

**public sector accounting handbook**  
**highlight summary no. 35**  
**March 2012**

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**HIGHLIGHT SUMMARY**

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE.)

**Temporary investments, Section PS 3030**

This Section has been withdrawn as the distinction between temporary and portfolio investments is removed with the issue of PORTFOLIO INVESTMENTS, Section PS 3041.

**Portfolio investments, Section PS 3041**

This Section revises and replaces PORTFOLIO INVESTMENTS, Section PS 3040. The following changes have been made:

- The scope is expanded to include interests in pooled investment funds.
- Definitions are conformed to those in FINANCIAL INSTRUMENTS, Section PS 3450.
- The requirement to apply the cost method is removed, as the recognition and measurement requirements within Section PS 3450 apply, other than to the initial recognition of an investment with significant concessionary terms.
- Other terms and requirements are conformed to Section PS 3450, including use of the effective interest method.

**Handbook Improvements**

The improvements are as follows:

- SUBSEQUENT EVENTS, paragraph PS 2400.09A, is added to clarify the meaning of the date of completion of financial statements.
- BASIC PRINCIPLES OF CONSOLIDATION, Section PS 2500, is amended to clarify that any unrealized gain or loss attributable to the derecognition of financial assets and financial liabilities in the fair value category due to inter-governmental sales or transfers would be eliminated from the consolidated statement of operations.
- ADDITIONAL AREAS OF CONSOLIDATION, Section PS 2510, is amended as application of the modified equity method may require the reporting of other comprehensive income.
- LOANS RECEIVABLE, Section PS 3050, is amended to specify use of the effective interest method when amortizing a loan discount and to specify that the requirement to apply the effective interest method applies in the period FINANCIAL INSTRUMENTS, Section PS 3450, is adopted.
- INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES, paragraph PS 3070.39, is deleted as the constructive retirement of a debt obligation in situations outlined in paragraphs PS 3070.35-.38 is consistent with requirements to eliminate inter-governmental unit transactions and balances and derecognize liabilities.
- LONG-TERM DEBT, Section PS 3230, is amended to clarify the interaction between requirements that apply to derecognized assets in this Section and FINANCIAL INSTRUMENTS, Section PS 3450.
- CONTRACTUAL OBLIGATIONS, Section PS 3390, is amended to clarify the interaction between Section PS 3390 and FINANCIAL INSTRUMENTS, Section PS 3450.

**Archived Pronouncements**

To give Handbook readers continued access to withdrawn Section PS 3030 and superseded Section PS 3040, these Sections are refiled under Archived Pronouncements. As well, to give Handbook readers continued access to superseded paragraphs until such time as all governments have adopted the new or revised Handbook Sections, supplements have been added in Archived Pronouncements setting out the wording of those paragraphs.

The archived material will be withdrawn from the Handbook when it is no longer effective.

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