AcSB
Accounting Standards Board

Domestic Accounting Standards Update

May 26, 2026

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

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Chair, Accounting Standards Board

Mark Squire, CPA, CA
Principal, Accounting Standards Board

Agenda

- AcSB Strategic and Annual Plans
- Recently Issued or Amended Domestic Standards
- Guidance Framework
- AcSB Domestic Standards Work Plan
- Open Q&A

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)

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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

Current Strategic Plan
for 2022-2027

Current Annual Plan
for 2026-2027

Developing the Next Strategic Plan

Strategic plans set out broad strategic objectives that will guide the AcSB in achieving its mission over a multi-year period.

Current plan is for 2022-2027, which ends March 31, 2027.

Next strategic plan is expected to be effective April 1, 2027.

The AcSB is currently consulting interested and affected parties on its 2027-2032 Draft Strategic Plan.

The AcSB decides on the strategic objectives after extensive consultation.

Current Landscape

- Environment filled with uncertainty and rapid change – economic shifts, evolving financial reporting needs, and technological transformation.
- Ongoing developments that influence what is reported inside and outside financial statements.
- Shifts in how entities access capital and resources.
- Calls to reduce reporting burden due to increasing resource constraints.

Our Proposed Strategies

Considering our mission and the current landscape, the Draft Strategic Plan proposes four strategies:

See [project page] to find out ways to share your views!

Polling Question #2

What strategies do you think are most important?

a) Foster meaningful engagement with interested and affected parties

b) Deliver high-quality accounting standards

c) Support the the effective implementation and application of accounting standards

d) Expand the AcSB's international influence

e) All of the above

f) None of the above

Recently Issued or Amended Domestic Standards

Key Standards and Amendments

Topic	Effective Date
Amendments to Section 3840, Related Party Transactions (issued in September 2023)	January 1, 2025
Amendments to Section 3840, Related Party Transactions (issued in December 2025)	January 1, 2026
AcG-21, Accounting for Life Insurance Contracts with Cash Surrender Value	January 1, 2026
Amendments to Section 3041, Agriculture	January 1, 2027
Amendments to Section 4600, Improvement to Presentation and Disclosure of Investment to Pension Plans	January 1, 2027
Amendments to Section 3400, Revenue – Upfront Non-refundable Fees or Payments	Deferred*

**The AcSB has deferred the effective date of these amendments indefinitely. See slide 54 in the Appendix for further details.*

Guidance Framework

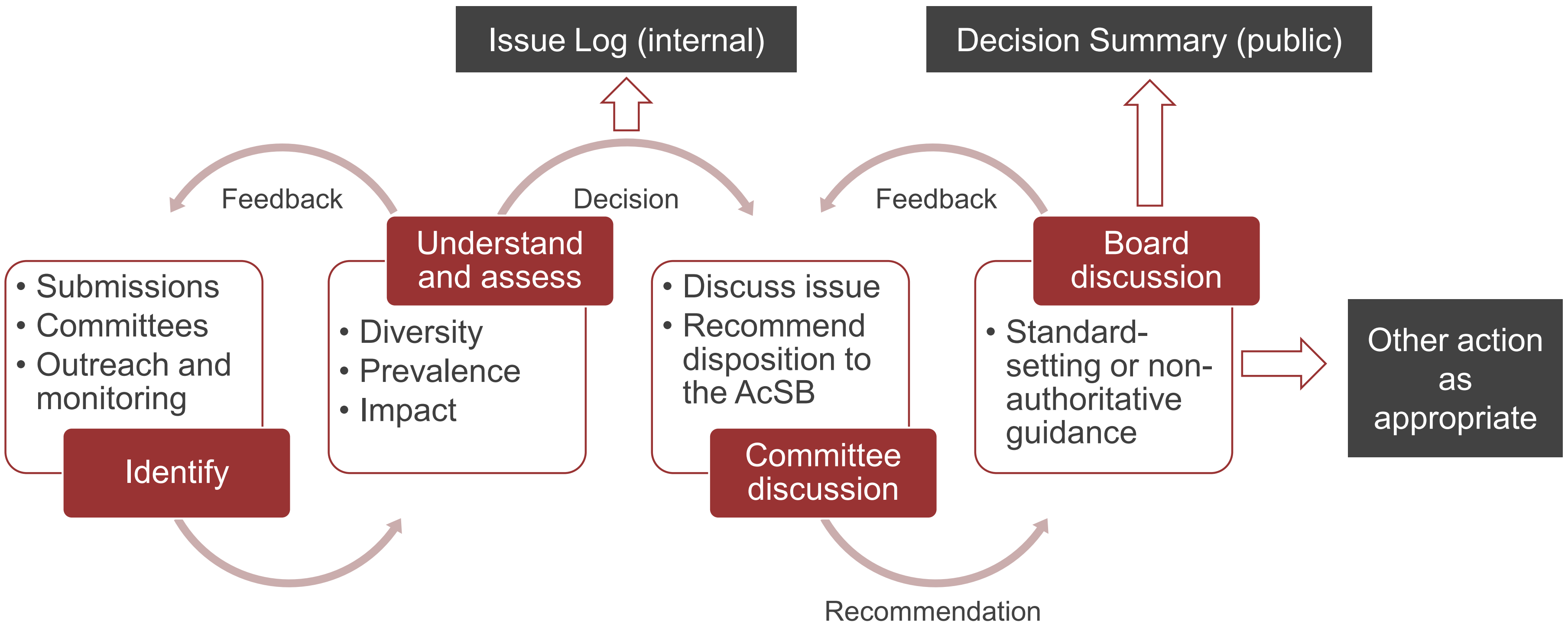
Guidance Framework

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

- Application issues
- Implementation of new or 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

See the project pages for more details: ASPE | NFPO | Pension Plans

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

Prospective option: **new entity** or **continuation** of one of the combining entities

September 2023
2023 amendments issued

December 2025
Final amendments

January 1, 2026
Effective Date

Application question identified on the 2023 amendments

Retrospective option remains available

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AcSB Domestic Standards Work Plan

Subsequent Measurement of Goodwill and Acquired Intangible Assets (Part II)

Why is the AcSB taking this project on?

- In response to concerns regarding significant cost and complexity associated with the accounting for intangible assets acquired in business combinations and the impairment-only model for goodwill.

Exposure Draft

- Exposure Draft – Relief from Recognition of Acquired Intangible Assets and Amortization of Goodwill – Issued in October 2025; comment period closed on January 31, 2026.
- Proposed amendments to Sections 1582, *Business Combinations* and Section 3064, *Goodwill and Intangible Assets* to simplify reporting, reduce valuation costs and better align accounting effort with user needs.

Subsequent Measurement of Goodwill and Acquired Intangible Assets (Part II)

Main Features of the Exposure Draft

Relief from recognizing intangible assets acquired in a business combination (Relief)	• provides an accounting **policy choice** to elect the optional relief. • the policy choice must be **applied consistently** across all business combinations and to **all** intangible assets acquired in a business combination. • entities electing the relief are **required** to amortize their goodwill. • requires disclosures on **qualitatively significant** intangible assets subsumed into goodwill that are **readily identifiable.**
Allow accounting policy choice to amortize goodwill	• Provides **entities that do not elect** the relief an accounting **policy choice** to amortize goodwill. • the policy choice must be **applied consistently** to all business combinations. • goodwill is amortized on a straight-line basis over a **default period of 5 years**, unless the entity can demonstrate that a different useful life, not exceeding 10 years, is more appropriate*.

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*If goodwill is amortized, it would still be tested for impairment in the presence of an indicator of impairment; however, this is expected to be less likely if the carrying amount of goodwill decreases over time.

Subsequent Measurement of Goodwill and Acquired Intangible Assets (Part II)

What we heard from Interested and Affected Parties (IAP)

Feedback across consultations was **overwhelmingly supportive** of the project's direction.

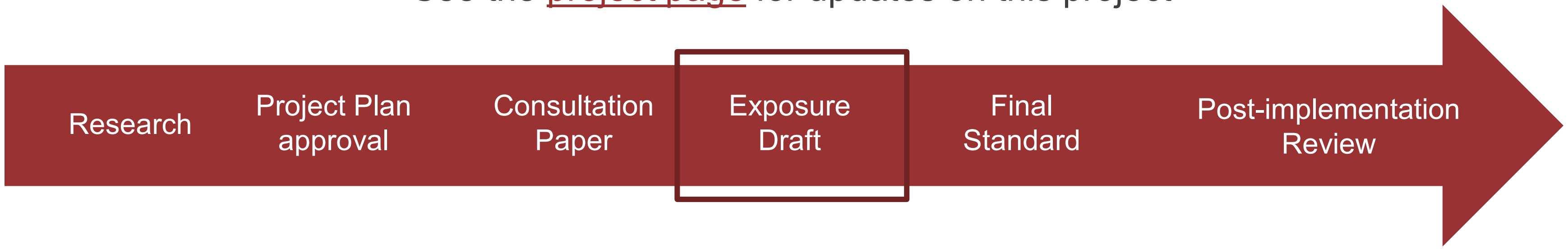
The proposals are expected to significantly **reduce reporting burden and enhance operability**.

The proposals will provide **relief** where current ASPE requirements create **complexity with limited user benefit**.

Subsequent Measurement of Goodwill and Acquired Intangible Assets – Next Steps

- The AcSB will discuss exposure draft feedback at its June 2026 meeting.
- The Board expects to issue the final amendments in the Handbook in Q2 2027.

See the project page for updates on this project



Detailed Review of ASPE (Part II)

Background

- The AcSB committed to **exploring scaling the standards** for non-listed entities as part of its **2022-2027 Strategic Plan**.
- The AcSB released Consultation Paper I – "Exploring Scalability in Canada" in March 2023 and received feedback that **ASPE is challenging to apply** or results in **information** that is **not useful** to financial statement users.

Purpose

- The AcSB initiated "Detailed Review of ASPE" project to:
  - ❖ Identify the requirements that are most **complex to apply.**
  - ❖ Propose **practical solutions** without reducing information quality.
  - ❖ The intent is **not** to address or fix every issue with each standard.

Detailed Review of ASPE (Part II)

Consultation Paper

- The AcSB issued Consultation Paper - Detailed Review of Accounting Standards for Private Enterprises in September 2025, which closed for comment on January 31, 2026.

Feedback received

- The AcSB has conducted extensive outreach activities and received **high-quality feedback** from representative groups of IAP.
- The AcSB deliberated feedback at its March 2026 meeting and noted the respondents **generally supported** the project's objective.

Tentative decisions

- In response to feedback received, at its March 2026 meeting, the Board tentatively decided to:
  - Add a research project on **related party transactions** and a project on developing guidance on **Impairment of long-lived assets** to its 2026-2027 Annual Plan.
  - Bring **Issue 10** related to stock-based compensation and other stock-based payments **in scope of the project.**
  - Add other in-scope topics to its project list for priority consideration in future annual plans.

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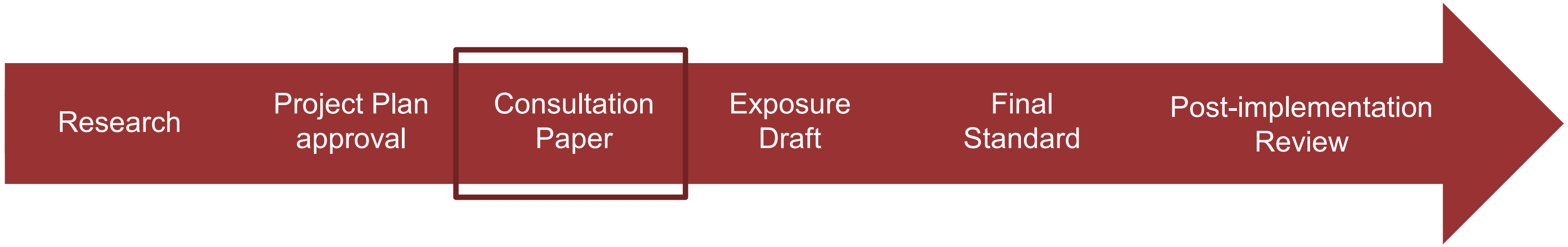
Detailed Review of ASPE – Next Steps

- The AcSB will seek feedback from its Advisory Committees on the scope and proposals for issued related to **Impairment of long-lived assets** and approve a project plan.
- The Board will continue discussing feedback from the Consultation Paper in July 2026 and plans to issue a project summary in 2026-2027.

See the project page for updates on this project



Polling Question #3

Where do you see the greatest challenges in applying related party transaction requirements?

a) Measurement challenges (e.g., non-market loans, fair value vs carrying amounts)

b) Classification of related party financial instruments

c) Accounting for related party combination transactions

d) Lack of guidance and illustrative examples

e) Guidance that is difficult to understand and apply (e.g., numerous exceptions and cross-references)

f) All of the above

g) None of the above

Financial Statement Concepts (Parts II & III)

The AcSB is undertaking a project to improve Financial Statement Concepts.

This project **will**:

- Ensure Concepts remain **fit-for-purpose** for Canadian environment.
- Clarify the purpose and intended use of financial statement concepts.
- Strengthen the foundation for future standard-setting.

This project **will not**:

- Override any existing standards or requirements.
- Increase complexity for preparers and practitioners, or change the application of any existing standards or requirements.

Financial Statement Concepts (Parts II & III)

Benefits of improvements to Financial Statement Concepts:

Preparers and Practitioners	• Help determine accounting treatment in emerging areas. • Support the application of professional judgment. • Clarify when and how Concepts should be used.
The AcSB	• Support consistent standard-setting decisions. • Help respond to emerging accounting issues.

Financial Statement Concepts (Parts II & III)

Key decisions and progress to date

Decision

Tentatively decided to develop a **single set of concepts** located outside of Parts II and III Handbook standards, encompassing both private enterprises and NFPOs.

Approach

Reviewed the IFRS for SMEs Concepts and the IASB's Conceptual Framework to identify areas where additional guidance and updated terminology may be helpful for users of Concepts.

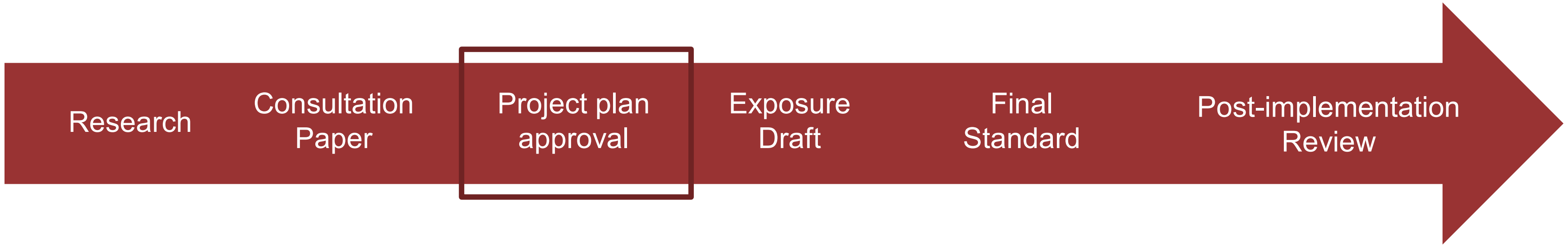
Progress

Gathered input from its Advisory Committees and begun developing an exposure draft.

Financial Statement Concepts – Next Steps

- The AcSB is developing an exposure draft outlining proposals for an updated Conceptual Framework.
- Find out more about the benefits, background and approach to this project.

See the project page for updates on this project



Contributions – Revenue Recognition and Related Matters (Part III)

The AcSB wants to reduce complexity and improve understandability of NFPO financial statements.

March 2023 – The AcSB issued an Exposure Draft.

- Proposed a single model approach for recognizing revenue from **restricted contributions.**
- Mixed views were received.
- The Board concluded this approach does not meet the diverse need of NFPOs.

May 2024 – The AcSB issued a Feedback Statement and revised project plan.

- The Feedback Summary summarized key messages received on the Exposure Draft.
- A NEW exposure draft will propose improvements to both methods.

Present – The AcSB is developing a new Exposure Draft that will:

- Continue to **allow an accounting policy choice** for the recognition of contributions; and
- Propose amendments to the guidance that results in **less complex and more understandable** financial statements.

Contributions – Revenue Recognition and Related Matters (Part III)

Progress to date

- Conducted detailed field testing of proposals.
- Participants expressed support for the proposals under development.

- Conducted targeted outreach with interested and affected parties on proposals being developed.

- Held discussions with its Advisory Committee on various topics, including definitions, recognition, scope, transition and effective date.

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

- The AcSB will finalize proposals on effective date, transition provisions, presentation and disclosure requirements and complete the drafting of illustrative examples.
- The Board expects to issue the new Exposure Draft in Q4 2026.

See the project page for updates on this project

Reporting Controlled and Related Entities by NFPOs (Part III)

Purpose

- Improve transparency of financial statements.
- Help users identify and assess the relationships that NFPOs have with related and controlled entities.

Scope

- This project may **not apply to all NFPOs.**
- Exploring a new model for assessing relationships between NFPOs.
- Maintains the existing policy choice between consolidation and disclosure of controlled NFPOs.

Areas of focus

- Improve definitions and related application guidance.
- Improve disclosures related to controlled and related entities.
- Introduce illustrative examples to assist in application.

Reporting Controlled and Related Entities by NFPOs (Part III) – Next Steps

- The AcSB expects to issue a Consultation Paper in fall 2026 to seek feedback on the topics.

See the project page for updates on this project

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Package of Minor Amendments (Parts II, III and IV)

- As part of its 2026-2027 Annual Plan, the Board decided to add a Package of Minor Amendment to its workplan.
- What is a package of minor amendments (PMA)?
  - ❖ Proposed amendments that are **minor** or **narrow** enough to be packaged together in one exposure draft, even though the amendments are not related.
  - ❖ Formerly referred to as Annual Improvements

Package of Minor Amendments (Parts II, III and IV)

The AcSB has tentatively decided to include the following topics in the 2026-27 Package of Minor Amendments:

Topic	Overview
Debt modifications	Considers adding clearer guidance on the fees to include when applying the “10% test” for financial liability modifications.
Definition of accounting estimates	Considers adding clearer guidance to help preparers distinguish between a change in accounting policy and change in estimate.
Accounting policy disclosure	Considers requiring disclosure of <u>material</u> accounting policy information instead of <u>significant</u> accounting policies.
Disclosure of non-current liabilities with covenants	Considers additional disclosure requirements of covenants to be complied with after year-end.
Consolidation of subsidiaries with different year-ends	Considers clarifying the requirements for a parent that consolidates subsidiaries with fiscal periods that are non-coterminous.

Package of Minor Amendments – Next Steps

- The AcSB will seek input from its Advisory Committees on the draft proposals.
- The Board expects to issue an exposure draft in H2 2026.

See the project page for updates on this project

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Derecognition of Financial Liabilities (Part II)

- The AcSB proposes a **Narrow Scope Amendment** to address a question raised through the Guidance Framework.
  - ❖ Clarifies the date an enterprise removes a financial liability from its balance sheet.
  - ❖ Not expected to change current practice.
- The Board expects to issue an exposure draft in H2 2026.

See the project page for updates on this project

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Pension Plans – Research Project (Part IV)

Why this project?

- In fiscal 2025-2026, the AcSB consulted IAP via survey to identify Part IV priorities.
  - ❖ Respondents ranked **non-traditional pension plans** as a **high priority**.

Decision

- The AcSB approved a **research project** at its March 2026 meeting.
- **Focus:** pension plans that are not traditional defined benefit or defined contribution plans.

Next steps

- Conduct research to:
  - Understand common features of non-traditional plans.
  - Assess whether to update definitions in Section 4600.
  - Explore potential amendments.
- Seek inputs from Pension Plan Advisory Committee

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

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Get Involved

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
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Post-webinar quiz

[Post-webinar quiz link]

Webinar - AcSB's Domestic Standards Update Spring 2026

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Questions

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Thank You!

Appendix – Recently Issued or Amended Domestic Standards

Related Party Combinations (Part II) – 2023 Amendments

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

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Related Party Combinations (Part II) – 2025 Amendments

- **Final amendments issued** on December 1, 2025.
  - **Effective** for years beginning on or after **January 1, 2026.**
- The amendments to Section 3840, *Related Party Transactions,* for a combination under common control:
  - provide an **option** to account for a combined entity **prospectively** (when carrying values are used) as either a **new entity** or a **continuation** of one of the combining entities.
  - **Option** to account for a combination **retrospectively** for the entire period in which the combination occurred and for all prior periods continues to be available.

Insurance Contracts with Cash Surrender Value (CSV) (Part II)

- Accounting Guideline (AcG-21) issued in September 2024.
  - **Effective on January 1, 2026; early application permitted**.
- In accordance with the AcG-21, 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.

Agriculture (Part II)

- **Final amendments issued** on November 1, 2025.
  - ❖ **Effective** for years beginning on or after **January 1, 2027; early application is permitted.**
- The amendments to Section 3041, *Agriculture*:

  1. **Remove disclosure requirements**:
     - ❖ **Net realizable value model** - paragraphs 3041.88(c) and 3041.88(d):
       - aggregate gains and losses from changes in carrying amount of agricultural inventories
       - amount of agricultural inventories recognized as an expense during the period
     - ❖ **Cost model** - paragraph 3041.86(d):
       - amount of agricultural inventories recognized as an expense during the period

Agriculture (Part II) - continued

- The amendments to Section 3041, *Agriculture* (continued):

  2. **Provide scope clarification** on paragraph 3041.66 regarding the amortization requirement of productive biological assets managed on a collective basis.

  3. **Provide additional guidance**:

     - add paragraphs 3041.67A and 3041.68A on accounting for when useful life of productive biological assets changes from indefinite to no longer indefinite, and vice versa.

Standards for Pension Plans (Part IV)

- **Final amendments issued** on April 1, 2025.
  - **Effective** for years beginning on or after **January 1, 2027**, with **early 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.

Revenue – Upfront Non-Refundable Fees or Payments (Part II)

- **Final amendments** to Section 3400, *Revenue* was **issued** on May 1, 2024.
- The **effective date was deferred** pending the outcome of the Evaluating the Preface project, which has since concluded with no changes to the Handbook.
  - **Early application is permitted**; timing of the effective date remains under consideration.
  - **Next steps** of the project will be provided on the project page when the AcSB resumes its work.
- The amendments also propose a **new disclosure requirement** for entities recognizing upfront non-refundable fees or payments in revenue upon entering the arrangement.