



# Annual Plan

April 1, 2018–March 31, 2019

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The 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 financial statements.



AcSOC oversees the activities of the Board, and assesses and reports to the public on its performance.



The structures and processes that support the operations of the AcSB and AcSOC are funded by CPA Canada.

## **Mission**

Our mission is to support informed economic decision making by maintaining frameworks that provide a basis for high-quality information about financial performance reported by Canadian private sector entities.

### **Serving the public interest**

We serve the public interest by:

- Establishing high-quality accounting standards that promote stakeholder confidence in the information reported by Canadian private sector entities with due consideration for the costs and benefits to preparers and users of financial statements, and changes in the economic environment.
- Being accountable to stakeholders by responding to their needs in a timely manner, and facilitating their participation and input into the development of the standards that affect them.
- Contributing to global best practices in accounting standard setting for every major category of reporting entity in Canada's private sector – publicly accountable enterprises, private enterprises, not-for-profit organizations (NFPOs), and pension plans.

## Overview

### Our strategy

In our [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 five-year Strategic Plan focuses on making continuous improvements to the way we implement our strategies.

### Our plan to achieve the strategy

This 2018-2019 Annual Plan is based on the vision, mission and strategic objectives set out in our Strategic Plan.

This Annual Plan outlines the activities we will accomplish in the third year of our Strategic Plan's life, continuing to take steps toward our major goals.

In carrying out our activities this year, we will be keeping in mind the need to prioritize so we effectively use our resources and achieve objectives. Most importantly, we will stand ready to re-prioritize when new issues or changes occur to our stakeholders' environments.

## Take action to enhance the relevance of financial information

### Our objectives

We know financial statement users find value in information that is prepared from following our accounting frameworks and using non-authoritative guidance to be relevant when they make decisions.

And so, we want to continue to improve the relevance of financial and non-financial information (including non-GAAP financial measures) that our users rely on.

When it comes to the publicly accountable enterprises we support, we will take a look at each of our planned initiatives and activities to find opportunities to spark discussion and consider the relevance of financial information.

We will also participate in discussions and activities happening outside of our own projects.

There will be opportunities such as responding to the Canadian Securities Administrators proposed rule on non-GAAP financial measures and other key performance measures. We will look at how IFRS Standards could be a better starting point for financial statement users by giving the International Accounting Standards Board (IASB) feedback on their own projects and initiatives. And finally, we are participating in a collaborative effort with CPA Canada to develop a framework for reporting corporate performance measures.

For our private enterprise and NFPO stakeholders, we will do research to understand whether the current sets of Part II and Part III standards are relevant depending on their nature and size of their activities.

The results of this research may lead us to identify new initiatives we should undertake, and we will ensure that we communicate our research results to our stakeholders.

## Contribute to global standard setting

### Our objectives

The reputation we have cultivated for Canadian standard setting is one of our proudest achievements, and one that could not have been done without the support of our stakeholders. It is a reputation that we will maintain and advance in 2018-2019.

We will work to advance global standard setting by providing thought leadership and global best practices for all major categories of reporting entities in Canada's private sector. To do this, we will continue to:

- maintain strong strategic collaborations with other standard setters across the world;
- make significant contributions at international meetings, like the Accounting Standards Advisory Forum, World Standard Setters, and International Forum of Accounting Standards, by sharing Canadian practices on relevant issues; and
- support the Canadian appointed to the IASB and other Canadians appointed to international committees, as well as recommend Canadians for appointments when opportunities arise.

## Continuously improve how we communicate and who we communicate with

### Our objectives

Ensuring the lines of communication are open to our stakeholders is instrumental to everything we do. Communication to us means:

- ensuring our stakeholders are aware of and value our communications;
- communicating in plain language about our activities and decisions, and in a timely manner;
- expanding our use of communications tools, such as social media and online meeting opportunities;
- identifying our communication gaps – from finding a group we should be more in touch with, such as government business enterprises (including indigenous governments), to identifying tools that better suit the communication needs of our stakeholders; and
- making sure our stakeholders know who we are and how to get in touch with us.

## Conduct research to support evidence-based decision making

**Our objectives**

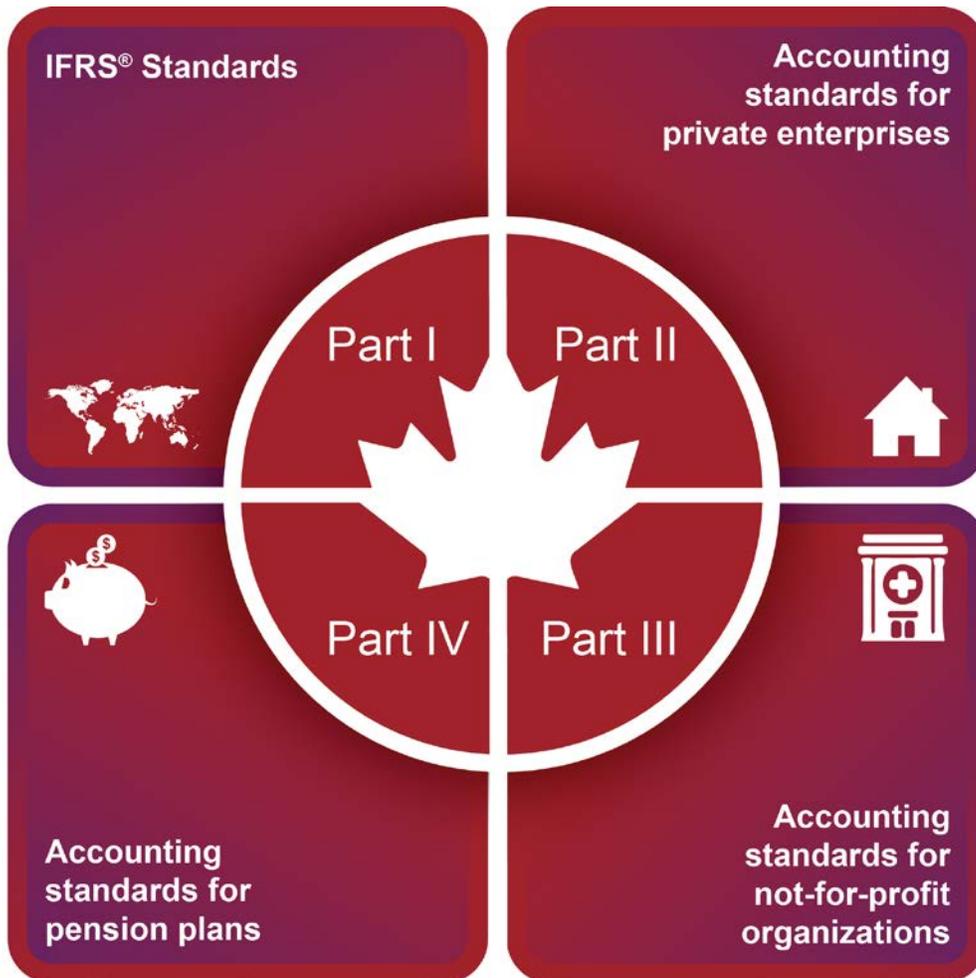
It is imperative that our decisions are supported by research.

This year, we will move forward with our research program with such efforts as:

- publishing our research on rate-regulated activities to support the IASB project on this topic; and
- working with national standard setters and finding commonalities between new types of pension obligations in various jurisdictions to help us know what might work – and not work – for Canada.

Most importantly, we'll engage key stakeholders in our research activities to understand and benefit from their knowledge and experience, such as academics, preparers, corporate directors, and financial statements users.

## Strategies for each category of reporting entity



## Part I: Support the implementation of IFRS® Standards

### Our objectives

2018-2019 is all about implementation.

We believe that supporting implementation starts right at the beginning of a standard's development. As a result, we will continue working to influence the IASB throughout their standard-setting process, leveraging our reputation to make progress. We will also work to provide a direct line of contact to the IASB for our stakeholders whenever possible.

We are especially dedicated to supporting our stakeholders with implementation through targeted activities, namely the following:

- **Monitor:** We are closely monitoring developments for the Financial Instruments and Revenue standards and will participate in consultation activities whenever they're available. We are also monitoring implementation issues using existing standards, namely developments in the cannabis industry. As a new industry applying an existing standard (IAS 41), stakeholders may have unique implementation needs.
- **Implementation guidance and communications:** As the January 1, 2019 effective date nears, we are keeping the lines of communications open with our stakeholders regarding the Leases standard and will act if implementation issues are raised.
- **Committee support:** We will be in regular discussion with our Insurance Transition Resource Group, who will discuss implementation issues related to the Insurance standard, as well as liaise with the IASB's own Insurance Transition Group to ensure Canadian-specific issues are considered.

Throughout all these implementation support activities stands our IFRS® Discussion Group. We will work with the Group to identify implementation issues affecting Canadians through open communication and robust agendas.

In addition, we are incorporating into the CPA Canada Handbook – Accounting additional non-authoritative guidance issued by the IASB that supports and supplements IFRS Standards. With IASB non-authoritative guidance on Financial Instruments, Revenue and Leases already in the Handbook, 2018-2019 will see IASB guidance for IFRS 17 *Insurance Contracts* and the *Conceptual Framework* also incorporated.

Finally, we know the importance of increasing alignment relating to financial reporting outcomes under IFRS Standards and US GAAP for our stakeholders. So we will continue to work toward narrowing differences in global standards. This includes continuing regular engagement with the IASB and U.S. Financial Accounting Standards Board, and leveraging our relationships with other national standard setters.

## Part II: Keep and improve accounting standards for private enterprises

### Our objectives

We have been in close contact with the private enterprise community and listened to their needs. As a result, our 2018-2019 priorities are set to align with the areas that are causing private enterprises difficulties when reporting.

We will be moving forward a large amount of work, namely Retractable or Mandatorily Redeemable Shares Issued in a Tax Planning Arrangement; and Accounting for Related Party Financial Instruments and Significant Risk Disclosures. As with all newly-issued or amended standards, stakeholders will get implementation guidance for these standards through tools such as webinars. We are also going to issue an exposure draft on a new Agriculture standard, which we will seek feedback on and undertake stakeholder consultations across the country (both in-person and virtual).

High-quality and timely solutions on implementation and applications issues will continue to be supported by our Private Enterprise Advisory Committee. This Committee works to identify application issues, assesses them, and gives us recommendations to address the issues.

Next up as per our stakeholders' request: Revenue, Related Party Transactions and Financial Instruments.

**Align work on Part II projects with Part III when appropriate:  
Revenue and Contributions • Related Party Transactions and Business Combinations**

## Part III: Keep and improve accounting standards for NFPOs

### Our objectives

To continue making high-quality standards available to stakeholders on a timely basis, we will be advancing our work on our existing and new NFPO-related projects. We are dedicated to ensuring NFPO standards are reflective of the current environment and support improved application of standards.

This year, we will develop and approve project plans on topics of importance to NFPOs, including contributions and business combinations (i.e., mergers).

On top of these activities, we will look to our Not-for-Profit Advisory Committee for key support. This Committee identifies applications issues, assesses them, and makes recommendations for the AcSB to consider – support of utmost importance as we work to continue updating NFPO standards and supporting the implementation of new standards.

## Part IV: Retain pension plans standards

**Our objectives**

We will ensure that Part IV standards meet the needs of this sector.

To do this, stakeholders will receive high-quality and timely solutions to application issues that matter to them.

This means we will continue to monitor changes in pension plan structures, such as new types of plans.

## Governance

### Due process: Based on the principles of transparency, consultation, and accountability

#### Our objectives

Ensuring all our activities comply with due process means continuing to foster an environment where following our due process is foundational to the decisions we make.

This year, we are seeking ways to increase our effectiveness and efficiencies in carrying out our due process as a result of last year's AcSB Due Process Manual review.

We will continue to look for ways to improve the transparency of what we do, such as being more accessible to our stakeholders and expanding our stakeholder reach – essential to our consultation activities. We are particularly committed to expanding our stakeholder reach by connecting with financial statement users.

We will also maintain several ways for stakeholders to get in touch with us, including growing our use of virtual channels like social media, online meetings, and livestreamed events.

Our overarching goals for governance also mean ensuring our stakeholders can hold us accountable and understand the decisions we make. To support this, we will be clear, timely and concise when sharing information.

### Deliverables and timelines

The following project plan includes best estimates based on current staffing levels and Board-approved projects for standards for private enterprises and NFPOs. We are ready to change our plans should the need arise to ensure our stakeholders are well served, and will communicate changes and the decisions behind them clearly and in a timely manner.

See [the IASB's work plan](#) for IFRS Standards projects. Also see the AcSB's [decision summaries](#) after every meeting, which outline the work we do on IFRS Standards.

**Legend**

ED: Exposure Draft

HB: Handbook Release

	2018			2019
	Q2	Q3	Q4	Q1
<b>Standards for private enterprises</b>				
<i>Narrow-scope amendments and annual improvements</i>				
Annual improvements - 2019 cycle	Identify issues and issue exposure draft to address issues, as required.			
Accounting for Related Party Financial Instruments and Significant Risk Disclosures			HB	
<i>Major improvements</i>				
Retractable or Mandatorily Redeemable Shares Issued in a Tax Planning Arrangement			HB	
Agriculture		ED		
<b>Standards for not-for-profit enterprises</b>				
Contributions – Revenue Recognition and Related Matters	[TBD]			
[Other projects]	[TBD]			

## Monitoring for success

We want to make sure we achieve what we set out to do.

Not only do we monitor our progress toward achieving our Annual and Strategic Plans on an ongoing basis, but we also make sure that we identify and manage our risks effectively.

Our risk management process includes identifying mitigating controls and monitoring developments in the environment so we know when to change our standard-setting approach.

The key risks we will be managing in 2018-2019 relate to:

- our involvement in the international standard-setting process and its effectiveness;
- how effectively we consult and communicate with our stakeholders;
- the effectiveness of our staff;
- monitoring the work of our sister boards, the Auditing and Assurance Standards Board and Public Sector Accounting Board, each of which are led by new chairs who may be considering new initiatives that impact our shared stakeholders;
- providing quality solutions to issues in a timely manner;
- whether or not preparers apply some or all of the standards;
- ensuring financial statements provide relevant information to users; and
- our reputation.

AcSOC oversees our activities and assesses our performance against the objectives set out in our annual plans and our 2016-2021 Strategic Plan. This is done to ensure the effective, efficient and economic fulfillment of our public interest mandate.

For a progress report on what we achieved last year, read our [2017-2018 Annual Report](#) set to be released in June 2018.



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