

public sector accounting handbook

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ACCOUNTING STANDARDS

Financial statement concepts, paragraph PS 1000.60

Removed a reference to "temporary investments" as a result of withdrawing Section PS 3030.

Financial statement presentation, paragraph PS 1201.050(b)

Amended to remove a reference to "temporary investments" as a result of withdrawing Section PS 3030. The former wording of paragraph PS 1201.050(b) was as follows:

♦ *The statement of financial position should report financial assets segregated by main classifications, such as:*

...

(b) *temporary investments; ...* [APRIL 2005]

Government reporting entity, Section PS 1300

Deleted paragraph PS 1300.37 and amended paragraph PS 1300.38 as a result of issuing Section PS 3041 and FINANCIAL INSTRUMENTS, Section PS 3450. The former wording of paragraph PS 1300.37 was as follows:

♦ *Government financial statements should account for portfolio investments by the cost method.* [MARCH 1999]

Former paragraphs PS 1300.37-.38 are set out in a supplement in Archived Pronouncements.

Subsequent events, paragraph PS 2400.09A

Added to clarify the meaning of the date of completion of financial statements.

Basic principles of consolidation, paragraphs PS 2500.15-.17

Amended paragraphs PS 2500.15-.17 and added paragraph PS 2500.16A as a result of issuing FINANCIAL INSTRUMENTS, Section PS 3450. The former wording of paragraph PS 2500.15 was as follows:

♦ *Inter-governmental unit gains and losses arising on the sale or transfer of assets remaining within the government reporting entity should be eliminated.* [MAY 1999]

Former paragraphs PS 2500.15-.17 are set out in a supplement in Archived Pronouncements.

Additional areas of consolidation, paragraphs PS 2510.42-.43

Amended to clarify reporting implications as a result of issuing Section PS 1201.

Segment disclosures, paragraphs PS 2700.19-.20 and PS 2700.26

Amended paragraphs PS 2700.19-.20 and PS 2700.26 to clarify reporting implications as a result of issuing Section PS 1201. The former wording of paragraph PS 2700.26 was as follows:

♦ *Government financial statements should separately disclose the following information, in notes or schedules, about each of a government's segments identified in accordance with paragraph PS 2700.07:*

...

(d) *the aggregate of the net surplus / deficit of government business enterprises and government business partnerships accounted for under the modified equity method for each segment, if applicable;*

(e) *the aggregate of the net surplus / deficit of government organizations accounted for under the modified equity basis in accordance with the transitional provisions of GOVERNMENT REPORTING ENTITY, paragraph PS 1300.47, for each segment, if applicable; and*

(f) *a reconciliation between the information disclosed for segments and the consolidated information in the financial statements.* [APRIL 2007]

Temporary investments, Section PS 3030

Withdrawn.

The following italicized paragraphs formerly appeared in Section PS 3030:

- .02 ♦ *The statement of financial position should report a government's temporary investments at the financial statement date.* [MARCH 1997]
- .03 ♦ *Financial statements should disclose adequate information about the nature and terms of a government's temporary investments together with any valuation allowances.* Such information would include the amounts outstanding and the method of valuation. [MARCH 1997]

- .04 ♦ *Where there are holdings of marketable securities, their quoted market value as well as their carrying value should be disclosed.* [MARCH 1997]
- .05 ♦ *When the market value of temporary investments has declined below the carrying value, they should be carried at market value.* [MARCH 1997]

This Section has been refiled under Archived Pronouncements.

Portfolio investments, Section PS 3040

Replaced by Section PS 3041.

The following italicized paragraphs appeared in Section PS 3040:

- .07 ♦ *When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment should be written down to recognize the loss. The write-down should be included in the statement of operations.* [MARCH 1999]
- .08 ♦ *A write-down of a portfolio investment to reflect a loss in value should not be reversed if there is a subsequent increase in value.* [MARCH 1999]
- .13 ♦ *For the purposes of calculating a gain or loss on the sale of a portfolio investment, the cost of the investment sold should be calculated on the basis of the average carrying value of the portfolio investment. The gain or loss on the sale of a portfolio investment should be included in the statement of operations in the period of sale.* [MARCH 1999]
- .15 ♦ *When the terms associated with a government's portfolio investment are so concessionary that the substance of the transaction is that all or a significant part of the investment is in the nature of a grant, the grant portion of the transaction should be recognized as an expense when the investment is made.* [MARCH 1999]
- .19 ♦ *When a government uses present value techniques to recognize part of a portfolio investment as a grant, the recorded value of the investment at the date of investment should be its cost less the amount calculated as the investment discount. The amount of the investment discount should be amortized to revenue in a rational and systematic manner over the term to redemption or maturity of the investment.* [MARCH 1999]
- .25 ♦ *Portfolio investments should be reported separately on the statement of financial position.* [MARCH 1999]
- .26 ♦ *The basis of valuation of portfolio investments should be disclosed.* [MARCH 1999]
- .27 ♦ *Income from portfolio investments should be reported separately on the statement of operations.* [MARCH 1999]
- .28 ♦ *When portfolio investments include marketable securities, the quoted market value of such securities as well as their carrying value should be disclosed.* [MARCH 1999]

This superseded Section has been archived under Archived Pronouncements.

Portfolio investments, Section PS 3041 [APRIL 2012]

Revises and replaces Section PS 3040. The Section sets out requirements when Section PS 1201, FOREIGN CURRENCY TRANSLATION, Section PS 2601, and FINANCIAL INSTRUMENTS, Section PS 3450, are adopted.

The following table shows how paragraphs in former Section PS 3040 and revised Section PS 3041 correspond:

Former paragraphs	New paragraphs
PS 3040.11	PS 3041.11-.13
PS 3040.12	PS 3041.14
PS 3040.13-.28	PS 3041.15-.30
PS 3040.29-.30	—
—	PS 3041.31
PS 3040.31-.32	PS 3041.32-.33
PS 3040.33	—
—	PS 3041.34

Loans receivable, Section PS 3050

Amended paragraph PS 3050.10 to specify that the amount of a loan that is expected to be recovered through future appropriations is accounted for in the statement of operations.

Amended paragraph PS 3050.20 to specify that the grant portion of loans with significant concessionary terms are accounted for in the statement of operations.

Amended paragraph PS 3050.25 to specify that a loan discount is accounted for using the effective interest method as a result of issuing FINANCIAL INSTRUMENTS, Section PS 3450.

Amended paragraph PS 3050.27 as a result of issuing Section PS 3450.

Amended paragraphs PS 3050.50-.51 to specify that the costs of concessions in a loan restructuring are recognized in the statement of operations.

Added paragraph PS 3050.63 to provide a transitional provision for paragraph PS 3050.25.

The former wording of paragraphs PS 3050.10, PS 3050.20, and PS 3050.51 was as follows:

- .10 ♦ *The amount of a loan that is expected to be recovered from future appropriations should be accounted for as an expense in the period when a direct relationship can be established between the repayment of the loan and a government's funding to the borrower.* [JUNE 1995]
- .20 ♦ *When the terms of a loan are so concessionary that the substance of the transaction is that all or a significant part of the loan is more in the nature of a grant, the grant portion of the transaction should be recognized as an expense when the loan is made.* [APRIL 1993]
- .51 ♦ *The costs of concessions in a loan restructuring, if any, relating to principal or interest previously accrued, should be recognized as expenses at the time of restructuring.* [APRIL 1993]

Amended the Decision Tree in Appendix A as a result of issuing Section PS 3450.

Former paragraphs PS 3050.25 and PS 3050.27 are set out in a supplement in Archived Pronouncements.

Investments in government business enterprises, Section PS 3070

Deleted paragraph PS 3070.39 as the constructive retirement of a debt obligation in situations outlined in paragraphs PS 3070.35-.38 is consistent with requirements to eliminate inter-governmental unit transactions and balances and derecognize liabilities.

Amended paragraph PS 3070.44 to remove a reference to the cost method as a result of issuing Section PS 3041 and FINANCIAL INSTRUMENTS, Section PS 3450.

Former paragraphs PS 3070.39 and PS 3070.44 are set out in a supplement in Archived Pronouncements.

Restricted assets and revenues, paragraph PS 3100.06

Amended to clarify that the nature of the stipulations within sinking fund agreements can give rise to either internal or external restrictions.

Long-term debt, paragraph PS 3230.22

Amended as a result of issuing FINANCIAL INSTRUMENTS, Section PS 3450. The former wording of paragraph PS 3230.22 was as follows:

- ♦ *When a government holds its own securities at the end of the accounting period, the following should be disclosed:*
 - (a) *the gross amount of the long-term debt classes to which the securities relate; and*
 - (b) *the amount of the government's own securities purchased but not cancelled.* [MARCH 1997]

Loan guarantees, paragraph PS 3310.08

Amended to specify that losses on loan guarantees are accounted for in the statement of operations. The former wording of paragraph PS 3310.08 was as follows:

- ♦ *A provision for losses on loan guarantees should be established when it is determined that a loss is likely, and should be accounted for as a liability and an expense.* [JUNE 1995]

Contractual obligations, paragraph PS 3390.05

Added as a result of issuing FINANCIAL INSTRUMENTS, Section PS 3450. Paragraphs in the balance of the Section have been renumbered accordingly.