



# Public Sector Accounting Standards (PSAS) update

## Keeping current

# Important caveats

- This webcast does not provide official Deloitte interpretive accounting guidance.
- Check with your advisor before taking any action.



# Assets, contingent assets, and contractual rights

# Assets, contingent assets and contractual rights

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## Purpose of the standards

- Provide additional guidance on the definition of an asset
- Establish disclosure requirements

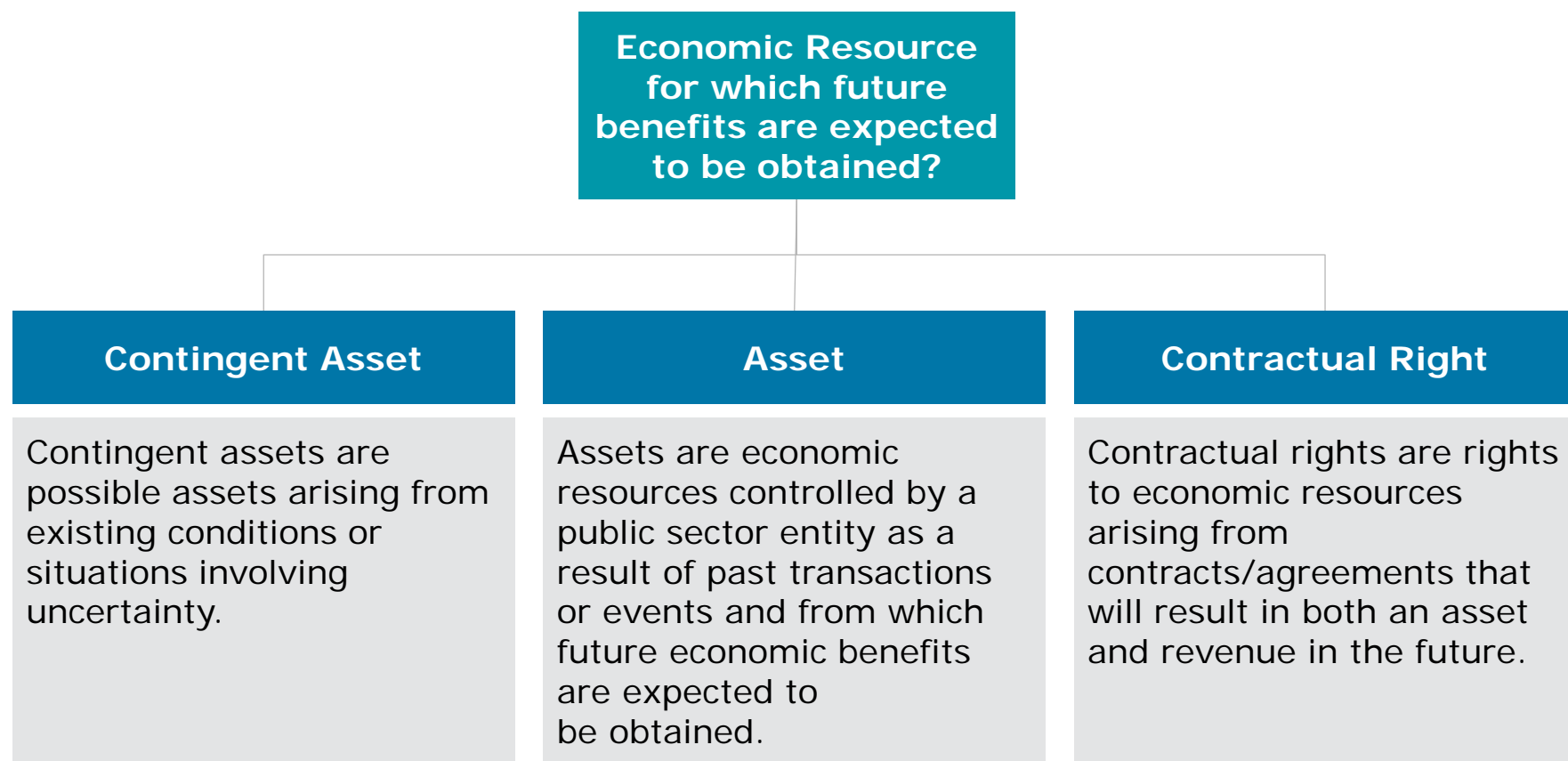
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New PSAS standard	Purpose	Equivalent liability standard	Purpose
PS 3210 – Assets	General recognition and disclosure	PS 3200 Liabilities	General recognition and disclosure
PS 3320 – Contingent Assets	Disclosure	PS 3300 Contingent Liabilities	Recognition, measurement, and disclosure
PS 3380 – Contractual Rights	Disclosure	PS 3390 Contractual Obligations	Disclosure

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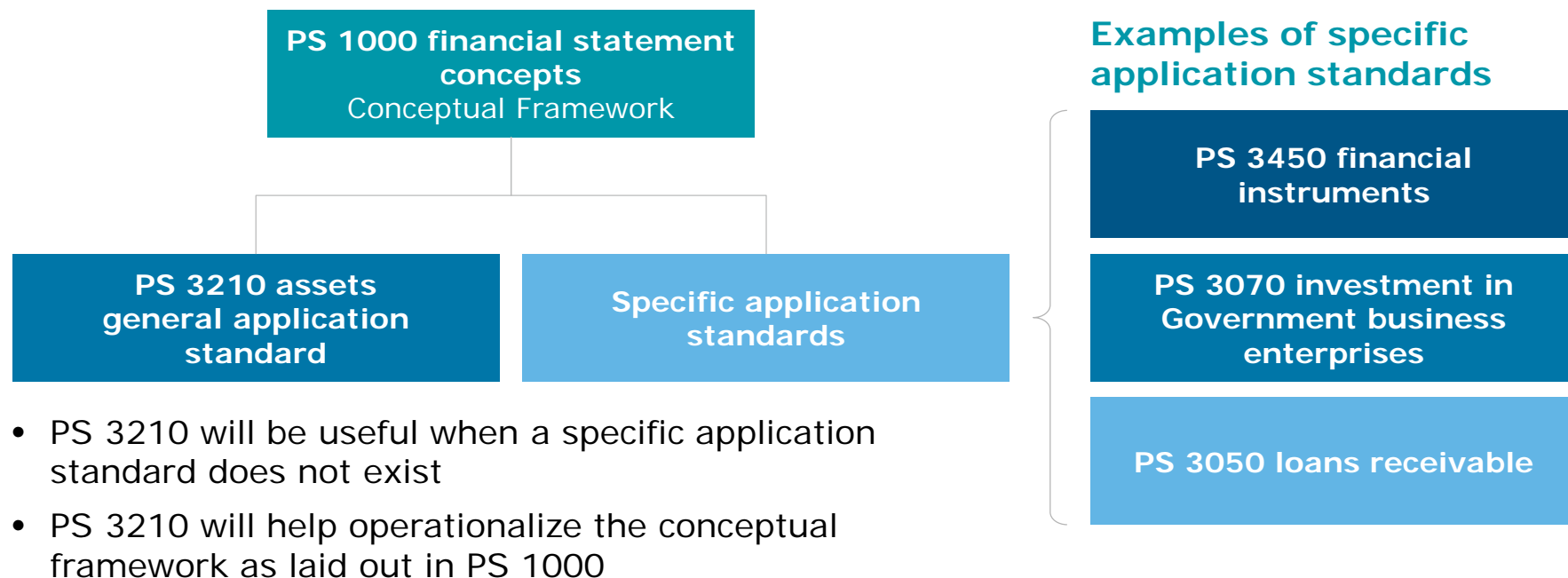
# Assets, contingent assets and contractual rights (cont'd)

## Economic resources



# Assets, contingent assets and contractual rights (cont'd)

## PS 3210 assets



### Implementation considerations

- What assets do you currently recognize that do not have a specific application standard?
- Do you rely on PS 1000 to support the recognition of assets?
- Assets that cannot be recognized should be disclosed – What processes will you implement to capture data on these assets?

# Assets, contingent assets and contractual rights (cont'd)

## PS 3320 contingent assets

### What makes an asset a contingent asset?

Contingent assets are distinct from assets because they are characterized by the **uncertainty related to the existence of an asset** at the financial statement date

#### Existence uncertainty

Uncertainty in the existence of the asset, and more specifically, uncertainty around control of the economic resource.

Vs.

#### Measurement uncertainty

Uncertainty in the determination of the amount at which an item is recognized or disclosed in financial statements.

Recognition of contingent assets is not allowed, but contingent assets must be disclosed if the confirming event is likely to occur.

### Implementation considerations

- What types of contingent assets does your organization have?
- Who will be responsible for assessing the likelihood of the confirming event?
- What processes are needed to ensure that the finance function are aware of the possible contingent assets that exist?

# Assets, contingent assets and contractual rights (cont'd)

## PS 3380 contractual rights

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### Definition of contractual rights

- Contractual rights are rights to economic resources arising from contracts/agreements
- PSAB only requires disclosure of contractual rights when those rights will result in both an asset and revenue in the future (results in additional resources available to an entity)
  - Agreements that require an exchanging of assets do not meet the definition of contractual rights under PS 3380
  - Agreements that do not result in revenue do not meet the definition of a contractual right
- Characteristics of contractual rights
  - Arises out of a contract/agreement that is binding
  - Has clear economic consequences
  - Enforceable by law

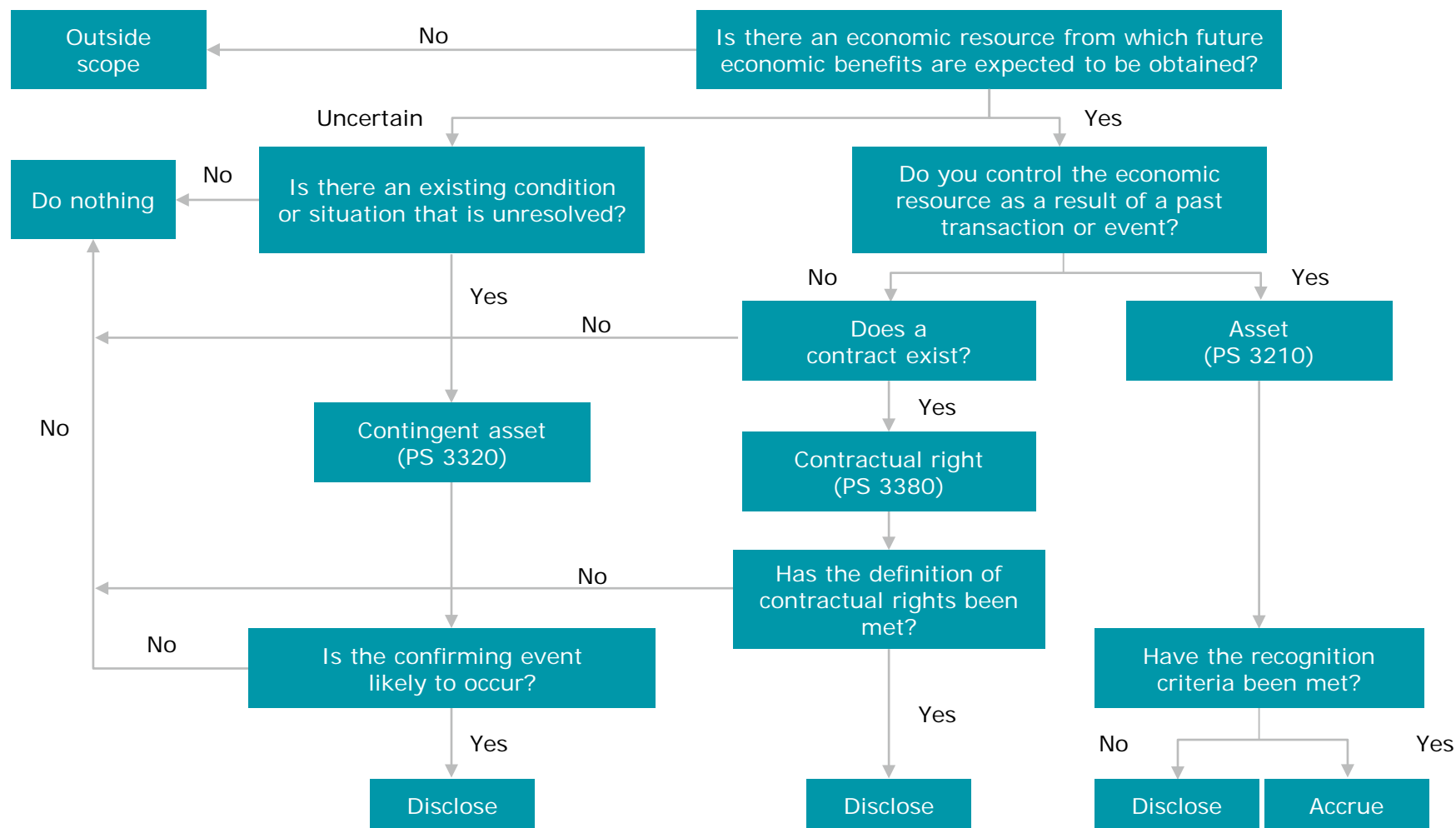
### Implementation considerations

- Does your organization have a good inventory of contracts and does your finance/accounting function have access to those contracts?
- How can you track the data from relevant contracts to produce information required by disclosure requirements?



# Assets, contingent assets and contractual rights (cont'd)

## Decision tree





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