

public sector accounting handbook revisions release no. 33 March 2011

ACCOUNTING STANDARDS

Restricted assets and revenues, paragraphs PS 3100.01 and PS 3100.07

Amended to exclude government transfers.

Government transfers, Section PS 3410 [March 2011]

Revises and replaces GOVERNMENT TRANSFERS, Section PS 3410. The Section sets out how government transfers are accounted for under a full accrual accounting model. The Section applies to all governments and those government organizations using public sector accounting standards.

The following italicized paragraphs formerly appeared in Section PS 3410:

- .07 ♦ *Government transfers should be recognized in a government's financial statements as expenditures or revenues in the period that the events giving rise to the transfer occurred, as long as:*
(a) *the transfer is authorized;*
(b) *eligibility criteria, if any, have been met by the recipient; and*
(c) *a reasonable estimate of the amount can be made.*
The basis for determining the amount recognized for any particular transfer should be applied consistently from year to year. Judgment will be required to account for transfers in a manner that best reflects the substance of the underlying events rather than the form or funding pattern. [NOV. 1990]
- .11 ♦ *Adjustments to estimated amounts of government transfers made or received that are known before the financial statements are completed should be recognized as expenditures or revenues in those financial statements.* [NOV. 1990]
- .19 ♦ *Liabilities should be recognized by the transferring government for estimated unpaid entitlements due at the end of the accounting period to those individuals who had met eligibility criteria.* [NOV. 1990]
- .23 ♦ *Liabilities should be recognized by the transferring government for the estimated unpaid portions, at the end of the accounting period, of the entitlements due to other governments or institutions in accordance with the governing legislation or regulation.* [NOV. 1990]
- .24 ♦ *Receivables should be recognized by the recipient government for the estimated portions of entitlements due but not yet received, at the end of the accounting period, in accordance with the governing legislation or regulation.* [NOV. 1990]
- .25 ♦ *If, at the end of the accounting period, the transferring government has overpaid any entitlements owed to other governments or institutions, the amounts overpaid should be recognized as receivables by the transferring government and as liabilities by the recipient government.* [NOV. 1990]
- .32 ♦ *Liabilities should be recognized by the transferring government at the end of the accounting period for the estimated, unpaid portion of incurred eligible expenditures owed to recipients pursuant to a shared cost agreement.* [NOV. 1990]
- .33 ♦ *Receivables should be recognized by the recipient government at the end of the accounting period for the estimated, unpaid portion of eligible expenditures incurred during the period that the transferring government has agreed to share pursuant to a shared cost agreement.* [NOV. 1990]
- .38 ♦ *Liabilities should be recognized by the transferring government for any unpaid, authorized grants at the end of the accounting period for which the recipients have met eligibility criteria, if any, prior to the end of that period.* [NOV. 1990]
- .39 ♦ *Receivables should be recognized by the recipient government for those grants authorized by the transferring government prior to the end of the accounting period but not yet received, if the recipient government has met eligibility criteria, if any, prior to the end of that period.* [NOV. 1990]
- .46 ♦ *Government transfers that are paid before expenditure recognition criteria have been met should be recorded in the transferring government's financial statements as financial assets until those criteria have been met.* [NOV. 1990]
- .48 ♦ *Government transfers received before revenue recognition criteria have been met should be recorded in the recipient government's financial statements as a liability until those criteria have been met.* [NOV. 1990]
- .52 ♦ *The transferring government should not record contingent recoveries as financial assets in its financial statements. However, when it is likely that the recipient will not meet the conditions related to a particular transfer, the existence of the contingent recovery should be disclosed in the notes to the financial statements.* [NOV. 1990]
- .56 ♦ *Financial statements should disclose:*

- (a) *a clear and concise description of accounting policies regarding government transfers* (see DISCLOSURE OF ACCOUNTING POLICIES, Section PS 2100); and
(b) *major kinds of transfers made or received.* [NOV. 1990]

The superseded Section has been refiled under Archived Pronouncements.

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