

**CPA Canada handbook – accounting, part II
highlight summary no. II.40**

December 2025

(Note: Any changes to previously issued standards are identified in the effective date guidance in each affected standard.)

Section 3840, Related Party Transactions

This Section has been amended to provide an option in paragraph 3840.44(b) to account for the combined enterprise either as a new entity or as a continuation of one of the combining enterprises. This option is available when carrying values are used to account for a combination involving a business under common control and an enterprise chooses to account for the combination prospectively from the transaction date. The option to account for the combination retrospectively for the entire period in which the combination occurred and for all prior periods remains available.

The amendments also require an enterprise to disclose of the option chosen to present the earnings, assets and liabilities of the combined enterprises, for each transaction, when applying paragraph 3840.44(b).

Consequential amendments include changes to BUSINESS COMBINATIONS, Section 1582, and FINANCIAL INSTRUMENTS, Section 3856, to the language used to describe transactions that are outside the scope of these standards, to be consistent with the language used in paragraph 3840.44.

These amendments are effective for fiscal years beginning on or after January 1, 2026, with earlier application permitted.

Archived Pronouncements

To give Handbook readers continued access to superseded Sections and paragraphs in other Sections, the Archived Pronouncements set out the wording of those Sections and paragraphs. The archived material will be withdrawn from the Handbook when it is no longer effective.

[Terms and Conditions](#) and [Privacy Policy](#)

Help desk: Mon-Fri, 9am-5pm ET 1-866-256-6842 [Contact Us](#) [Quick Reference Guide](#)

© 2001-2025, Knotia Canada Limited Partnership All rights reserved.