

SECTION PS 1150

generally accepted accounting principles

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of the February 2025 PSA Handbook Release that elevated the GAAP designation of four application guidance appendices from level (iii) to level (i) GAAP per paragraph PS 1150.03(d).

- .03 The following definitions have been adopted for the purposes of this Section:
- (d) **Primary sources of GAAP** are, in descending order of authority:
 - (i) standards in Sections PS 1202-PS 3510;
 - (ii) Public Sector Guidelines; and
 - (iii) appendices and illustrative material of those pronouncements described in (i)-(ii) above.
 - .16 Appendices are an integral part of the primary sources of GAAP. Illustrative material included in Appendices indicates how the accounting policies and disclosures specified in a document might be applied in particular situations or summarizes aspects of the underlying document. Illustrative material includes an introductory statement specifying that it is illustrative only.

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of the 2022-2023 annual improvements.

PURPOSE AND SCOPE

- .02 This Section applies to all governments. It also applies to those organizations that consider the CPA Canada Public Sector Accounting Handbook (CPA Canada PSA Handbook) to be the most appropriate to their objectives and circumstances. An entity applying this Section is referred to as a "public sector reporting entity".

EFFECTIVE DATE AND TRANSITIONAL PROVISIONS

- .25 This Section applies to fiscal years beginning on or after April 1, 2005.
- .26 For local governments that are currently required by legislation or regulation to prepare their financial statements in accordance with a basis of accounting other than GAAP, this Section applies to fiscal years beginning on or after April 1, 2006.

SUPPLEMENT

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

- .03 The following definitions have been adopted for the purposes of this Section:

...

- (d) **Primary sources of GAAP** are, in descending order of authority:
 - (i) standards in Sections PS 1201-PS 3510;
 - (ii) Public Sector Guidelines; and
 - (iii) appendices and illustrative material of those pronouncements described in (i)-(ii) above.

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving the new CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING.

- .03 The following definitions have been adopted for the purposes of this Section:
- (a) **Accounting policies** encompass the specific principles, and the methods used in their application, that are selected by a public sector reporting entity in preparing financial statements.
 - (b) **Generally accepted accounting principles (GAAP)** encompass broad principles and conventions of general application, as well as rules and procedures that determine accepted accounting practices at a particular time.
 - (c) **Primary sources of GAAP** are, in descending order of authority:
 - (i) standards in Sections PS 1201-PS 3510;
 - (ii) Public Sector Guidelines; and
 - (iii) appendices and illustrative material of those pronouncements described in (i)-(ii) above.

05 *When the primary sources of GAAP do not deal with the accounting and reporting in financial statements of transactions or events encountered by the public sector reporting entity, or additional guidance is needed to apply a primary source to specific circumstances, the selection of an appropriate accounting policy requires the exercise of professional judgment. In these circumstances, a public sector reporting entity should adopt accounting policies and disclosures that are consistent with:*

(a) *the primary sources of GAAP; and*

(b) *the application of the concepts described in FINANCIAL STATEMENT CONCEPTS, Section PS 1000. [APRIL 2005 *]*

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of the change in GAAP Hierarchy.

.19 Pronouncements issued by other bodies authorized to issue accounting standards may be useful sources to consult. For example, accounting pronouncements published with the authority of the Canadian Accounting Standards Board (AcSB), International Accounting Standards Board (IASB), US Federal Accounting Standards Advisory Board (FASAB), US Governmental Accounting Standards Board (GASB), or International Public Sector Accounting Standards Board (IPSASB) are often important sources to consult on matters not covered by primary sources of GAAP or for assistance in applying a primary source of GAAP to specific circumstances.

Footnotes

* Editorial change — February 2007.

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