

**public sector accounting handbook**  
**highlight summary no. 31**  
**August 2010**

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**HIGHLIGHT SUMMARY**

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE.)

**First-time adoption by government organizations, Section PS 2125**

This new Section establishes recognition, measurement, presentation and disclosure standards relating to adoption by a government organization of the CICA Public Sector Accounting (PSA) Handbook for the first time.

The main features of the new Section are as follows:

- The adoption of the PSA Handbook by retroactive application with restatement of prior periods is subject to the requirements in this Section.
- Opening statements of financial position should be prepared in accordance with the PSA Handbook. Adjustments on transition should be recognized directly to accumulated surplus / deficit.
- In certain circumstances, an organization may elect to use one or more exemptions and apply the PSA Handbook on a prospective basis.
- In other circumstances, an organization is prohibited from applying the PSA Handbook on a retroactive basis.
- Disclosure an organization should provide of the impact on the financial statements of the transition to the PSA Handbook.

Other government organizations that adopt the standards issued by the Public Sector Accounting Board should do so for fiscal periods beginning on or after January 1, 2011.

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