

PS 3400 Illustrative Disclosures (Version 1) – 30 April 2024

Illustrative [consolidated](#) statement of operations:

	<u>Budget 2024</u>	<u>Actual 2024</u>	<u>Actual 2023</u> <u>Restated</u> <u>(Note X)</u>
Revenue (Note Y) <i>[by source and type]</i>			
Sales of products	\$xxx	\$xxx	\$xxx
Sales of services	\$xxx	\$xxx	\$xxx
Licence fees	\$xxx	\$xxx	\$xxx
Fines and penalties	\$xxx	\$xxx	\$xxx
	\$xxx	\$xxx	\$xxx

[Please note that this provides an illustration of what the Statement of Operations presentation might look like if the entity decides to present the disaggregation by source/type on the face of this statement rather than disclose this level of detail in the Notes. The accounting policies and notes, related to revenue, should easily reconcile back to the Statement of Operations.]

Illustrative adoption of new accounting standards note:

The [Entity](#) adopted PS 3400 *Revenue*, effective 1 April 2023, which establishes standards on how to account for and report on revenue. The Section sets out general guidance for how entities recognize, measure, present and disclose revenue arising from transactions that include performance obligations (exchange transactions) and transactions that do not have performance obligations (non-exchange transactions). There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. This determination is made based on when a performance obligation is satisfied.

If the standard is adopted retroactively with restatement of comparative figures:

PS 3400 has been applied retroactively with restatement of these [consolidated](#) financial statements.

The amount of the restatement for each [consolidated](#) financial statement line item affected in the comparative period is described below.

Affected line items / subtotals	<u>2023</u>		
	As previously reported	Adjustments	Restated
<i>As at 31 March</i>			
Consolidated statement of financial position			
Unearned revenue	\$xxx	\$xxx	\$xxx
Accumulated surplus/deficit	\$xxx	\$xxx	\$xxx
<i>For the year ended 31 March</i>			
Consolidated statement of operations			
Revenue from operations	\$xxx	\$xxx	\$xxx
Operating surplus/deficit	\$xxx	\$xxx	\$xxx

Accumulated operating surplus/deficit	\$xxx	\$xxx	\$xxx
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[Even though the illustration above only includes 2 of the main statements, it's our expectation that all impacted main statements would be included in this disclosure. Please also note that additional line items may be required over-and-above those illustrated.]

The impact of adopting PS 3400 has also been reflected within the comparative information disclosed in Notes V, W, and T.

If the standard is adopted retroactively without restatement of comparative figures:

PS 2120.20 PS 3400 has been applied retroactively without restatement of these [consolidated] financial statements. The impact on opening accumulated [operating] surplus/deficit from adoption of PS 3400 was as follows:

	2024
1 April 2023 accumulated [operating] surplus/deficit, as previously reported	\$xxx
Adjustment	xxx
<hr/>	<hr/>
1 April 2023 accumulated [operating] surplus/deficit, as adjusted	\$xxx

OR (if the transition impact to accumulated [operating] surplus/deficit was too insignificant to warrant explicit quantitative disclosure)

PS 2120.20 PS 3400 has been applied retroactively without restatement of these [consolidated] financial statements.
 PS 2120.18(b) The implementation of this new Section did not have a material impact on the [consolidated] financial statements.

If the standard is adopted prospectively:

PS 2120.21 PS 3400 has been applied prospectively to these [consolidated] financial statements and, as permitted by the transitional provisions, prior periods were not restated.

PS 2120.18 The implementation of this new Section did not have a material impact on the [consolidated] financial statements.

OR

PS 2120.06(a),
 .18 As a result of the implementation of this new Section [describe the relevant amounts for the line items impacted by the adoption of PS 3400 (such as deferred/unearned revenue as one potential example)]. [If adopting PS 3400 on a prospective basis, various current year balances may be different than what they would have been had PS 3400 not been adopted.]

Illustrative significant accounting policy note:

PS 3400.88(a) There is no revenue from non-recurring activities presented in these [consolidated] financial statements. [PS 3400.88(a) requires separate disclosure of revenues that are not related to recurring activities. If

there is no such revenue, consider including a statement that there is no such revenue in either the accounting policy or in a detailed revenue note.]

Revenues from transactions with performance obligations:

Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. These revenues are recognised when control of the benefits associated with the goods or services have transferred and there is no unfulfilled performance obligation. Where consideration is received from a payor prior to the provision of goods or services, these amounts are initially included in unearned revenue provided the definition of a liability is met. They are subsequently recognized as revenue as performance obligations are met.

[The accounting policy note should describe each material/significant type of revenue transaction, the nature of the performance obligations and whether revenue is recognized at a point in time or over time, this will need to be updated based on the activities of the Entity. This information should be provided in a way that can be reconciled to the information presented in the [consolidated] statement of operations. Some illustrative examples have been provided below.]

PS 3400.88(b) Sales of products consist of one performance obligation that is satisfied at a point in time. These revenues are recognized when or as the goods are delivered to the customer.

PS 3400.88(b) Sales of services consist of multiple performance obligations that occur throughout the term of the arrangement based on key milestones set out in the agreement. Revenue under these agreements is recognized over time as each milestone is completed. Revenue received in advance of the service are included in unearned revenue and recognized as revenue as each milestone is completed.

PS 3400.88(c) Licence fees include a continuing performance obligation that is satisfied over time since the [Entity] has a continuing obligation to provide access to a predetermined asset over the term of the arrangement. In addition, the payor simultaneously receives and consumes the benefits provided by the specific asset throughout the term of the license agreement. These revenues are recognized on a straight-line basis over the term of the license agreement. License fees received in advance are included in unearned revenue and recognized as revenue as the performance obligation is satisfied.

Revenues from transactions without performance obligations:

Transactions without performance obligations are either voluntary or involuntary. Revenue from involuntary transactions arise because the right to the economic resource is attributable to legislation based on constitutional authority or delegated constitutional authority. These revenues are recognized when the [Entity]'s economic resources increase without a direct transfer of goods or services to a payor.

[The accounting policy note should describe each material/significant type of revenue transaction with no performance obligations. This information should be provided in a way that can be reconciled to the

information presented in the [consolidated] statement of operations. An illustrative example has been provided below.]

PS 3400.88(b)

Fines and penalties have no performance obligations as the [Entity]'s authority to levy fines and penalties comes from the [relevant legislation]. These revenues are recognized when the [Entity] has the authority to claim or retain an inflow of economic resources and can identify the past transaction/event that gives rise to the revenue.

Illustrative detailed revenue note:

PS 3400.88

[Depending on the level of disclosure provided on the face of the [consolidated] statement of operations, the related accounting policy note, and materiality, a detailed revenue note may or may not be required. The Entity should ensure that all disclosure requirements in PS 3400.88 are met. This information should be provided in a way that can be reconciled to the information presented in the [consolidated] statement of operations.

Note that quantitative information pertaining to disaggregated revenue information is generally viewed as more understandable when it is provided in tabular format, with accompanying note references to the table to provide any relevant narrative information.

Even though not yet effective, the entity and the auditor need to consider:

- the 'Aggregation' guidance contained in soon-to-be-mandatory PS 1202.034-036 when assessing the extent to which disaggregated Revenue information should be provided within the notes, and
- the qualitative characteristic of 'Relevance' discussed in Chapter 7.04-7.07 of the soon-to-be-mandatory PSAS Conceptual Framework, when considering the extent of further disclosure of information on Revenues within the entity's notes.]