

public sector accounting handbook

highlight summary no. 52

April 2021

Generally Accepted Accounting Principles, Section PS 1150

This Section has been amended to position International Public Sector Accounting Standards as the first accounting framework to consult in situations not covered by primary sources of GAAP or for assistance in applying a primary source of GAAP to specific circumstances and it is necessary to consult pronouncements issued by other bodies authorized to issue accounting standards.

The amendment is effective for fiscal years beginning on or after April 1, 2021. The amendment would be applied only to new transactions or other events for which the entity has no existing accounting policy. The amendment does not require revision of existing accounting policies.

Financial Statement Presentation, Section PS 1201

This Section has been amended to clarify:

- the remeasurement impact of derivatives and other categories of financial instruments may be presented as separate line items on the statement of change in net debt;
- a new subtotal for the change in net debt excluding the impact of remeasurement gains and losses may be presented on the statement of change in net debt; and
- a footnote on the net debt indicator may be included in the statement of financial position to refer readers to the additional detail provided on the statement of change in net debt.

These amendments are intended to provide further transparency on net debt movements and assist preparers in highlighting the impacts of fair value. They are applicable in the periods Section PS 2601 and Section PS 3450 are applied.

Financial Statement Presentation, Section PS 1201, Foreign Currency Translation, Section PS 2601 and Financial Instruments, Section PS 3450

Section PS 2601 has been amended to introduce an irrevocable accounting policy election available to financial assets and financial liabilities arising from a foreign currency transaction. This allows public sector entities to elect on initial recognition to recognize their exchange gains and losses on a financial asset or financial liability directly in the statement of operations.

The amendments to Section PS 2601 clarify that, for those financial assets and financial liabilities in the fair value category, the exchange gain or loss component of the change in fair value would be separated and recognized directly in the statement of operations in cases where this election was made. Amounts subject to this election would not be considered remeasurement gains and losses.

As a result of the changes described above, amendments have also been made to Section PS 1201 and Section PS 3450. They include the following:

- Section PS 1201 has been amended to clarify that exchange gains and losses subject to the election described above would not be recognized in the statement of remeasurement gains and losses; and
- Section PS 3450 has been amended to clarify that public sector entities should disclose in the notes the carrying amounts of financial assets and financial liabilities in which exchange gains and losses are recognized directly in the statement of operations.

These amendments are effective for fiscal years beginning on or after April 1, 2022, with earlier application permitted. Transitional provisions have also been introduced in Section PS 2601 to clarify the following:

- How public sector entities currently applying the financial instruments' suite of standards would make this election for their existing financial assets and financial liabilities; and
- How public sector entities not currently applying the financial instruments' suite of standards would make this election on transition to these standards.

Public Private Partnerships, Section PS 3160

This new Section establishes standards on how to account for public private partnership arrangements. The main features of the new Section are:

- Public private partnership infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use; and operate and/or maintain the infrastructure.

- Public private partnership infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is recognized when the public sector entity recognizes an asset.
- An infrastructure asset acquired in a private partnership arrangement is recorded at the public sector entity's cost. The liability is initially measured at the cost of the infrastructure asset.
- Subsequent measurement of the infrastructure asset is based on the asset cost amortized in a rational and systematic manner over the useful life of the asset.
- Subsequent measurement of a financial liability should be at amortized cost using the effective interest method. For a performance obligation, revenue should be recognized and the liability reduced in accordance with the substance of the public private partnership agreement.

This Section applies to fiscal years beginning on or after April 1, 2023. Early adoption is encouraged.

As a consequence of the issuance of Section PS 3160, editorial changes have been made to other standards.

Archived Pronouncements

To give Handbook readers continued access to superseded paragraphs until such time as they are no longer applicable, supplements in Archived Pronouncements set 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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