



September 28, 2018

Accounting Standards Board
277 Wellington Street West
Toronto, Ontario M5V 3H2
Sent via email: info@acsbcanada.ca

Re: Draft Framework for Reporting Performance Measures: Enhancing the Relevance of Financial Reporting

Thank you for the opportunity to provide input to the Accounting Standards Board (AcSB) on the above noted document (the “Framework”).

MNP LLP is one of Canada’s largest chartered professional accountancy and business advisory firms. Our clients include small to mid-size owner-managed businesses in agriculture, agribusiness, retail and manufacturing as well as credit unions, co-operatives, First Nations, medical and legal professionals, not-for-profit organizations, municipalities and government entities. In addition, our client base includes a sizable contingent of publicly traded companies. We believe that we are positioned well to provide feedback on this Framework.

We have reviewed the Framework and provide our comments below.

Overall, we agree with the Framework providing guidance on the disclosure of non-GAAP and non-financial performance measures outside the financial statements. Public companies already provide financial and non-financial performance measures through public disclosures such as Management’s Discussion and Analysis, the Annual Information Form, Management Information Circular, prospectuses, press releases, website disclosure, and social media. In addition, many large private enterprises and not for profit organizations also incorporate some performance measures in their reporting. When applied by these entities, the Framework will certainly enhance the usefulness, comparability, and transparency of the supplemental information presented outside the financial statements.

We support the Framework being issued as non-mandatory guidance. Entities are already reporting performance measures based on existing requirements of regulators and established industry practices. We believe that the guidance, while non-authoritative and not mandatory, will serve to enhance the disclosures without being disruptive or restrictive.

We do not believe it will be necessary, nor beneficial, to have separate frameworks – one for publicly accountable enterprises subject to securities regulations and another for private entities not subject to those regulations. One Framework providing generally applicable guidance will assist both publicly accountable enterprises and private entities in reporting their performance measures under one set of universal guiding principles. Where an entity is subject to securities



legislation, it can refer to the applicable securities guidance and legislation in ensuring the compliance of its reporting with any specific requirements which go beyond the general guidance in the AcSB Framework.

We note that this guidance applies to a wide range of industries and entities. We agree with the Framework stressing the comparability and consistency in the measures reported. We also agree that this may be difficult to achieve in practice when there is a lack of specific guidance to refer to in reporting a performance measure that is “entity-specific/industry specific”.

We understand that industry specific guidance is very difficult to prescribe, and even then, may have differing levels of applicability to individual entities within the industry, and therefore, agree that the industry level of detail should be outside the scope of the Framework.

Even without specific guidance on the type and nature of measures to report as well as their computations and calculations, we believe the principles contained in the Framework relating to disclosure of the reasons for choosing a particular measure, how the entity utilizes the measure internally, and details of how the measure has been calculated, will serve to greatly enhance the usefulness and purpose of the measures that an entity chooses to report.

We would be pleased to offer our assistance to the AcSB in further exploring the issues raised in our response or in finding alternative solutions to meet the needs of the information users.

Yours truly,

MNP LLP

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