

Financial Reporting by Certain Government Organizations (Amendment to Introduction)

The Proposed Amendment

This proposed amendment to the Introduction to Public Sector Accounting Standards sets out the appropriate basis of generally accepted accounting principles for government organizations.

PSAB has issued an Exposure Draft (ED) which proposes to revise the Introduction to Public Sector Accounting Standards (the Introduction).

The revisions proposed affect the source of generally accepted accounting principles to be used by government business enterprises (GBEs), government business-type organizations (GBTOs) and other government organizations (OGOs).

PSAB proposes government business enterprises follow IFRSs, the classification of government business-type organizations be eliminated and other government organizations consider factors in determining when IFRS is most appropriate.

What basis of accounting should be adopted for OGOs?

OGOs would generally base their financial reporting on the PSA Handbook. However, in certain cases, IFRSs may be a more appropriate basis of accounting. OGOs would determine their most appropriate basis of accounting considering the needs of the users of their financial statements and

considering the comparability of their financial reporting with counterparts in either the private sector or public sector. OGOs that determine IFRSs to be the most appropriate basis of accounting for their organization would follow the same transitional timeframe as would GBEs. OGOs that adopt the PSA Handbook would do so for fiscal periods beginning on or after January 1, 2011

What basis of accounting should be adopted for GBEs?

GBEs, when preparing financial statements for their own purposes, would adhere to standards for publicly accountable enterprises in the private sector as determined by the Accounting Standard Board (i.e., International Financial Reporting Standards (IFRSs)) and would follow the same transitional provisions (i.e., for fiscal periods beginning on or after January 1, 2011).

What basis of accounting should be adopted for GBTOs?

The GBTTO classification in the Public Sector Accounting Handbook (PSA Handbook) would be eliminated. Government organizations that are currently classified as GBTTOs would be categorized as either OGOs or government not-for-profit organizations.

How should government organizations that adopt the PSA Handbook for the first time account for the change?

The adoption of the PSA Handbook by OGOs would be accounted for by retroactive application with restatement of prior periods to enhance comparability.

Go to www.psab-ccsp.ca to view the ED.

The Public Sector Accounting Board (PSAB) —an independent body that establishes accounting standards for the public sector. PSAB was created to serve the public interest by setting standards and providing guidance for financial and other performance information reported by the public sector