



# Annual Plan

April 1, 2019 - March 31, 2020

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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

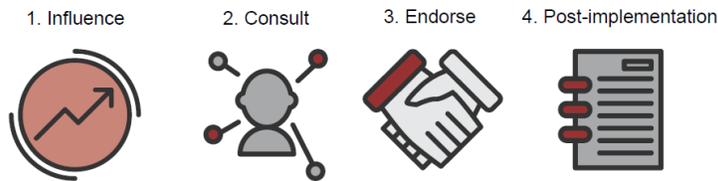
Our mission is to support informed economic decision making by maintaining frameworks that provide a basis for high-quality information about financial performance reported by Canadian private sector entities.

## Serving the public interest

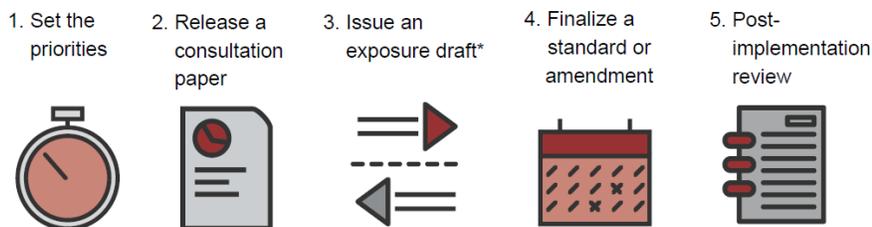
We serve the public interest by:

- 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.
- Following our due process in the development of domestic standards for private enterprises, NFPOs and pension plans, and the endorsement of new and amended IFRS® Standards. Our due process is based on three principles – transparency, consultation and accountability.

### IFRS Standards Due Process



### Domestic Standards Due Process



\* A single exposure draft is issued for annual improvements that consists of unrelated amendments.

## 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 2019-2020 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 fourth 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 reprioritize when new issues or changes occur to our stakeholders' environments.



## **Playing a leadership role**

### **Contribute to global standard setting**

#### **Our objectives**

One of our proudest achievements is the reputation we have cultivated for Canadian standard setting. This could not have been done without the support of our stakeholders. It is a reputation that we will work to maintain and continue to advance in 2019-2020.

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 standard setters across the world, and discuss issues faced by private enterprises and not-for-profit organizations in Canada;
- 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.



## Enhancing 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 that they also use financial and non-financial information reported outside of the financial statements, when making decisions. And so, we will continue to improve the relevance of financial and non-financial information that our users rely on.

We will encourage the application of our Framework for Performance Measures by raising awareness, and providing resources such as webinars and podcasts. We will seek feedback on the use of the Framework by engaging with you, our stakeholders, through surveys and discussions. Standing ready to review and revise the Framework based on feedback, developments in practice and evolving regulatory requirements.

Specific to 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 to them, depending on the nature and size of their activities.

We will also participate in discussions and activities happening outside of our own projects that may impact financial reporting.

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.



## **Conduct research to support evidence-based decision making**

### **Our objectives**

It is imperative that our decisions are supported by research.

To move forward with our research program, we will:

- Continue to provide research support to the IASB as it furthers its work on projects important to Canadian stakeholders, such as the Extractive Activities Project and Rate Regulated Activities.
- Continue to seek opportunities to better understand user needs and the financial reporting environment for private enterprises and not-for-profit organizations.
- Undertake research to consider whether an update to the Preface to the CPA Canada Handbook – Accounting is required.
- Conduct research to understand what type of entities currently use Part II – Accounting Standards for Private Enterprises of the Handbook.
- Gain an understanding of the nature and extent of issues arising on the application of Part IV – Accounting Standards for Pension Plans of the Handbook.
- Considering options for the removal of Part V – Pre-changeover Accounting Standards from the Handbook.

Most importantly, we will 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

We believe that supporting implementation starts at the beginning of the development of a standard. 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, Revenue and Leases standards and will participate in consultation activities whenever they are available. We are also monitoring implementation issues using existing standards, namely developments in the cannabis industry, cloud computing and accounting for cryptocurrencies.
- **Implementation guidance and communications:** We continue to focus on the status of the global and Canadian implementation of the new Insurance standard, through regular meetings with sub-groups of the insurance industry including life and health, property and casualty, mortgage insurers and workers compensation boards. We will also be in regular contact with IASB Board Members and staff, and staff of other national standard setters and prudential regulators.
- **Committee support:** We will maintain an open dialogue 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 the Bases for Conclusions issued by the IASB that supports and supplements IFRS Standards. With IASB's Bases for Conclusions on Financial Instruments, Revenue and Leases, Insurance Contracts and Conceptual Framework already in the Handbook, 2019-2020 will see IASB guidance for IFRS 3 *Business Combinations* and IFRS 13 *Fair Value Measurement* also incorporated.

Finally, we know the importance of increasing alignment relating to financial reporting outcomes under IFRS Standards and U.S. GAAP for our stakeholders. So, we will continue to identify unnecessary differences between IFRS Standards and U.S. GAAP and advocate for change.

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

### Our objectives

Based on feedback received from the private enterprises community, 2019-2020 will see us continue to focus on the areas that are causing private enterprises difficulties when reporting.

We will be moving forward the work on our Related Party Transactions, Employee Future Benefits and Financial Statement Concepts projects. The new Agriculture standard will be issued and included in the CPA Canada Handbook – Accounting. We are also going to issue an exposure draft on the narrow-scope amendments to the Revenue standard, on which we will seek feedback and undertake stakeholder consultations across the country (both in-person and virtual).

As with all newly-issued or amended standards, stakeholders will get implementation guidance for these standards through tools such as webinars and podcasts.

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.



#### Align work on Part II projects with Part III when appropriate:

- Revenue and Contributions
- Related Party Transactions and Business Combinations

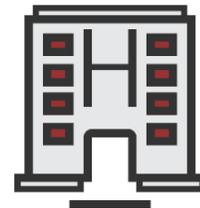
## Part III: Keep and improve accounting standards for NFPOs

### Our objectives

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

We will continue to move forward the work on topics of importance to NFPOs, namely contributions and combinations. We will issue a consultation paper for contributions and an exposure draft for combinations, on which we will seek feedback and undertake stakeholder consultations across the country (both in-person and virtually).

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.

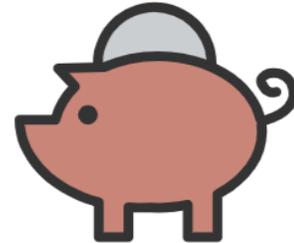


## **Part IV: Retain pension plans standards**

### **Our objectives**

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

To do this, we will undertake research to understand the nature and extent of issues identified on the application of the Part IV standards, and determine if standard-setting action is required to address application challenges.





## **Monitoring for success**

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

### **Our objectives**

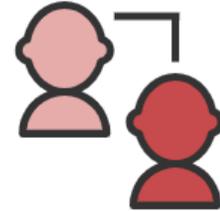
Ensuring all our activities comply with due process means continuing to foster an environment where following our due process is foundational to the decisions we make.

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

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.

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



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 communications and find the information useful;
- making sure our stakeholders know who we are and how to get in touch with us;
- communicating in plain language about our activities and decisions, and in a timely manner;
- expanding our use of communications tools, such as social media, podcasts and online meeting opportunities, including livestreaming the meetings of our IFRS® Discussion Group;
- use of our website and getting our materials to stakeholders in user-friendly format on tablets and smartphones; and
- identifying our communication gaps – from finding a group we should be more in touch with, such as government business enterprises, to identifying tools that better suit the communication needs of our stakeholders.

## Managing our risks



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 2019-2020 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, which may be considering new initiatives that impact our shared stakeholders;
- ensuring our proposals deal with the issues raised and that solutions are provided in a timely manner;
- whether or not preparers apply some or all of the standards;
- ensuring financial statements provide relevant information to users; and

- maintaining our reputation and credibility, so that we are able to effectively present opportunities for change.

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 2018-2019 Annual Report set to be released in May 2019.



### **Deliverables and timelines**

Our project plan includes best estimates based on current staffing levels and Board-approved projects for standards for private enterprises and NFPOs and latest information on the IASB's work plan. 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.

For a complete list of our current projects and activities please visit:

- [IFRS Standards](#)
- [Accounting for private enterprises](#)
- [Accounting for not-for-profit organizations](#)
- [Pension Plans](#)

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 domestic standards and IFRS Standards.



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