



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.



Restructuring transactions

PS 3430 restructuring transactions

Purpose and scope

- Define restructuring transactions
- Address the initial recognition and measurement of assets and liabilities transferred in restructuring transactions, as well as related presentation and disclosure issues
- Establish standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities



PS 3430 restructuring transactions (cont'd)

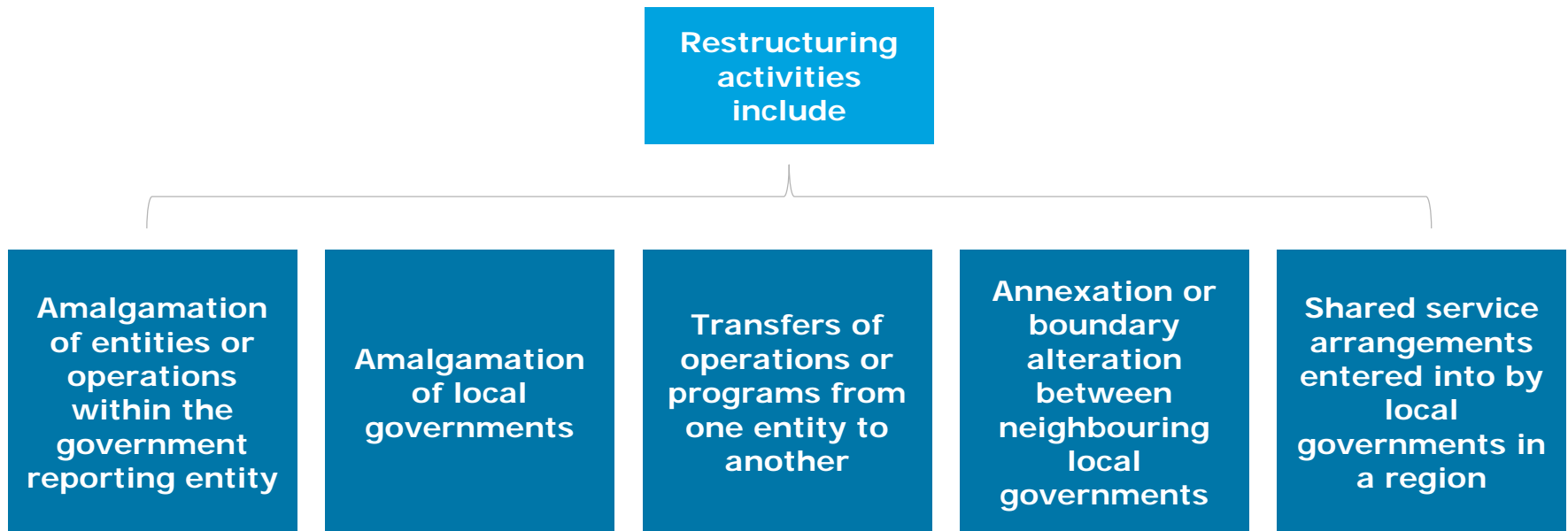
Definition of restructuring transactions

- A restructuring transaction is a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities without consideration based primarily on the fair value of the individual assets and individual liabilities transferred
- **This section does not deal with:**
 - a) Acquisition of a group of assets, an operation, or an entity
 - b) Contribution of asset or assumption of liability, or
 - c) Disposal and abandonment of assets, or discontinuance of operations that is not part of a restructuring transaction

Implementation considerations:

- What controls will you put in place to ensure that restructuring transactions are identified?

PS 3430 restructuring transactions (cont'd)



Examples

- Merger of two hospitals or regionalization
- An entity that receives a building AND the transferor's previous responsibility for delivering community programs located in that building has not received a government transfer; rather, the transaction is a restructuring transaction
- Transfer of a social assistance program from a provincial government to a local government

PS 3430 restructuring transactions (cont'd)

Recognition and measurement

	Transferor	Recipient
Derecognize the carrying amounts of the assets and liabilities transferred on the restructuring date	Yes	N/A
Recognize individual assets and liabilities received in a restructuring transaction at their carrying amount with applicable adjustments at the restructuring date	N/A	Yes
Recognize and present, as a separate revenue or expense item, the net effect of the restructuring transaction	Yes	Yes
Restate the financial position or results of operations	No	No

PS 3430 restructuring transactions (cont'd)

Disclosure

- Disclose sufficient information to enable users to assess the nature and financial effects of a restructuring transaction on their financial position and operations
- Some of the disclosures include:

Entities involved and the nature of their relationships if there is any control, common control or shared control relationship between them	Nature and extent of any contingent liability and contractual obligations transferred
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Reason for the restructuring	Nature of any restructuring-related costs incurred
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Restructuring date	Nature and terms of any compensation
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Nature of assets, liabilities and related responsibilities transferred	Nature and, where applicable, terms of other restructuring-related events, arrangements and transactions
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