



# PSAB AT A GLANCE

Section PS 3320 - Contingent Assets

# Section PS 3320 - *Contingent Assets*

Effective Date  
Fiscal periods beginning on or after April 1, 2017<sup>1</sup>

## CONTINGENT ASSETS

- **Contingent Assets** are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- Contingent assets are distinct from assets since there is a degree of uncertainty as to whether an asset exists at the financial statement date.
- Contingent assets have two basic characteristics:
  - An existing condition or situation that is unresolved at the financial statement date; and
  - An expected future event that will resolve the uncertainty as to whether an asset exists. This event cannot be wholly within the control of the public sector entity.

## EXISTENCE OF UNCERTAINTY

- The following range of probabilities express the uncertainty relating to the occurrence or non-occurrence of the future event confirming that an asset existed at the financial statement date:
  - Likely - the probability of the occurrence / non-occurrence of the future event is high;
  - Unlikely - the probability of the occurrence / non-occurrence of the future event is slight; and
  - Not determinable - the probability of the occurrence / non-occurrence of the future event cannot be determined.

## DISCLOSURE

- The existence of a contingent asset at the date of the financial statements must be disclosed when the occurrence of the confirming future event is likely.
- The disclosure of the contingent asset should include:
  - The nature;
  - The extent, except where the extent cannot be measured or disclosure of the extent would have an adverse effect on the outcome;
  - The reason(s) for any non-disclosure of the extent; and
  - When an estimate of the amount has been made, the basis for the estimate.

<sup>1</sup> Earlier adoption of this Section is permitted.



20 Wellington Street East  
Suite 500  
Toronto ON M5E 1C5  
416-865-0111  
[www.bdo.ca](http://www.bdo.ca)

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO Canada LLP to discuss these matters in the context of your particular circumstances. BDO Canada LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.