

October 31, 2025

Accounting Standards for Private Enterprises (ASPE)

As the Accounting Standards Board (AcSB) drives forward key initiatives to improve financial reporting in the private sector, this update highlights the latest accounting developments and what they could mean for your organization's reporting.

Standards Effective in 2025

Amendments to Section 3840, Related Party Transactions, and Section 3856, Financial Instruments

The accounting for the transfer of a business between enterprises under common control has historically raised several questions. As a result, the AcSB issued amendments in September 2023 that generally align with existing practice, apart from one significant change:

- When the transfer of a business between enterprises under common control is measured at the carrying amount, an option is provided to present the earnings, assets and liabilities of the acquired enterprise from the date of the transaction or for the entire period in which the transfer occurred and all prior periods.

When considering presentation options, the needs of financial statement users and relevancy of comparative information should be assessed.

To address questions on how comparative information should be presented when the prospective method is applied, the AcSB issued an Exposure Draft in December 2024 proposing clarifications. Final amendments to the Handbook are expected in late 2025.

Amendments to Section 3400, Revenue and Upfront Non-Refundable Fees or Payments

In 2024, the AcSB indefinitely deferred the effective date of guidance previously issued on upfront non-refundable fees and payments. Although the guidance is not effective, it remains in Section 3400 in the event entities find it useful, and a new disclosure requirement was added:

- For years beginning on or after January 1, 2025, enterprises must disclose the nature and amount of upfront non-refundable fees or payments recognized as revenue upon entering into an arrangement.

Standards Effective in 2026

New Accounting Guideline (AcG) 21, Accounting for Life Insurance Contracts with Cash Surrender Value

In September 2024, the AcSB issued AcG-21 to address diversity in practice. Where an enterprise is both the owner and beneficiary of a life insurance policy with a cash surrender value, AcG-21:

- Requires recognition of the cash surrender value as an asset, measured at its cash surrender amount;
- Requires the annual change and policy premiums to be recognized on a net basis in income or expense; and
- Establishes disclosure requirements to enhance transparency for financial statement users.

For a summary of these changes, refer to our [ASPE At A Glance](#) on this topic, or contact your BDO advisor with any questions.



This continues to be an area of complexity when determining revenue recognition policies. Please reach out to your BDO advisor.

Projects to Watch

Subsequent Measurement of Goodwill and Acquired Intangible Assets

The valuation of acquired intangible assets and subsequent measurement of goodwill for impairment have posed challenges to financial statement preparers, while some financial statement users question the usefulness of related quantitative information.

In response, the AcSB has developed an Exposure Draft that includes the following proposals:

- Allowing a policy choice to amortize goodwill; and
- Providing relief from recognizing acquired intangible assets separately, provided goodwill is amortized and qualitatively significant intangible assets are disclosed.

The comment period for the Exposure Draft ends January 31, 2026 and roundtable sessions are planned. Updates will be made available on the [project page](#) of the FRAS Canada website.

Detailed Review of Accounting Standards for Private Enterprises

The AcSB launched a Detailed Review of ASPE to identify areas where standards are complex to apply or result in information of limited value to financial statement users and consider practical solutions.

A recently issued Consultation Paper identifies several issues that are in scope of this project including:

- Allocation of overhead costs to inventory;
- Application of the percentage of completion method for revenue recognition; and
- Application of guidance for determining the classification of liability and equity instruments.

While no immediate changes are expected, this project will inform future standard-setting priorities. Stakeholder input is key, and there will be several ways to share feedback including surveys and roundtable sessions. To stay informed and share your views, visit the [project page](#) of the FRAS Canada website.

Other Projects

The Subsequent Measurement of Goodwill and Acquired Intangible Assets and Detailed Review of ASPE are just two of several projects that the AcSB is working on. Other projects include:

- Amendments to Section 3041, Agriculture, which saw an Exposure Draft in 2025 with proposals to address challenges with inventory disclosure and the application of guidance relating to productive biological assets managed on a collective basis;
- Financial Statement Concepts which is currently in the information gathering phase; and
- Evaluating the Preface which concluded in 2025 without any changes being proposed based on the research completed by the AcSB.

As the AcSB continues standard-setting activities to improve ASPE, you can stay up to date by visiting the [project listing](#) on the FRAS Canada website.

Applying new or amended standards can be complex and may impact the scope and nature of assurance procedures for your audited or reviewed financial statements. Your BDO assurance team will need to understand how these changes have been applied in your financial reporting including any key accounting positions and judgements.

Engaging with your BDO team early helps you:

- Identify and address potential impacts before year-end
- Clarify expectations for supporting documentation and disclosure
- Ensure a more efficient and informed assurance engagement

Reach out to your BDO advisor as soon as possible to prepare effectively for your upcoming year-end.

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