

A photograph of two women sitting at a table in a modern office setting. The woman on the left has long red hair and is looking at a laptop. The woman on the right has dark curly hair and is looking at the laptop while holding a pen. There are glasses of water and papers on the table. The background shows a bright office with large windows.

# PSAB AT A GLANCE

Section PS 3100 - Restricted Assets and Revenues

# Section PS 3100 - *Restricted Assets and Revenues*<sup>1</sup>

## SCOPE

**Applies to:**

- Accounting for restricted assets and revenues in government financial statements.

**Does not apply to:**

- Trusts under administration, which are excluded from the government reporting entity (see PS 1300.40).
- Government transfers, which are addressed in PS 3410<sup>2</sup>.

## EXTERNAL RESTRICTIONS

- Stipulations imposed by an agreement with an external party, or through legislation of another government, that specify the purpose or purposes for which resources are to be used.
- Externally restricted resources are the least accessible of a government's resources, because unless the government obtains approval / permission from the external party or there is a change in the relevant legislation, these resources cannot be used for anything other than the purpose stipulated.

## REVENUE RECOGNITION

- Externally restricted inflows must be recognized as revenue in a government's financial statements in the period the resources are used for the purposes specified.
- If externally restricted inflows are received in the same period that the expenditures related to the use of the restricted resources are incurred, the inflows are recognized in that period since the restrictions have been complied with by the financial statement date.
- Externally restricted inflows that are received before the related criteria are met must be reported as a liability until the resources are used for the purpose / purposes specified.

<sup>1</sup> For guidance on internally restricted entities and designated assets refer to paragraphs PS 3100.20-.26 and PS 3100.27-.31 respectively.

<sup>2</sup> Refer to paragraph .37 in PS 3410, *Government Transfers*, for the transitional provisions related to this scope restriction.



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