

# PSAB Changes

## Major Changes to Standards

- New Standard – Financial Statement Presentation (PS 1202) **\*This can impact the 2027 budget, so it's important to begin preparing for these changes in advance.\***
- New Framework – The Conceptual Framework for Financial Reporting in the Public Sector

## Minor Revised Standards

- Revised Standard - Tangible Capital Assets (PS 3150)
- Revised Handbook Appendices – Elevation of GAAP Designations of Application Guidance (PS 1150)
- Revised Public Sector Guideline – Lessee Accounting for Operating Leases of Tangible Capital Assets (PSG-2)
- Revised Standards – 2022-2023 Annual Improvements

## Exposure Drafts

- Narrow-scope Amendment: SORP-1 Consistency Updates
- Intangible Assets, Proposed Section 3155
- 2024-2025 Annual Improvement to Public Sector Accounting Standards
- Re-exposure Draft – Employee Benefits, Proposed Section 3251(\* Final approval should be right away with an effective date of April 1, 2029)

An exposure draft is a draft version of a proposed accounting standard that COA releases to the public for feedback before it becomes official.

## **New standard – Financial Statement Presentation**

PSAB issued a new financial reporting model (Section PS 1202), including related consequential amendments that responds to the need for understandable financial statements for the public and its elected and appointed representations and replaces Section PS 1201, *Financial Statement Presentation*. The new standard includes change to the presentation of financial statements, such as:

- changes in the statement of financial position
- adding a new statement of net financial assets or net financial liabilities
- providing the option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities
- adding a new statement of changes in net assets or net liabilities
- new budget requirements in order to present an amended budget

The statement of operations remains substantially unchanged to the one in superseded Section PS 1201. The new standard includes guidance in various appendices and illustrative financial statements and includes a discussion on going concern.

Effective for fiscal years beginning on or after April 1, 2026, with early application permitted if the Conceptual Framework is adopted at the same time. The accompanying Basis for Conclusions document explains PSAB's reasoning for key decisions made.

## **New framework - The Conceptual Framework for Financial Reporting in the Public Sector**

The PSAB issued *The Conceptual Framework for Financial Reporting in the Public Sector*, which replaces the conceptual aspects of Section PS 1000, *Financial Statement Concepts* and Section PS 1100, *Financial Statement Objectives*.

The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards. The accompanying Basis for Conclusions document explains PSAB's reasoning for key decisions made.

Effective for fiscal years beginning on or after April 1, 2026, with early application permitted.

## **Revised standard – Tangible Capital Assets**

PSAB issued amendments to Section PS 3150 in May 2025 as part of implementing its Government Not-for-Profit Strategy, which incorporates the PS 4200 series into public sector accounting standards with potential customizations.

The amendments add:

- a new criterion to the definition of a tangible capital asset;
- a new definition of a collection;
- new disclosure requirements for works of art, historical treasures and/or collections;
- new guidance for situations where an entity purchases a tangible capital asset at substantially below fair value; and
- new guidance for situations where an entity receives contributed materials and/or labour when constructing or developing a tangible capital asset.

For government not-for-profit organizations that apply the PS 4200 series, this Section is effective for fiscal years beginning on or after April 1, 2023, with early application permitted. The Section would be applied retroactively with restatement of prior periods.

For public sector entities that have not applied the PS 4200 series, the amendments to this Section are effective for fiscal periods beginning on or after April 1, 2030, with early adoption permitted. The amendments would be applied retroactively with restatement of prior periods except for the amendments related to purchases of tangible capital assets at substantially below fair value and including in the cost of a constructed or developed tangible capital asset, the contributed materials and/or labour, which are applied only to new transactions or events from the date of change.

As a consequence of amending Section PS 3150, editorial changes have been made to other standards.

Sections PS 4230, *Capital Assets held by Not-for-Profit Organizations*, and PS 4240 *Collections held by Not-for-Profit Organizations*, will be withdrawn as a result of the amendments to Section PS 3150.

## **Revised Handbook Appendices – Elevation of GAAP Designation of Application Guidance**

PSAB issued amendments to elevate the level of generally accepted accounting principles (GAAP) designated for four CPA Canada Public Sector Accounting Handbook Appendices

(i.e., what level of GAAP an appendix comprises) in February 2025. The GAAP designation level (i) per GAAP hierarchy in paragraph 03(d) of Section PS 1150, *Generally Accepted Accounting Principles* has been specified and paragraphs renumbered as AG.02, AG.02, etc. for four application guidance appendices:

- Appendix A to Section PS 3400, *Revenue*;
- Appendix B to Section PS 3410, *Government Transfers*;
- Appendix A to Section PS 3450, *Financial Instruments*; and
- Appendix A to Section PS 4270, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*.

The elevation of the GAAP designation of these four application guidance appendices is effective for fiscal years beginning on or after April 1, 2026, with early application permitted.

The following amendments have also been made to Section PS 1150 to clarify the GAAP designation of PSA Handbook appendices:

- amended paragraph PS 1150.03(d)(i) to include all PSA Handbook application guidance appendices as level (i) GAAP;
- amended paragraph PS 1150.03(d)(i) to explicitly include the PS 4200 series of standards; and
- clarified paragraph PS 1150.16 to indicate that application guidance appendices are not merely illustrative but comprise level (i) GAAP, the same as the standards to which they are integral.

Effective for fiscal years beginning on or after April 1, 2026, with early application permitted.

### **Revised Public Sector Guideline – Lessee Accounting for Operating Leases of Tangible Capital Assets**

PSAB issued the following amendments to PSG-2, *Leased Tangible Capital Assets* in February 2025:

- deleted an outdated cross-reference to Section 3065, *Leases* in former Part V of the CPA Canada Handbook – Accounting, pre-changeover accounting standards, in Appendix A to PSG-2, *Leased Tangible Capital Assets*;

- renamed Appendix A as the glossary is no longer identified as an appendix, consistent with other glossaries in the PSA Handbook;
- added paragraphs PSG-2.4A-4C of to set out minimal requirements for lessee accounting for operating leases of tangible capital assets; and
- replaced the deleted cross-reference in the appendix with a reference to new paragraphs PSG-2.4A-4C

The new text in PSG-2 is taken from Section 3065 in former Part V of the Handbook. These changes do not comprise a change in practice and are effective immediately.

### **Revised standards – 2022-2023 Annual Improvements**

PSAB issued the following narrow-scope amendments in April 2023 as a result of the 2022-2023 annual improvements:

- updated the transitional provisions in Section PS 3160, *Public Private Partnerships*, to explicitly state that early adoption is permitted and
- updated Section PS 3420, *Inter-entity transactions*, to clarify the application of accounting guideline, PSG-8, *Purchased Intangibles*, to inter-entity transactions.

Effective for fiscal years beginning on or after April 1, 2023, with early application permitted.

PSAB issued the following 2022-2023 remaining annual improvements in February 2024:

- Replaced the phrase “summary financial statements” with “financial reports” in all standards where the phrase is used and added a cross-reference to Chapter 3 of the Conceptual Framework for Financial Reporting in the Public Sector to position financial statements as an important type of financial report.
- Clarified the “Introduction To Public Sector Guidelines” and removed outdated guidance related to local governments.
- Replaced the word “power” with “ability” or “authority”, as appropriate, given the use of “power” to reference sovereign or equivalent powers in Chapter 5 of the Conceptual Framework.
- Corrected grammatical errors in the decision tree in Section PS 3050, *Loans Receivable*.
- Replaced the word “government” with “public sector entity” or “entity”, as appropriate, in Sections PS 1150, PS 2400, PS 3150, PS 3250 and PS 3310.

These amendments are effective immediately.

PSAB issued the following editorial amendments in February 2025 as a result of the 2022-2023 annual improvements:

- indicated as illustrative only and generally accepted accounting principles (GAAP) designation level (iii) per GAAP hierarchy in paragraph 03(d) of Section PS 1150, *Generally Accepted Accounting Principles*, for 50 appendices not identified as application guidance (excluding the appendices of Section PS 1202, *Financial Statement Presentation*, which already adopted this convention) and
- renumbered all eight illustrative appendices with paragraph numbers to IE.01, IE.02, etc. to reflect their designation as illustrative examples or material.

These editorial amendments are effective immediately.

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[PSAS-Update-2024\\_FINAL.pdf](#)