

**public sector accounting handbook
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Related party disclosures, Section PS 2200

This new Section defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Editorial changes have been made to other standards as a consequence of the issuance of Section PS 2200.

Inter-entity transactions, Section PS 3420

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The main features of the new Section are:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis.
- Transactions are measured at the carrying amount, except in specific circumstances.
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice.
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.
- Inter-entity transactions are considered in conjunction with RELATED PARTY DISCLOSURES, Section PS 2200.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Editorial changes have been made to other standards as a consequence of the issuance of Section PS 3420.

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