AcSB
Accounting
Standards Board

Domestic Accounting Standards Update

May 26, 2025

Domestic Accounting Standards Update

- In Canada, accounting standards for all entities outside the public sector are issued by the Accounting Standards Board (AcSB).
- The opinions stated are those of the presenters and do not necessarily reflect the views of the AcSB.
- Official positions of the AcSB are established only after due process.
- Refer to the links provided throughout the presentation for additional reference materials to assist with implementation of the standards.

Presenters

Armand Capisciolto, FCPA, FCA
Chair, Accounting Standards Board

Eric English, CPA, CA
Principal, Accounting Standards Board

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Agenda

- AcSB Strategic and Annual Plans
- Recently Issued or Amended Domestic Standards
- Guidance and Other Resources
- AcSB Domestic Standards Work Plan

Polling Question #1

What is your current role?

a) Public practitioner or professional advisor

b) Financial statement preparer
(for example, controller, CFO, business owner)

c) Financial statement user
(for example, banker, private equity)

d) Academic

e) Other (for example, student)

Polling Question #2

Which category of reporting entity is most relevant to your current role?

a) Publicly Accountable Enterprise
b) Private Enterprise
c) Not-for-Profit Organization
d) Pension Plan
e) They are all relevant to my current role
f) None

AcSB Strategic and Annual Plans

Strategic and Annual Plans

The AcSB shapes its strategic direction based on its Strategic Plan

The AcSB's Annual Plan outlines specific yearly objectives and activities

Strategic Plan for 2022-2027 was issued March 31, 2022

Annual Plan for 2025-2026 was issued March 31, 2025

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2022-2027 Strategic Plan

The strategic plan includes 3 key strategies to meet its objectives:

2025-2026 Annual Plan

Support IFRS® Accounting Standards

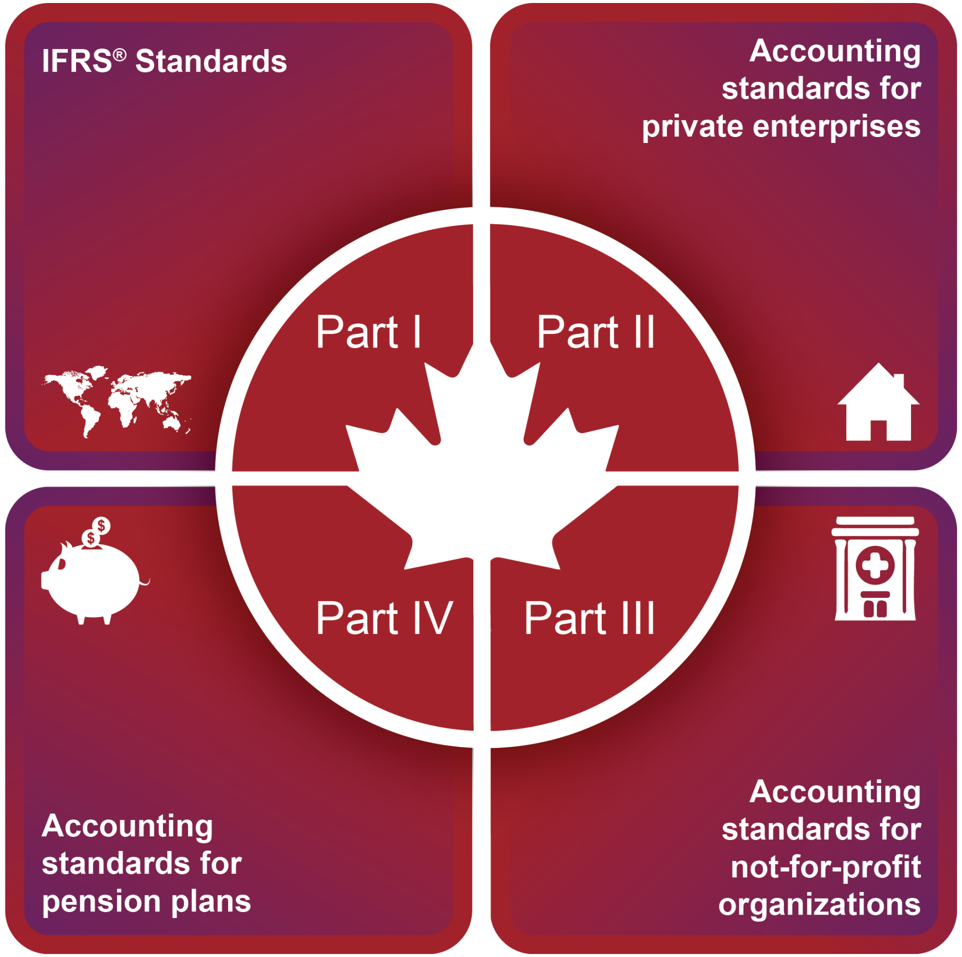
Advance domestic standards

Respond to evolving reporting needs

Continue to grow our international influence

Other Research Projects

- Evaluating the Preface
  - The AcSB conducted research to evaluate whether any changes are needed to the Preface.
  - Research concluded in February 2025 and no changes are proposed at this time.
  - Issued a Project Summary outlining the research results in May 2025.



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Canadian Private Enterprise User Advisory Committee

Advising the AcSB

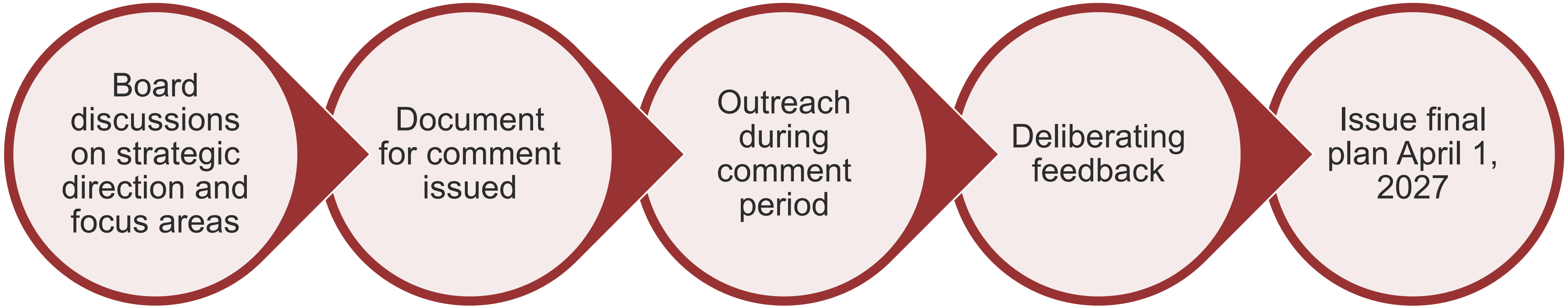
- Assisting the Board to understand the unique information needs of private enterprise financial statement users.
    - includes lenders, private equity investors and other professionals from diverse investment and analytical backgrounds.
- Identifying information gaps that exist for financial statement users and suggesting new topics for the Board to explore.

Supporting the AcSB's strategic objectives

- Delivering relevant and high-quality accounting standards.
- Enhancing reporting beyond traditional financial statements.

AcSB’s Strategic Planning Process

- Strategic plan is developed through due process
- Forms the basis for the AcSB’s Annual Plan
- Outlines the strategic direction of the AcSB
- Includes analysis of existing and emerging areas of focus



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AcSB's Strategic Planning Process

Which area(s) should the AcSB focus on in its next strategic plan:

a) Delivering relevant, high-quality accounting standards

b) Scope and boundaries of information included in the financial statements

c) Growing the AcSB's international influence

d) All of the above

e) None of the above

Recently Issued or Amended Domestic Standards

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Key Standards and Amendments

Topic	Effective Date
Amendments to Section 4600, Pension Plans	January 1, 2024
2023 Annual Improvements to Accounting Standards for Pension Plans	January 1, 2024
AcG-20, Customer's Accounting for Cloud Computing Arrangements	January 1, 2024
Related Party Combinations	January 1, 2025
Amendments to Section 3400, Revenue – Upfront Non-refundable Fees or Payments	January 1, 2025*
AcG-21, Accounting for Life Insurance Contracts with Cash Surrender Value	January 1, 2026
Improvements to Presentation and Disclosure of Investments for Pension Plans	January 1, 2027

**The AcSB has deferred the effective date of these amendments indefinitely. See slide 56 in the Appendix for further details.*

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Guidance and Other Resources

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Guidance Framework

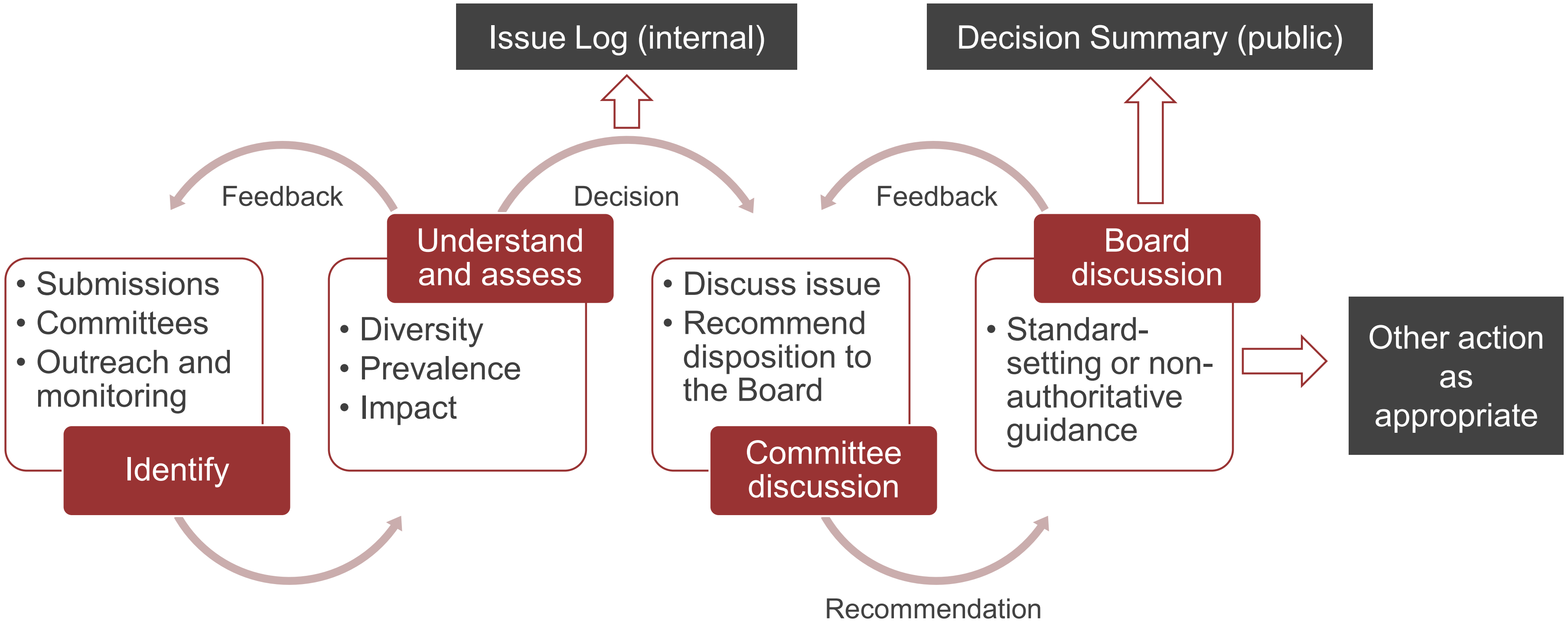
The AcSB has established processes for developing guidance to assist with:

Application issues

Implementation of new/ amended standards

This framework will provide clarity and consistency in how the AcSB deals with these issues

Guidance Framework – Application Issues Overview



Application issues can be submitted on our website here

Note that the AcSB's narrow scope amendment regarding related party combinations, mentioned on slide 24, resulted from this process.

Climate-related Risks and Opportunities – Mini-Series

ASPE principles for climate-related matters

- Manage the impact of climate change by considering climate-related risks and opportunities.
- Series addresses relevant ASPE standards and potential effects to consider.
- Discussion on the recognition, presentation and disclosure of material climate-related risks.

New topics published in April 2025

- Agricultural inventories and productive biological assets
- Disposal of long-lived assets and discontinued operations
- Leases
- Economic dependence

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Check out this ASPE resource at this link.

Accounting in Times of Uncertainty

- Canada's economic landscape is facing considerable uncertainty due to the imposition of tariffs and other political developments affecting the business environment.
- These factors may adversely affect entities applying ASPE, presenting challenges that preparers and practitioners will need to address.
- In today’s session, we would like to highlight a few key areas you may need to consider when applying ASPE amidst current economic uncertainties.

Accounting in Times of Uncertainty – Topics to Consider*

- Going Concern
- Subsequent Events
- Contingencies
- Impairment
- Changes to Estimates
- Inventories and PP&E
- Financial Assets

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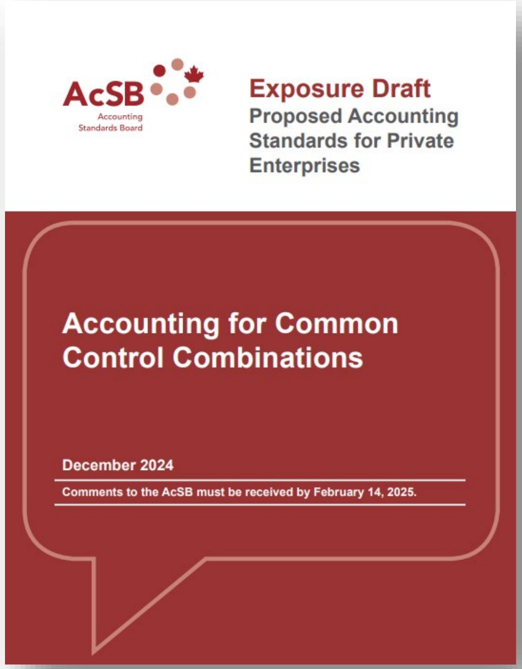
**Note that this list only provides some examples of topics an entity might consider in times of economic uncertainty and is not a fully exhaustive list.*

AcSB Domestic Standards Work Plan

Related Party Business Combinations – Narrow Scope Amendment (Part II)

- Addresses an application question raised regarding the Related Party Combination amendments issued in September 2023.
- When carrying values are used to account for a combination, the Exposure Draft proposes an option to account for a combined entity prospectively either as a new entity or a continuation of one of the combining entities.
  - The option to account for a combination retrospectively would continue to be available.



Related Party Business Combinations – Narrow Scope Amendment (Part II) – Next Steps

- The Exposure Draft, “*Accounting for Common Control Combinations*”, closed for comment in February 2025.
- The AcSB is deliberating feedback and expects to issue final amendments in September 2025.

See the project page for updates on this project

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Detailed Review of ASPE (Part II)

- In response to feedback on Consultation Paper I – Exploring Scalability in Canada, the AcSB approved a Detailed Review of ASPE project to:
  - determine specific challenges in each standard; and
  - explore potential solutions.
- The purpose is to identify the requirements that are most complex to apply and propose practical solutions without negatively impacting quality of information provided to users.
- The intent is not to address or fix every issue with each standard.

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Detailed Review of ASPE (Part II)

- As part of this project, the AcSB's Advisory Committees discussed application issues across multiple standards including Section 3400, *Revenue.*
  - Specifically, staff have received feedback that applying the percentage of completion method and accounting for multiple element arrangements can be challenging.
- The Committees discussed whether these challenges meets the scoping criteria for this project as defined by the Board.
- Using feedback from its Advisory Committees, in March 2025, the Board determined that these Section 3400 issues meet the project's scope, and potential solutions will be explored in the forthcoming Detailed Review consultation paper.

Detailed Review of ASPE – Next Steps

- The AcSB is continuing to seek input from its Advisory Committees on standards to be considered as part of this project.
- The Board intends to issue a Consultation Paper in H2 2025.

See the project page for updates on this project

Subsequent Measurement of Goodwill & Relief from Recognition of Intangible Assets (Parts II & III)

In response to challenges observed, the AcSB approved a project proposal that would:

Allow entities to amortize goodwill

Provide relief from recognizing intangible assets acquired in a business combination

Relief from Recognition of Intangible Assets

Considering feedback from outreach, the AcSB has tentatively decided that the proposed relief would:

- Be provided as an **accounting policy choice**, on the condition that the entity amortizes its goodwill.
- Apply to **all intangible assets** acquired in a business combination.
- Require **disclosure** of qualitatively significant intangible assets.

Subsequent Measurement of Goodwill

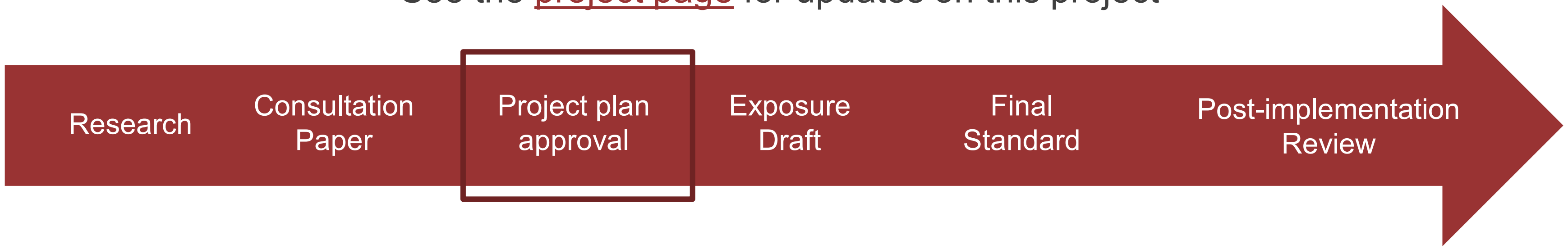
Considering feedback from outreach, the AcSB has tentatively proposed that:

- entities not opting for relief from recognition of intangible assets could **choose to amortize its goodwill**; and
- goodwill would be amortized on a **straight-line basis** over a **default period of 5 years**, unless the entity can demonstrate that another useful life **not exceeding 10 years** is more appropriate.

Subsequent Measurement of Goodwill

- Proposals are tentative as AcSB has not completed discussions or the balloting process.
- The Board continued discussing Transition, Changes in Accounting Policy, and other issues in December 2024 and March 2025.
- The Board plans to issue an Exposure Draft for comment in H2 2025.

See the project page for updates on this project



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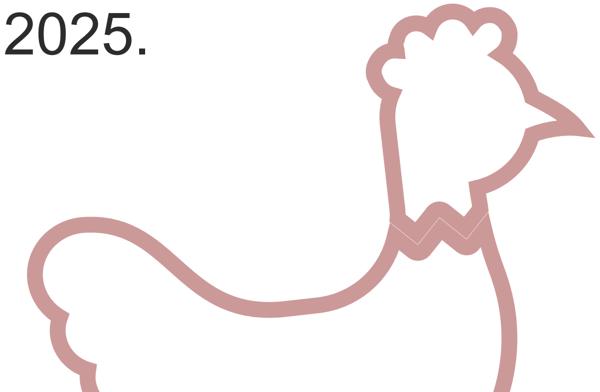
Agriculture (Part II)

- In March 2025, the AcSB issued its Exposure Draft, "*Amendments to Section 3041,* Agriculture", which closed for comment on May 12, 2025.
- The Exposure Draft proposes narrow-scope amendments to:
  - remove certain **disclosure requirements** for agricultural inventories that are measured using the NRV and cost model; and
  - **clarify the amortization requirement** for productive biological assets managed on a collective basis.
- The AcSB conducted targeted outreach between March and May 2025.



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Agriculture (Part II)

Next steps

- The AcSB will deliberate feedback received from outreach activities at its July 2025 meeting.

- The Board expects to issue the final amendments in the Handbook in Q4 2025.

See the project page for updates on this project

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Financial Statement Concepts (Parts II & III)

Why is the AcSB taking this project on?

- Concepts in Parts II & III should be reviewed to ensure they continue to be fit-for-purpose in today's environment.
- The AcSB also expects that having an improved set of Concepts could benefit not only preparers and practitioners, but the Board itself.

Will this project make accounting standards in Parts II & III more complex?

- An updated set of financial statement concepts is **not expected** to significantly impact the application of existing accounting standards nor is it expected to increase the complexity of accounting standards.

Financial Statement Concepts (Parts II & III)

How could preparers and practitioners benefit from a Concepts improvement project?

- Help determine accounting treatment in emerging areas where standards do not exist
- Assist in areas which require judgment
- Clarify the purpose of Concepts, including when and how they should be used

Updated definitions of financial statement elements will also help the Board to set standards in response to emerging issues that are impacting preparers and practitioners.

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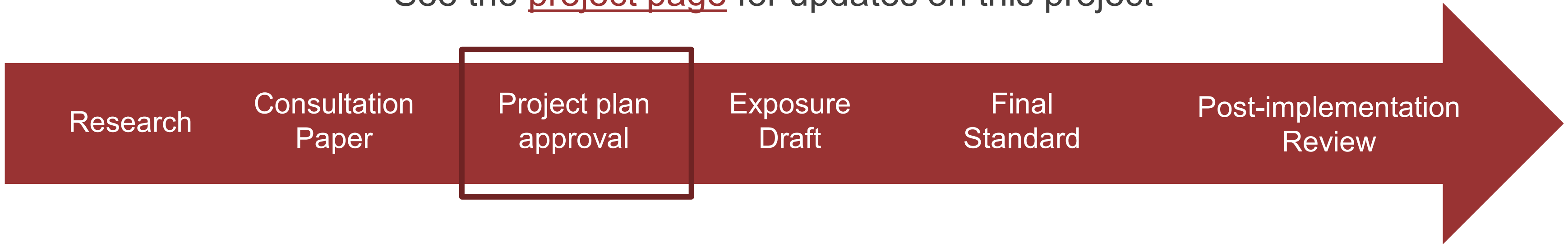
Financial Statement Concepts – Next Steps

- The AcSB is currently seeking feedback from its Advisory Committees on topics to be updated in Financial Statement Concepts.
- The Board will consider topics from the IASB's revised Conceptual Framework when developing proposals.
  - Each topic will be reviewed to determine if it is fit-for-purpose for Canadian entities
- Find out more about the benefits, background and approach to this project at the following link.

See the project page for updates on this project



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Financial Statement Concepts – Polling Question

Do you think that current concepts in Section 1000/1001 provide a sufficient level of detail to aid in understanding accounting standards, or to help establish accounting policies in areas where standards do not yet exist?

a) Yes – there is enough detail in Section 1000/1001

b) No – some topics could benefit from more information/descriptions

c) Unsure

d) Don’t refer to concepts in my current role

Contributions – Revenue Recognition and Related Matters (Part III)

- In response to feedback from the 2023 Exposure Draft "*Contributions – Revenue Recognition and Related Matters*", the AcSB is developing a new exposure draft that will:

  - continue to **allow an accounting policy choice** for the recognition of contributions; and

  - develop amendments to the contribution recognition guidance and related matters that result in **less complex and more understandable** financial statements.

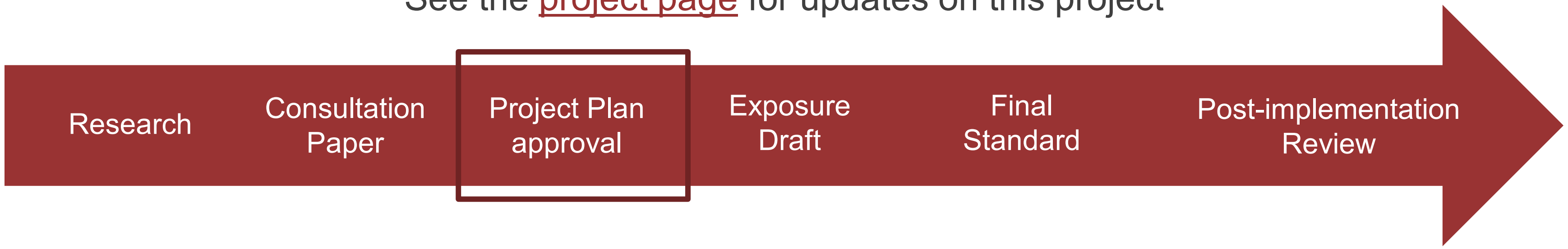
- The AcSB issued a feedback statement addressing the history and revised direction for this project in May 2024.

Contributions – Revenue Recognition and Related Matters (Part III) – Next Steps

Next Steps

- Develop case studies using examples and feedback from the NFPAC.
- Conduct detailed field testing of the proposals under consideration from June to August 2025.
- Begin considering field-testing results in September 2025 to guide the project direction.

See the project page for updates on this project



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Reporting Controlled and Related Entities by NFPOs (Part III)

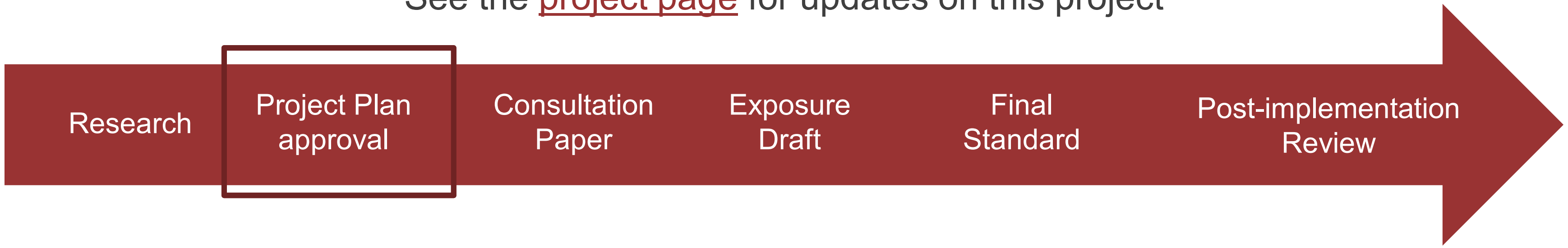
- The project aims to improve the transparency of financial statements, helping users assess the relationships that not-for-profit organizations have with related and controlled entities.
- Project will include:
  - evaluating whether the definitions and related application guidance can be improved;
  - improving disclosures; and
  - introducing illustrative examples as needed.

Reporting Controlled and Related Entities by NFPOs (Part III)

Next steps

- The AcSB is currently developing a Consultation Paper to seek views on topics to be addressed in this project.

See the project page for updates on this project



Get Involved

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How to Get Involved

- Let us know what you think
  - Send a question or comment directly via our website.
- Volunteer for an Advisory Committee or Working Group.

Section	Staff Contact	Phone	Email
Part II	Eric English	(647) 264-8277	eenglish@acsbcanada.ca
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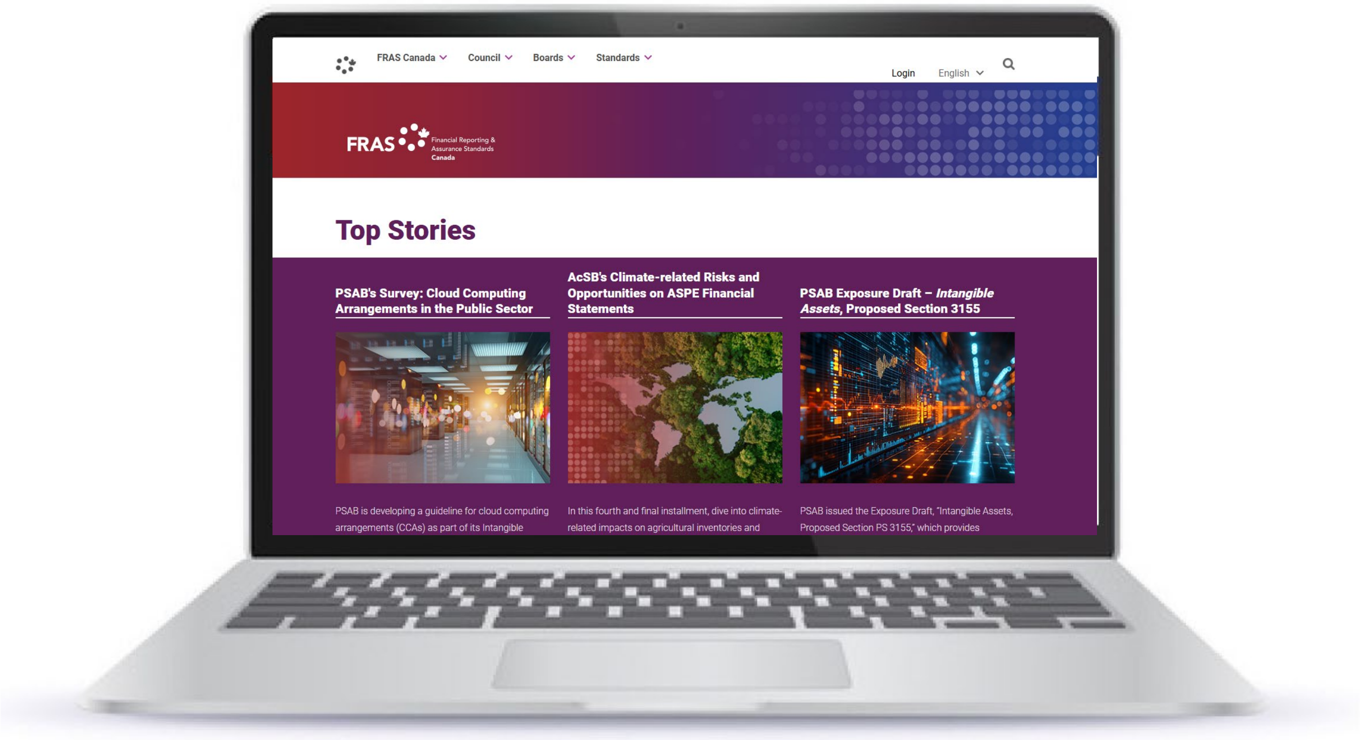

Post-webinar quiz

https://forms.office.com/r/QCPTUMgZ29

Questions?

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Thank You!

Appendix – Recently Issued or Amended Domestic Standards

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Standards for Pension Plans (Part IV)

- The AcSB issued amendments to Part IV of the CPA Canada Handbook in December 2022. The amendments are effective **January 1, 2024**.
- The amendments:
  - clarify that a statement of changes in pension obligations is not required for defined contribution pension plans;
  - provide guidance on determining the split or amalgamation date for pension plans;
  - provide recognition, measurement, and disclosure guidance on the accounting for guaranteed annuity contracts (commonly referred to as "buy-in" or "buy-out" annuity contracts);
  - clarify the presentation requirements for combination plans; and
  - require additional risk disclosures for investments in master trusts.

See the project page for more information

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2023 Annual Improvements to Accounting Standards for Pension Plans (Part IV)

- In December 2022, the AcSB amended Section 4600, *Pension Plans* to introduce new measurement and disclosure guidance for guaranteed annuity contracts, commonly referred to as "buy-in" annuity contracts.
- The Board explored providing relief from certain existing disclosure requirements that would become less relevant as a result of the new guidance.
- Exposure Draft issued in May 2023 proposed to amend the paragraph 4600.32 disclosure requirement to scope out investments that are not measured at fair value. In accordance with paragraph 4600.19, all investment assets and investment liabilities would be measured at fair value except for buy-in annuity contracts as described in paragraph 4600.21A.
- The AcSB issued the amendments in November 2023 as exposed with an effective date of **January 1, 2024**, with earlier application permitted.

See the project page for more information

Research → Consultation Paper → Project plan approval → Exposure Draft → Final Standard → Post-implementation Review

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Cloud Computing Arrangements

- In November 2022, AcG-20 *Customer's accounting for cloud computing arrangements* was issued in the CPA Canada Handbook.
- This guideline:
  - clarifies how existing Sections in ASPE are applied;
  - clarifies an entity may determine a method for allocating arrangement consideration to significant separable elements in a CCA;
  - provides new accounting policies that an entity could choose from that best suit its circumstances and would provide relevant information to its users; and
  - improves disclosures.
- **Effective** for years beginning on or after **January 1, 2024**.

Applies to both private enterprises and NFPOs

See the project page for more information

Research → Consultation Paper → Project plan approval → Exposure Draft → **Final Standard** → Post-implementation Review

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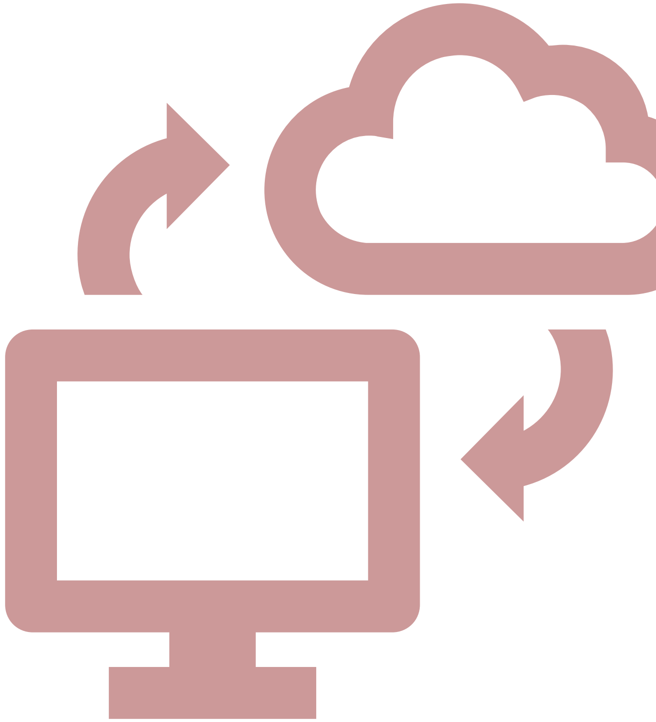
Cloud Computing Arrangements - Accounting Policy Choices in the Guideline

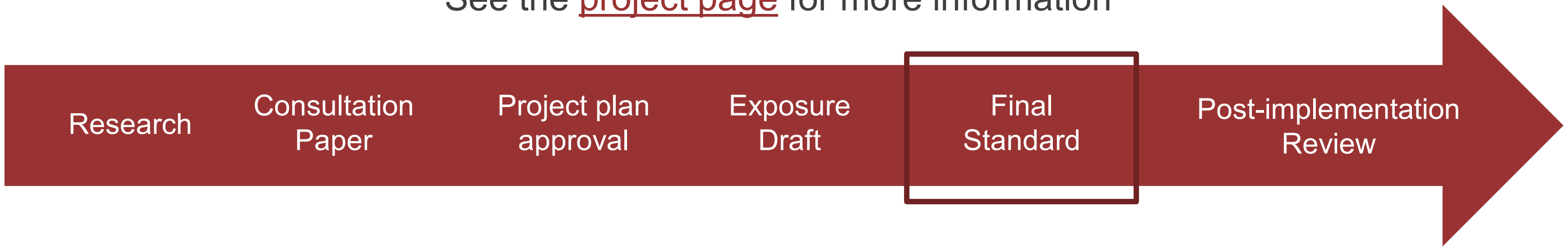
1. Apply **optional** simplification approach
   - Expense as incurred
2. If simplification approach not applied:
   - Must determine if software element is a software intangible asset or is a software service
   - If software intangible asset:
     - Follow guidance in Section 3064, *Goodwill and Intangible Assets*
   - If software service:
     - Then Guideline provides **policy choice** to capitalize or expense implementation costs



Related Party Combinations (Part II)

- **Final amendments issued** on September 1, 2023.
    - **Effective** for years beginning on or after **January 1, 2025.**
- The amendments:
    - clarify the application of Section 1582, *Business Combinations,* to business combinations under common control accounted for in accordance with *Related Party Transactions* paragraph 3840.44(a);
    - provide an option to retrospectively restate prior periods when carrying amounts are used to account for a combination or to prospectively account for these transactions; and
    - clarify that financial instruments acquired in a common control transaction should be measured in accordance with Section 3840, *Related Party Transactions*.

See the project page for more information



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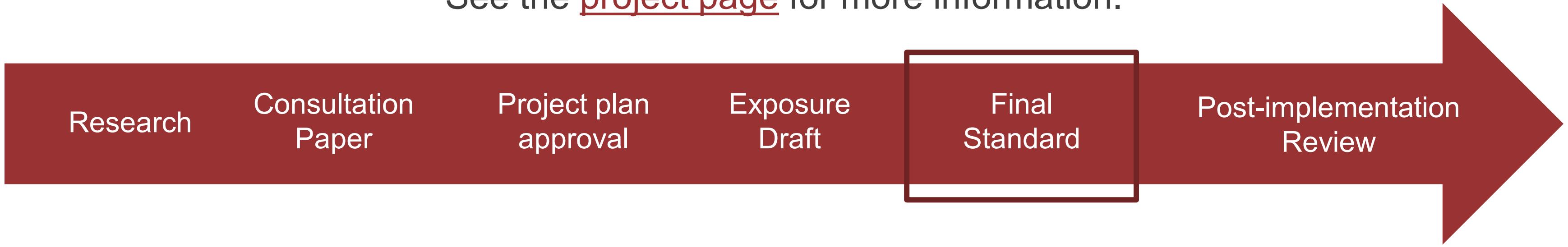
Revenue – Upfront Non-Refundable Fees or Payments

- **Final amendments issued** on May 1, 2024.
- The **effective date** of these amendments has been **deferred**, with early application permitted, until the Evaluating the Preface project is completed.
  - The AcSB concluded research on the project on evaluating the Preface to the Handbook, see slide 11 for details on this research project.
  - Further details on the next steps of the Revenue – Upfront Non-Refundable Fees or Payments project will be provided on the project page linked below when the Board resumes its work.
- The amendments also propose a new disclosure requirement for entities recognizing upfront non-refundable fees or payments in revenue upon entering into the arrangement.

See the project page for more information.



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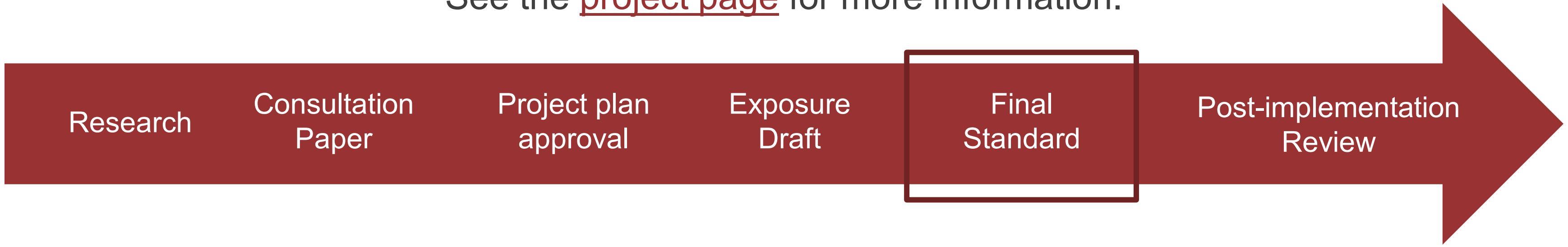
Insurance Contracts with Cash Surrender Value

- Accounting Guideline (AcG) issued in September 2024. Effective **January 1, 2026** with earlier application permitted.
- In accordance with the AcG an entity shall:
    - recognize CSV as an asset, measured at the cash surrender amount;
    - recognize annual change in CSV and premium payments in the income statement;
    - disclose the carrying amount in aggregate for all insurance policies, if not separately presented on the face of the balance sheet; and
    - disclose the caption that includes change in CSV; if not separately presented on the face of the income statement.

See the project page for more information.



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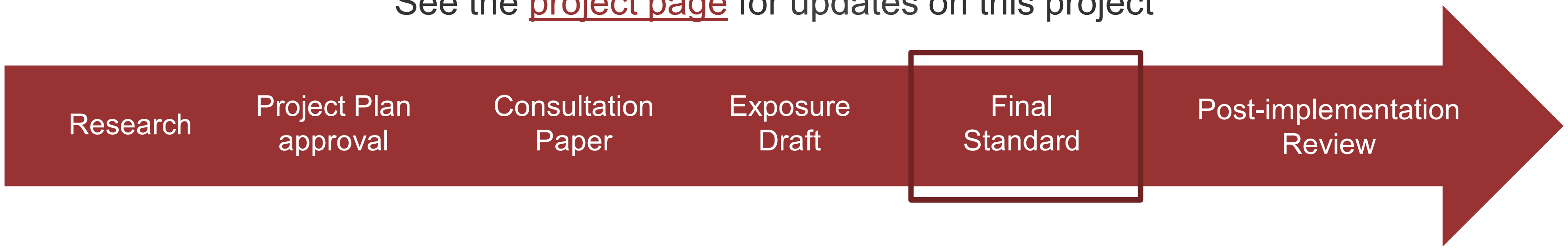
Standards for Pension Plans (Part IV)

- **Final amendments issued** on April 1, 2025.
  - **Effective** for years beginning on or after **January 1, 2027**, with earlier application permitted.
- The amendments to Section 4600, *Pension Plans*:
  - include the disclosure requirements from IFRS 13 *Fair Value Measurement* in Part I of the Handbook;
  - require disclosure of the nature and extent of a pension plan’s interests in investment vehicles and associated risks;
  - include two new expense categories in the presentation of administrative expenses;
  - define “investment expenses” and require disclosure of the nature of investment expenses; and
  - introduce qualitative disclosure requirements regarding embedded investment expenses.

See the project page for updates on this project



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