

## 1000 Assets

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### A. Overview

Assets are economic resources controlled by the government as a result of past transactions or events and from which future economic benefits are expected to be obtained. Assets have three essential characteristics:

- they embody future economic benefits that involve a capacity, singly or in combination with other assets, to provide goods and services, to provide future cash inflows, or to reduce cash outflows;
- the government can control the economic resource and access to the future economic benefit; and
- the transaction or event giving rise to the government's control has already occurred.

Reporting on a government's assets at the financial statement date is necessary to understand and assess the resources available to discharge existing liabilities and deliver future programs and services.

### B. Accountability

Ministries are responsible for maintaining source documents, working papers and files supporting assets for internal and external audit and review.

Ministries are required to:

- establish and maintain accounting systems to collect, record and report information on all assets (including unrecognized assets);
- establish and maintain adequate internal control systems to safeguard all assets and ensure the accuracy and reliability of asset information and reports;
- monitor asset balances and record transactions promptly and accurately;
- ensure reconciliations are completed on a timely and accurate basis; and
- ensure assets that cannot be recorded are appropriately disclosed.

### C. Procedures

Assets are segregated and reported in the Summary Financial Statements (SFS) as financial or non-financial assets. Financial assets are available to discharge existing liabilities or finance future operations and include such things as cash and accounts receivables. Non-financial assets are normally employed to deliver government services and include such things as tangible capital assets, inventories held for consumption and prepaid expenses.

Assets held for sale may be required to be recorded as financial assets. Refer to the Public Sector Accounting Handbook PS 1201.055 Financial Statement Presentation.

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### C. Procedures (*continued*)

An economic resource may meet the definition of an asset, however;

- it is not capable of being recognized in financial statements because an appropriate basis of measurement and a reasonable estimate of the amount involved cannot be made (e.g. works of art and historical treasures); or
- sections of the Public Sector Accounting Handbook prohibit its recognition (e.g. intangibles).

Major categories of unrecognized assets are to be disclosed in the SFS to provide information about the economic resources available to the government. Major categories of unrecognized assets include:

- land (or other assets) acquired by right, such as Crown lands, forests, water and mineral resources;
- works of art and historical treasures; and
- intangible assets such as patents, copyrights and trademarks.

When assets are not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. For example, works of art and historical treasures, inherited natural resources and inherited Crown lands are not recognized as assets because the costs, benefits and economic value of such items cannot be reasonably and verifiably quantified using existing methods.

All intangibles including those that have been purchased, developed, constructed or inherited in right of the Crown, are not recognized as assets in the SFS due to an absence of appropriate public sector recognition and measurement criteria.

### C1. Throughout the Year

Monitor asset balances and record transactions promptly and accurately. Complete reconciliations on a timely and accurate basis.

Identify and track by major category, any assets that are not recognized but are required to be disclosed in the SFS.

Refer to specific asset sections of the Accounting Manual for further guidance and procedures.

### C2. Quarter end

Given that ministries are required to focus on revenues and expenses at quarter end, no specific procedures, other than those outlined in other specific asset or revenue sections of the Accounting Manual, are required at quarter end. Examples of a required quarterly asset adjustments include certain tangible capital asset additions such as those arising from Public Private Partnerships.

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### C. Procedures (*continued*)

#### C3. Year end

Review asset balances for accuracy and completeness.

Record accruals for any assets/revenue not yet recorded when there is an appropriate basis of measurement and a reasonable estimate can be made. A reasonable estimate may be calculated or estimated using methods such as past/similar experience or by using quoted prices in a situation where goods or services are provided.

Identify and track by major category, any assets that are not recognized but are required to be disclosed in the SFS.

Ministries are annually required to report their unrecognized assets to the Provincial Comptroller's Office as outlined in [Appendix A - General Revenue Fund Year-end Procedures and Schedules](#).

Refer to specific asset sections of the Accounting Manual for further guidance and procedures.

### D. Definitions

**Assets** are economic resources controlled by a public sector entity as a result of past transactions or events and from which future economic benefits are expected to be obtained.

**Financial Assets** are assets that are available to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Examples of financial assets are cash on hand, accounts receivable and inventories for resale.

**Intangible Assets** are identifiable non-monetary assets without physical substance. Examples of intangible assets are patents, copyrights and trademarks.

**Non-financial Assets** are assets that do not normally provide resources to discharge existing liabilities. They are employed to deliver government services, may be consumed or used up in the delivery of those services, and are not generally for sale. Examples of non-financial assets are tangible capital assets, prepaid expenses and inventories held for consumption or use.

**Works of Art and Historical Treasures** are property that has cultural, aesthetic, or historical value that is worth preserving perpetually. These assets are not capitalized as their service potential and expected future benefits are difficult to quantify.

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## E. References

[Appendix A - General Revenue Fund Year-end Procedures and Schedules](#)

*Public Sector Accounting Handbook*

PS 1000 Financial Statement Concepts

PS 1201 Financial Statement Presentation

PS 3210 Assets

*Other Links*

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