

the conceptual framework for financial reporting in the public sector

CHAPTER 1: introduction to the conceptual framework

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving FINANCIAL STATEMENT PRESENTATION, Section PS 1202.

- 1.03 Managing and allocating public money means that public sector entities are accountable to the public. Public accountability requires public sector entities to fairly present financial information to the public and its elected or appointed representatives. For financial statements to offer a fair presentation 1 of the economic circumstances, readers need to be confident that the financial statements follow objectively determined concepts and standards.
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CHAPTER 6: financial statement objectives 17

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving FINANCIAL STATEMENT PRESENTATION, Section PS 1202.

- 6.28 *Objective 4: Financial statements should provide a comparison of the actual financial performance, as reported in financial statements, to that budgeted. Accountability regarding actual financial performance in comparison with the budget is best served when the approved budget uses the same basis of accounting, follows the same accounting principles, is for the same scope of activities and uses the same classifications as the financial statements.* 21 [APRIL 2026]
- 6.31 Actual financial performance needs to be compared with the originally approved budget of the entity. A comparison with a budget that has been updated to take into account transactions and other events occurring during the period significantly reduces the accountability value of the comparison. Such comparison may reduce differences and limit explanations of changes occurring throughout the period. However, there may be rare circumstances in which there is new governance (i.e., new legislature, council or, for government organizations, a new board 22) that approves a new budget part way through a fiscal year. In such cases, the new approved budget may be more useful for accountability purposes.
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Footnotes

1. Public sector accounting standards identify the information required for fair presentation in financial statements. Chapter 10 references fair presentation and it is further explained in FINANCIAL STATEMENT PRESENTATION, Section PS 1201.
 17. Chapter 6 builds on Chapter 5 and assumes the concepts in Chapters 1-5.
 21. FINANCIAL STATEMENT PRESENTATION, Section PS 1201 sets out guidance for determining the budget amounts presented for comparison purposes in financial statements when the approved budget is not for the same reporting entity (scope) or prepared on the same basis (accounting basis, principles, and classifications) as the financial statements.
 22. A new board is considered to exist when a majority of members are new to the board. Re-appointment of a majority of existing members is not considered to comprise a new board.
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