

This accounting policy paper is based on IPSAS 22 Disclosure of Financial Information about the General Government Sector, as adopted by the Treasury of the Republic of Cyprus.

# Disclosure of Financial Information about the General Government Sector

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# 1. INTRODUCTION

## 1.1 PUBLIC SECTOR



**Elements of the Public Sector**  
(under statistical bases of financial reporting)

- General Government Sector (GGS)
- Public Financial Corporations sector (PFC)
- Public Non-Financial Corporations sector (PNFC)

## 1.2 OBJECTIVES

The objective of this accounting policy is to prescribe disclosure requirements when the government elects to present information about the general government sector (GGS) in the consolidated financial statements.

The aim of this policy is to provide technical accounting guidance for the preparation of financial statements, so as to enable the financial statements to give a true and fair view. The aforementioned policy is prepared following guidance from all relevant International Public Sector Accounting Standards (IPSASs).

## 1.3 SCOPE

This accounting policy shall be applied when disclosing information about the general government sector in the consolidated financial statements of the government, prepared and presented under the accruals basis of accounting.

## 1.4 DEFINITIONS

**General Government Sector (GGS)** comprises all organisational entities of the general government as defined in statistical bases of financial reporting. Under statistical bases of financial reporting, the public sector comprises the GGS, PFC and PNFC sector. The GGS is defined as consisting of:

- a) all resident central, state, and local government units,
- b) social security funds at each level of government, and
- c) nonmarket non-profit institutions controlled by government units.

Under statistical bases of financial reporting, the GGS encompasses the central operations of government, and typically includes all those resident nonmarket non-profit entities that have their operations funded primarily by the government and government entities, such as government departments, law courts, public educational institutions, public health care units and other government agencies.

The GGS does not include PFCs or PNFCs.

**Public Financial Corporations sector (PFC)** comprises resident government-controlled financial corporations, quasi-corporations, and non-profit institutions that primarily engage in financial intermediation and the provision of financial services for the market. Included in this sector are government-controlled banks, including central banks, and other government financial institutions that operate on a market basis.

**Public Non-Financial Corporations sector (PNFC)** comprises resident government-controlled non-financial corporations, quasi-corporations, and non-profit institutions that produce goods or non-financial services for the market. Included in this sector are entities such as publicly owned utilities and other entities that trade in goods and services.

Statistical bases of financial reporting define:

- a) Corporations as legal entities created for the purpose of producing goods and services for the market;
- b) Quasi-corporations as enterprises that are not incorporated or otherwise legally established, but function as if they were corporations; and
- c) Non-profit institutions as legal or other entities that produce or distribute goods and services, but which do not generate financial gain for their controlling entity.

Any other terms defined in other accounting policies that have been adopted by the government of the Republic of Cyprus, have the meaning presented in those accounting policies.

## 2. DISCLOSURES

### 2.1 ACCOUNTING POLICIES

Financial information about the GGS shall be disclosed in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the government, except in respect of entities in the PFC and PNFC sectors. The GGS shall recognise its investment in the PFC and PNFC sectors as an asset, and shall account for that asset at the carrying amount of the net assets of its investees.

As a consequence, in disclosing financial information about the GGS, balances and transactions between entities within the GGS shall be eliminated in accordance with the accounting policy of Consolidated Financial Statements, whereas balances and transactions between entities in the GGS and entities in other sectors are not eliminated.

### 2.2 OTHER DISCLOSURES

1. Disclosures made in respect of the GGS shall include at least the following:
  - a) Assets by major class, showing separately the investment in other sectors;
  - b) Liabilities by major class;
  - c) Net assets/ equity;
  - d) Total revaluation increments and decrements and other items of revenue and expense recognised directly in net assets/ equity;
  - e) Revenue by major class;
  - f) Expenses by major class;
  - g) Surplus or deficit;
  - h) Cash flows from operating activities by major class;
  - i) Cash flows from investing activities; and
  - j) Cash flows from financing activities.

The manner of presentation of the GGS disclosures shall be no more prominent than the government's consolidated financial statements prepared in accordance with IPSASs (Indicative examples included in **Appendix 1**).

2. The notes to the financial statements will also disclose the significant controlled entities that are included in the GGS, and any changes in those entities from the prior period, together with an explanation of the reasons why any such entity that was previously included in the GGS is no longer included, as indicatively shown in **Appendix 1**.

3. The GGS disclosures shall be reconciled to the consolidated financial statements of the government. The entity shall present separately the adjustment in the amount of the asset investment in PFC and PNFC sectors determined in accordance with paragraph 2.1 of this accounting policy, and adjustments to each of the items disclosed separately in accordance with paragraph 2.2(1) above.

### **3. TRANSITIONAL PROVISIONS**

No transitional exemptions are provided on the adoption of IPSAS 22 “Disclosure of Financial Information about the General Government Sector”.

### **4. EFFECTIVE DATE**

This rule shall be effective for annual financial statements covering periods beginning on or after 1 January 2020.

### **5. REFERENCES**

This accounting policy is based on the following IPSAS standards:

IPSAS 22 Disclosure of Financial Information about the General Government Sector

IPSAS 33 First – time Adoption of Accrual Basis IPSASs

The Applicability of IPSASs

## 6. APPENDICES

### APPENDIX 1: EXTRACT FROM THE NOTES TO THE FINANCIAL STATEMENTS (INDICATIVE)

#### General Government Sector (GGS) Disclosures

The following disclosures are made for the general government sector (GGS). They reflect the accounting policies adopted in the consolidated financial statements, except that the consolidation requirements have been varied in respect of the Public Financial Corporations (PFSs) sector and Public Non-Financial Corporations (PNFCs) sector. In accordance with IPSAS 22 “Disclosure of Financial Information about the General Government Sector”, PFCs and PNFCs are not consolidated in the GGS disclosures, but are recognised as investments of the GGS. The investments in PFCs and PNFCs are presented as a single line item, measured at the carrying amount of the net assets of the investees.

The GGS comprises all central government ministries and other entities controlled by the government that are primarily engaged in non-market activities. These entities are:

- a) Ministry of ...
- b) Ministry of...
- c) X
- d) Y
- e) Z

During the reporting period, activities related to the ..... department, previously undertaken by the Ministry of ....., have been reconstituted on a commercial basis and are no longer included in the financial information presented for the GGS.

## Indicative Statement of Financial Position for the GGS

As at 31 December 20X2  
(in thousands of Euros)

	GGS		PFC and PNFC		Eliminations		TOTAL Government	
	20X2	20X1	20X2	20X1	20X2	20X1	20X2	20X1
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	X	X	X	X	(X)	(X)	X	X
Receivables from exchange transactions	X	X	X	X	(X)	(X)	X	X
Recoverables from non-exchange transactions	X	X	X	X	(X)	(X)	X	X
Inventories	X	X	X	X	(X)	(X)	X	X
Prepayments	X	X	X	X	(X)	(X)	X	X
Investment	X	X	X	X	(X)	(X)	X	X
Other current assets	X	X	X	X	(X)	(X)	X	X
	X	X	X	X	(X)	(X)	X	X
<b>Non-current Assets</b>								
Receivables from exchange transactions	X	X	X	X	(X)	(X)	X	X
Recoverables from non-exchange transactions	X	X	X	X	(X)	(X)	X	X
Investments	X	X	X	X	(X)	(X)	X	X
Investments in other sectors	X	X	X	X	(X)	(X)	X	X
Other financial assets	X	X	X	X	(X)	(X)	X	X
Infrastructure, plant and equipment	X	X	X	X	(X)	(X)	X	X
Land and buildings	X	X	X	X	(X)	(X)	X	X
Intangible assets	X	X	X	X	(X)	(X)	X	X
Other non-financial assets	X	X	X	X	(X)	(X)	X	X
	X	X	X	X	(X)	(X)	X	X
<b>Total Assets</b>	X	X	X	X	(X)	(X)	X	X
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Payables under exchange transactions	X	X	X	X	(X)	(X)	X	X
Taxes and transfers payable	X	X	X	X	(X)	(X)	X	X
Short-term borrowings	X	X	X	X	(X)	(X)	X	X
Current portion of borrowings	X	X	X	X	(X)	(X)	X	X
Provisions	X	X	X	X	(X)	(X)	X	X
Employee benefits	X	X	X	X	(X)	(X)	X	X
Social benefits	X	X	X	X	(X)	(X)	X	X
Superannuation	X	X	X	X	(X)	(X)	X	X
	X	X	X	X	(X)	(X)	X	X
<b>Non-current Liabilities</b>								
Payables under exchange transactions	X	X	X	X	(X)	(X)	X	X
Taxes and transfers payable	X	X	X	X	(X)	(X)	X	X
Borrowings	X	X	X	X	(X)	(X)	X	X
Provisions	X	X	X	X	(X)	(X)	X	X
Employee benefits	X	X	X	X	(X)	(X)	X	X
Social benefits	X	X	X	X	(X)	(X)	X	X
Superannuation	X	X	X	X	(X)	(X)	X	X
	X	X	X	X	(X)	(X)	X	X
<b>Total Liabilities</b>	X	X	X	X	(X)	(X)	X	X



**Net Assets**

	X	X	X	X	(X)	(X)	X	X
<b>NET ASSETS/ EQUITY</b>								
Reserves	X	X	X	X	(X)	(X)	X	X
Accumulated surpluses/ (deficits)	X	X	X	X	(X)	(X)	X	X
<b>Total net assets/ equity</b>	X	X	X	X	(X)	(X)	X	X

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## Indicative Statement of Financial Performance for the GGS

For the Year ended 31  
December 20X2  
(in thousands of Euros)

	GGS		PFC and PNFC		Eliminations		TOTAL Government	
	20X2	20X1	20X2	20X1	20X2	20X1	20X2	20X1
<b>Revenue</b>								
Taxes	X	X	X	X	(X)	(X)	X	X
Fees, fines, penalties	X	X	X	X	(X)	(X)	X	X
Revenue from other sectors	X	X	X	X	(X)	(X)	X	X
Transfers from other governments	X	X	X	X	(X)	(X)	X	X
Other operating revenue	X	X	X	X	(X)	(X)	X	X
<b>Total Revenue</b>	X	X	X	X	(X)	(X)	X	X
<b>Expenses</b>								
Compensation of employees	X	X	X	X	(X)	(X)	X	X
Social benefits	X	X	X	X	(X)	(X)	X	X
Use of goods and services	X	X	X	X	(X)	(X)	X	X
Consumption of fixed capital	X	X	X	X	(X)	(X)	X	X
Interest	X	X	X	X	(X)	(X)	X	X
Subsidies	X	X	X	X	(X)	(X)	X	X
Other expense	X	X	X	X	(X)	(X)	X	X
<b>Total Expenses</b>	X	X	X	X	(X)	(X)	X	X
<b>Surplus/ (deficit)</b>	X	X	X	X	X	X	X	X

## Indicative Statement of Changes in Net Assets/ Equity for the GGS

For the Year ended 31 December 20X2 (in thousands of Euros)

	GGS			PFC and PNFC	Elimination	TOTAL Government
	Revaluation Reserve	Translation Reserve	Accumulated Surpluses/ (Deficits)			
<b>Balance at 31 December 20X0</b>	X	(X)	X	X	X	X
Surplus on revaluation of property	X			X		X
Deficit on revaluation of investments	(X)			(X)	X	(X)
Currency translation differences		(X)		(X)		(X)
<b>Net gains and losses not recognised in the statement of financial performance</b>	X	(X)		X	(X)	X
Net surplus for the period			X	X	(X)	X
<b>Balance at 31 December 20X1</b>	X	(X)	X	X	(X)	X
Deficit on revaluation of property	(X)			(X)	X	(X)
Surplus on revaluation of investments	X			X	(X)	X
Currency translation differences		(X)		X		X
<b>Net gains and losses recognised in the statement of financial performance</b>	(X)	(X)		(X)	(X)	(X)
Net deficit for the period			(X)	(X)	(X)	(X)
<b>Balance at 31 December 20X2</b>	X	(X)	X	X	(X)	X

## Indicative Cash Flow Statement for the GGS

For the Year ended 31 December  
20X2  
(in thousands of Euros)

	GGS		PFC and PNFC		Eliminations		TOTAL Government	
	20X2	20X1	20X2	20X1	20X2	20X1	20X2	20X1
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Taxation	X	X			(X)	(X)	X	X
Sales of goods and services			X	X	(X)	(X)	X	X
Grants			X	X	(X)	(X)	X	X
Interest received			X	X			X	X
Dividends from other sectors to government	X	X			(X)	(X)		
Other receipts	X	X	X	X	(X)	(X)	X	X
<b>Payments</b>								
Employee costs	(X)	(X)	(X)	(X)			(X)	(X)
Social benefits	(X)	(X)	(X)	(X)			(X)	(X)
Retirement benefits	(X)	(X)	(X)	(X)			(X)	(X)
Suppliers	(X)	(X)	(X)	(X)			(X)	(X)
Interest paid	(X)	(X)	(X)	(X)			(X)	(X)
Dividend to other sectors			(X)	(X)	X	X		
Other payments	(X)	(X)	(X)	(X)	X	X	(X)	X
<b>Net cash flows from operating activities</b>	X	X	X	X	(X)	(X)	X	(X)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchase of plant and equipment	(X)	(X)	(X)	(X)			(X)	(X)
Proceeds from sale of plant and equipment	X	X	X	X			X	X
Proceeds from sale of investments	X	X	X	X			X	X
Purchase of foreign currency securities	(X)	(X)	(X)	(X)			(X)	(X)
<b>Net cash flows from investing activities</b>	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Proceeds from borrowings	X	X	X	X			X	X
Repayment of borrowings	(X)	(X)	(X)	(X)			(X)	(X)
<b>Net cash flows from financing activities</b>	X	X	X	X	(X)	(X)	X	X
<b>Net increase/ (decrease) in cash and cash equivalents</b>	X	X	X	X	(X)	(X)	X	X
<b>Cash and cash equivalents at beginning of period</b>	X	X	X	X	(X)	(X)	X	X
<b>Cash and cash equivalents at end of period</b>	X	X	X	X	(X)	(X)	X	X

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