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## PSAB MISSION

The Public Sector Accounting Board (PSAB) serves the public interest by:

- Establishing standards and other guidance for financial reporting by all Canadian entities in the public sector
- Contributing to the development of internationally accepted public sector financial reporting standards

The mission of PSAB is to contribute to supporting informed decision-making and accountability by maintaining a framework that provides a basis for high quality information about organizational performance reported by Canadian public sector entities.

## UPCOMING PSAB MEETINGS

- March 20-21, 2014
- June 16-17, 2014
- September 15-16, 2014
- December 15-16, 2014

You can access meeting agendas via [PSAB's calendar](#). [Decision Summaries](#) are available after each meeting.

## Activities of the Canadian Public Sector Accounting Board and Staff

### MESSAGE FROM THE CHAIR



#### *Happy New Year!*

The Public Sector Accounting Board (PSAB) met in December 2013. At that meeting, PSAB completed its review of the application of the standards on foreign currency translation and financial instruments for governments. PSAB confirmed that the principles underlying these standards are fundamentally sound and that their application should not be delayed even though the conceptual framework is under review. The standards will bring meaningful improvements to public sector financial reporting. It is in the public interest for financial statements to report on gains and losses associated with financial risks.

This being said, PSAB supported a request from stakeholders for an extension to the effective date of the above standards. The Board approved an amendment to the transitional provisions to extend the effective date to April 1, 2016 from April 1, 2015.

PSAB recognizes that there may be issues associated with implementation of the standards, including transitional issues. The Board encourages stakeholders to continue implementation planning and to bring significant issues arising from transition to its attention.

Also at the December meeting, PSAB considered how it should respond to the issues associated with government transfers that were discussed at the September 2013 Public Sector Accounting Discussion Group meeting. PSAB appreciates the input from the Group and will seek further understanding of the issues to determine what action may be appropriate.

PSAB continued to consider issues that will form the statement of principles on the conceptual framework. Given the extent and significance of issues involved and their far-reaching implications on existing and future standards, a substantial amount of time at PSAB meetings has been, and will continue to be, dedicated to deliberate outstanding issues with the objective of approving a statement of principles at its June meeting.

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At the December meeting, PSAB approved a re-exposure draft proposing amendments to the Introduction to Public Sector Accounting Standards that would clarify the different types of public sector entities and their bases of accounting. PSAB also reviewed responses to its Re-exposure Draft on related party transactions and deliberated on changes proposed by the task force. (See [Project Status](#) for more information.)

PSAB's 2014-2015 Work Plan indicates the possibility of a new project later in the year. A project identification survey will be posted online in the first quarter of 2014 for stakeholder input. We look forward to your views on projects to be considered for PSAB's future technical agenda.

Rod Monette  
Chair, Public Sector Accounting Board

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## HANDBOOK SECTION – STANDARDS ON SUBSEQUENT EVENTS

Section PS 2400, *Subsequent Events*, establishes standards on when to account for or disclose events occurring between the financial statement date and the date of their completion.

Though financial statements are prepared to reflect the financial position of an entity at the financial statement date, some events occurring after the financial statement date may indicate a need to adjust items reported in the financial statements or to provide specific disclosures in the statements.

*To what extent should events occurring subsequent to the financial statement date be considered?*

Events occurring up to the date of completion of the financial statements should be considered. Financial statements are considered complete when they have been approved by the entity.

*What are the different types of subsequent events and their accounting implications?*

There are two types of subsequent events:

- those that provide further evidence of conditions that existed at the financial statement date; and
- those that are indicative of conditions arising subsequent to the financial statement date.

The general principle is that financial statements should not be adjusted for subsequent events that do not relate to conditions that existed at the financial statement date.

*When would subsequent events require adjustment to financial statements?*

Financial statements should be adjusted when subsequent events:

- provide sufficient additional evidence relating to conditions that existed at the financial statement date; and
- affect the estimates of items already included in the financial statements.

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### *When would subsequent events require disclosure in the financial statements?*

Some subsequent events may not relate to conditions that existed at the financial statement date, but may have a significant effect on the assets and liabilities in a subsequent period or on future operations of an entity. Information about this type of subsequent event, though arising subsequent to the financial statement date, is important to users when interpreting the financial statements.

An entity that has subsequent events that are significant and unusual in nature, considering its size and the nature of its transactions, should disclose:

- a description of the nature of the event; and
- an estimate of the financial effect, when practicable, or a statement that such an estimate cannot be made.

### *How would the standards apply to government intentions announced after the financial statement date?*

The subsequent events standards may apply to government intentions announced after the financial statement date but before the completion of financial statements if there is sufficient evidence that the intentions can and will be fulfilled.

In the case of a senior government, the supporting evidence would be the enactment of new legislation or the exercise of an authority under existing legislation prior to completion of the financial statements. In the case of a local government, the supporting evidence would be a council resolution or by-law, the enactment of new provincial legislation or the exercise of an authority under existing provincial legislation prior to completion of the financial statements.

Government intentions announced subsequent to the financial statement date normally would not require adjustment to the financial statements unless they are related to conditions that existed at the financial statement date and affect the estimates involved in preparation of the financial statements. Disclosure of the intentions would be generally required if their effects are significant and they are of an unusual nature.

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## PROJECT STATUS

Learn about PSAB's latest discussions regarding its projects from its most recent [decision summary](#) or from its [active project](#) pages.

### [Concepts Underlying Financial Performance](#)

PSAB provided feedback to the Conceptual Framework Task Force on various issues.

Staff contact:  
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### [PSA Handbook Terminology](#)

PSAB approved a re-exposure draft proposing amendments to the Introduction to Public Sector Accounting Standards.

The changes made to the Exposure Draft, "Amendments to the Introduction," issued in February 2013:

- require that all public sector entities that apply standards in the CPA Canada Public Sector Accounting (PSA) Handbook to apply Section PS 1150, *Generally Accepted Accounting Principles*, where the standards are silent on an issue;
- allow government partnerships between public sector entities that are not government business partnerships to apply standards in the PSA Handbook or standards applicable to publicly accountable enterprises in the CPA Canada Handbook - Accounting; and
- include transitional provisions for government components and government partnerships.

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### [Related Party Transactions](#)

PSAB reviewed responses to its June 2013 Re-exposure Draft and the proposed standard based on comments from respondents. PSAB provided feedback on the document and requested that a revised draft be prepared for its consideration at the March 2014 meeting.

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## DOCUMENTS FOR COMMENT

We want to hear from you! The following documents are online.

Title of Documents	Deadline for Comments
<a href="#">Revenue</a> (Statement of Principles)	February 3, 2014
<a href="#">Amendments to the Introduction</a> (Re-exposure Draft)	April 30, 2014

Regularly check for [open documents for comment](#), and [subscribe to board publications including the enewsletter, The Standard](#) and [RSS feeds](#) to keep up to date on PSAB activities.

The International Public Sector Accounting Standards Board (IPSASB) issued the following documents for comment. PSAB encourages Canadian stakeholders to respond directly to IPSASB on these documents.

Title of Documents	Deadline for Comments
<a href="#">First-Time Adoption of Accrual Basis IPSASs</a> (Exposure Draft)	February 15, 2014
<a href="#">Accounting for Interests in Other Entities</a> (Exposure Drafts)	February 28, 2014
<a href="#">Reporting Service Performance Information</a> (Exposure Draft)	May 31, 2014

## UPCOMING EVENTS

### *Conferences and Professional Developments Event*

The staff of PSAB is scheduled to make presentations at the following conferences and events:

Organization	Date	Location
<a href="#">Certified General Accountants Association of New Brunswick</a>	March 18, 2014	Fredericton, NB

### *Public Sector Accounting Discussion Group*

The Public Sector Accounting (PSA) Discussion Group will hold its next meeting on May 6, 2014. Stakeholders are encouraged to submit issues relating to the application of the CPA Canada Public Sector Accounting Handbook by March 11, 2014. If you are interested, find out [how to submit an issue to the PSA Discussion Group](#).

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### *Public Sector Accounting Discussion Group Report*

A [Report on the Public Meeting on September 5, 2013](#) is posted online. It provides details about the discussions at the Group's first meeting.

### *PSAB Strategic Plan*

[PSAB Strategic Plan 2013-2016](#) is posted online. It sets out PSAB's strategic objectives and related activities for 2013-2016.

### *Annual Report*

PSAB's [2012-2013 Annual Report](#) is posted online. It contains a report from PSAB's Chair and provides highlights of PSAB's performance in meeting the objectives established in its 2012-2013 Work Plan.