

**public sector accounting handbook
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HIGHLIGHT SUMMARY

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

Liabilities, Section PS 3200

This new Section establishes recognition and disclosure standards relating to liabilities reported in government summary financial statements. It applies to the federal, provincial, territorial and local governments.

The Section defines liabilities as present obligations of a government to others, arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefit.

The Section also requires:

- that liabilities be recognized when they meet the general recognition criteria; and
- for liabilities that cannot be recognized, that the nature of the liability and the reason(s) why the amount cannot be estimated be disclosed.

Governments are required to implement the Section for fiscal years beginning on or after September 1, 2004.

Contingent liabilities, Section PS 3300

This new Section establishes recognition and disclosure standards dealing with contingent liabilities in government summary financial statements. It applies to the federal, provincial, territorial and local governments.

The Section defines contingent liabilities as possible obligations that may result in the future sacrifice of economic benefit arising from existing conditions or situations involving uncertainty.

The Section also requires:

- a government to accrue a contingent liability when the expected future confirming event is likely to occur;
- that an accrued contingent liability be derecognized when it is settled or otherwise extinguished or when the future confirming event is unlikely.
- a government to disclose a contingent liability unless the occurrence of the future confirming event is unlikely.

Governments are required to implement the Section for fiscal years beginning on or after September 1, 2004.

Contractual obligations, Section PS 3390

This new Section establishes disclosure standards for contractual obligations in government summary financial statements. It applies to the federal, provincial, territorial and local governments.

The Section defines contractual obligations as obligations of a government to others that will become liabilities when the terms of those contracts or agreements are met.

The Section also requires a government to disclose information about the nature, extent and expected timing of the related expenditures.

Governments are required to implement the Section for fiscal years beginning on or after September 1, 2004.
