



Amendments Resulting from the Adoption of IFRSs in Canada December 2009

**COMMENTS MUST BE RECEIVED BY
FEBRUARY 19, 2010**

This Exposure Draft is issued by the Public Sector Accounting Board. The members of the Board are drawn from government, legislative auditors, public accounting, business and academe. All members serve as individuals and not as representatives of their governments, employers or organizations.

Individuals, governments and organizations are invited to send written comments to the Board on the Exposure Draft proposals. Comments are requested from those who agree with the Exposure Draft as well as from those who do not.

All comments received will be available on the website at www.psab-ccsp.ca ten days after the comment deadline, unless confidentiality is requested.

To be considered, comments must be received by February 19, 2010, addressed to:

**Tim Beauchamp, Director
Public Sector Accounting
277 Wellington Street West
Toronto, Ontario M5V 3H2**

A PDF [response form](#) has been posted with this document to assist you in submitting your comments. Alternatively, you may send comments by e-mail (in Word format), to: ed.psector@cica.ca

Public Sector Accounting Standards, Guidelines and Recommended Practices need not be applied to immaterial items. Materiality is a matter of professional judgment in the particular circumstances. Materiality may be judged in relation to the reasonable prospect of its significance in the making of assessments and judgments by the users of financial statements. A material item would be expected to affect assessments of and judgments on government financial operations and management.

Highlights

The Public Sector Accounting Board (PSAB) proposes, subject to comments received on this Exposure Draft, to remove the requirement for government organizations that adhere to the standards applicable to publicly accountable enterprises in the CICA Handbook – Accounting (i.e., International Financial Reporting Standards (IFRSs)) to continue to follow GOVERNMENT ASSISTANCE — APPLICATION OF CICA HANDBOOK – ACCOUNTING SECTION 3800, Section PS 3800, and SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE LIABILITY, Section PS 3270.

Main features of the Exposure Draft

The main features of this Exposure Draft are to:

- withdraw Section PS 3800, from the CICA Public Sector Accounting (PSA) Handbook; and
- remove the requirement for government organizations adhering to IFRSs to also apply Section PS 3270.

As a consequence, Appendix B from the Introduction to Public Sector Accounting Standards (Introduction) is being removed.

The proposed changes would be effective for fiscal periods beginning on or after January 1, 2011.

Background

The existing Introduction directs government business enterprises to adhere to the standards applicable to publicly accountable enterprises in the CICA Handbook – Accounting and also allows other government organizations to apply them. For fiscal periods beginning on or after January 1, 2011, this standard will be IFRSs.

Section PS 3800 would limit the reporting options available to a government organization under IFRSs. Section PS 3270 would add to the existing requirements imposed under IFRSs. Introducing Canadian-imposed requirements to IFRSs would result in the financial statements being prepared in accordance with a Canadian public sector version of IFRSs that would no longer be IFRSs.

Similar to the Accounting Standards Board, PSAB also agrees that no additional requirements will be imposed on those government organizations that adhere to IFRSs for purposes of preparing their own general purpose financial statements, for the following reasons:

- Imposing additional requirements to those following IFRSs, or restricting the options available under IFRSs, would reduce comparability of the general purpose financial statements prepared by government organizations relative to the financial reporting of similar entities in the private sector prepared in accordance with IFRSs.
- Understandability of the basis of accounting used to prepare general purpose financial statements of government organizations that adhere to IFRSs would also be reduced by introducing additional requirements.

Therefore, PSAB is proposing to withdraw Section PS 3800 from the PSA Handbook and to remove Appendix B from the Introduction for periods commencing on or after January 1, 2011.

Comments requested

PSAB welcomes comments from individuals, governments and organizations on all aspects of the Exposure Draft.

When comments have been prepared as a result of a consultative process within an organization, it is helpful to identify generically the source of the comment in the response. This will promote understanding of how the proposals are affecting various aspects of an organization.

Comments are most helpful if they relate to a specific paragraph or group of paragraphs, and, when expressing disagreement, they clearly explain the problem and indicate a suggestion, supported by specific reasoning for alternative wording.

Supporting reasons for your comments are most valuable when they demonstrate how the Exposure Draft proposals, or your alternatives:

- produce more relevant information for accountability and decision-making by external users;
- improve the representation of the substance of the underlying transaction or event;
- contribute to improved measures and understanding of financial position and annual results;
- facilitate enhanced comparability; and
- provide sufficient information for external users to understand the financial statements.

Please respond to the following questions:

1. Do you agree that PSAB should not impose on government organizations additional requirements or limit choices within IFRSs? If not, please explain the issues or the implications that should be considered.
2. Do you support the withdrawal of Section PS 3800 from the PSA Handbook and the removal of Appendix B from the Introduction? If not, why not?
3. Are there any additional matters that you feel may be relevant to this topic that need to be considered?

Amendments Resulting from the Adoption of IFRSs in Canada

PROPOSAL

GOVERNMENT ASSISTANCE — APPLICATION OF CICA HANDBOOK – ACCOUNTING SECTION 3800, Section PS 3800, would be withdrawn from the CICA Public Sector Accounting Handbook.

As well, Appendix B (and its related footnote) would be removed from the Introduction to Public Sector Accounting Standards.