

**Illustration of the Requirements of Part 1 of the Standard**

*This Appendix is illustrative only and does not form part of the Standard. Its purpose is to assist in clarifying the meaning of the requirements of Part 1 of this Standard by illustrating their application in the preparation and presentation of general purpose financial statements under the cash basis of accounting for:*

***A The Financial Statements of National Government A;***

***B The financial Statements of Government Entity B, which controls its own bank account; and***

***C The financial Statements of Government Department C, whose cash receipts and payments are managed through a centralized treasury function often referred to as a “treasury single account”.***

**APPENDIX 1A – GOVERNMENT A**

**FINANCIAL STATEMENTS FOR NATIONAL GOVERNMENT A**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR YEAR ENDED 31 DECEMBER 200X**

**(RECEIPTS ONLY)**

	Note	200X	200X-1
		Receipts/ (Payments)	Receipts/(Payments)
(in thousands of currency units)			
<b>RECEIPTS</b>			
<b><i>Taxation</i></b>			
Income tax		X	X
Value-added tax		X	X
Property tax		X	X
Other taxes		<u>X</u>	<u>X</u>
		X	X
<b><i>Donations, Grants and Other Aid</i></b>	10	X	X
<b><i>Borrowings</i></b>	3		
Proceeds from:			
Commercial Institutions		X	
Development Banks and similar organizations		X	
<b><i>Capital Receipts</i></b>			
Proceeds from disposal of plant and equipment		X	X
Proceeds from disposal of financial instruments		<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>
<b><i>Trading Activities</i></b>			
Receipts from trading activities		X	X
<b><i>Other receipts</i></b>	4	<u>X</u>	<u>X</u>
<b>Total receipts</b>		<u>X</u>	<u>X</u>

FINANCIAL REPORTING UNDER THE CASH BASIS OF ACCOUNTING

	Note	200X	200X-1
(in thousands of currency units)		Receipts/ (Payments)	Receipts/ (Payments)
<b>PAYMENTS</b>			
<b><i>Operations</i></b>			
Wages, salaries and employee benefits		(X)	(X)
Supplies and consumables		<u>(X)</u>	<u>(X)</u>
		(X)	(X)
<b><i>Transfers</i></b>			
Grants		(X)	(X)
Other transfer payments		<u>(X)</u>	<u>(X)</u>
		(X)	(X)
<b><i>Capital Payments</i></b>			
Purchase/construction of plant and equipment		(X)	(X)
Purchase of financial instruments		<u>(X)</u>	<u>(X)</u>
		(X)	(X)
<b><i>Loan and Interest Repayments</i></b>			
Repayment of borrowings		(X)	(X)
Interest payments		<u>(X)</u>	<u>(X)</u>
		(X)	(X)
<b><i>Other payments</i></b>	5	<u>(X)</u>	<u>(X)</u>
<b>Total payments</b>		<u>(X)</u>	<u>(X)</u>
<b>Increase/(Decrease)Cash</b>		<b>X</b>	<b>X</b>
<b>Cash beginning of year</b>	2	<b>X</b>	<b>X</b>
<b>Increase/(Decrease)Cash</b>		<u><b>X</b></u>	<u><b>X</b></u>
<b>Cash at end of year</b>	2	<u><b>X</b></u>	<u><b>X</b></u>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT****For Government A for the Year Ended 31 December 200X****Budget Approved on the Cash Basis****(Classification of Payments by Functions)**

	Actual Amounts	Final Budget	Original Budget	<i>*Difference: Final Budget and Actual</i>
(in thousands of currency units)				
<b>CASH INFLOWS</b>				
Taxation	X	X	X	X
Grants and Aid agreements	X	X	X	X
Proceeds: borrowing	X	X	X	X
Proceeds: disposal of plant and equipment	X	X	X	X
Proceeds: disposal of financial instruments	X	X	X	X
Trading activities	X	X	X	X
Other receipts	X	X	X	X
<b>Total receipts</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>CASH OUTFLOWS</b>				
Health	(X)	(X)	(X)	(X)
Education	(X)	(X)	(X)	(X)
Public order/safety	(X)	(X)	(X)	(X)
Social protection	(X)	(X)	(X)	(X)
Defense	(X)	(X)	(X)	(X)
Housing and community amenities	(X)	(X)	(X)	(X)
Recreational, cultural and religion	(X)	(X)	(X)	(X)
Economic affairs	(X)	(X)	(X)	(X)
Environmental Protection	(X)	(X)	(X)	(X)
General Public Services	(X)	(X)	(X)	(X)
<b>Total payments</b>	<b>(X)</b>	<b>(X)</b>	<b>(X)</b>	<b>(X)</b>
<b>NET CASH FLOWS</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

\* The "Difference..." column is not required. However, a comparison between actual and the original or the final budget, clearly identified as appropriate, may be included.

**ADDITIONAL FINANCIAL STATEMENTS (OPTIONAL)**

Additional financial statements may be prepared to provide details of amounts included in the statement of cash receipts and payments: for example, to disclose information by major fund groups or to disclose expenditures by major functions or programs, or to provide details of sources of borrowings. Columns disclosing budgeted amounts may also be included.

**STATEMENT OF CASH RECEIPTS BY FUND CLASSIFICATION**

(in thousands of currency units)	<b>200X</b>	<b>200X-1</b>
	<b>Receipts</b>	<b>Receipts</b>
<b>RECEIPTS</b>		
Consolidated Funds	X	X
Special Funds	X	X
Trading Funds	X	X
Loans	X	X
<b>Total receipts</b>	<b>X</b>	<b>X</b>

**PROCEEDS OF BORROWINGS**

(in thousands of currency units)	<b>Note</b>	<b>200X</b>	<b>200X-1</b>
		<b>Cash Receipts</b>	<b>Cash Receipts</b>
<b>BORROWINGS</b>			
Domestic Commercial Institution		X	X
Offshore Commercial Institution		X	X
Development Banks and Similar Lending Agencies		X	X
<b>Total borrowings</b>	<b>3</b>	<b>X</b>	<b>X</b>

FINANCIAL REPORTING UNDER THE CASH BASIS OF ACCOUNTING

STATEMENT OF PAYMENTS BY PROGRAMS/ACTIVITIES/FUNCTION OF GOVERNMENT

(in thousands of currency units)	<b>200X</b>	<b>200X-1</b>
	<b>Payments</b>	<b>Payments</b>
<b>PAYMENTS – Operating Account</b>		
Education	X	X
Health	X	X
Social Protection	X	X
Defense	X	X
Public Order and Safety	X	X
Recreation, Culture and Religion	X	X
Economic Affairs	X	X
Environment Protection	X	X
General Public Services	X	X
<b>Total payments</b>	<b>X</b>	<b>X</b>
<b>PAYMENTS – Capital Account</b>		
Education	X	X
Health	X	X
Social Protection and Welfare	X	X
Defense	X	X
Public Order and Safety	X	X
Recreation, Culture and Religion	X	X
Environment Protection	X	X
General Public Services	X	X
<b>Total payments</b>	<b>X</b>	<b>X</b>
<b>Total Operating and Capital Accounts</b>	<b>X</b>	<b>X</b>

**PUBLIC SECTOR ENTITY – WHOLE-OF-GOVERNMENT A****Notes to the Financial Statements****1. Accounting Policies****Basis of preparation**

The financial statements have been prepared in accordance with Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*.

The accounting policies have been applied consistently throughout the period.

**Reporting entity**

The financial statements are for the national government of Country A. The financial statements encompass the reporting entity as specified in the relevant legislation (Public Finance Act 20XX).

Government activities include the provision of health, education, defense, social protection, housing, recreational and cultural and general public services and economic management to, and on behalf of, constituents. [Identify level of government, jurisdiction and nature of services provided.]

A list of significant entities encompassed in the financial statements and the sectors in which they operate is shown in Note 7 to the financial statements.

**Presentation currency**

The presentation currency is (currency of Country A).

**2. Cash**

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks and investments in short-term money market instruments.

Cash included in the statement of cash receipts and payments comprise the following amounts:

(in thousands of currency units)	<b>200X</b>	<b>200X-1</b>
Cash on hand and balances with banks	X	X
Short-term investments	X	X
	<u>    </u>	<u>    </u>
	<u>    </u>	<u>    </u>

Included in the amount stated above is X currency units provided by the International Agency XX that is restricted to the construction of road infrastructure.

**3. Borrowings**

Borrowings comprise cash inflows from commercial banks and similar commercial institutions and development banks and similar aid agencies.

**4. Other Receipts**

Included in other receipts are fees, fines, penalties and miscellaneous receipts.

**5. Other Payments**

Included in other payments are dividends, distributions paid, legal settlements of lawsuits and miscellaneous payments.

**6. Undrawn Borrowing Facilities**

(in thousands of currency units)	<b>200X</b>	<b>200X-1</b>
<b>Movement in Undrawn Borrowing Facilities</b>		
Undrawn borrowing facilities at 1.1.0X	X	X
Additional loan facility	X	X
Total available	X	X
Amount drawn	(X)	(X)
Facility closure/cancellations	(X)	(X)
Undrawn borrowing facilities at 31.12.0X.	X	X

(in thousands of currency units)	<b>200X</b>	<b>200X-1</b>
<b>Undrawn Borrowing Facilities</b>		
Commercial Financial Institutions	X	X
Development Banks and similar organizations	X	X
Total undrawn borrowing facilities	X	X

**7. Significant Entities**

<b><u>Entity 200X</u></b>	<b><u>Entity 200X-1</u></b>
Entity A	<b>Entity A</b>
Entity B	<b>Entity B</b>
Entity C	<b>Entity C</b>
Entity D	<b>Entity D</b>

**8. Authorization Date**

The financial statement was authorized for publication on XX *Month* 200X+1 by Mr. YY, the Treasurer of Country A.



### **9. Original and Final Approved Budget and Comparison of Actual and Budget Amounts**

The approved budget is developed on the same accounting basis (cash basis), same classification basis, and for the same period (from 1 January 200X to 31 December 200X) as for the financial statements. It encompasses the same entities as the consolidated financial statement – these are identified in Note 7 above.

The original budget was approved by legislative action on (date) and a supplemental appropriation of XXX for disaster relief support was approved by legislative action on (date) due to the earthquake in the Northern Region on (date). The original budget objectives and policies, and subsequent revisions are explained more fully in the Operational Review and Budget Out-turn Report issued in conjunction with the financial statements.

The excess of actual expenditure over the final budget of 15% (25% over original budget) for the Health function was due to expenditures above the level approved by legislative action in response to the earthquake. There were no other material differences.

### **Alternative Note 9 when budget and financial statements are prepared on a different basis**

### **9. Original and Final Approved Budget and Comparison of Actual and Budget Amounts**

The budget is approved on a modified cash basis by functional classification. The approved budget covers the fiscal period from 1 January 200X to 31 December 200X and includes all entities within the general government sector. The general government sector includes all government departments – significant departments are included in the list of entities identified in Note 7 above.

The original budget was approved by legislative action on (date) and a supplemental appropriation of XXX for disaster relief support was approved by legislative action on (date) due to the earthquake in the Northern Region on (date). The original budget objectives and policies, and subsequent revisions are explained more fully in the Operational Review and Budget Out-turn Report issued in conjunction with the financial statements.

The excess of actual expenditure over the final budget of 15% (25% over original budget) for the Health function was due to expenditures above the level approved by legislative action in response to the earthquake. There were no other material differences between the final approved budget and the actual amounts.

The budget and the accounting bases differ. The financial statements for the government are prepared on the cash basis using a classification based on the nature of expenses. The financial statements include all controlled entities, including commercial public sector entities for the fiscal period from 1 January 20XX to 31 December 20XX. The budget is approved on the modified cash basis by functional classification and deals only with the general government sector which excludes commercial public sector entities and certain other non-market government entities and activities.

The amounts in the statement of cash receipts and payments were adjusted to be consistent with the modified cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the statement of cash receipts and payments for timing differences associated with the continuing appropriation and differences in the entities covered (commercial public sector entities and other entities) were made to express the actual amounts on a comparable basis to the final approved budget.

FINANCIAL REPORTING UNDER THE CASH BASIS OF ACCOUNTING

A reconciliation between the actual inflows and outflows as presented in the statement of comparison of budget and actual amounts and the amounts of total cash receipts and total cash payments reported in the statement of cash receipts and payments for the year ended 31 December 20XX is presented below.

	<b>Total inflows</b>	<b>Total outflows</b>
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	<b>X</b>	<b>X</b>
Basis Differences	X	X
Timing Differences	-	-
Entity Differences	X	X
Total Cash receipts	<b>X</b>	
Total Cash Payments		<b>X</b>

The financial statements and budget documents are prepared for the same period. There is an entity difference: the budget is prepared for the general government sector and the financial statements include all entities controlled by the government. There is also a basis difference: the budget is prepared on a modified cash basis and the financial statements on the cash basis.

This reconciliation could be included on the face of the Statement of Comparison of Budget and Actual Amounts or as a note disclosure.

**10. Donations, Grants and Other Aid**

Cash receipts during the period included donations, grants and other aid provided by individual multilateral and bilateral donor agencies and non-governmental organizations; co-operative financing facilities established by such organizations and donations from charities, corporations and private individuals.

The amount of donations, grants and other aid (XXX) does not include aid received during the reporting period in the form of the proceeds of loans. The proceeds of any aid received during the period in the form of loans are included in the amount of borrowings presented as a separate line item in the Statement of Receipts and Payments.

**APPENDIX 1B – GOVERNMENT ENTITY B**

**(THIS ENTITY CONTROLS ITS OWN BANK ACCOUNT.)**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR ENTITY B**

**FOR YEAR ENDED 31 DECEMBER 200X**

(in thousands of currency units)	Note	200X	200X-1
		Receipts/ (Payments)	Receipts/ (Payments)
<b>RECEIPTS</b>			
Authorized allocations		X	X
Other receipts		X	X
<b>Total receipts</b>		<b>X</b>	<b>X</b>
<b>PAYMENTS</b>			
Wages, salaries and employee benefits		(X)	(X)
Rent		(X)	(X)
Capital Payments		(X)	(X)
Transfers	3	(X)	(X)
<b>Total payments</b>		<b>(X)</b>	<b>(X)</b>
<b>Increase/(Decrease) in Cash</b>		<b>X</b>	<b>X</b>
<b>Cash at beginning of year</b>	2	<b>X</b>	<b>X</b>
<b>Increase/(Decrease) in Cash</b>		<b>X</b>	<b>X</b>
<b>Cash at end of year</b>	2	<b>X</b>	<b>X</b>

**ADDITIONAL FINANCIAL STATEMENTS (OPTIONAL)**

Additional financial statements may be prepared, for example, to disclose budget information by major fund groups if applicable or to display expenditures by major functions. An example of a statement by function is included below.

**STATEMENT OF PAYMENTS BY FUNCTION**

	Note	200X	200X-1
(in thousands of currency units)		Payments	Payments
<b>PAYMENTS</b>			
Program I		(X)	(X)
Program II		(X)	(X)
Program III		(X)	(X)
Program IV		(X)	(X)
Other payments		(X)	(X)
<b>Total payments</b>		<b>(X)</b>	<b>(X)</b>

**NOTES TO THE FINANCIAL STATEMENTS****1. Accounting Policies****Basis of preparation**

The financial statements have been prepared in accordance with the Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*.

The *accounting* policies have been applied consistently throughout the period.

**Reporting entity**

The financial statements are for a public sector entity (Government Entity B). The financial statements encompass the reporting entity as specified in the relevant legislation (Public Finance Act 20XX).

Government Entity B's principal activity is to provide [identify type of] services to constituents. The Entity controls its own bank account.

**Presentation currency**

The presentation currency is (currency of Country A).

**2. Cash**

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents *comprise* balances with banks and investments in short-term money market instruments.

Appropriations and other cash receipts are deposited in the Entity's bank account. All borrowings are undertaken by a central finance entity.

Receipts from exchange transactions are deposited in trading fund accounts controlled by the Entity. They are *transferred* to consolidated revenue at year end.

Cash included in the *statement* of cash receipts and payments comprise the following amounts:

(in thousands of currency units)	<b>200X</b>	<b>200X-1</b>
Cash on hand and balances with banks	X	X
Short-term investments	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

**3. Transfers**

Amounts are transferred to eligible recipients in accordance with the operating mandate and authority of the entity.

**4. Significant Entities**

<b>Entity 200X</b>	<b>Entity 200X-1</b>
Entity X	X
Entity Y	X

**5. Authorization Date**

The financial statements were authorized for issue on XX *Month* 200X+1 by Mr. YY, Minister of XXXXX for Entity AB.

**APPENDIX 1C – GOVERNMENT DEPARTMENT C**

(THE GOVERNMENT OPERATES A CENTRALIZED SINGLE ACCOUNT SYSTEM)

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR DEPARTMENT C  
FOR YEAR ENDED 31 DECEMBER 200X**

	<b>Note</b>	<b>200X</b>	<b>200X-1</b>
(in thousands of currency units)			
		<b>Receipts/ (Payments)</b>	<b>Receipts/ (Payments)</b>
<b>RECEIPTS</b>			
ations/	2	X	X
Appropriations			
Other receipts		X	X
<b>Total receipts</b>		<b>X</b>	<b>X</b>
<b>PAYMENTS</b>			
Wages, salaries and employee benefits		(X)	(X)
Rent		(X)	(X)
Capital Payments		(X)	(X)
Transfer s	3	(X)	(X)
<b>Total payments</b>		<b>(X)</b>	<b>(X)</b>

**ADDITIONAL FINANCIAL STATEMENTS (OPTIONAL)**

Additional financial statements may be prepared, for example, to disclose budget information by major fund groups if applicable or to display expenditures by major functions or payments. An example of a statement by function is included below.

<b>STATEMENT OF PAYMENTS BY FUNCTION</b>		
<b>Note</b>	<b>200X</b>	<b>200X-1</b>
(in thousands of currency units)	<b>Receipts/ (Payments)</b>	<b>Receipts/ (Payments)</b>
<b>PAYMENTS</b>		
Program I	X	X
Program II	X	X
Program III	X	X
Program IV	X	X
Other payments	X	X
<b>Total payments</b>	<b>X</b>	<b>X</b>

**NOTES TO THE FINANCIAL STATEMENTS****1. Accounting Policies****Basis of preparation**

The financial statements have been prepared in accordance with the Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*.

The accounting policies have been applied consistently throughout the period.

**Reporting entity**

The financial statements are for a public sector entity: Government Department C. The financial statements encompass the reporting entity as specified in the relevant legislation (Public Finance Act 20XX).

Government Department C's principal activity is to provide (specify type of) services to constituents.

Government Department C does not operate its own bank account. The Government operates a centralized treasury function which manages the cash receipts and payments (expenditures) of the department during the financial year.

**Presentation currency**

The presentation currency is (currency of Country A).

**2. Amounts authorized for use by Department C**

Amounts authorized for use by Government Department C are managed through a central account administered by the Office of the Treasury on the Department's behalf. Amounts are deployed on behalf of Department C on request when supported by presentation of appropriate documentation and authorization. All borrowings are undertaken by a central finance entity.

Amounts authorized for use of the Department which are unexpended amounts at year end are transferred to consolidated revenue.

**3. Transfers**

Amounts are transferred to eligible recipients in accordance with the operating mandate and authority of Department AC.

**4. Authorization Date**

The financial statements were authorized on XX *Month* 200X+1 by Mr. YY, Minister of XXXXX for Government Department C.