

**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.)

Government reporting entity, Section PS 1300

This revised Section defines which organizations should form the government's reporting entity. It applies to federal, provincial, territorial and local governments.

The following changes have been made to the Section:

- The government reporting entity should comprise those organizations that are controlled by the government.
- For purposes of applying the Section, control is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities.
- Indicators of control are provided as guidance for assessing whether a government controls an organization. Some indicators of control are more persuasive than others but, on balance, it is the preponderance of evidence that would be considered in determining whether control exists.
- Guidance is provided on temporary control as well as situations where control does not exist. Examples include: trusts under administration, regulation and financial dependence.

Governments are required to implement the Section for fiscal years beginning on or after April 1, 2005. Earlier adoption is encouraged.

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