

Cash Basis IPSAS

The Conceptual Frame work



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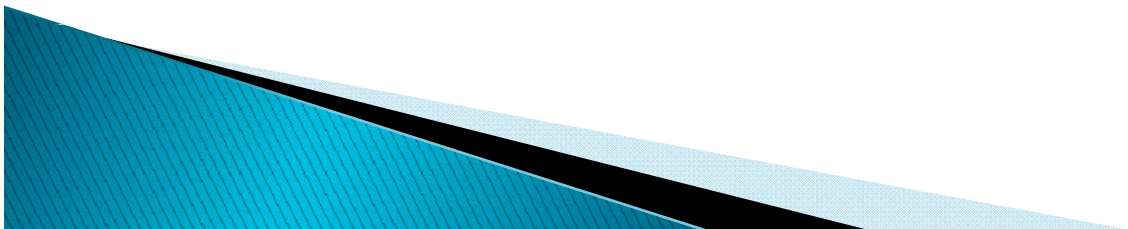
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* IMF-TAOLAM training activities are supported by funding of the Government of Japan.

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

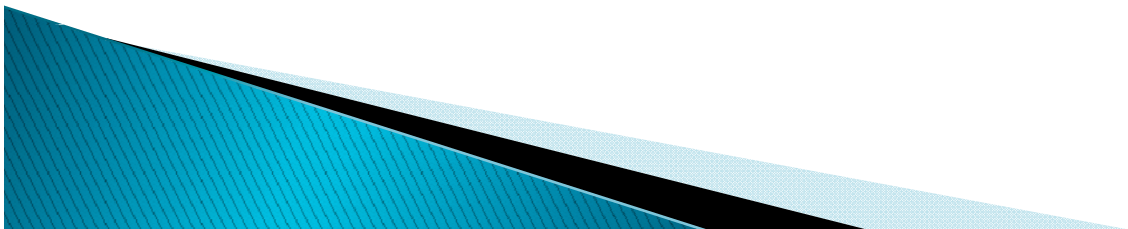
- An entity which prepares and presents financial statements under the cash basis of accounting, as defined in this Standard, should apply the requirements of Part 1 of this Standard in the presentation of its general purpose annual financial statements.





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 is balances of cash and changes therein.



Components of Financial Staements



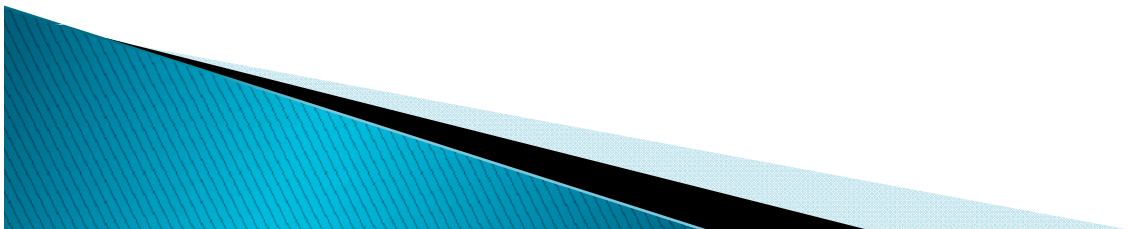
- Statement of cash receipt and payments
- Accounting policies and explanatory notes.
- Statement of comparison of original and actual budget and actual.





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- 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



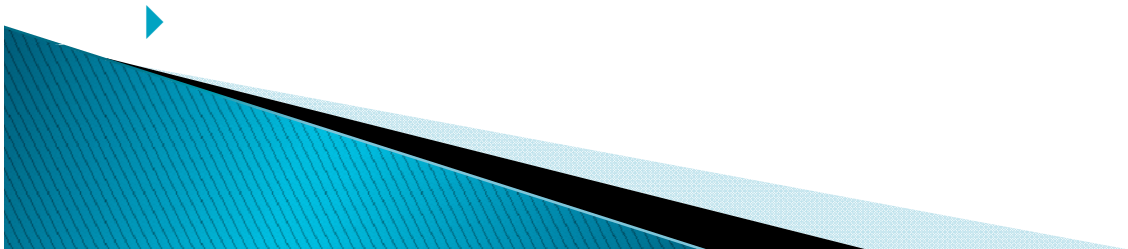
- The notes to the financial statements of an entity should
 - Present information about the basis of preparation of the financial statements and the specific accounting policies selected and applied for significant transactions and other events; and
 - Notes to the financial statements should be presented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



Accounting Policies and Explanatory Note



- Accessibility
- Understandability
- Relevance
- Reliability
- Comparability



Presentation of Comparison of Budget and Actual Amount



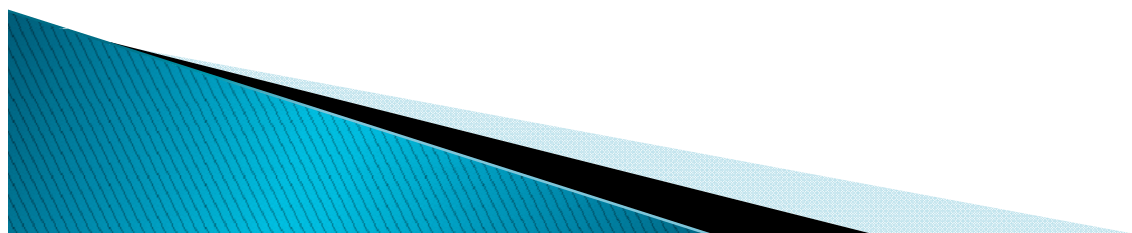
- An entity that makes publicly available its approved budget(s) shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the statement of cash receipts and payments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



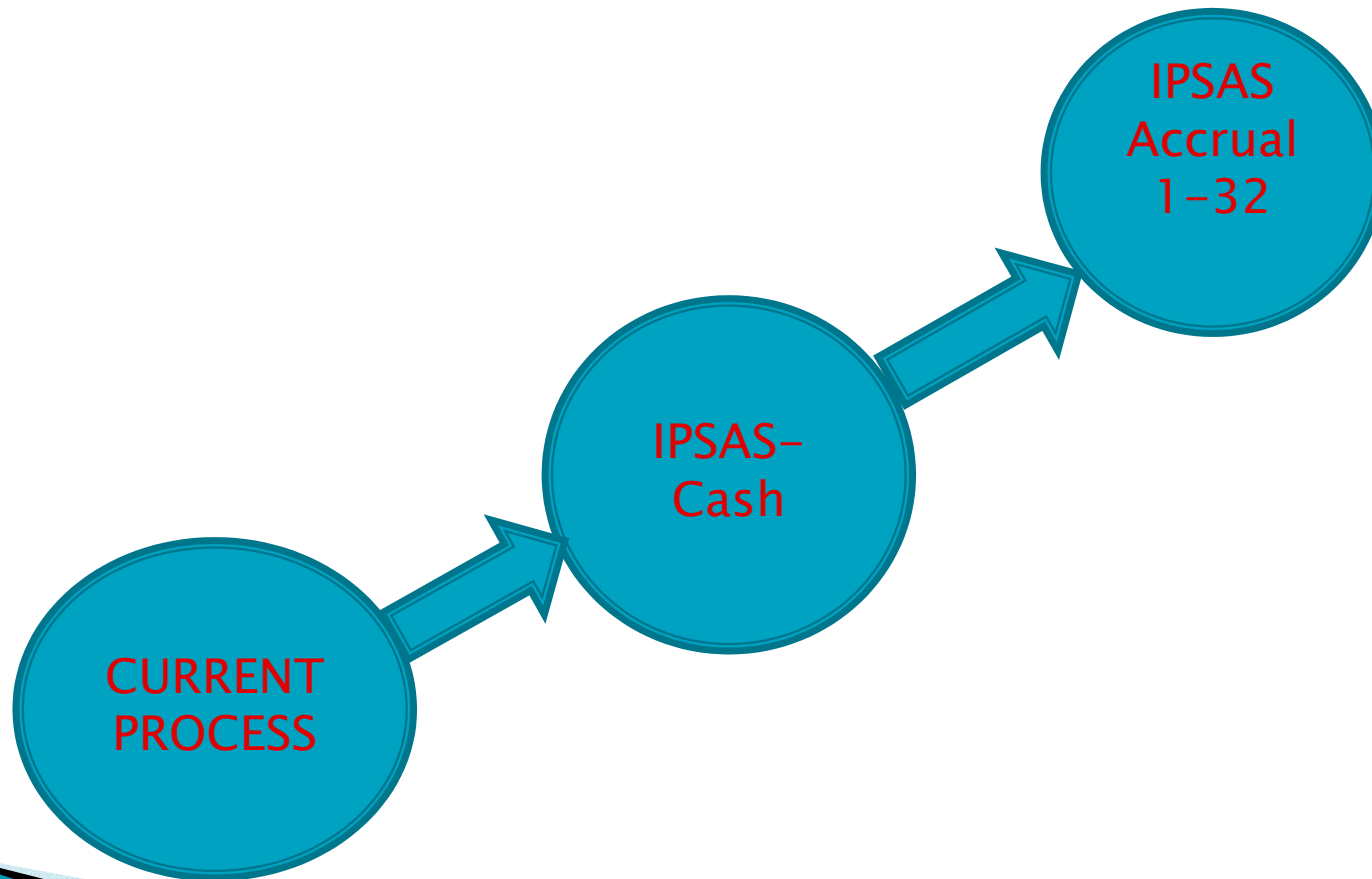


General Considerations

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



Current Status–Lao PDR





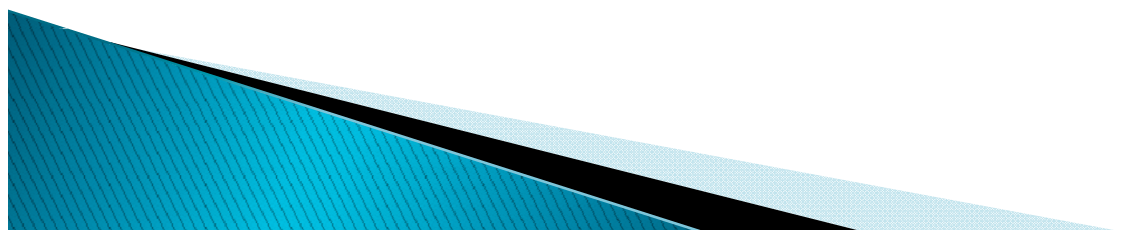
GAP Analyses Account of Revenue and Expenditure

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

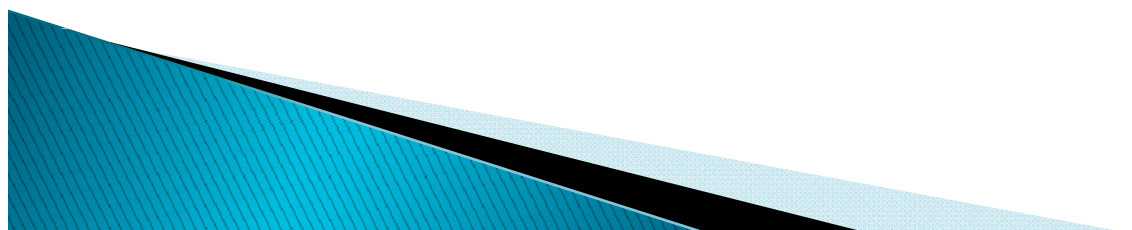


Prevalent Policy

- 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



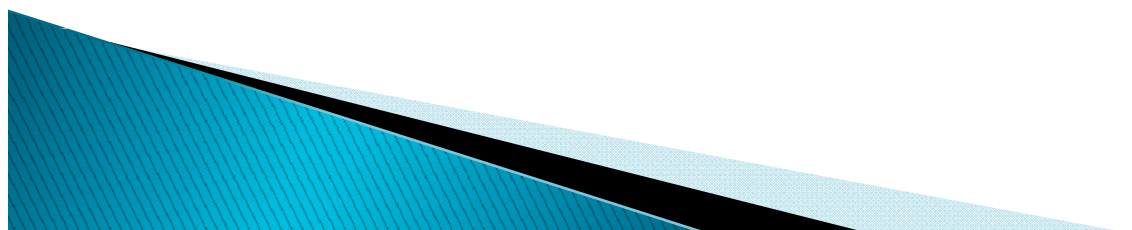
Prevalent Policy

- 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

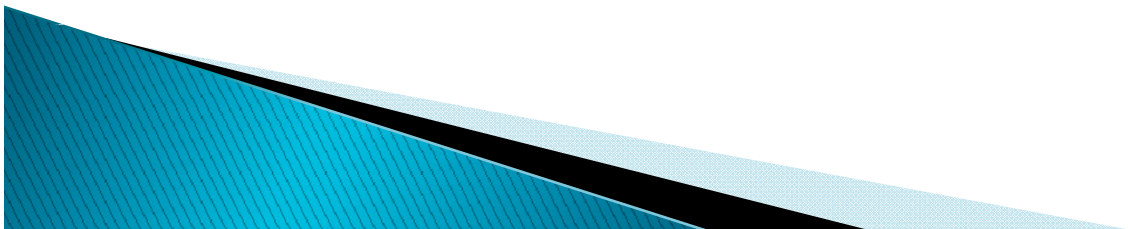


Prevalent Policy

- 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

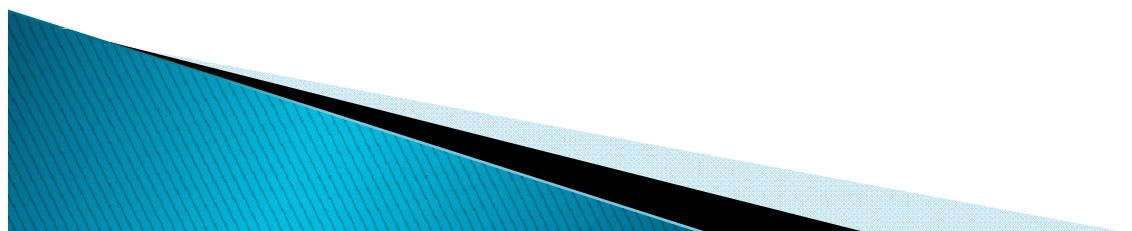


Prevalent Policy

- Includes only
Government Budget
entities

IPSAS–Cash

Requires inclusion
all controlled entities



THANK YOU

