

IPSAS-PSAS Comparison

This comparison document was developed to help stakeholders identify significant differences between the IPSASs and PSA standards. This document is an update of an earlier document released in 2018 as part of PSAB's first consultation paper on International Strategy. In determining the level of difference between IPSASs and PSA standards, the evaluation focuses on the net impact to the stakeholder – both in time to prepare the information and difference in accounting in the financial statements.

For example, a “significant difference” between PS 2500, *Basic Principles of Consolidation*, and IPSAS 35, *Consolidated Financial Statements*, was identified, relating to the consolidation of government business enterprises (GBEs). While the difference between modified equity accounting of GBEs and consolidation may have little net impact on surplus/deficit or the net assets/liabilities of the entity, the effort required to adapt IPSAS 35 from PS 2500 is significant. In contrast, even though IPSAS has no equivalent to PS 3260, *Liability for Contaminated Sites*, only a “difference” was identified as the principles are consistent with IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*. As such, the effort to prepare the information under IPSAS and its impact on the financial statements is consistent with PSA standards.

Category	Definition	# Identified		
		Standards	Not for Profit	Guidelines
Consistent	Applying PSA standards or IPSASs yields a consistent accounting outcome	22	-	2
Difference / No Equivalent Standard	Variations exist between PSA standard and IPSAS – broad principles are consistent; applying the IPSAS is not expected to yield dramatically different accounting outcomes	11	-	3
Significant Difference	Significant differences in how the concepts are applied exists between the PSAB guidance and the other framework	7	7	-
Unknown	Project is under development. An evaluation of consistency between frameworks is not possible at this time	-	-	-
Total		40	7	5

Summary GAAP Analysis

PSA Standards	Compared to IPSAS
Financial Statement Concepts (As proposed in January 2021 Statement of Concepts)	Consistent See Summary Comparison of PSAB's Statement of Concepts to IPSASB's conceptual framework in staff's Summary Comparison.
PS 1100, <i>Financial Statement Objectives</i>	Difference No equivalent IPSAS.
PS 1150, <i>Generally Accepted Accounting Principles</i>	Consistent Other GAAP sources can be used subject to consistency in relation to accounting with the conceptual framework.
Financial Statement Presentation (As proposed in January 2021 Statement of Principles)	Consistent See comparison of PSAB's reporting model in the Statement of Principles to IPSASB's reporting model in IPSAS 1, <i>Presentation of Financial Statements</i> , and IPSASB's conceptual framework in staff's Summary Comparison .
PS 1300, <i>Government Reporting Entity</i>	Consistent Definitions and concepts are largely consistent.
Financial Reporting	
PS 2100, <i>Disclosure of Accounting Policies</i>	Consistent Disclosure requirements are largely consistent.
PS 2120, <i>Accounting Changes</i>	Consistent Minor differences in how accounting changes are applied and when changes in accounting policy are appropriate.
PS 2125, <i>First-time Adoption</i>	Difference Both PS 2125 and IPSAS 33, <i>First Time Adoption of Accrual Based IPSAS</i> , provide relief on initial adoption of GAAP. However, relief is different in each standard.
PS 2130, <i>Measurement Uncertainty</i>	Consistent Definitions and concepts are largely consistent.
PS 2200, <i>Related Party Disclosure</i>	Consistent Principles are largely consistent.
PS 2400, <i>Subsequent Events</i>	Consistent Principles are largely consistent.

PSA Standards	Compared to IPSAS
PS 2500, <i>Basic Principles of Consolidation</i>	<p>Significant difference</p> <p>IPSAS 35, <i>Consolidated Financial Statements</i>, requires line-by-line consolidation of GBEs, while PS 2500 requires GBEs be accounted for using the modified equity basis of accounting.</p>
PS 2510, <i>Additional Areas of Consolidation</i>	<p>Difference</p> <p>No equivalent IPSAS. IPSAS 40, <i>Public Sector Combinations</i>, addresses the acquisitions part of PS 2510. The criteria used to distinguish acquisitions and amalgamations are control, consideration and decision making. PS 3430 distinguishes acquisitions and restructuring transactions based on whether the transaction is of a purchase nature.</p> <p>PS 2510 requires proportionate consolidation of an entity in which there is a non-controlling interest. In such cases, IPSAS 1, <i>Presentation of Financial Statements</i>, acknowledges that there may be private shareholders that have a financial interest in the net assets/equity of the entity. And the illustrative statement of financial position in IPSAS 1 reports a minority interest.</p>
PS 2601, <i>Foreign Currency Translation</i>	<p>Significant difference</p> <p>IPSAS 4, <i>The Effects of Changes in Foreign Exchange Rates</i>, requires the translation adjustment to be recorded immediately in surplus/deficit. PS 2601 requires the translation adjustment to be recorded in the statement of remeasurement gains/losses.</p> <p>PSAB amended Section PS 2601 to include an accounting policy election. This election allows all public sector entities to recognize exchange gains and losses on a financial asset or financial liability arising from a foreign currency transaction directly in the statement of operations. For a financial asset or financial liability in the fair value category, such as a derivative, the exchange gain or loss component of the change in fair value is separated and recognized directly in the statement of operations. Amounts subject to this election would not be recognized in the statement of remeasurement gains and losses.</p>
PS 2700, <i>Segmented Disclosures</i>	<p>Consistent</p> <p>Principles are largely consistent.</p>
Financial Statement Items	
PS 3041, <i>Portfolio Investments</i>	<p>Difference</p> <p>No equivalent IPSAS.</p>
PS 3050, <i>Loans Receivable</i>	<p>Difference</p> <p>IPSAS 41, <i>Financial Instruments</i>, requires the use of an expected credit loss model, while PS 3050 requires the valuation allowance reflect collectability and risk of loss.</p>

PSA Standards	Compared to IPSAS
PS 3060, <i>Interests in Partnerships</i>	Significant difference IPSAS 37, <i>Joint Arrangements</i> , requires accounting for joint arrangements using the equity method or its interests in the arrangement. PSA standards require accounting for the arrangement using modified equity accounting or proportionate consolidation.
PS 3070, <i>Investments in Government Business Enterprises</i>	Significant difference Difference assessed as part of PS 2500, <i>Basic Principles of Consolidation</i> .
PS 3100, <i>Restricted Assets and Revenues</i>	Consistent Principles related to the recognition of restricted revenue are largely consistent with IPSAS 23, <i>Revenue from Non-exchange Transactions</i> , recognition requirements, as well as Exposure Draft 70, Revenue with Performance Obligations.
PS 3150, <i>Tangible Capital Assets</i>	Consistent Principles are largely consistent.
PS 3160, <i>Public Private Partnerships</i>	Consistent Principles are largely consistent.
PS 3200, <i>Liabilities</i>	Consistent Principles are largely consistent.
PS 3210, <i>Assets</i>	Consistent Principles are largely consistent.
PS 3230, <i>Long-term Debt</i>	Significant difference No equivalent IPSAS – presentation of debt subsequently loaned to a GBE is addressed by the general consolidation principles in IPSAS 35.
PS 3250, <i>Retirement Benefits</i>	Consistent PSAB recently released an Exposure Draft on Employee Benefits, Proposed Section 3251. This Exposure Draft is largely based on IPSAS 39, with minor modifications on disclosure requirements and Canadian-specific issues (ex. Joint Defined Benefit Plans, which is not included in IPSAS 39 but is included in PS 3250).
PS 3255, <i>Post-employment Benefits, Compensated Absences and Termination Benefits</i>	Significant difference Difference assessed as part of PS 3250, <i>Retirement Benefits</i> .
PS 3260, <i>Liability for Contaminated Sites</i>	Consistent No equivalent IPSAS, however, principles are largely consistent with IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i> .

PSA Standards	Compared to IPSAS
PS 3280, <i>Asset Retirement Obligations</i>	Consistent Principles are largely consistent.
PS 3300, <i>Contingent Liabilities</i>	Consistent Principles are largely consistent.
PS 3310, <i>Loan Guarantees</i>	Difference PS 3310 requires a provision be recognized when a loss is likely, while IPSAS 41 requires that financial guarantees be measured at the higher of the amount of the loss allowance and the amount initially recognized less, when appropriate, the cumulative amount of amortization recognized.
PS 3320, <i>Contingent Assets</i>	Consistent Principles are largely consistent.
PS 3380, <i>Contractual Rights</i>	Difference No equivalent IPSAS.
PS 3390, <i>Contractual Obligations</i>	Difference No equivalent IPSAS.
PS 3400, <i>Revenue</i>	Consistent IPSASB is currently updating its revenue guidance, and recently released two Exposure Drafts on Revenue: Exposure Draft 70, Revenue with Performance Obligations and Exposure Draft 71, Revenue without Performance Obligations. Guidance is distinguished between revenue with and without performance obligations, which is consistent with PS 3400.
PS 3410, <i>Government Transfers</i>	Difference IPSASB released proposed Exposure Draft (ED) 72, Transfer Expenses in February 2020. There are two main differences between the proposed ED 72 and PS 3410: <ul style="list-style-type: none"> • The scope of ED 72 is different as it covers only the transfer provider accounting, whereas PS 3410 addresses accounting of government transfers for both the transferor and the transferee. • ED 72 follows a performance obligation approach while PS 3410 follows an authorization, eligibility criteria and stipulations approach. The two differences in approach may result in some differences in recognition and measurement.
PS 3420, <i>Inter-entity Transactions</i>	Difference No equivalent IPSAS.

PSA Standards	Compared to IPSAS
PS 3430, <i>Restructuring Transactions</i>	Difference IPSAS 40, <i>Public Sector Combinations</i> , addresses public sector combinations. The criteria used to distinguish acquisitions and amalgamations are control, consideration and decision making. PS 3430 distinguishes acquisitions and restructuring transactions based on whether the transaction is of a purchase nature. Acquisitions are addressed in PS 2501.
PS 3450, <i>Financial Instruments</i>	Significant difference IPSAS 41, <i>Financial Instruments</i> , incorporates additional principles-based classification categories, a more robust impairment model and an option to apply hedge accounting. PS 3450 applies a less complex financial instruments model to address Canada's needs.
PS 3510, <i>Tax Revenues</i>	Consistent Principles are largely consistent.
Projects under Development	
Concepts Underlying Financial Performance	See discussion on Financial Statement Concepts and Financial Statement Presentation above.
Employment Benefits	See discussion in PS 3250, <i>Retirement Benefits</i> section above.
Financial Instruments – Narrow Scope Amendments	See discussion in PS 3450, <i>Financial Instruments</i> section above.
Government Not-for-Profit Organizations	
PS 4200, <i>Financial Statement Presentation by Not-for-Profit Organizations</i>	Significant difference No equivalent IPSAS
PS 4210, <i>Contributions – Revenue Recognition</i>	Significant difference No equivalent IPSAS
PS 4220, <i>Contributions Receivable</i>	Significant difference No equivalent IPSAS
PS 4230, <i>Capital Assets Held by Not-for-Profit Organizations</i>	Significant difference No equivalent IPSAS
PS 4240, <i>Collections held by Not-for-Profit Organizations</i>	Significant difference No equivalent IPSAS
PS 4250, <i>Reporting Controlled and Related Entities by Not-for-Profit Organizations</i>	Significant difference No equivalent IPSAS

PSA Standards	Compared to IPSAS
PS 4270, <i>Disclosure of Allocated Expenses and Not-for-Profit Organizations</i>	Significant difference No equivalent IPSAS
Guidelines	
PSG-2, <i>Leased Tangible Capital Assets</i>	Consistent Principles are largely consistent with existing guidance (IPSASB is currently updating its Leases standard).
PSG-4, <i>Funds and Reserves</i>	Difference No equivalent IPSAS.
PSG-5, <i>Sales-leaseback Transactions</i>	Consistent Principles are largely consistent with existing guidance (IPSASB is currently updating its Leases standard).
PSG-7, <i>Tangible Capital Assets of Local Governments</i>	Difference No equivalent IPSAS.
PSG-8, <i>Purchased Intangibles</i>	Difference IPSAS 31 allows for the recognition of internally developed intangible assets, while PSG-8 does not.

Additionally, several IPSAS exist for which there is no PSA standard. These standards provide additional guidance for the public sector; however, they do increase the effort required to prepare financial information for users.

IPSAS	Title
IPSAS 10	<i>Financial Reporting in Hyperinflationary Economies</i>
IPSAS 12	<i>Inventories</i>
IPSAS 16	<i>Investment Property</i>
IPSAS 21	<i>Impairment of Non-Cash-Generating Assets</i>
IPSAS 26	<i>Impairment of Cash-Generating Assets</i>
IPSAS 27	<i>Agriculture</i>
IPSAS 31	<i>Intangible Assets</i>
IPSAS 42	<i>Social Benefits</i>