

**public sector accounting standards  
specific items — financial reporting  
Sections PS 2100 — PS 2700**

**SECTION PS 2100**

**disclosure of accounting policies**

- .01 This Section establishes disclosure standards on the accounting policies adopted by an entity in the preparation and presentation of its financial statements. Accounting policies are the specific accounting principles used by a reporting entity and the methods for applying those principles.

**DISCLOSURE**

- .02 A description of the accounting policies is necessary for the reader to interpret the financial statements and to become aware of differences when comparing them with the statements of similar entities. The description is an integral part of the financial statements since it is necessary for their interpretation. It should be concise, yet be clear to facilitate understanding and consistent interpretation. The description of accounting policies would not include amounts or analytical data. Such information would be included in other notes to the financial statements. [Former paragraph PS 2100.02, amended by the Conceptual Framework, retained in Archived Pronouncements.]
- .03 *A clear and concise description of all significant accounting policies of a reporting entity should be included as an integral part of its financial statements.* [SEPT. 1983]
- .04 Appropriate accounting policies are those that result in fair presentation of financial information in financial statements, which includes fair note disclosure. It is important that accounting policies be selected to meet this objective. Fair note disclosure is not separable from fair presentation of financial statements generally, because presentation includes disclosure. Classification and presentation on the face of the financial statements are augmented and supported by the accompanying notes. The qualitative characteristics and the related considerations, as discussed in Chapter 7 of the Conceptual Framework, will be taken into account when selecting accounting policies.
- Inappropriate accounting policies can result in reporting misleading information in the financial statements. Disclosure of such policies is not a substitute for the selection of accounting policies that result in appropriate and adequate information. [Former paragraph PS 2100.04, amended by the Conceptual Framework, retained in Archived Pronouncements.]
- .05 The provisions of this Section apply to all complete sets of financial statements issued by a reporting entity, whether on annual or interim bases. Some entities also publish abridged or partial financial statements on an interim basis, which may not disclose accounting policies. In the absence of specific disclosure, the reader is entitled to assume that accounting policies have not changed from those published in the latest annual financial statements. Accordingly, differences from the accounting policies used in the previously issued annual financial statements would be disclosed in the interim abridged financial statements.

**CONTENT**

- .06 Certain accounting policies are of such significance that it is essential that they be adequately described in the financial statements in order to provide an understanding of the reporting entity's financial results and position.
- .07 The description of the significant accounting policies includes the source of the basis of accounting used in accordance with the Introduction to the Public Sector Accounting Handbook (i.e., the financial statements have been prepared in accordance with Canadian public sector accounting standards), a definition of the reporting entity to which the financial statements relate and, in the case of consolidated statements, the basis for including and excluding related entities. [Former paragraph PS 2100.07, amended by the Conceptual Framework, retained in Archived Pronouncements.]
- .08 Specific accounting policies for similar items may differ from one entity to another, and it cannot be assumed that users of the financial statements will be familiar with these differences. Consequently, the specific accounting policies applied to items material to the financial statements are also clearly described (for example, disclosure of accounting policies for recognizing revenues, the cost of resources consumed and expenditures, valuing assets, estimating liabilities and, where applicable, consolidation). Policies on such important specific items as tangible capital assets, employee benefit plans and contractual rights and obligations are clearly delineated. It is also important to define terminology that is peculiar to the various types of reporting entities. Governments, for instance, use terms such as "budgetary expenditures" and "non-budgetary expenditures", which may not be readily understood by all readers. [Former paragraph PS 2100.08, amended by 2019-2020 annual improvements, retained in Archived Pronouncements.]
- .09 *As a minimum, disclosure of information on accounting policies should identify and describe:*

- (a) *the reporting entity and, where applicable, the method of consolidation;*
  - (b) *the source of the basis of accounting used in the financial statements; and*
  - (c) *the specific accounting policies selected and applied to significant assets, liabilities, revenues and expenses.*
- [SEPT. 1983 \*]

#### **PRESENTATION**

- .10 In order to provide the reader with an easily accessible overview, all significant accounting policies of an entity are disclosed together rather than in individual notes to the financial statements. It is desirable that the accounting policies be disclosed either as a separate summary cross-referenced to the financial statements or as the first note to the financial statements.
- .11 *All significant accounting policies of a reporting entity should be disclosed in one place.* [SEPT. 1983]
- .12 The use of technology may allow details of significant accounting policies related to individual financial statement items to be disclosed with the relevant note for each item as long as cross-references to such details are included in a single significant accounting policy note.

#### **TRANSITIONAL PROVISIONS**

- .13 THE CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING IN THE PUBLIC SECTOR (the Conceptual Framework), issued in December 2022, added paragraph PS 2100.12 and amended paragraphs PS 2100.02, PS 2100.04 and PS 2100.07. The amendment is applicable for fiscal years beginning on or after April 1, 2026. Earlier application is permitted if at the same time an entity also adopts the Conceptual Framework and applies all other amendments made as a result of the issuance of the Conceptual Framework. The amendments are to be applied prospectively.

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## Footnotes

\* Editorial change — January 2003 and February 2005.

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