

# Cash Basis IPSAS

The Conceptual Frame work

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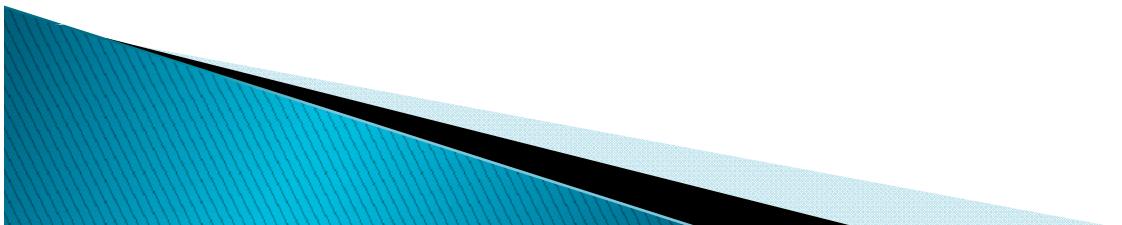


\* IMF-TAOLAM training activities are supported by funding of the Government of Japan.



# Objective of Standard

- ▶ Manner in which general purpose financial statements should be presented under the cash basis of accounting.
- Cash-basis IPSAS: a stepping stone towards accrual IPSAS





# Structure of Cash Basis IPSAS

- Part-I
  - Mandatory Requirement
  - Applicable to all entities preparing GPFS under Cash Basis IPSAS
  - Defines the cash basis of accounting, establishes requirements for the disclosure of information in the financial statements and supporting notes, and deals with a number of specific reporting issues.

# Structure-continued



- Part-II
  - Not Mandatory
  - identifies additional accounting policies and disclosures that an entity is encouraged to adopt to enhance its financial accountability and the transparency of its financial statements
  - includes explanations of alternative methods of presenting certain information.



# Scope of Requirements

- An entity which prepares and presents financial statements under the cash basis of accounting, as defined in this Standard, should apply the requirements of Part 1 of this Standard in the presentation of its general purpose annual financial statements.



# Cash Basis of Accounting

- Features of Cash basis of Accounting
  - The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the entity
  - Information on the sources of cash raised
  - Statements of balances of cash and changes therein.

# Components of Financial Statements



- Statement of cash receipt and payments
- Accounting policies and explanatory notes.
- Statement of comparison of original and actual budget and actual.



## ----Continued

- A statement of cash receipts and payments which:
  - (i) Recognizes all cash receipts, cash payments and cash balances controlled by the entity; and
  - (ii) Separately identifies payments made by third parties on behalf of the entity.

# Accounting Policies and Explanatory Note: Structure of the Notes

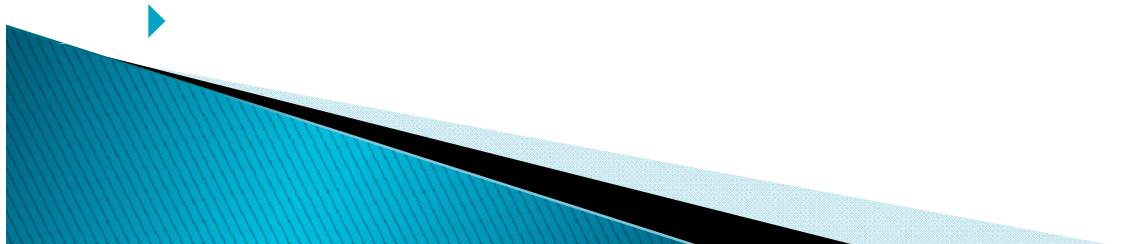


- The notes to the financial statements of an entity should
  - Present information about the basis of preparation of the financial statements and the specific accounting policies selected and applied for significant transactions and other events; and
  - Notes to the financial statements should be presented in a systematic manner.

# Accounting Policies and Explanatory Note



- Accessibility
- Understandability
- Relevance
- Reliability
- Comparability



# Presentation of Comparison of Budget and Actual Amount



- An entity that makes publicly available its approved budget(s) shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the statement of cash receipts and payments currently presented in accordance with this Standard. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

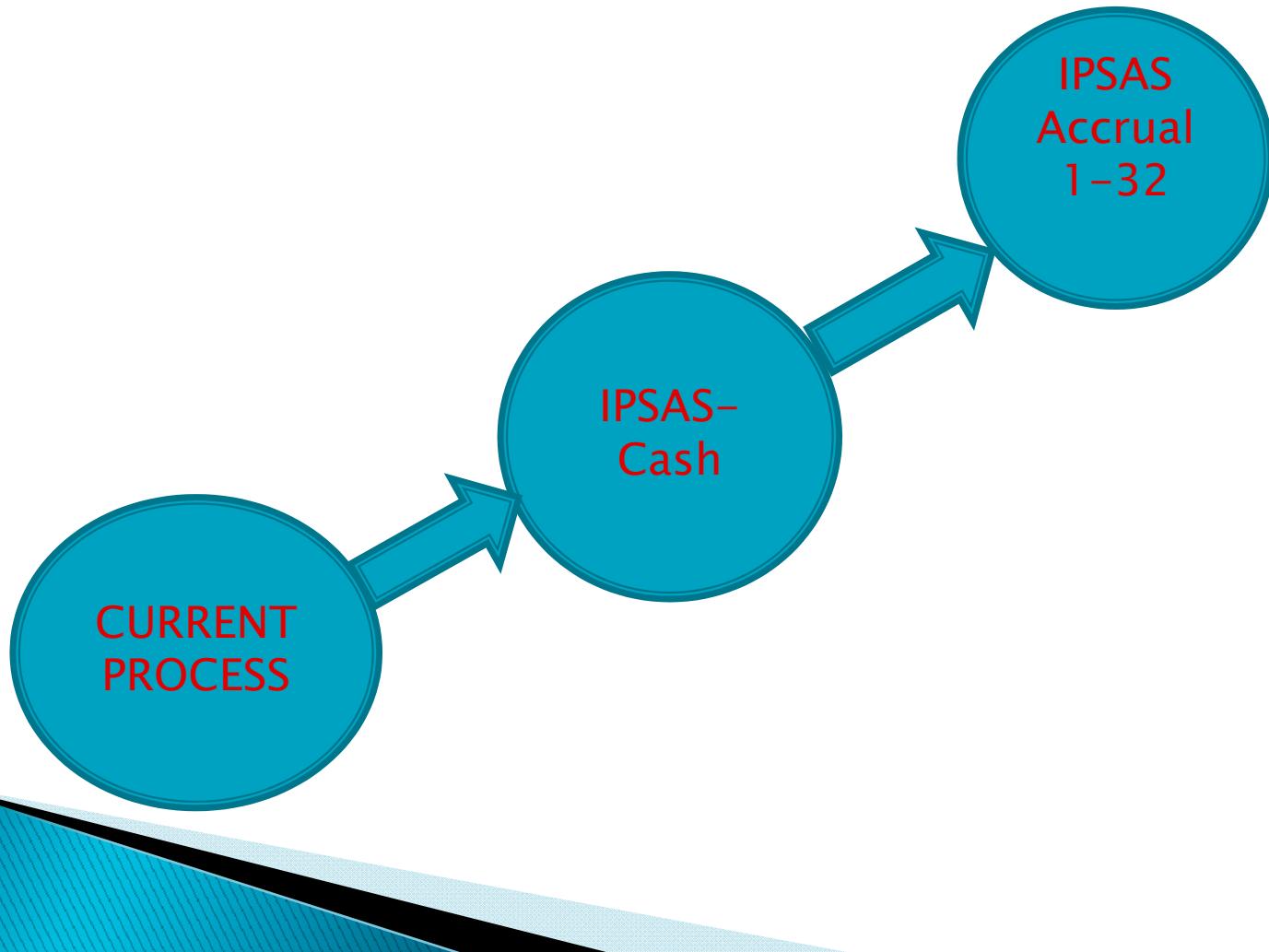


# General Considerations

- Reporting Period
- Timeliness
- Authorization date:
- Information about the entity:
- Restriction on Cash Balances
- Consistency of Presentation:
- Comparative Information:



# Current Status-Lao PDR





# GAP Analyses

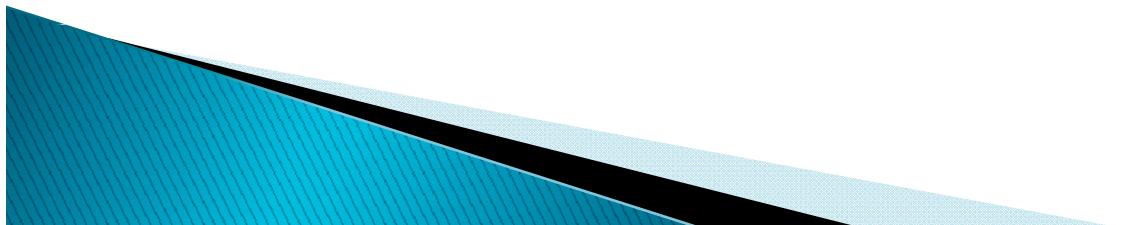
## Account of Revenue and Expenditure

### Prevalent Policy

The financial statement does not show the Opening and closing balances of cash.

### IPSAS-Cash

Requires to show movement in cash from beginning to end of year



# Gap Analyses

## External Assistance

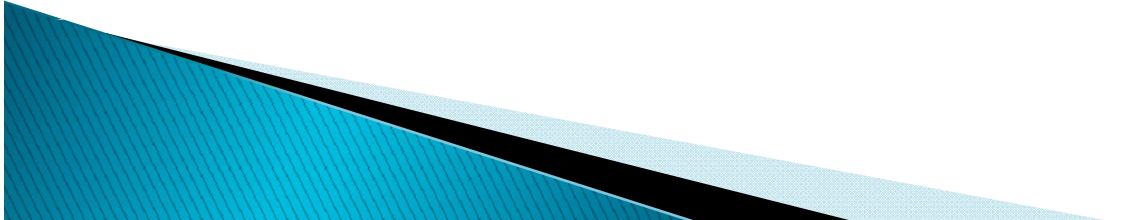


### Prevalent Policy

- Disclosure only

### IPSAS-Cash

Requires disclosure of:  
Total assistance received  
By class of providers of  
assistance:  
Loans and grants  
separately



# Gap Analyses

## External Assistance–Direct

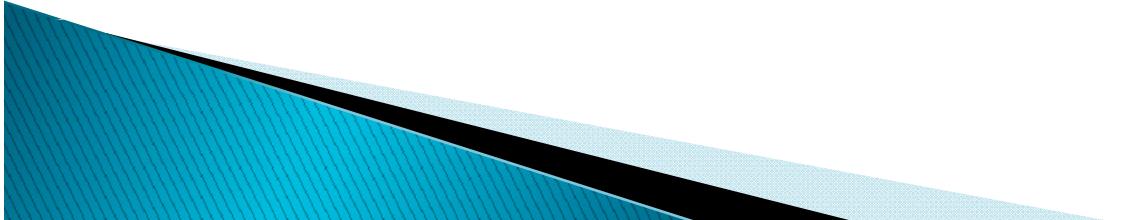


### Prevalent Policy

- Not recognized

### IPSAS–Cash

Requires disclosure of these items in a separate column in the financial statements  
(Donor pays the firm directly for supplies made for a project)



# Gap Analyses

## External Assistance-in kind

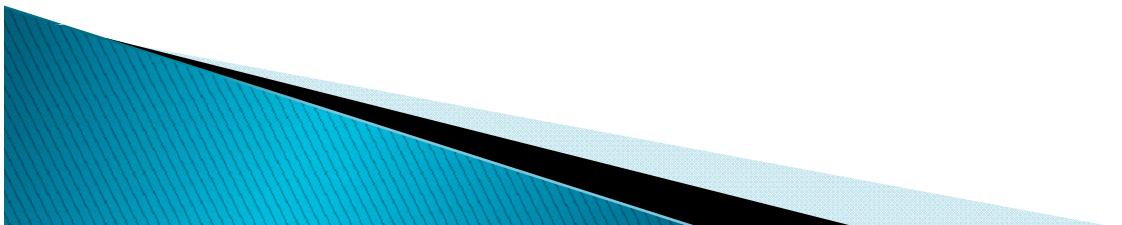


### Prevalent Policy

- Does not recognize

### IPSAS-Cash

- Encourages disclosure
- Example: medical supplies including equipment to Ministry of Health.
- Vehicles to Ministry of Education



# Gap Analyses Reporting Entities

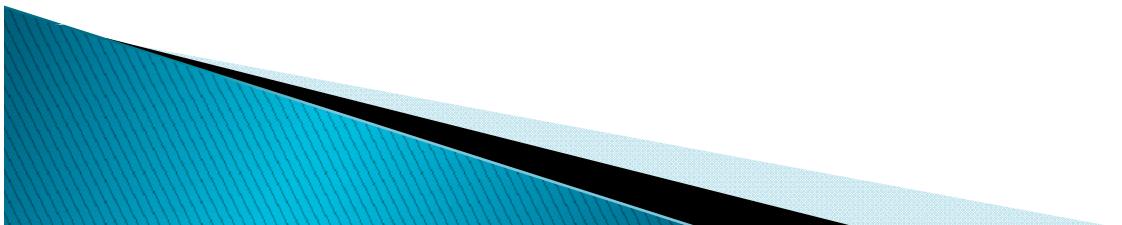


## Prevalent Policy

- Includes only  
Government Budget  
entities

## IPSAS-Cash

Requires inclusion  
all controlled entities



# THANK YOU

