

## 3000 Revenue

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### A. Overview

Revenues, including gains, are increases in economic resources, either by way of increases of assets or decreases of liabilities, resulting from the operations, transactions and events of the accounting period.

Revenues, other than gains, can arise from; taxation; the sale of goods; the rendering of services; the use by others of government economic resources yielding rent, interest, royalties or dividends; or receiving contributions such as grants, donations and bequests. Revenues do not include borrowings, such as proceeds from debt issues or amounts collected on behalf of others.

The new PSAB 3400 Revenue section is required to be adopted for the 2022-23 fiscal year. This section of the accounting manual will be updated as part of the implementation process for that section.

### B. Accountability

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

Ministries are required to:

- establish and maintain accounting systems to collect, record and report information on their revenues;
- establish and maintain adequate internal control systems to ensure the accuracy and reliability of revenue information and reports; and
- record transactions promptly and accurately.

### C. Procedures

Revenues are recorded in the period that gives rise to an asset or a decrease in a liability.

Revenues are recorded on the accrual basis when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved. 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.

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### C. Procedures (*continued*)

For certain types of revenue sources, revenue is recognized as follows:

- Non-renewable resources - when the production of the non-renewable resource occurs.
- Investment income - in the period earned or realized.
- Fine, forfeits, and penalties - when they are imposed and can be reasonably estimated.
- Other licenses and permits - over the time period that the license or permit relates to.
- Sales, services and service fees - when the sale has occurred or the service has been provided.

Refer to sections [3010 Taxation Revenue](#) and [3200 Government Transfers](#) for the related revenue recognition guidance.

For purposes of reporting in Public Accounts, revenue should be recorded in the appropriate revenue by source category: taxation, non-renewable resources, transfers from government entities, other own-source or transfers from the Federal Government.

### C1. Throughout the Year

Record revenues on a timely and appropriate basis as they are earned. For simplicity, ministries may choose to record revenues cash is received throughout the year.

#### *Example 1.1*

Ministry X receives \$3.3 million cash for potash crown royalties on August 31.

Debit	100000 General Revenue Fund Bank Account	3,300,000	
Credit	493100 Potash Crown Royalty		3,300,000
* journal entry to record bank deposit and potash revenue			

If a revenue accrual recorded in a previous year (based on estimates) is determined to be too high and requires adjustment (not as a result of collectibility issues) the adjustment is recorded as a reduction of revenue.

#### *Example 1.2*

Ministry X determines that an accrual for lottery licences revenue at March 31 was \$250,000 too high and records an adjustment to the receivable.

Debit	424600 Lottery Licences	250,000	
Credit	107000 Accounts Receivable		250,000
* journal entry to adjust accrual for lottery licence revenue			

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### C. Procedures *(continued)*

#### C1. Throughout the Year *(continued)*

Record revenue refunds as a reduction of revenue in accordance with the guidance in subsection [C4. Revenue Refunds](#).

Refer to specific revenue sections of the Accounting Manual for further guidance and procedures (e.g. [Section 3010 Taxation Revenue](#)). For transfers revenue, refer to [Appendix E - Government Transfers Application Guidance](#).

#### C2. Quarter end

Record accruals for significant revenues earned but not yet received at quarter end when there is an appropriate basis of measurement and a reasonable estimate can be made. For purposes of quarter-end accruals, significant is defined to be amounts in excess of \$1 million.

Quarterly accruals are recorded to a specific 498xxx range of accounts. Ministries reverse the quarterly accruals in the following month. Refer to [Appendix B - General Revenue Fund Quarter-end Procedures](#) for a list of quarterly accrual natural accounts and for guidance on recording journal entries that reverse in the following month.

##### **Example 2.1**

Ministry X earns \$1,400,000 of license and permit fees revenue for which cash has not been received at quarter end.

Debit	107600 Accrued Accounts Receivable – General (Not for Use at Year End)	1,400,000	
Credit	498162 Accrued Revenue – Other Fees and Charges (Not for Use at Year End)		1,400,000
* journal entry to record quarterly accrual for fees revenue (journal is reversed the following month)			

#### C3. Year end

Record accruals for revenues earned but not yet received at March 31 when there is an appropriate basis of measurement and a reasonable estimate can be made.

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### C. Procedures (continued)

#### C3. Year end (continued)

##### Example 3.1

Ministry X earns \$2.1 million of motor vehicle fees revenue for which cash has not been received at March 31.

Debit	107000 Accounts Receivable	2,100,000	
Credit	422100 Drivers' Licences, Registrations and Permits		2,100,000
* journal entry to record accrual for motor vehicle fees revenue			

Refer to specific revenue sections of the Accounting Manual for further guidance and procedures (e.g. [Section 3010 Taxation Revenue](#)). For transfers revenue, refer to [Appendix E - Government Transfers Application Guidance](#).

Refer to guidance in [Section 1200 Accounts Receivable](#) for recording accounts receivable and revenue.

Refer to guidance in [Appendix A - General Revenue Fund Year-end Procedures and Schedules](#) for recording valuation allowances for revenue and related accounts receivables that are deemed to be uncollectible.

Ministries are annually required to certify that all revenue amounts on a report provided by the Provincial Comptroller's Office are correct as outlined in [Appendix A - General Revenue Fund Year-end Procedures and Schedules](#).

#### C4. Revenue Refunds

In accordance with *The Financial Administration Act, 1993*, section 25, 'any refund of revenues may be paid out of the general revenue fund and may be accounted for as a reduction of revenue'. The approval of the permanent head or delegate is required for refunds of receipts of the General Revenue Fund (GRF). The reason for the refund and the date and number of the deposit slip is to be referenced.

##### Example 4.1

Ministry X determines that funds paid to the General Revenue Fund from a government entity were \$175,000 too high in the prior year. A revenue refund is approved by the permanent head and \$175,000 is to be paid back to the government entity.

Debit	472900 Proceeds from Other Funds	175,000	
Credit	25xxxx Accounts Payable		175,000
* debit memo to record revenue refund			

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### D. Definition

**Revenues** are increases in economic resources, either by way of increases of assets or decreases of liabilities, resulting from the operations, transactions and events of the accounting period.

### E. References

[1200 Accounts Receivable](#)

[3010 Taxation Revenue](#)

[3200 Government Transfers](#)

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

[Appendix B - General Revenue Fund Quarter-end Procedures](#)

[Appendix E - Government Transfers Application Guidance](#)

*Public Sector Accounting Handbook*

PS 1000 Financial Statement Concepts

PS 1201 Financial Statement Presentation

[\*The Financial Administration Act, 1993\*](#)

*Other Links*

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