

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 wearing a green jacket, looking at a laptop. The woman on the right has dark curly hair and is wearing a dark blazer, looking at the laptop. There are white chairs, a glass of water, and a small potted plant on the table. A red vertical bar is on the left side of the image.

PSAB AT A GLANCE

Section PS 3390 - Contractual Obligations

Section PS 3390 - *Contractual Obligations*

CONTRACTUAL OBLIGATIONS

- Obligations of a government to others that will become liabilities in the future when the terms of those contracts or agreements are met.
- They are distinct from liabilities since no past transaction or event obligating the government to a future sacrifice of economic benefits has occurred at the financial statement date.
- The government does not have a liability until a transaction or event under a contract occurs.
- Disclosure of contractual obligations relates to the unperformed portion of these contracts.
- They are distinct from contingent liabilities since there is no uncertainty related to the existence of the contractual obligation.

DISCLOSURE

- A government's financial statements must disclose information about a government's contractual obligations. This disclosure must be provided in the notes or schedules of the financial statements and a description of the nature, extent and timing of the related expenditures must be included.



20 Wellington Street East
Suite 500
Toronto ON M5E 1C5
416-865-0111
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.