AcSB
Accounting
Standards Board

Exposure Draft

Proposed Accounting Standards

2026-2027 Package of Minor Amendments

November 2026

This Exposure Draft closes for comments on January 22, 2027.

The Accounting Standards Board (AcSB) welcomes feedback from any interested party on any or all questions posed in this Exposure Draft. Comment on this document by uploading your response letter via this online form.

Response letters can be addressed to:

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Note: Response letters will be posted online shortly after this Exposure Draft closes for comment. Confidentiality can be requested when uploading letters via the online form.

Helpful tips when participating in a consultation:

- Comments are most helpful if they relate to a specific paragraph or group of paragraphs found in the Exposure Draft.
- If you identify a potential issue in this Exposure Draft's proposals, we encourage you to clearly explain the issue and include a suggested alternative, supported by specific reasoning.
- The AcSB does not expect you to respond to every single question posed — only those to which you feel you can or should respond.

HIGHLIGHTS

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to amend Accounting Standards for Private Enterprises (ASPE) in Part II and Accounting Standards for Pension Plans in Part IV of the CPA Canada Handbook – Accounting as set out in this Exposure Draft.

Background

The AcSB revised its Due Process Manual (Manual) to include revisions for a package of minor amendments, which is a category of standard-setting projects formerly referred to as "annual improvements." The Board observed that such improvements have not always been made on an annual cycle, and therefore, this revised name better reflects the nature of the project. The Manual also includes revisions to the definition, clarifying that such amendments may affect practice.

In December 2025, the AcSB continued discussing its 2026-2027 Annual Plan. As part of these discussions, the Board decided to add a package of minor amendments to its work plan to address items on the future project list that have arisen from various sources, including the annual review of amendments to frameworks in other jurisdictions, the Guidance Framework and out-of-scope issues raised in feedback from other Exposure Drafts.

During spring 2026, the AcSB consulted with its Private Enterprise Advisory Committee, Medium and Small Practitioners Advisory Committee and Canadian Private Enterprise User Advisory Committee on a tentative list of issues to be addressed in the package of minor amendments. Through these discussions, the Board heard from financial statement users, preparers and practitioners. After considering the feedback, the Board proposes amending multiple sections of Part II and Part IV of the Handbook.

Main features of this Exposure Draft

The following summarizes the proposed amendments:

Part II – Accounting Standards for Private Enterprises

DISCLOSURE OF ACCOUNTING POLICIES, Section 1505

In this Section, the proposed amendment would require entities to disclose their material accounting policy information instead of their significant accounting policies. The AcSB considered the International Accounting Standards Board's (IASB)'s amendment to IAS 1 *Presentation of Financial Statements* in February 2021 and reasoned that a similar change in ASPE would be helpful to preparers as "material" is a defined term, whereas "significant" is not. The proposed amendment also refines the wording to improve alignment and reduce redundancy within the standard. To maintain consistency, the Board proposes a similar amendment to PENSION PLANS, Section 4600 in Part IV of the Handbook.

ACCOUNTING CHANGES, Section 1506

In this Section, the proposed amendment would introduce the definition of accounting estimates and provide other clarifications to help entities distinguish changes in accounting policies and changes in accounting estimates. The AcSB considered the IASB's amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* issued in February 2021 and reasoned that similar amendments would add clarity and more consistent application in ASPE.

FINANCIAL INSTRUMENTS, Section 3856

In this Section, the proposed amendment would clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability (i.e., the "10 percent" test). The AcSB considered an amendment made by the IASB in May 2020 and decided that a similar clarification would be helpful in ASPE. The proposals would clarify that the fees included are the ones paid or received between the borrower and lender.

Part IV – Accounting Standards for Pension Plans

PENSION PLANS, Section 4600

In this Section, the proposed amendment would require pension plans to disclose their "material" accounting policy information instead of their "significant" accounting policies to remain consistent with the amendment in DISCLOSURE OF ACCOUNTING POLICIES, Section 1505 in Part II of the Handbook.

Timing of adoption and transitional provisions

The AcSB expects to issue the final amendments in the fourth quarter of 2027. The amendments will be effective for years beginning on or after January 1, 2029. Earlier application is permitted. The Board intends that the amendments be applied retrospectively or prospectively, as per the instructions provided in each amendment's proposed effective date and transition.

Consequential amendments

In addition to the proposals in this Exposure Draft, the AcSB proposed the following consequential amendments to other standards:

- In EMPLOYEE FUTURE BENEFITS, paragraph 3462.116, the required disclosure of "significant" accounting policies would be changed to "material" accounting policies.
- In FINANCIAL INSTRUMENTS, paragraph 3856.B57, the description of "significant" accounting policies would be changed to "material" accounting policies when referring to the measurement of retained interests subsequent to a transfer accounted for as a sale.

Comments requested

While the AcSB welcomes comments on all changes proposed in this Exposure Draft, it particularly welcomes comments on the questions listed below. Any comments that express disagreement with the proposals in the Exposure Draft should clearly explain the problem and include a suggested alternative, supported by specific reasoning.

Part II – Accounting Standards for Private Enterprises

1. Do you agree with the proposed amendments to Section 1505 to require entities to disclose their "material" accounting policy information instead of their "significant" accounting policies?
2. Do you agree with the proposed effective date and prospective application in paragraph 1505.11?
3. Do you agree with the proposed amendments to Section 1506 to introduce the definition of accounting estimates and provide other clarifications to distinguish changes in accounting policies and changes in accounting estimates?
4. Do you agree with the proposed effective date and prospective application in paragraph 1506.45?
5. Do you agree with the proposed amendments to FINANCIAL INSTRUMENTS, Section 3856, to clarify which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability (i.e., the "10 percent" test)?
6. Do you agree with the proposed effective date and prospective application in paragraph 3856.74?

Part IV – Accounting Standards for Pension Plans

7. Do you agree with the proposed amendments to Section 4600 to require pension plans to disclose their "material" accounting policy information instead of their "significant" accounting policies?
8. Do you agree with the proposed effective date and prospective application in paragraph 4600.46?

The deadline for providing your comment letter to the AcSB is January 22, 2027. Comment on this document by uploading your response letter via this online form.

PROPOSALS

Accounting standards for private enterprises and pensions plans would be amended as indicated below. Additional text is denoted by underlining and deleted text by strikethrough.

Part II – Accounting Standards for Private Enterprises

DISCLOSURE OF ACCOUNTING POLICIES, Section 1505

Disclosure

…

.03 *A clear and concise description of the ~~significant~~ material accounting policies of an enterprise shall be included as an integral part of the financial statements.*

…

Content

.05 An enterprise should identify and describe those accounting policies that are ~~significant~~ material to its operations. ~~As a minimum, disclosure would include information on areas where judgment has been exercised (i.e., where there is a choice between alternatives).~~ Accounting principles and the methods used in their application may differ from one industry to another and it cannot be assumed that a user of the financial statements is familiar with these differences.

.06 Accounting policy information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements. For example, an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions, and: ~~*As a minimum, disclosure of information on accounting policies shall be provided in the following situations:*~~

(a) when a selection has been made from alternative acceptable accounting principles and methods;

(b) when there are acceptable accounting principles and methods used that are ~~peculiar~~ common to an industry in which an enterprise operates, even if such accounting principles and methods are predominantly followed in that industry~~.~~;

(c) when the enterprise changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

(d) when the accounting policy was developed in accordance with GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, Section 1100, in the absence of a primary source of GAAP that specifically applies;

(e) when the accounting policy relates to an area for which an enterprise is required to make significant judgments or assumptions in applying an accounting policy; and

(f) when the accounting required for the item is complex and financial statements users would otherwise not understand those material transactions, other events or conditions.

.07 ~~Examples of items requiring disclosure of accounting policies include the recognition of revenue from long-term contracts and from franchising and leasing operations.~~ Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

Effective date and transition

.11 Amendments to paragraph 1505.03, 1505.05, 1506.06 and 1506.07 issued in [Month 2027], apply prospectively, as defined in ACCOUNTING CHANGES, paragraph 1506.05(g), to annual financial statements relating to fiscal years beginning on or after January 1, 2029. Earlier application is permitted.

ACCOUNTING CHANGES, Section 1506

Definitions

…

.05 The following terms are used in this Section with the meanings specified:

…

(b) ~~A **change in accounting estimate** is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.~~ **Accounting estimates** are monetary amounts in financial statements that are subject to measurement uncertainty.

…

~~Changes in~~ Accounting estimates

.19 An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty; that is, the accounting policy may require such items to be measured at amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. ~~As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated.~~ Developing accounting estimates involves the use of judgments and assumptions ~~Estimation involves judgments~~ based on the latest available, reliable information. Examples of accounting estimates include ~~For example, estimates may be required of~~:

(a) an allowance for doubtful accounts ~~bad debts~~;

(b) the net realizable value of an item of inventory ~~obsolescence~~;

(c) the fair value of financial assets or financial liabilities;

(d) the amortization expense for an item of property, plant and equipment ~~useful lives of, or expected pattern of consumption of the future economic benefits embodied in, depreciable assets~~; and

(e) warranty obligations.

.19A An entity uses measurement techniques and inputs to develop an accounting estimate. Measurement techniques include estimation methods (e.g., methods used to measure an allowance for doubtful accounts) and valuation techniques (e.g., techniques used to measure the fair value of a financial asset or financial liability).

.19B In Part II of the Handbook, the term “estimate” is sometimes used more broadly than the term “accounting estimate” as defined in this standard. For example, it may refer to an input used in the development of an accounting estimate, rather than to a monetary amount recognized in the financial statements.

.20 The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

Changes in accounting estimates

.21 An entity may need to change an accounting estimate ~~may need revision~~ if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience. By its nature, a change in an accounting ~~the revision of an~~ estimate does not relate to prior periods and is not the correction of an error.

.21A The effects on an accounting estimate of a change in input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors.

…

Applying changes in accounting estimates

…

.25 Prospective recognition of the effect of a change in an accounting estimate, unless otherwise described in a primary source of GAAP, means that the change is applied to transactions, other events and conditions from the date of that ~~the~~ change ~~in estimate~~.

…

Errors

…

.29 Corrections of errors are distinguished from changes in accounting estimates. Accounting estimates by their nature are approximations that may need changing ~~revision~~ as additional information becomes known. For example, the gain or loss recognized on the outcome of a contingency is not the correction of an error.

…

Effective date and transition

…

.45 Amendments to paragraph 1506.05(b), 1506.19, 1506.21, 1506.25, 1506.29, and new paragraphs 1506.19A, 1506.19B and 1506.21A, issued in [Month 2027], apply prospectively, as defined in paragraph 1506.05(g), to annual financial statements relating to fiscal years beginning on or after January 1, 2029. Earlier application is permitted.

FINANCIAL INSTRUMENTS, Section 3856

…

Effective date and transition

…

.74 Amendments to paragraph 3856.A52 and the new paragraph 3856.A52A issued in [Month 2027], apply prospectively, as defined in ACCOUNTING CHANGES, paragraph 1506.05(g), to annual financial statements relating to fiscal years beginning on or after January 1, 2029. Earlier application is permitted.

Appendix A – Application Supplement

…

A52 For the purpose of paragraph 3856.27, the terms of a renegotiated financial liability differ substantially from the original liability when:

(a) the present value of the cash flows under the new terms, including any fees paid net of any fees received (see paragraph A52A) differs by at least 10 percent from the present value of the remaining cash flows of the original financial liability, both discounted at the original interest rate; or

(b) there is a change in the creditor and the original debt is legally discharged by the debtor through a cash payment or otherwise.

A52A In determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Part IV – Accounting Standards for Pension Plans

PENSION PLANS, Section 4600

…

Disclosure

General

.29 *A pension plan shall disclose the following information:*

(a) a summary description of the plan;

(b) the ~~significant~~ material accounting policies used in preparing the financial statements (i.e., those that are relevant to an understanding of the financial statements);

(c) the funding policy and any changes in funding policy during the period;

(d) the amounts and types of investments in the plan sponsor or in related parties of the plan sponsor; and

(e) transactions between the pension plan and the plan sponsor, and any other related party transactions of the pension plan. Additional investments by the plan in existing investees, dividends and interest paid to the plan by investees, and similar transactions are not required to be disclosed for purposes of this subparagraph.

…

Effective date and transition

…

.46 Amendments to paragraph 4600.29(b), issued in [Month 2027], apply prospectively, as defined in ACCOUNTING CHANGES, paragraph 1506.05(g), to annual financial statements relating to fiscal years beginning on or after January 1, 2029. Earlier application is permitted.

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