

# PSAB Update

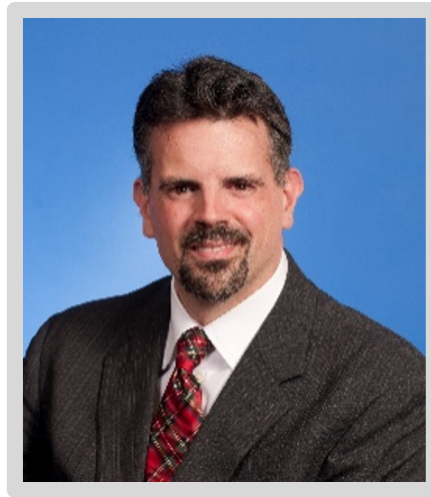
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**PD WEEK 2022**

**SEMAINE DE PP 2022**



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# Effective dates of new standards

Topic	Effective Date (Years commencing on or after)
Financial instruments (PS 3450)* Foreign Currency Translation (PS 2601)* Financial Statement Presentation (PS 1201)* Portfolio Investments (PS 3041)* (*must be adopted together)	April 1, 2022
Asset Retirement Obligations (PS 3280)	April 1, 2022
Revenues (PS 3400)	April 1, 2023
Purchased Intangibles (PsG 8)	
Public Private Partnerships (PS 3160)	

# Asset Retirement Obligations (ARO)

PS 3280 was effective April 1, 2022 and addresses the reporting of a legal obligations associated with the retirement of tangible capital assets.

## ASSET RETIREMENT COSTS

Asset retirement costs associated with a tangible capital asset increase the carrying amount of the asset and are expensed over its useful life.



## MEASUREMENT OF LIABILITY

Measurement of an ARO liability is based on the best estimate of the amount required to retire the asset at the financial statement date.



## REMEASUREMENT

Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset or an expense.



# Financial Instruments

PS 3450 was effective April 1, 2022 and provides comprehensive guidance on recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

## DERIVATIVES

Derivatives and actively-quoted equity measured at fair-value. Separation of embedded derivatives if not closely related to host contract.

## FAIR VALUE

Fair-value option available for assets/liabilities managed on fair value basis

## OTHER INSTRUMENTS

All other financial instruments continue to be measured at amortized cost

## AMORTIZED COST

Effective interest method used to determine amortized cost



# Financial Statement Presentation

PS 1201 was effective April 1, 2022 and introduces a new “Statement of Remeasurement Gains and Losses” (SORGL) to be added to the financial statements. The new statement will be included in the departmental financial statements.

## FAIR VALUE REMEASUREMENTS

Unrealized remeasurements of financial instruments recognized in the SORGL include fair value remeasurements.



## REMEASUREMENT GAINS & LOSSES

Remeasurement gains and losses are a component of accumulated surplus/(deficit) (equity).



## ACCUMULATED GAINS & LOSSES

Accumulated remeasurement gains/losses recycled to Statement of Operations on settlement.



# Public Private Partnerships (P3)

PS 3160 will be effective April 1, 2023. P3 Infrastructure is procured by the government and uses 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 or maintain the infrastructure.

1

An asset is recognized when the public sector entity acquires control of the infrastructure. A liability is recognized when the public sector entity recognizes an asset.

2

A P3 asset is recorded at the government's cost. The liability is initially measured at the cost of the infrastructure asset.

3

Subsequent measurement based on the asset cost amortized over the useful life. Subsequent measurement of a liability is at amortized cost using the effective interest method.

4

For user-fee (a.k.a. user-pay) models, a liability is established for the performance obligation. Revenue is recognized and the liability reduced as the performance obligation is met.

# Revenues

**PS 3400 enters  
into effect  
April 1, 2023.**

**A focus on revenue  
recognition as  
performance  
obligations fulfilled.**

1

Have you identified any other revenue-generating transactions (excluding contributions; taxation; or government transfer revenues) which create performance obligations (i.e.: the entity is required to provide a good or service to earn that revenue)?

2

Did you review accounting policies for these transactions to verify revenue is recognized only as performance obligations are being met?

3

Does documentation exist of the performance obligations for impacted revenue streams, and how they are fulfilled?

4

Have you quantified the impact of any change in accounting policy, or determined that there is no impact?



# Purchased intangibles (PsG 8)

Identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction.

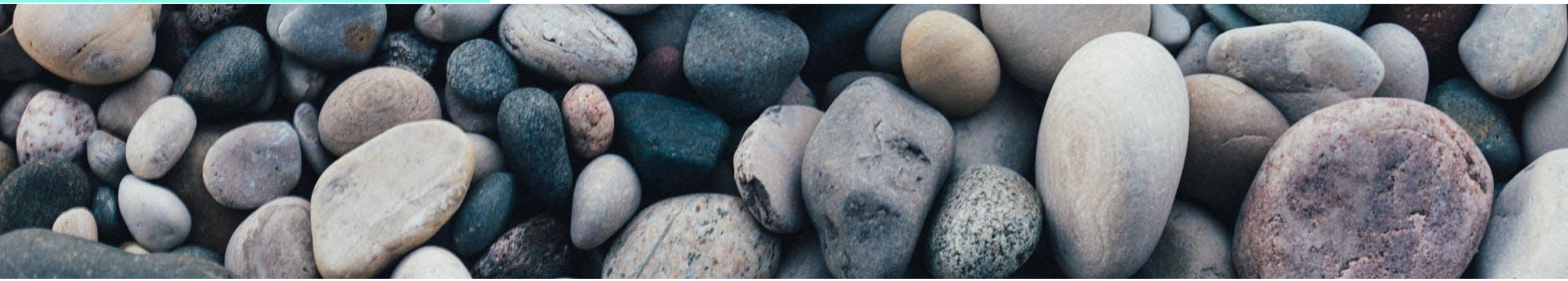
Purchased intangibles are to be recognized as assets in financial statements when they meet the asset definition and the general recognition criteria in PS 1000, Financial Statement Concepts.

The Board issued Public Sector Guideline 8 as interim guidance to clarify the changes proposed in the Exposure Draft to Section PS 1000, Financial Statement Concepts, Section PS 1100, Financial Statement Objectives, and Section PS 1201, Financial Statement Presentation.

Effective for fiscal years beginning on or after April 1, 2023.

# PSAS active projects

Topic	Next steps
Employment benefits	Exposure draft for proposed Section PS3251, Employee Benefits issued in July 2021, for comments by November 25, 2021.
Concepts Underlying Financial Performance	Exposure drafts issued by the Board for the proposed conceptual framework, and revised reporting model for comment by June 30, 2021.
PSAB's Approach to International Public Sector Accounting Standards	Board has voted to adapt IPSAS principles when developing future standards for all projects beginning on or after April 1, 2021.
Government Not for Profit Consultations	Second consultation paper issued by the Board. Comments were due June 30, 2021.



Thank You!

