeholders, including our Private Enterprise Advisory Committee, on how to improve Part II.
 - Conclude on priorities important to stakeholders and distinguish between issues that can be addressed in the near term, and those that require longer-term projects.
- Consider whether amendments to accounting frameworks in other jurisdictions would significantly improve ASPE.

Stakeholders have high-quality and timely solutions to the implementation and application issues that matter to them.

- Maintain open channels of communication with stakeholders in order to ensure stakeholders raise application issues as they arise.
- Utilize the Private Enterprise Advisory Committee to identify application issues, assess the issues identified and consider the approach to address the issues.
- Reconsider the nature and form the meeting reports for Private Enterprise Advisory Committee meetings.

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- Deliver quality solutions to resolve identified issues on a timely basis:
 - Issue final amendments to the Handbook for the 2017 annual improvements to Part II.
 - Identify improvements needed to Part II and if required, issue an exposure draft on 2018 annual improvements.
 - Issue exposure drafts for narrow-scope amendments, as required.

Objective 2: Private enterprises apply new and existing standards effectively.

Stakeholders have sufficient guidance to implement new standards and amendments resulting in a high-quality implementation.

- Consider the need to create awareness of and provide specific implementation support (such as webinars, panel discussions) to stakeholders for newly issued or amended Part II standards, including subsidiaries and investments.
- Consult with stakeholders to determine if and when to undertake Post-implementation Reviews for:
 - Section 1582, Business Combinations; and
 - Section 3462, Employee Future Benefits.

Not-for-profit organizations

Retain and improve the standards in Part III

Objective 1: Improvements to the Part III standards consider stakeholder input and the unique needs of NFPOs.

High-quality standards are available by stakeholders on a timely basis, achieved by advancing our work on our current and future projects. Stakeholders think that we understand the issues unique to this sector and proposed solutions are high-quality and appropriate.

- Advance our work and improve timeliness on current and future NFPOs projects.
 - Complete consultations with stakeholders about the Accounting Standards Improvements for NFPOs Exposure Draft issued in February 2017 and deliberate comments received.
 - Continue research on the long-term project on Contributions – Revenue Recognition and Related Matters.
 - Decide on the relative priority of future projects including Reporting Controlled and Related Entities by Not-for-Profit Organizations.
 - Begin research for prioritized projects.

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- Obtain input from our Not-for-Profit Advisory Committee on how to improve the standards.
 - Assess the need to undertake post-implementation reviews of existing standards such as Section 4470, *Disclosure of allocated expenses by not-for-profit organizations*.
 - Consider whether amendments to accounting frameworks in other jurisdictions would significantly improve accounting standards for NFPOs.

Stakeholders have high-quality and timely solutions to the implementation and application issues that matter to them.

- Consider whether new initiatives should be undertaken to support stakeholders with the quality implementation and application of Part III standards and develop a plan for such initiatives, as considered necessary.

Objective 2: The needs of NFPOs are met following changes made to ASPE.

Stakeholders have high-quality and timely solutions to application issues that are relevant to them.

- Monitor the projects to revise ASPE and consider whether those changes affect NFPOs.
- Obtain input from our Not-for-Profit Advisory Committee.
- Develop any necessary changes to deal with the specific circumstances of the not-for-profit sector.

Pension plans

Retain the standards in Part IV

Objective: Part IV standards meet the needs of this sector.

Stakeholders have high-quality and timely solutions to application issues that matter to them.

- Monitor developments by considering:
 - implementation challenges faced by this sector, including the evolution of new types of plans;
 - risk mitigation strategies being employed in relation to pension obligations;
 - developments in other jurisdictions; and
 - any changes to corresponding standards for other sectors.

Global contributions

Contribute to global standard setting

Objective: Global standard setting is advanced as a result of providing thought leadership and global best practices for all major categories of reporting entities in Canada's private sector.

Influence global best practices by maintaining strong strategic collaborations with other standard setters.

- Maintain strategic collaboration with the IASB and global standard setters by contributing to international meetings including:
 - ASAF (as discussed above);
 - World Standard Setters; and
 - International Forum of Accounting Standard Setters.
- Maintain strategic collaboration with the FASB by participating in semi-annual meetings.
- Nominate Canadians for international standard-setting roles, including advisory committees and support groups.
- Support the Canadian appointed to the IASB through regular communication and involvement in liaison activities with Canadian stakeholders, when appropriate.
- Support Canadians appointed to committees through regular communication and timely contact prior to and following each meeting.
- Contribute to the work of others when relevant to our Canadian stakeholders (for example, responding to requests for comment, answering surveys and providing data on Canadian transactions/environment).
- Provide input to the IFRS Foundation Monitoring Board and IFRS Foundation Trustees when requested.

Communications

Maintain strong engagement with our stakeholders and communicate with them about our processes and activities

Objective: Stakeholders are aware of and engaged in our communications.

The target audience is aware of and values our communications.

- Expand our use of communication vehicles that reach a wide target audience (for example, a geographical reach that is reflective of the distribution of our stakeholder

base), including social media as a communication platform and other technology (for example, online meetings).

- Develop and initiate a plan to improve our enewsletter, *The Standard*, including updating the subscription process.
- Communicate in plain language in order to appeal to a broad target audience.
- Monitor the redesign to our website, www.frascanada.ca by ensuring regular updates on the redesign process and decisions are provided to AcSB.

The AcSB's brand is recognizable and valued in Canada and beyond.

- Be proactive in identifying opportunities to have the Chair and other AcSB members undertake speaking engagements that align with our strategic objectives.
- Attract high caliber candidates for board and committee vacancies.
- Generate increased awareness of the AcSB and FRAS Canada brands by undertaking promotion initiatives.
- Make decisions regarding the activities we should take to maintain its relevance with stakeholders and the priority of those activities, including considering the ideas generated at the November 2016 meeting. Take action to implement the activities that have been prioritized within the appropriate timelines.

Research

Conduct research to support evidence-based decision making

Objective 1: Standard-setting decisions are supported by research that pertains to all major categories of reporting entities in Canada's private sector and focuses on topics of importance to Canadians.

Research contributes to evidence-based decisions.

- After considering our priorities, decide on existing research to be continued and new research to be carried out.
- Complete the second phase of our research on rate-regulated activities concurrent with the release of the IASB's discussion paper.
- Contribute to global standard setting by working with other national standard setters to examine commonalities between jurisdictions on the similarities and differences of new types of pension obligations.
- Promote results of completed research, including the completed rate-regulated research paper.
- Identify opportunities to conduct research such as:

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- contributing to global thought leadership research projects (for example, the IASB, other national standard setters, and academia);
 - assessing user needs and the financial reporting environment for private enterprises;
 - compiling additional statistics about publicly accountable enterprises, private enterprises and NFPOs; and
 - gathering data through mechanisms such as surveys and database research.

Objective 2: Stakeholders are engaged in the AcSB’s research initiative.

Key stakeholders engage in our research activities providing their knowledge and experience.

- Identify stakeholders to participate in our research activities.
- Leverage the skills and expertise of the members of the AcSB’s Academic Advisory Council to develop the AcSB’s research program.

Due process

Follow due process that is based on the key principles of transparency, consultation and accountability

Objective 1: The standard-setting process is open and transparent, providing clear information about standard-setting developments, including how we make our decisions.

All of the AcSB’s activities comply with due process.

- Continue to foster an environment where due process is instrumental to the processes we develop and decisions we make.
- Monitor the IASB’s compliance with its due process for IFRS amendments and new standards.
- Apply due process and report on compliance to the Accounting Standards Oversight Council (AcSOC).
- Complete a review and update of the Due Process Handbook.
- Conduct orientation session for new appointees to the AcSB and committees.

All of our standard-setting activities are open and transparent to stakeholders.

- Identify ways to improve the transparency of our processes and activities, including being more accessible to all stakeholders.
- Expand communications about the role of our committees and the standard-setting process.

Objective 2: Stakeholders affected by Canadian financial reporting standards provide input through our processes so we understand different perspectives.

A broad reach of stakeholders provide input on all projects and activities.

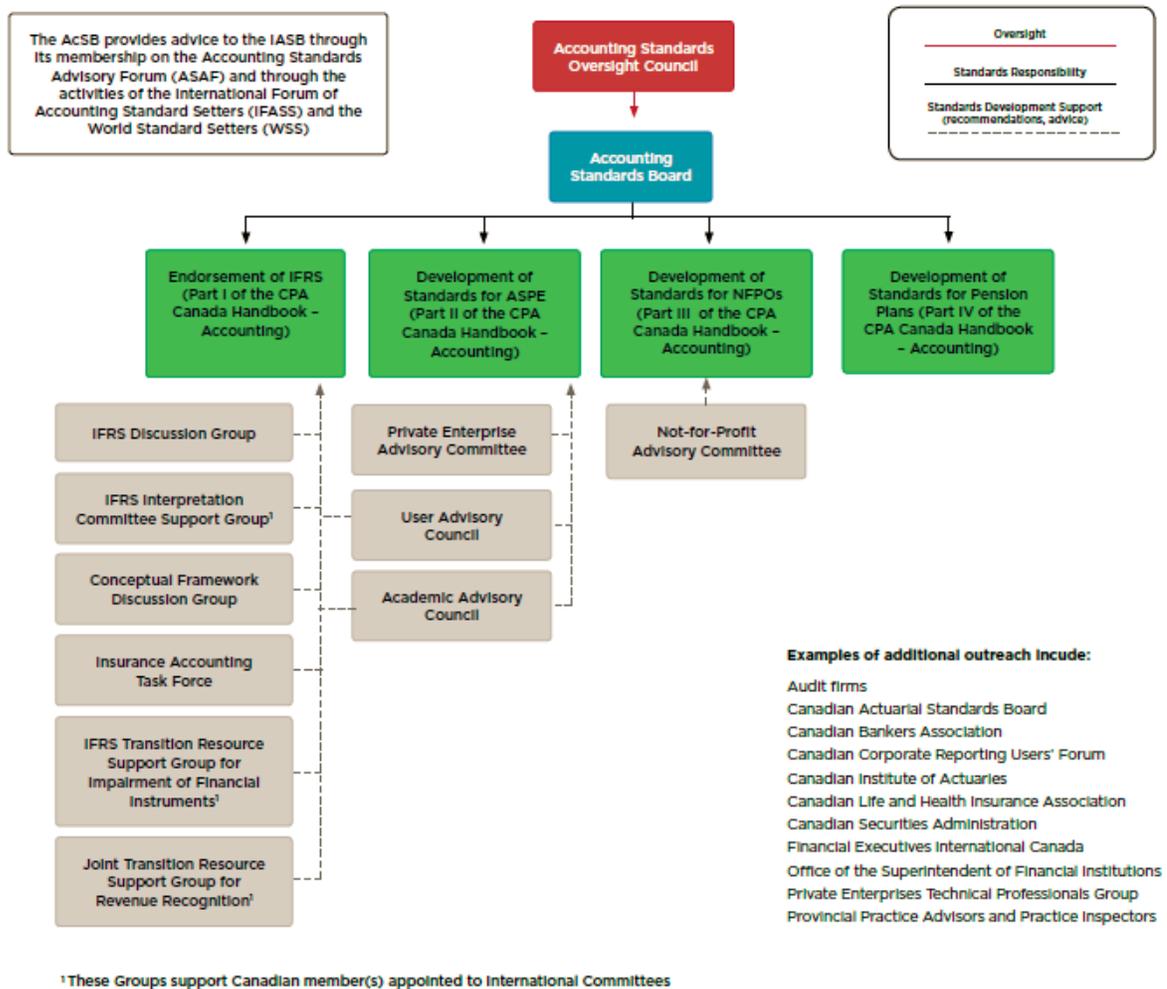
- Issue “wraparound” exposure drafts of the IASB’s proposals to gather Canadian input on the suitability of the IASB’s proposals for application in Canada.
- Improve stakeholder reach, including financial statement users, by conducting targeted consultations in a range of locations across the country (both in person and virtually).
- Maintain a number of channels for stakeholders to contact us and expand use of newer channels, such as social media.
- Maintain balanced memberships for our committees across varied demographics (personal background, geographic location, language, gender, etc.).

Objective 3: Stakeholders hold the AcSB accountable and understand the rationale for the decisions we have made.

Stakeholders understand our decisions because our communications are clear and timely.

- Assess the content of our decision summaries and committee meeting reports, to ensure communications are robust and explain decisions and rationale.
- Find ways to reach more stakeholders.
- Publish a basis for conclusions at the same time as a final standard or amendments to a standard in Parts II to IV of the Handbook.

Appendix – Organization chart



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