

## public sector accounting and auditing handbook

### revisions release no. 6

### September 1997

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#### **Introduction to Public Sector Accounting and Auditing Recommendations**

The Introduction has been revised to narrow the definition of "public sector" and to set out guidance on the application of the Public Sector Accounting and Auditing Handbook.

#### **ACCOUNTING RECOMMENDATIONS**

##### **Financial reporting entity, Section PS 1300**

Amended paragraphs PS 1300.29 and .36 to reflect terminology in Section PS 3150 and Section PS 1500. The former wording of paragraph PS 1300.36(b)(ii) read as follows:

- (b) (ii) *the nature and amount of any material adjustments of the net assets or the net income as shown in the business enterprises' financial statements, to arrive at the amount included in the government's statement of financial position and statement of revenues and expenditures.* [JUNE 1996]

##### **Objectives of financial statements — federal, provincial & territorial governments, Section PS 1400**

Amended paragraphs PS 1400.08, .14, .15, .20, .33, .35 and .54 and replaced paragraphs PS 1400.37-.46 to reflect terminology in Sections PS 3150 and PS 1500. This resulted in changes to the paragraph numbering from paragraph PS 1400.45 on. The former wording of paragraph PS 1400.39 read as follows:

##### **Objective 4**

- .39 ♦ *Financial statements should account for the sources, allocation and use of the financial resources required by the government in the period.*
- (a) *Financial statements should account for all government expenditures by nature and purpose, all revenues by source and type and the extent to which revenues were sufficient to meet expenditures.*
- (b) *Financial statements should show how government financed its activities in the period and how it met its cash requirements.* [NOV. 1984]

##### **General standards of financial statement presentation — federal, provincial & territorial governments, Section PS 1500**

Revised Section from paragraph PS 1500.30 on. The revisions made to this Section arise from the requirement to record and amortize tangible capital assets in accordance with Section PS 3150. These revisions include new Recommendations and guidance, amendments to existing Recommendations and guidance and reordering of existing material. The following Recommendations formerly appeared in Section PS 1500:

- .32 ♦ *Financial statements should include a statement of financial position, a statement of revenues and expenditures and a statement of changes in financial position.* [NOV. 1986]
- .65 ♦ *Financial statements should disclose information to describe a government's acquired physical assets on hand and available for use by the government at the end of the accounting period.* [NOV. 1986]
- .70 ♦ *The statement of revenues and expenditures should account for the difference between a government's revenues and expenditures of the accounting period adjusted for changes in valuation allowances in the accounting period.* [NOV. 1986]
- .74 ♦ *The statement of revenues and expenditures should report a government's expenditures of the accounting period by function or major program.* [NOV. 1986]
- .76 ♦ *Financial statements should disclose a government's expenditures of the accounting period by object of expenditure.* [NOV. 1986]
- .79 ♦ *Financial statements should disclose the gross amounts of expenditures.* [NOV. 1986]
- .89 ♦ *The statement of revenues and expenditures should report changes in valuation allowances in the accounting period.* [NOV. 1986]

##### **Disclosure of accounting policies, Section PS 2100**

Amended wording of paragraph PS 2100.08 to reflect terminology in Section PS 3150 and Section PS 1500.

##### **Accounting changes, Section PS 2120 [SEPT. 1997]**

New.

##### **Loans receivable, Section PS 3050**

Amended wording of paragraphs PS 3050.35 and .37 to reflect terminology in Section PS 3150 and Section PS 1500. The former wording of the Recommendation in paragraph PS 3050.35 read as follows:

- .35 ♦ *Loans receivable should be reported net of their related valuation allowances on a government's statement of financial position. Changes in valuation allowances should be reflected in the statement of revenues and expenditures.* [APRIL 1993]

**Tangible capital assets, Section PS 3150 [SEPT. 1997]**

New.

**Employee pension obligations, Section PS 3250**

Amended wording of paragraphs PS 3250.16, .56 and .68(d), and added footnote 1 to Appendix B, to reflect terminology in Section PS 3150 and Section PS 1500. The former wording of Recommendations in paragraphs PS 3250.16 and .68(d) read as follows:

- .16 ♦ *The statement of financial position should account for the pension liability and the statement of revenues and expenditures should account for the pension-related expenditures.* [NOV. 1988]
- .68 (d) *the pension expenditure and the pension interest expenditure should be accounted for in the statement of revenues and expenditures.* [NOV. 1988]

**AUDITING RECOMMENDATIONS**

**Audit of financial statements in the public sector, paragraph PS 5200.09**

Amended wording of paragraph PS 5200.09 to reflect terminology in the revised Introduction.

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