

Link between PAM, PIM, and public sector accounting: country experiences

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This presentation follows structure of IPSAS standards

- Scope
- Definitions
- Recognition
- Measurement
- Presentation
- Disclosure

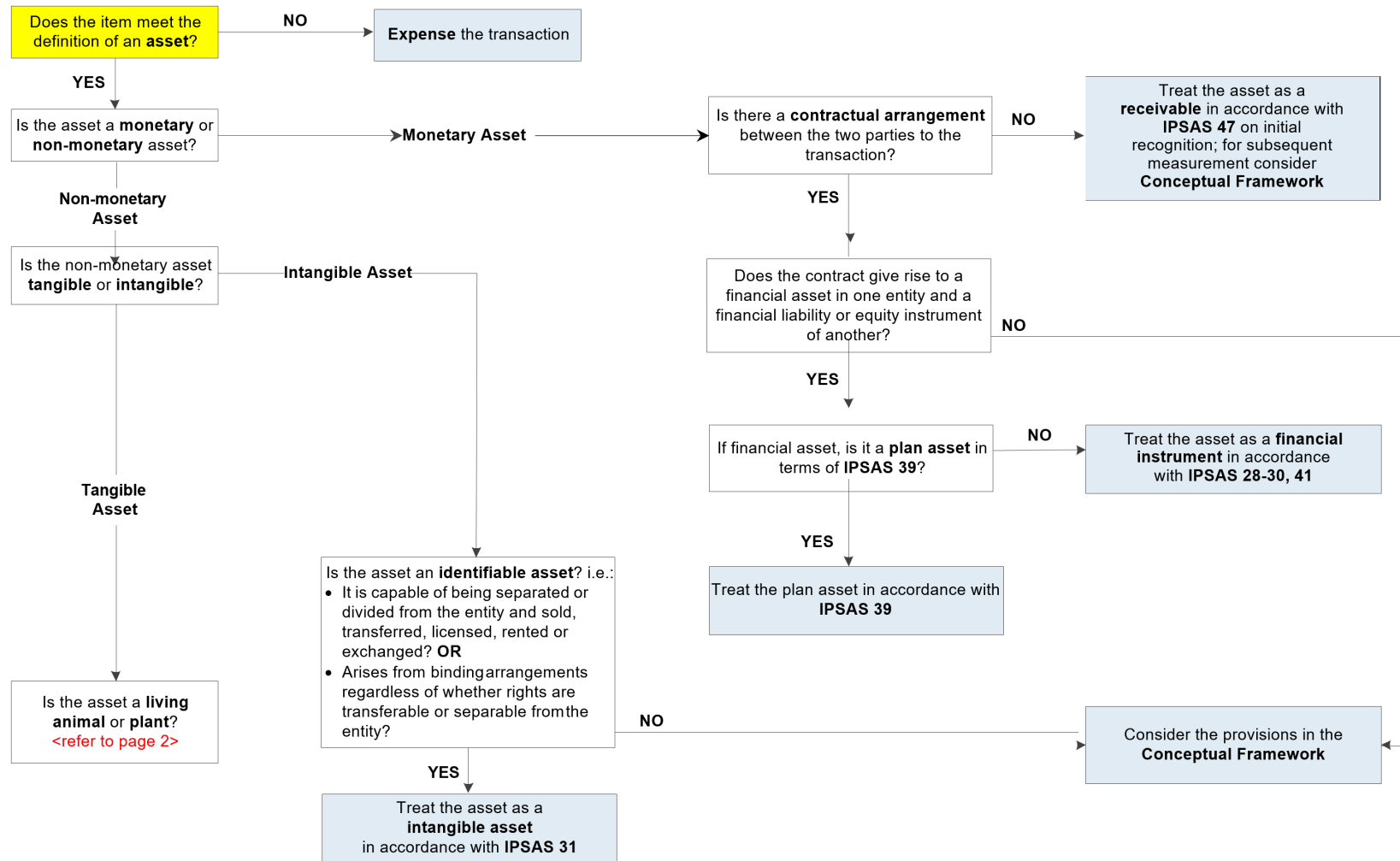
Scope: Standards applicable to nonfinancial assets

- IPSAS 12 Inventories
- IPSAS 45 Property, Plant and Equipment
- IPSAS 16 Investment Property
- IPSAS 27 Agriculture
- IPSAS 31 Intangible Assets
- IPSAS 43 Leases

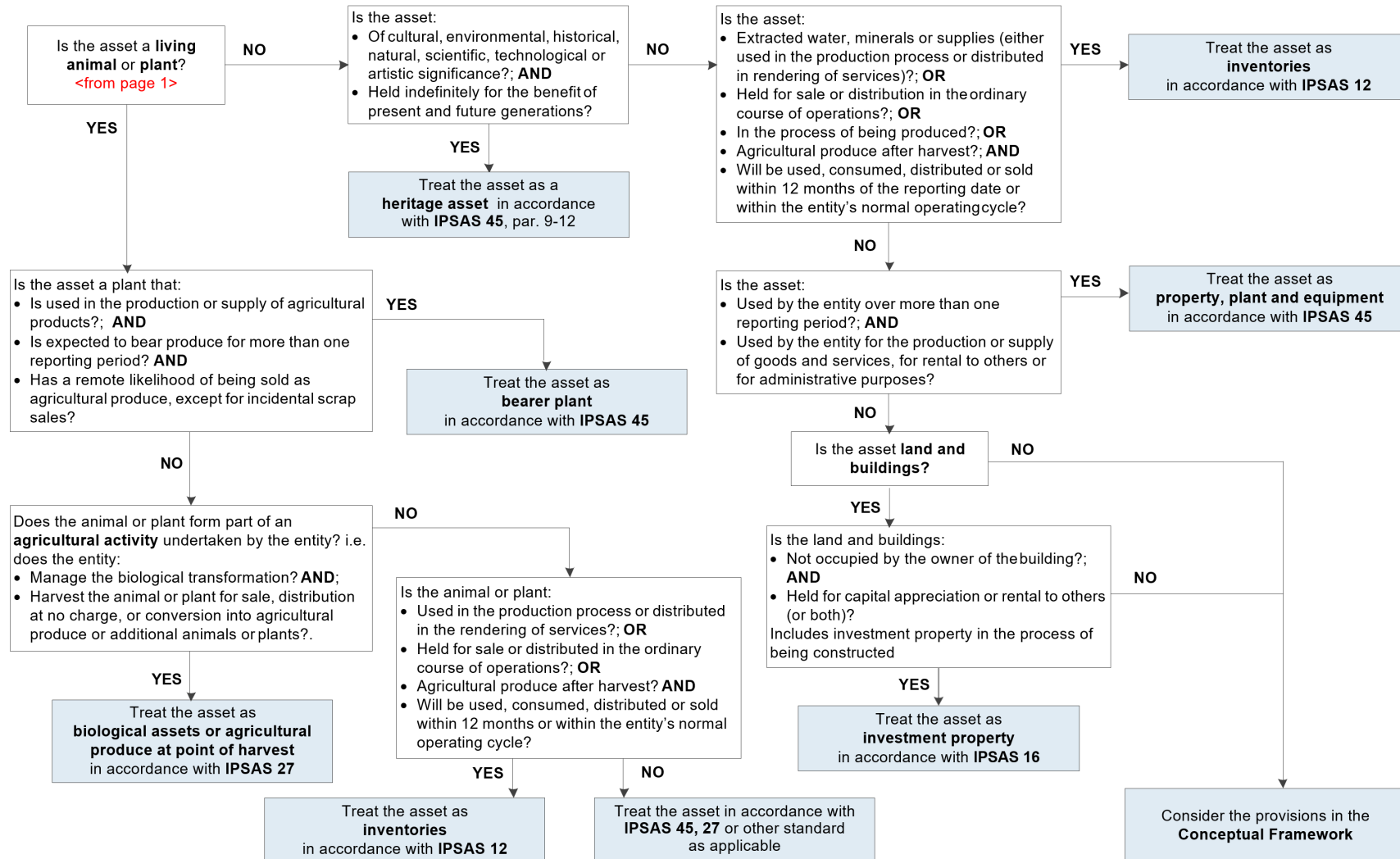
- IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations

- IPSAS 21 Impairment of Non-Cash-Generating Assets
- IPSAS 26 Impairment of Cash-Generating Assets

Scope – decision tree South African ASB 1/ 2



Scope – decision tree South African ASB 2/ 2



Recognition: capitalization threshold

When capitalization thresholds are set at appropriate levels, they reduce the cost of tracking large numbers of small-value items, while still meeting users' needs and capturing material values.

Country examples:

- South Africa: R5,000 (US\$ 270)
- UK Treasury: £5,000 (US\$ 6,400)
- Department of Education, Australia:
 - ▶ Infrastructure, plant and equipment A\$5,000 (US\$ 3,333)
 - ▶ Leasehold improvements A\$50,000 (US\$ 33,333)
 - ▶ Computer software A\$200,000 (US\$ 133,333)

Recognition

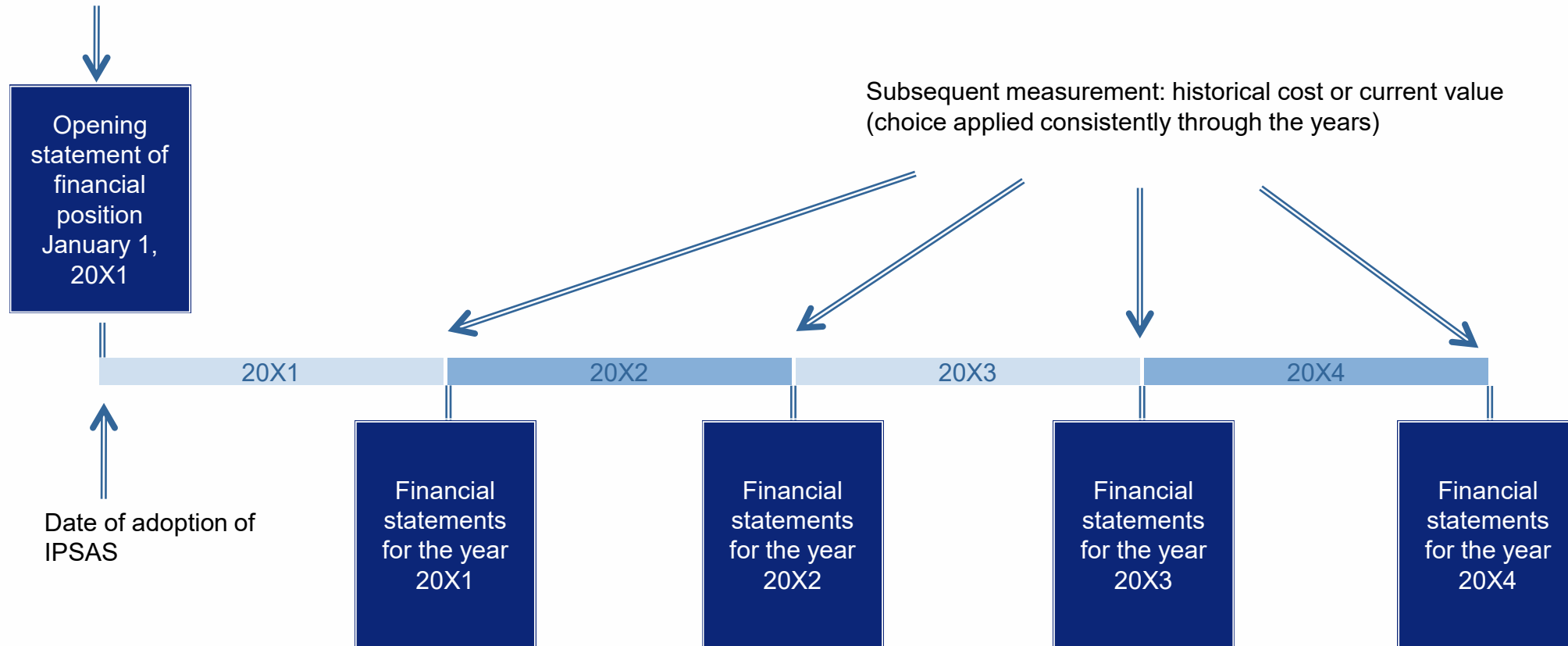
In the Netherlands, the Government Real Estate Agency owns all government buildings and leases them to ministries.

- Government Real Estate Agency (lessor):
 - ▶ should recognize the buildings if operational lease
 - ▶ should not recognize the buildings if financial lease
- Ministries (lessees) should recognize right-of-use assets (IPSAS 43 *Leases*)

Statement of financial position does not necessarily reflect legal ownership and responsibility for maintenance.

Valuation: opening statement of financial position *versus* subsequent measurement

Historical cost or current value, estimated using
Depreciated Replacement Cost (DRC)



Valuation: Nonfinancial assets - General Government (% GDP)

2021 General Government % GDP	Average	Australia	France	New Zealand	Switzerland	United Kingdom
Total nonfinancial assets	68.8	72	102	85	35	50
Fixed assets	46.4	50	55	61	29	37
Inventories	0.6	1	1	0	1	0
Valuables	0.5	1	-	-	0	-
Nonproduced nonfinancial assets	21.4	20	46	23	5	13

Presentation in IPSAS financial statements

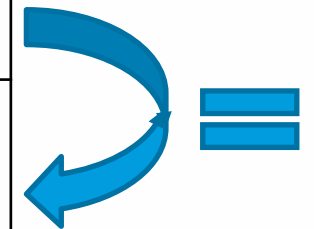
- Statement of financial position: stock of assets
- Statement of financial performance: depreciation, impairment, gain/loss on disposal
- Cash flow statement: capital expenditure, receipts from disposals of assets
- Statement of changes in net assets/equity: revaluations (if current value model is applied for property, plant and equipment)

Presentation in Government Finance Statistics (GFS)

Statement of Operations

– Croatia 2022 General Government (% GDP)

Revenue	46.18
Expense (excl. depreciation)	<u>43.83</u>
Gross operating balance	2.35
Gross investment in nonfinancial assets	<u>-4.86</u>
Net lending/(net borrowing)	-2.51
Financing:	2.51
Net acquisition of financial assets	-2.69
Net incurrence of liabilities	5.29



Presentation in budgeting for capital assets

Cash-based balanced budget (surplus=0)

Receipts	100
Operational payments	-80
Capital expenditure	-20
Cash surplus or deficit	0

Accrual-based balanced budget (surplus=0)

Revenues	100
Expenses excluding depreciation	-80
Depreciation	-20
Accrual surplus or deficit	0

Ceteris paribus (all other things being equal)

Gross investment in nonfinancial assets exceeds consumption of fixed assets (% GDP)

2021 General Government % GDP	Average	Australia	France	New Zealand	Switzerland	United Kingdom
Gross investment in nonfinancial assets	3.5	3.8	3.6	3.9	3.2	3.1
Consumption of fixed capital	-2.4	-1.6	-3.3	-2.3	-2.7	-2.1
Net investment in nonfinancial assets	1.1	2.2	0.3	1.6	0.5	1.0

Presentation: Current versus non-current distinction *versus* order of liquidity

IPSAS 1, par 70: An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its statement of financial position, except when a presentation based on liquidity provides information that is reliable and is more relevant.

United Kingdom presents current and non-current assets and liabilities as separate classifications.

New Zealand presents assets and liabilities broadly in order of liquidity.

UK: current and non-current as separate classifications

As at 31 March 2020

	Note	2019-20 £bn	2018-19 restated £bn
Non-current assets			
Property, plant and equipment	12	1,313.3	1,268.0
Investment property	13	24.1	22.9
Intangible assets	14	40.2	37.4
Trade and other receivables	15	22.3	17.9
Other financial assets	16	299.2	320.6
		1,699.1	1,666.8
Current assets			
Inventories	17	10.6	9.7
Trade and other receivables	15	159.7	172.4
Other financial assets	16	217.0	194.3
Cash and cash equivalents	18	37.6	44.2
Gold holdings	34	12.8	9.9
Assets held for sale	35	1.7	1.5
		439.4	432.0
Total assets		2,138.5	2,098.8

Government of Tanzania

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30TH JUNE, 2022

	Notes	<u>30-June-2022</u> TZS ('000)	<u>30-June-2021</u> TZS ('000)
ASSETS			
Cash and Cash Equivalent	70	8,307,030,265	8,258,856,568
Fixed Deposits/Placements	71	802,279,907	585,611,268
Holdings of Special Drawing Rights (SDRs)	72	21,177,737	22,217,849
Quota in international Monetary Fund (IMF)	73	1,217,187,495	1,304,531,756
Foreign Currency Marketable Securities	74	7,606,900,473	6,255,042,431
Equity Investments	75	4,133,363,718	3,807,835,122
Receivables	77	11,894,589,210	13,613,653,651
Loans Receivables	78	9,634,731,170	9,971,595,349
Prepayments	79	2,821,499,082	3,144,181,674
Inventories	80	1,335,111,327	1,184,138,535
Deffered Currency Cost	81	92,991,489	52,103,739
Other Financial Assets	82	1,337,830,790	1,627,822,903
Escrow Accounts	83	150,269,779	149,930,016
Investment Property	85	8,652,373,912	8,372,710,311
Property Plant and Equipment	86	68,602,555,258	66,255,349,250
Intangible Asset	87	453,658,737	292,288,065
Biological Assets	88	1,342,900,361	1,267,206,015
Investments in Associates and Joint Ventures	89	1,488,607,284	1,335,003,820
Investments in Controlled Entities (Subsidiaries)	90	9,130,706,968	5,659,320,000
Non-Current Asset Held for Sale	92	4,005,255	2,385,583
Work in Progress	111	22,936,159,266	17,674,463,148
TOTAL ASSETS		<u>161,965,929,483</u>	<u>150,836,247,053</u>
LIABILITIES			
Payables and Accruals	93	14,648,953,825	14,432,904,437
Currency in Circulation	94	6,618,845,966	5,704,677,413
Deposits from Banks and Non-Bank Financial Institutions	95	2,403,704,812	3,526,399,499

New Zealand: assets and liabilities broadly in order of liquidity

2022 Forecast at					Actual	
Budget	Budget			30 June	30 June	
2021	2022			2022	2021	
\$m	\$m		Note	\$m	\$m	
Assets						
12,422	17,317	Cash and cash equivalents		17,835	18,755	
24,660	27,083	Receivables	13	35,135	26,829	
57,208	53,940	Marketable securities, deposits and derivatives in gain	14	65,456	56,783	
46,248	50,853	Share investments	15	46,261	48,539	
5,126	4,849	Investments in controlled enterprises	15	6,096	4,718	
63,739	57,348	Advances	16	54,659	45,612	
2,499	2,616	Inventory		3,068	2,194	
3,447	3,894	Other assets		4,208	3,928	
201,003	221,570	Property, plant & equipment	17	249,182	213,216	
14,695	15,142	Equity accounted investments	18	16,247	14,421	
4,384	3,577	Intangible assets and goodwill		3,697	3,601	
2,033	963	Forecast new capital spending		-	-	
(3,225)	(1,750)	Top-down capital adjustment		-	-	
434,239	457,402	Total assets		501,844	438,596	
Liabilities						
8,503	9,159	Issued currency		9,061	8,256	

Australia: financial and non-financial as separate classifications

	Note	\$m	\$m
Assets			
<i>Financial assets</i>			
Cash and deposits		8,698	7,734
Advances paid	5A	70,598	71,550
Other receivables and accrued revenue	5A	68,639	59,288
Investments, loans and placements	5B	563,957	526,186
Equity investments	5C	75,891	87,334
<i>Total financial assets</i>		<i>787,783</i>	<i>752,092</i>
<i>Non-financial assets(a)</i>			
Land	5D	15,113	14,085
Buildings	5D	50,731	47,749
Specialist military equipment	5D	81,255	74,387
Other plant, equipment and infrastructure	5D	72,469	69,481
Intangibles	5D	15,008	13,674
Investment property	5D	365	348
Inventories	5E	11,979	10,850
Heritage and cultural assets	5D	12,632	11,861
Other non-financial assets	5F	6,036	5,620
<i>Total non-financial assets</i>		<i>265,588</i>	<i>248,055</i>
Total assets	5G	1,053,371	1,000,147

Public **Canada: 3 classes: liabilities, financial assets, non-financial assets**

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Statement of financial position

(in millions of dollars)

	2022	2021	Difference
Liabilities			
Accounts payable and accrued liabilities	260,288	207,397	52,891
Interest-bearing debt			
Unmatured debt	1,243,291	1,125,186	118,105
Pensions and other future benefits.....	327,371	312,947	14,424
Other liabilities	7,707	6,711	996
Total	1,578,369	1,444,844	133,525
Total liabilities	1,838,657	1,652,241	186,416
Financial assets			
Cash and accounts receivable	280,026	224,196	55,830
Foreign exchange accounts	104,031	92,622	11,409
Loans, investments and advances	207,031	179,278	27,753
Public sector pension assets.....	9,203	6,320	2,883
Total financial assets	600,291	502,416	97,875
<i>Net debt</i>	<i>(1,238,366)</i>	<i>(1,149,825)</i>	<i>(88,541)</i>
Non-financial assets	103,873	101,079	2,794
<i>Accumulated deficit</i>	<i>(1,134,493)</i>	<i>(1,048,746)</i>	<i>(85,747)</i>

Disclosures: reconciliation between opening and closing stock

Stock of assets at the beginning of the year

- + Additions
- Disposals
- Depreciation
- Impairment losses recognized or reversed
- +/- Revaluations

- + Acquisitions through entity combinations
- +/- Exchange differences arising on the translation of a foreign operation

Stock of assets at the end of the year

Disclosures: restrictions, collateral, contractual commitments, and compensation for impairment

Government of South Africa

31.3 Property Plant and Equipment – additional disclosure	2021/22 R '000	2020/21 R '000
Existence and amounts of restrictions on title and disposal of Property Plant and Equipment (PPE)		14 421
PPE pledged as security	-	-
Contractual commitments for the acquisition of PPE	4 178 430	10 479 938
Compensation from third parties for PPE impaired, lost or given up which are included in surplus or deficit	155	4

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