

IPSAS Financial statements

IPSAS Background

- The objective of IPSAS is to prescribe the manner in which financial statements should be presented to promote comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.
- To achieve this objective, IPSAS sets out overall considerations for the presentation of financial statements, guidance for their structure, and minimum requirements for the content of financial statements prepared under the accrual basis of accounting.

What's new?

- Adoption of IPSAS will change both the structure and the content of the financial statements. With IPSAS, the complete set of financial statements comprise 6 major components.

UNSAS	IPSAS
Assets, liabilities and reserves and fund balances	Statement of financial position
Income, expenditure, changes in reserve and fund balances	Statement of financial performance
Movement in resources balances	Statement of changes in net assets
Statement of cash flows	Cash flow statement
Statement/Schedule of appropriations	Statement of comparison of budget and actual amounts
Notes to the financial statements	Notes to the financial statements

What's new?

- The adoption of IPSAS will not only change the statements but also the content. Example: statement of financial performance

Statement of financial performance

The statement will be issued every year

Specimen

“Revenue” does not mean exactly the same as “income”, because “revenue” consists not only of cash received but also the amounts in signed, binding agreements to which no conditions have been attached.

	Note	12/31/2008	12/31/2007
REVENUE			
Voluntary contributions	22	5,170,253	5,340,082
Investment revenue	23	176,207	171,676
Other / Miscellaneous revenue	24	91,293	176,891
Total revenue		5,437,753	5,688,649
EXPENSES			
Employee benefit expenses	25	840,773	804,241
Contractual services	25	2,168,425	2,200,295
Grants and other transfers	25	326,254	340,341
Supplies and consumables used	25	575,236	612,066
Operating costs	25	492,770	716,322
Depreciation and amortization	25	70	194
Finance costs	23	10,630	14,257
Other expenses	25	240,761	541,545
Total expenses		4,654,918	5,229,261
Surplus / (Deficit) for the period		782,835	459,387

Expenses are recorded when goods are received or consumed, where control of the goods has been transferred or services have been rendered.

Fixed assets are capitalized and then depreciated

What's new?

- A new terminology and presentation of expenses will be adopted, giving more information on the nature of expenses.

Example



Expenses disclosed by nature	
Employee benefits costs	X
Depreciation	X
Contractual services	X
Other expenses	X
Total Expenses	X

Expenditures disclosed by function	
Programme	X
Programme support costs	X
Development support services	X
Other expenditures	X
Total Expenditures	X

What's new?

- The adoption of IPSAS will not only change the statements but also the content. Example: statement of financial position

December 31 (Thousands of United States dollars)

	Notes	12/31/2008	12/31/2007
ASSETS			
Current assets			
Cash and cash equivalents	5	1,145,019	851,145
Investments	6	5,407,104	6,516,069
Inventories	7	1,850	1,502
Accounts receivables (non-exchange transactions)	8	55,378	89,433
Receivables from exchange transactions	9	3,906,101	4,569,206
Advance payments	10	123,709	102,748
Other current assets	11	5,828	5,504
Non-current assets			
Investments	5	806	806
Accounts receivables (non-exchange transactions)	8	351	261
Receivables from exchange transactions	9	5,197	(598)
Property, plant and equipment	12	35,552	35,541
Investment property	13		
Intangible assets	14		
Other non-current assets	11		
Total assets		10,686,895	12,171,617
LIABILITIES			
Current liabilities			
Accounts payable (exchange transactions)	15	493,888	796,556
Employee benefits	16	137,524	105,182
Transfers payable	17	1,280,044	1,517,021
Advance receipts	18	1,640	(194)
Provisions	19	0	0
Other current and financial liabilities	20	3,865,089	4,353,552
Non-current liabilities			
Employee benefits	16	267,936	320,191
Total liabilities		6,046,121	7,092,308
NET ASSETS			
Accumulated surpluses / (deficits)	21	4,323,204	4,738,739
Reserves	21	317,570	340,570
Total net assets		4,640,774	5,079,309
Total liabilities and net assets		10,686,895	12,171,617

Specimen

Inventory

Property, plant and equipment

No commitments

Non-exchange receivables

Employee benefits

What's new?

- In addition to the five key IPSAS statements, IPSAS require to provide extensive disclosures in the notes to the financial statements.

- Example : PPE

Specimen

	Land	Buildings	Furniture and fixtures	Communications and IT equipment	Vehicles	Leasehold improvements	Assets under construction	Total
January 2008								
Cost	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Accumulated depreciation and impairment	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Net book amount	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Year ended 31 December 2008								
Opening net book amount	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Transfers	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Depreciation charge	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Exchange rate differences	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Impairment losses	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Impairment losses reversed	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Transfers to/from investment property (note 14)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Other movements	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Closing net book amount	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 31 December 2008								
Cost	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Accumulated depreciation and impairment	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Net book amount	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

- Among other requirements: related parties, risks related to investments, legal liabilities, actuarial assumptions, segment reporting...

What's new?

- General purpose financial reporting in the public sector should provide a useful information for decision-making and demonstrate the accountability of the entity for the resources entrusted to it.

