

public sector accounting and auditing handbook

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HIGHLIGHT SUMMARY

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

Government assistance — application of CICA HANDBOOK Section 3800, Section PS 3800

This new Section provides guidance to government business enterprises and government business-type organizations on applying the recommendations of CICA HANDBOOK Section 3800 in accounting for resources received from the government that owns or controls them. It includes the following main recommendations and guidance:

- Amounts a government provides to one of its government business enterprises or government business-type organizations should be accounted for by the recipient as income, unless they meet the definition of contributed surplus set out in the new Section.
- Amounts that meet the definition of contributed surplus should be credited directly to equity.
- Government assistance received from the owner should be separately identified and reported at gross amounts in the operating statement of government business enterprises and government business-type organizations.
- Government assistance received for the acquisition of depreciable capital assets would be deferred and amortized to income on the same basis as the related capital asset.
- Government assistance received for the acquisition of non-depreciable capital assets, such as land, would be recognized as direct increases in net assets.

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