

**public sector accounting handbook**  
**highlight summary no. 33**  
**March 2011**

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**HIGHLIGHT SUMMARY**

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

**Government transfers, Section PS 3410**

This Section revises and replaces existing Section PS 3410. The following changes have been made to the Section:

- A transferring government recognizes an expense when the transfer is authorized and recipients have met the eligibility criteria.
- Authorization by the transferring government can occur either by the date of the financial statements or during the period between the date of the financial statements and the issuance of those statements provided that the exercise of that authority occurred at the financial statement date.
- If a transferring government provides the transfer prior to the recipient meeting eligibility criteria, the transferring government cannot recognize a prepaid asset.
- A recipient government recognizes the transfer as revenue when the transfer was authorized by the transferring government, unless a liability is created for the recipient.
- For a recipient, the transferring government's authorization must be in place by the financial statement date.
- A liability related to the transfer for the recipient may result from:
  - receiving a transfer prior to the recipient meeting eligibility criteria;
  - specific stipulations contained in the transfer agreement; and
  - stipulations that are unclear but the recipient creates a liability through its own actions and communications that are related to the terms of the transfer by the financial statement date.
- Revenue is recognized as the liability is settled.
- A liability may also result from the recipient's own actions and communications that are unrelated to the terms of the transfer by the financial statement date. In this case, an asset and revenue and a liability and expense would be recognized.

The Section applies to all governments and those government organizations using public sector accounting standards. The Section applies to fiscal years beginning on or after April 1, 2012 and may be applied retroactively or prospectively. Earlier adoption is encouraged.

**Archived Pronouncements**

To give Handbook readers continued access to superseded Section PS 3410, this Section is refiled under Archived Pronouncements. The superseded Section will be withdrawn from the Handbook when it is no longer effective.

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