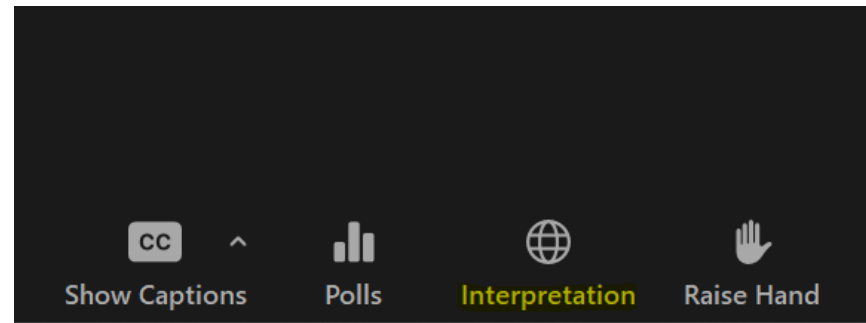


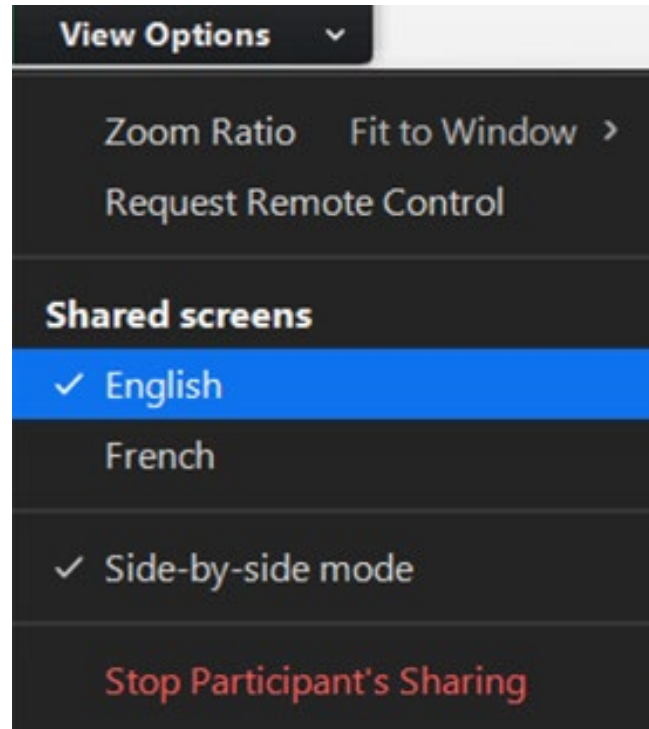
Exploring PSAB's Exposure Draft, "Tangible Capital Assets, Proposed Amendments to Section PS 3150"

The meeting will begin shortly. Please stand by.

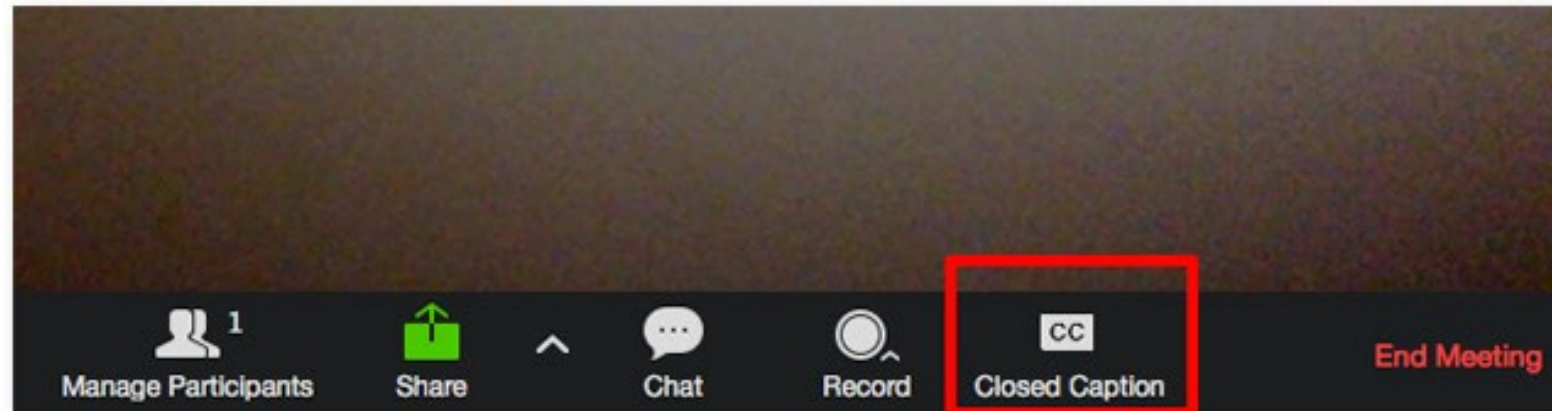
Simultaneous Interpretation



Presentation Language Selection



Closed Captioning



Presenters



Bill Cox,
Retired Partner
BDO Canada LLP



Moderator of Session
Camila Santos
Principal, Public Sector Accounting Board

PSAB's Exposure Draft, "Tangible Capital Assets, Proposed Amendments to Section PS 3150"



PSAB issues standards and guidance with respect to matters of accounting in the public sector following due process.



"Public sector" refers to governments, government components, government organizations, and partnerships. Each of these entities is a "public sector entity".



The opinions stated in this webinar are those of the presenters and do not necessarily reflect the views of PSAB.



Official positions of PSAB are established only after due process.

Agenda

- Background
- GNFP Strategy
- GNFP Implementation Plan
- Exposure Draft Proposals
- Q & A session

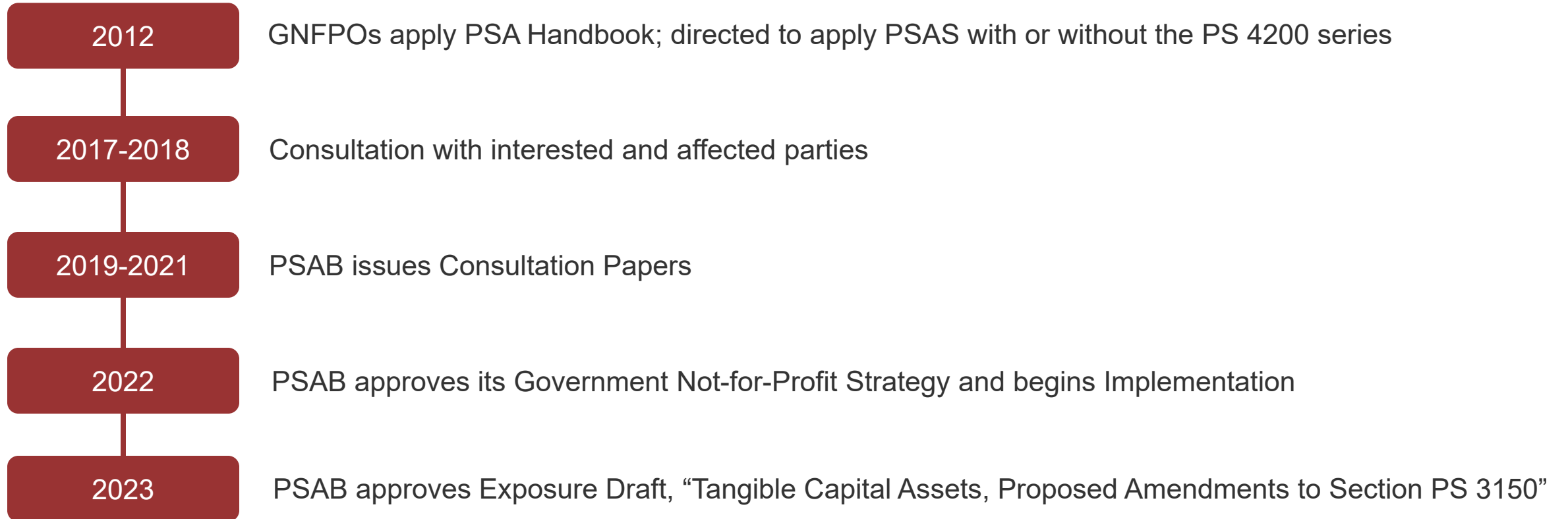


Polling Question #1

What category of reporting entity is most relevant to your current role?

- a) Indigenous government
- b) Federal government
- c) Provincial government
- d) Municipal government
- e) Government not-for-profit organization
- f) Legislative auditor office
- g) Public accounting firm
- h) Other

Background



GNFP Strategy

PSAS incorporating the PS 4200 series with potential customizations

- Why?
 - Customizations provide tool and flexibility
 - Guidance available in PS 4200 series might become available to all public sector entities
 - Improve comparability and understandability of financial statements

GNFP Strategy Implementation



GNFP Capital Assets Project

- PSAB approved the GNFP Capital Assets Project proposal at its December 2022 meeting
- The review of the PS 4200 series against the applicable guidance found in the rest of PSAS – three options considered

Options

Add the guidance in the PS 4200 series to PSAS

Add the guidance in the PS 4200 series to PSAS as a customization

Withdraw the guidance so it would not be available in PSAS

Key issues



The definition of capital assets



Capital asset recognition exemption



Works of art, historical treasures and collections



Purchases of capital assets substantially below fair value



Inclusion of contributed materials or labour in the cost of a constructed or developed capital asset

Capital asset definition

Issue

- The capital asset definitions are similar between Sections PS 3150 and PS 4230 except for the inclusion of intangible properties in Section PS 4230

Proposal

- Minor amendments proposed to the tangible capital assets definition in Section PS 3150

Rationale

- PSAB's Intangible Asset project
- Proposed Effective Date and Transitional Provisions

Impact

- Minimal – the effective date and transitional provisions consider the Intangible Asset Project deliverables to avoid unintended consequences

Polling Question #2

Do you agree that “intangible properties” should not be added to the definition of a tangible capital asset in Section PS 3150 and instead be addressed by PSAB’s Intangible Assets project?

- a) Yes
- b) No
- c) Not sure

Capital asset recognition exemption

Issue

- Section PS 4230 allows an option for those organizations that have average annual revenues of less than \$500,000 to provide disclosures only of its capital assets

Proposal

- No amendments proposed to Section PS 3150

Rationale

- Section PS 3150 emphasizes the importance of recognizing the complete stock of tangible capital assets to help demonstrate stewardship and cost to provide programs and services

Impact

- Minimal – bright line threshold amount is relatively low

Works of art, historical treasures and collections

Issue

- Section PS 3150 does not permit the recognition of works of art and historical treasures in the financial statements while Sections PS 4230 and PS 4240 do permit recognition

Proposal

- Add additional guidance to describe collections and enhanced disclosure requirements

Rationale

- Currently mixed practices, proposal will help promote consistency and comparability among public sector entities

Impact

- Some GNFPOs may need to derecognize assets
- Some public sector entities may need to provide additional disclosures

Disclosure Requirements

The additional disclosure requirements aim to provide useful information to interested and affected parties for understanding and assessing:

1

The nature and relevance of the works of art and historical treasures

2

Cash-flows impact of being responsible for protecting and preserving these items

3

Financial performance implications associated with purchase and sale of these items

Polling Question #3

Do you agree providing disclosures only for works of art, historical treasures, and collections will improve comparability of the financial statements within the public sector?

- a) Yes
- b) No
- c) Not sure

Purchases of capital assets substantially below fair value

Issue

- Section PS 4230 provides guidance on capital asset purchases at substantially below fair value, indicating that the difference would be recorded as a contribution (similar guidance is not found in Section PS 3150)

Proposal

- Amend Section PS 3150 to add the guidance currently found in Section PS 4230 related to capital asset purchases at below fair value

Rationale

- All entities accounting for such assets in a consistent manner will improve comparability among all public sector entities

Impact

- Minimal

Inclusion of contributed materials or labour in the cost of a constructed or developed capital asset

Issue

- Section PS 4230 addresses situations where some of the materials and labour directly attributed to the construction or development of a tangible capital asset may be contributed (similar guidance is not found in Section PS 3150)

Proposal

- Add guidance to Section PS 3150

Rationale

- All entities accounting for such assets in a consistent manner will improve comparability among all public sector entities

Impact

- Minimal

Transitional Provisions

GNFPOs currently applying the PS 4200 series

- Adopt Section PS 3150 beginning on or after April 1, 2029, with earlier adoption permitted. Applied retroactively with restatement of prior years' figures. Sections PS 4230 and PS 4240 will no longer apply.

All public sector entities not currently apply the PS 4200 series

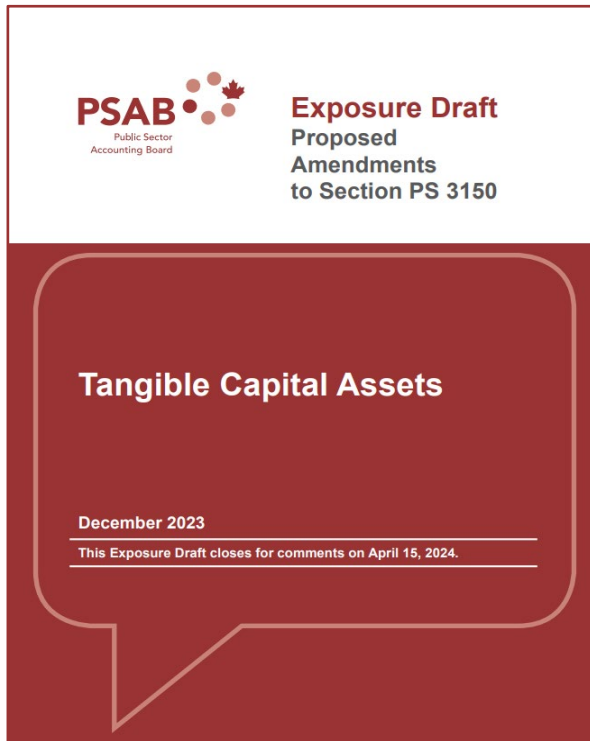
- Amendments to Section PS 3150 are effective for fiscal periods beginning on or after April 1, 2029, with earlier adoption permitted. Applied retroactively with restatement of prior years' figures.

GNFP Capital Assets Project Next Steps



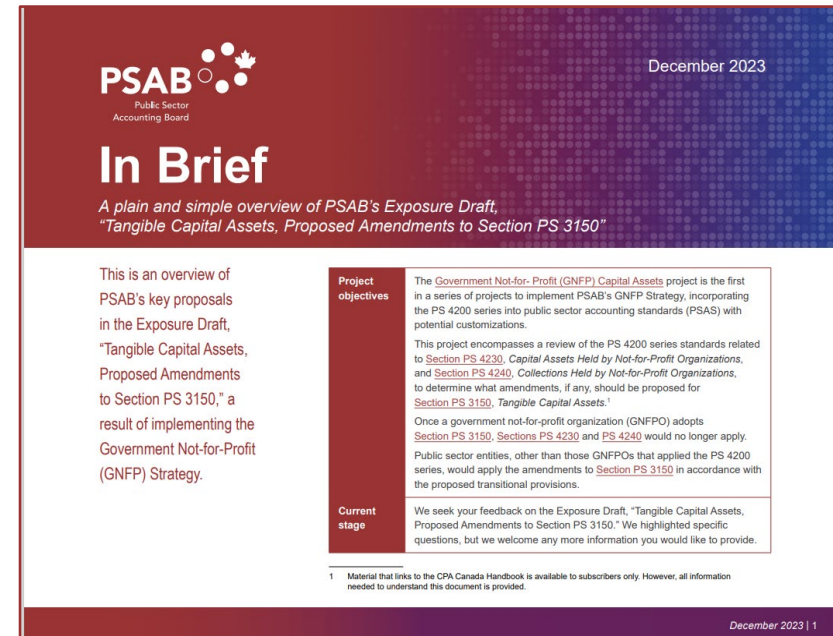
Resources

Exposure Draft



The image shows the cover of the Exposure Draft document. At the top left is the PSAB logo (Public Sector Accounting Board) with a maple leaf icon. To the right of the logo, the text reads "Exposure Draft Proposed Amendments to Section PS 3150". Below this, in a large white speech bubble on a dark red background, is the title "Tangible Capital Assets". Underneath the title, it says "December 2023" and "This Exposure Draft closes for comments on April 15, 2024."

In Brief



The image shows the cover of the "In Brief" document. At the top left is the PSAB logo. To the right, it says "December 2023". Below the logo, the title "In Brief" is prominently displayed. Underneath, it reads "A plain and simple overview of PSAB's Exposure Draft, 'Tangible Capital Assets, Proposed Amendments to Section PS 3150'".

Project objectives	<p>The Government Not-for-Profit (GNFP) Capital Assets project is the first in a series of projects to implement PSAB's GNFP Strategy, incorporating the PS 4200 series into public sector accounting standards (PSAS) with potential customizations.</p> <p>This project encompasses a review of the PS 4200 series standards related to Section PS 4230, Capital Assets Held by Not-for-Profit Organizations, and Section PS 4240, Collections Held by Not-for-Profit Organizations, to determine what amendments, if any, should be proposed for Section PS 3150, Tangible Capital Assets.¹</p> <p>Once a government not-for-profit organization (GNFPO) adopts Section PS 3150, Sections PS 4230 and PS 4240 would no longer apply. Public sector entities, other than those GNFPOs that applied the PS 4200 series, would apply the amendments to Section PS 3150 in accordance with the proposed transitional provisions.</p>
Current stage	<p>We seek your feedback on the Exposure Draft, "Tangible Capital Assets, Proposed Amendments to Section PS 3150." We highlighted specific questions, but we welcome any more information you would like to provide.</p>

¹ Material that links to the CPA Canada Handbook is available to subscribers only. However, all information needed to understand this document is provided.

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Have your say

Share your views by April 15, 2024

Provide input by:

- Submitting a response letter via our [online form](#)
- Taking our [Connect.FRASCanada.ca](https://connect.frascanada.ca) survey

Keep an eye on our [Government Not-for-Profit: Capital Assets project page](#) for updates and key dates.

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Post-webinar quiz

<https://forms.office.com/r/5a2mUdwEJ8>

Webinar - Proposed Amendments
to Section PS 3150 Exposure Draft



Questions?



Thank you!

