

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 -*Inactive*

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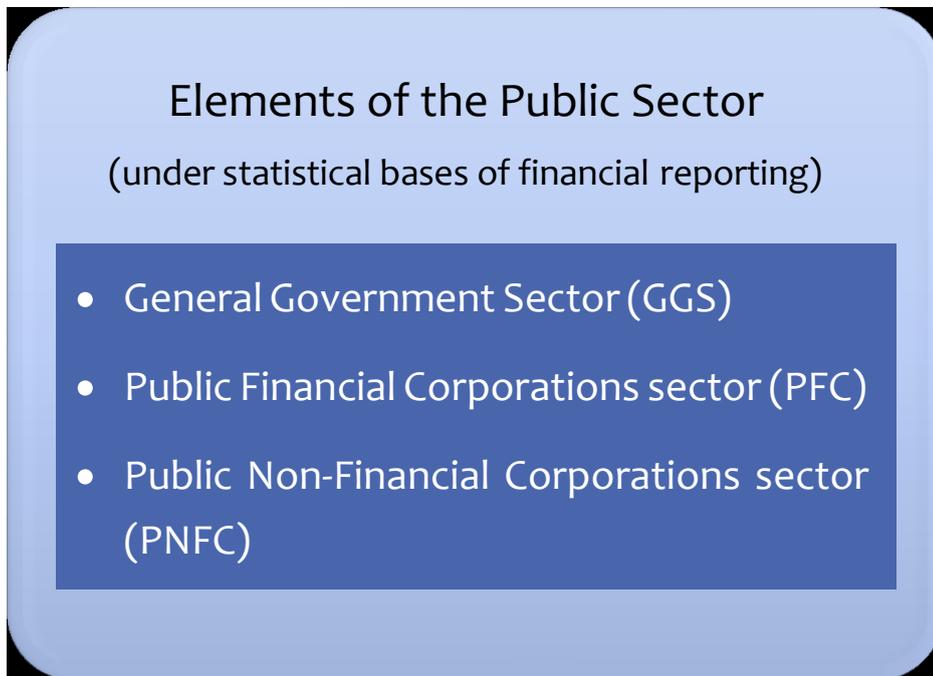
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1. INTRODUCTION

1.1 PUBLIC SECTOR



The provisions of this policy will remain inactive until further notice.

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 2024.

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

	GGS		PFS and PFNS		Eliminations		TOTAL Government	
	20X2	20X1	20X2	20X1	20X2	20X1	20X2	20X1
ASSETS								
Non-current assets								
Property, plant and equipment								
Investment property								
Service concession arrangements								
Intangible assets								
Investments in controlled entities								
Investments in associates and joint ventures								
Loans receivable								
Other financial assets								
Receivables from non-exchange transactions								
Receivables from exchange transactions								
	<hr/>							
	<hr/>							
Current assets								
Inventory								
Loans receivable								
Other financial assets								
Receivables from non-exchange transactions								
Receivables from exchange transactions								
Cash and cash equivalents								
	<hr/>							
Assets held for sale								
	<hr/>							
TOTAL ASSETS								
	<hr/> <hr/>							

	GGs		PFS and PFNS		Eliminations		TOTAL Government	
	20X2	20X1	20X2	20X1	20X2	20X1	20X2	20X1
LIABILITIES								
Non-current Liabilities								
Payables from exchange transactions								
Transfers payable								
Social benefits								
Social welfare benefits								
Employee benefits								
Pension liability								
Borrowings								
Other financial liabilities								
Financial Guarantees								
Provisions								
Current Liabilities								
Payables from exchange transactions								
Transfers payable								
Social benefits								
Social welfare benefits								
Employee benefits								
Pension liability								
Borrowings								
Other financial liabilities								
Financial Guarantees								
Provisions								
TOTAL LIABILITIES								
NET ASSETS								
EQUITY								
Accumulated surpluses/ (deficit)								
Other Reserves								
Non-controlling interest								
TOTAL EQUITY								

Indicative Statement of Financial Performance for the GGS

	GGS		PFS and PFNS		Eliminations		TOTAL Government	
	20X2	20X1	20X2	20X1	20X2	20X1	20X2	20X1
REVENUE								
Taxes								
Transfers								
Social Contributions and Pension Contributions								
Other income								
Finance income								
TOTAL REVENUE	<hr/>							
EXPENSES								
Staff costs								
Operating expenses								
Social benefits								
Social welfare benefits								
Grants and other transfers								
Depreciation expenses								
Impairment and write-off of assets								
Other expenses								
Finance costs								
Provisions								
TOTAL EXPENSES	<hr/>							
Share of surplus/deficit of associates and joint ventures								
SURPLUS/ (DEFICIT) FOR THE YEAR FROM CONTINUING OPERATIONS	<hr/>							
DISCONTINUED OPERATIONS								
Profit/ Loss from discontinued operations								
SURPLUS/ (DEFICIT) FOR THE YEAR	<hr/>							

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

	GGS				PFS and PFNS	Eliminations	TOTAL Government
	Property revaluation reserve	Financial assets revaluation reserve	Defined benefit plan revaluation reserve	Accumulated Surpluses/ (Deficit)			
Balance 1 January 2021							
Changes in accounting policy							
Adjusted balance							
Surplus/ (deficit) for the year							
Surplus/(deficit from revaluation							
Transfer of (surplus)/deficit from sale of revalued assets							
Actuarial gains / (losses) on defined benefit plans							
Balance 31 December 20X1							
Surplus/ (deficit) for the year							
Surplus/(deficit from revaluation							
Transfer of (surplus)/deficit from sale of revalued assets							

Indicative Cash Flow Statement for the GGS

	GGS		PFS and PFNS		Eliminations		TOTAL Government	
	20X2	20X1	20X2	20X1	20X2	20X1	20X2	20X1
Cash flows from operating activities								
Cash inflows								
Tax								
Transfers								
Provision of goods and services								
Inflows from grants								
Inflows from repayment of loans								
Loan interest received								
Other inflows								
Cash outflows								
Staff costs								
Social benefits								
Social welfare benefits								
Purchase of goods and services								
Rents - leases								
Other operating expenses								
Grants								
Loans granted to third parties								
Outflows for public debt management								
Other outflows								
Net cash flows from operating activities								
Cash flows from investing activities								
Purchase / construction of property, plant and equipment								
Inflows from sale of property, plant and equipment								
Purchase of intangible assets								
Inflows from sale of intangible assets								
Purchase of investment property								
Inflows from sale of investment property								
Purchase of assets held for sale								
Inflows from sale of assets held for sale								
Purchase of investments								
Inflows from sale of investments								
Purchase of other financial assets								
Inflows from sale of other financial assets								
Interest received on investments in financial assets								
Dividends or similar distributions								

	GGS		PFS and PFNS		Eliminations		TOTAL Government	
	20X2	20X1	20X2	20X1	20X2	20X1	20X2	20X1
Net cash flows from investing activities								
Cash flows from financing activities								
Inflows from borrowings								
Repayments of loans								
Interest paid								
Inflows from issue of debt securities								
Repayments of debt securities								
Bank and finance charges								
Net cash flows from financing activities								
Net increase/ (decrease) in cash and cash equivalents								
Foreign Exchange differences								
Cash and cash equivalents at the beginning of the year								
Cash and cash equivalents at the end of the year								