

CPA Canada Handbook – Accounting

The CPA Canada Handbook – Accounting, available at www.knotia.ca, is the authorized version of standards approved by the Accounting Standards Board.

Preface to the CPA Canada Handbook – Accounting

September 2024

- 1 The Accounting Standards Board determines the contents of the CPA Canada Handbook – Accounting (Handbook). This Preface explains the applicability of the Handbook to entities that prepare financial statements in accordance with Canadian generally accepted accounting principles (GAAP). Requirements for an entity to prepare and issue financial statements are established by the laws and regulations applicable to the entity or by contract.
- 2 Entities within the scope of the CPA Canada Public Sector Accounting Handbook refer to that Handbook to determine the basis of accounting for purposes of their financial reporting.

DEFINITIONS

- 3 The following definitions have been adopted for the purposes of determining which Part of the Handbook applies to a reporting entity:
 - (a) A **publicly accountable enterprise** is an entity, other than a not-for-profit organization, that:
 - (i) has issued, or is in the process of issuing, debt or equity instruments that are, or will be, outstanding and traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
 - (ii) holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

Banks, credit unions, insurance companies, securities brokers / dealers, mutual funds and investment banks typically meet the second criterion above. Other entities may also hold assets in a fiduciary capacity for a broad group of outsiders because they hold and manage financial resources entrusted to them by clients, customers or members not involved in the management of the entity. However, if they do so for reasons incidental to a primary business (as, for example, may be the case for travel or real estate agents, co-operative enterprises requiring a nominal membership deposit, or sellers that receive payment in advance of delivery of the goods or services, such as utility companies), that does not make them publicly accountable.
 - (b) A **private enterprise** is a profit-oriented entity that is not a publicly accountable enterprise.
 - (c) A **not-for-profit organization** is an entity, normally without transferable ownership interests, organized and operated exclusively for social, educational, professional, religious, health, charitable or any other not-for-profit purpose. A not-for-profit organization's members, contributors and other resource providers do not, in such capacity, receive any financial return directly from the organization.
 - (d) A **pension plan** is any arrangement (contractual or otherwise) whereby a program is established to provide retirement income to employees.
 - (e) A **benefit plan** is any arrangement whereby an entity undertakes to provide employees with benefits during and/or after active service in exchange for their services.

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