

Chapter 1

The Foundation for Principles-Based Standards

A conceptual framework is a coherent set of interrelated objectives and fundamentals that lead to consistent standards or the application of consistent concepts in the absence of specific standards.

Chapter 2

Characteristics of Public Sector Entities

Public sector entities exist to serve the public. Their key characteristics are:

- unique governance structures;
- multiple public interest objectives;
- inherent public accountability;
- nature and use of public resources; and
- volume and financial significance of non-exchange transactions.

Characteristics and user needs lead to the accountability objective and the broad financial reporting accountabilities.

Chapter 3

Financial Reporting Objective

The overriding characteristic of public sector entities is the need for public accountability.

The objective of financial reporting is to provide financial information for accountability purposes to primary users.

- Primary users = the public and its elected or appointed representatives.
- Broad financial reporting accountabilities:
 - Comparison to legislative authorities.
 - Financial condition.
 - Financial performance.
- Financial statements provide some of the information needed to meet the broad accountabilities.

Financial Statement Concepts

Role of Financial Statements

- Help fulfil a public sector entity's duty to be publicly accountable.

Financial Statement Foundations

- Identifiable reporting entity
- Control
- Service capacity = capacity to serve
- Monetary unit = Canadian \$ with no adjustment for changes in purchasing power
- Basis of accounting = accrual accounting

Chapter 6

Financial Statement Objectives

- Scope of financial statements = Reporting entity.
- Reporting financial position = ability to serve the public in terms of economic resources & economic obligations (financial position consists of multiple components).
- Reporting changes in financial position = sources, allocation & consumption of the entity's economic resources (including cash requirements).
- Comparison to budget.
- Reporting non-compliance with legislative authorities.
- Reporting risks and uncertainties.

Objectives are met through reporting model.

Chapter 7

Qualitative Characteristics and Related Considerations

Qualitative Characteristics

- Relevance
 - Confirmatory and predictive value
- Faithful representation
 - Substance over form
 - Completeness
 - Neutrality
 - Free from material error

- Verifiability
- Comparability
- Understandability
- Timeliness

Related Considerations

- Benefit versus Cost
- Materiality
- Prudence

Chapter 8

Elements of Financial Statements

- Assets
- Liabilities
- Revenue
- Expenses

No deferrals that are not assets and liabilities.

No equity element.

Certain revenue and expense of a period may be recognized outside surplus or deficit of that period (i.e., in a component of net assets or net liabilities).

Recognition

Recognition criteria include:

- Element definition met.
- Future economic benefits expected to be obtained or sacrificed.
- Item can be measured.

Chapter 9

Measurement

- Historical Cost = primary measurement attribute.
- Other measurement attributes, such as fair value, may be determined by PSAB to better serve the accountability objective.
- Going concern assumption.

Presentation (including Disclosure) Concepts

Chapter 10

1. This diagram summarizes the main themes proposed in the Statement of Concepts, A Revised Conceptual Framework for the Canadian Public Sector.