

Appendix E Concept of Consolidated Fund Accounts Before and After Migration

Before migration to accrual account

Before migration to accrual accounting, the FGOM accounts for transactions based on the cash basis of accounting. Cash basis of accounting recognised revenue when cash is received and recognised expenses when payments are made. The financial statements under the cash basis of accounting consist of different account balances in one consolidated fund.

In accordance to the existing Section 7 of the Financial Procedure Act 1957, the Consolidated Fund consists of three separate accounts:

- The Consolidated Revenue Account which accounts for all receipts and payments of the Fund;
- The Consolidated Loan Account in which account shall be kept of all moneys received by way of loan upon the public credit of the Federation or of the State; and
- The Consolidated Trust Account in which account shall be kept of all moneys received subject to a trust and to be applied in accordance with the terms of the trust.

The consolidated funds only records cash movement i.e. cash inflow and cash outflow. The funds maintained a modified cash accounting whereby it did accrue for payments under Accounts Payable and receipts under Accounts Receivable separately.

After migration to accrual accounting

Implementation of accrual accounting requires Section 7 of Financial Procedure Act to be amended whereby the concept of Consolidated Fund will still be maintained but the three consolidated accounts above will be treated as follows:

- (a) Consolidated Revenue Account shall be closed and the balance as at the date of implementation shall be transferred to the Accumulated Surplus or Deficit in the Statement of Net Assets/Equity under General Funds.
- (b) Consolidated Loan Account shall be closed and the balance as at the date of implementation shall be transferred to the Accumulated Surplus or Deficit in the Statement of Net Assets/Equity under General Funds.
- (c) For Consolidated Trust Accounts, all balances of government trust accounts shall be shown as trust reserves and as a single line item in the Statement of Financial Position under Net Assets/Equity. Balances of public trust accounts and deposits shall be shown as liabilities as a single line item in statement of financial position.

A diagrammatic view of this concept is seen below:

Appendix E Concept of Consolidated Fund Accounts Before and After Migration (continued)

Before Migration	After Migration	FGOM
Consolidated Revenue Account	• General Funds	All transactions
Consolidated Loan Account		
Consolidated Trust Account	• Government Trust Account	All transactions
	• Public Trust Account	Unused funds/investment and liability
	• Deposits	Liability

The FGOM accounts will include all transactions under the general funds and government trust account. Public trust account will only include the unused cash/investment and liability as part of the FGOM financial statements. Deposits will form part of FGOM's financial liabilities.

Accounting for general fund, government trust account and public trust account will be differentiated by a system coding structure (Fund).

Accounting for government trust account

All payment and receipt transactions shall be accounted for by applying accrual basis of accounting.

Asset purchase including investment shall be debited as asset and not debited as expense to the trust account. Liability incurred shall be credited as liability and not credited as expense to trust account.

Expense incurred shall be debited as expense for the trust account. Revenue collected shall be credited as revenue to the trust account. Depreciation for trust fund's asset shall be debited as expense to the trust account.

Assets and liabilities including cash belonging to trust account shall be clearly identified by trust account.

Statement of Financial Performance and Financial Position shall be prepared for each of the trust accounts.

All revenues, expenses, assets and liabilities of the government trust accounts shall be consolidated with revenues, expenses, assets and liabilities of the General Fund for the preparation of FGOM.

The net assets/equity of government trust accounts shall be aggregated and reported separately as trust reserves and as a single line item in the Statement of Financial Position under Net Assets/Equity.

Appendix E Concept of Trust Accounts Before and After Migration (continued)Accounting for public trust account

All payment and receipt transactions shall be accounted for by applying accrual basis of accounting.

Only financial asset purchased including investment shall be debited as asset and not debited as expense to the trust account. Non-financial asset purchased shall be expensed off and debited as expense to the trust account.

Financial liability incurred shall be credited as liability and not credited as expense to the trust account.

Expense incurred shall be debited as expense for to the trust account. Revenue collected shall be credited as revenue for the trust account.

Financial assets and financial liabilities including cash belonging to trust account shall be clearly identified by trust account (fund).

Statement of Financial Performance and Financial Position shall be prepared for each of the trust accounts.

All revenues, expenses, non-financial assets and non-financial liabilities of the public trust accounts shall not be consolidated with the revenues, expenses, non-financial assets and non-financial liabilities of the General Fund. Only financial assets and financial liabilities of the public trust accounts shall be consolidated with the assets and liabilities of the General Fund for the preparation of FGOM.

The balances of public trust accounts shall be aggregated and reported as liabilities and as a single line item in the Statement of Financial Position.

Accounting for deposits

All payment and receipt transactions shall be accounted for by applying accrual basis of accounting.

The balances of deposits shall be aggregated and reported as liabilities and as a single item in the Statement of Financial Position of FGOM.

Appendix E Concept of Trust Accounts Before and After Migration (continued)

Simulation E.1 – Composition of FGOM Statement of Financial Position

The following illustrates the composition of FGOM Statement of Financial Position which has been added for educational information purpose to complement the understanding of FGOM Statement of Financial Position as illustrated in 4.12. The following table need not be disclosed in the FGOM financial statements.

	FGOM 20X2 (A + B + C) (RM)	General funds	Government Trust Accounts (β – Sim. E.3.3)	Public Trust Accounts (μ – Sim E.5.3)
		(A)	(B)	(C)
		(RM)	(RM)	(RM)
ASSETS				
Current assets				
Cash and cash equivalents	XX	XX	XX	XX
Recoverable from taxes and transfers	XX	-	-	-
Receivables	XX	XX	-	-
Inventories	XX	XX	-	-
Prepayments	XX	XX	-	-
Other current assets	XX	XX	-	-
Total current assets	XX	XX	XX	XX
Non-current assets				
Recoverable from taxes and transfers	XX	-	-	-
Receivables	XX	XX	-	-
Investments in controlled entities	XX	XX	-	-
Investments in jointly controlled entities	XX	XX	-	-
Investments in associates	XX	XX	-	-
Other financial assets	XX	XX	-	-
Property, plant and equipment	XX	XX	-	-
Investment properties	XX	XX	-	-
Intangible assets	XX	XX	-	-
Other non-current assets	XX	XX	-	-
Total non-current assets	XX	XX	XX	XX
TOTAL ASSETS	XX	XX	XX	XX

Appendix E Concept of Trust Accounts Before and After Migration (continued)

Simulation E.1 – Composition of FGOM Statement of Financial Position (continued)

	FGOM 20X2		General funds (A) (RM)	Government Trust Accounts (β – Sim. E.3.3) (B) (RM)	Public Trust Accounts (± - Sim D5.3) (C) (RM)
	(A + B + C)				
	(RM)				
LIABILITIES					
Current liabilities					
Payables under exchange transaction	XX		XX	XX	
Taxes and transfers payable	XX		XX	-	-
Provisions	XX		XX	XX	-
Borrowings	XX		XX	XX	
Pension plan and gratuity	XX		XX	-	-
Public Trust Account	XX		-	-	XX
Deposits					
Other financial liabilities	XX		-	-	-
Total current liabilities	XX		XX	XX	XX
Non-current liabilities					
Borrowings	XX		XX	XX	-
Pension plan and gratuity	XX		XX	-	-
Balance of obligation to public	XX		-	-	XX
Deposits					
Other financial liabilities	XX		-	-	-
Total non-current liabilities	XX		XX	XX	XX
TOTAL LIABILITIES	XX		XX	XX	XX
Net assets	XX		XX	XX	-
Accumulated surplus or deficit of general fund	XX		XX	-	-
Accumulated surplus or deficit of government trust account	XX		-	XX	-
Other reserves	XX		XX	-	-
Total Net Assets/Equity	XX		XX	XX	-

Appendix E Concept of Trust Accounts Before and After Migration (continued)

Simulation E.2 – Composition of FGOM Statement of Financial Performance

The following illustrates the composition of FGOM statement of financial performance which has been added for educational information purpose to complement the understanding of FGOM Statement of Financial Performance as illustrated in 4.18. The following table need not be disclosed in the FGOM financial statements.

	FGOM 20X2 (A + B) (RM)	General Funds	Government Trust Accounts (α – Sim.E.4.3)
		(A)	(B)
		(RM)	(RM)
Revenue			
Taxation revenue	XX	XX	-
Non-taxation revenue	XX	XX	XX
Federal territories revenue	XX	XX	-
Other revenue	XX	XX	XX
Total Revenue	XX	XX	XX
Expenses			
Wages, salaries and employee benefits	XX	XX	-
Supplies and consumables used	XX	XX	XX
Low value asset	XX	XX	XX
Grant and transfer expense	XX	XX	XX
Other expenses	XX	XX	XX
Depreciation and amortization expense	XX	XX	XX
Impairment of assets	XX	XX	XX
Rental expense	XX	XX	XX
Cost of goods sold	XX	XX	XX
Repair and maintenance of property, plant and equipment	XX	XX	XX
Finance costs	XX	XX	XX
Total Expenses	XX	XX	XX
Surplus or deficit for the year	XX	XX	XX

Appendix E Concept of Trust Accounts Before and After Migration (continued)

Simulation E.3 – Aggregation of Government Trust Accounts’ Statement of Financial Position

Simulation E.3.1 – Aggregation of a Government Trust Account (i.e. Government Trust Account 1) into FGOM

	Government Trust Account 1	Treasury	Ministry
	(* – Sim.E.3.3)	(A)	(B)
	(A + B)	(RM)	(RM)
	(RM)		
ASSETS			
Cash	XX	XX	-
Property, plant and equipment	XX	-	XX
(Due to)/Due from	-	XX	(XX)
Work in progress	XX	-	XX
Loan receivable	XX	XX	-
Total assets	XX	XX	XX
LIABILITIES			
Payables under exchange transactions	XX	XX	-
Borrowings	XX	-	XX
Provisions	XX	-	XX
Total liabilities	XX	XX	XX
NET ASSET	XX	XX	XX
Accumulated surplus or deficit	XX	XX	XX
TOTAL NET ASSETS/EQUITY	XX	XX	XX

Simulation E.3 – Aggregation of Government Trust Accounts’ Statement of Financial Position

Simulation E.3.2 – Aggregation of a Government Trust Account (i.e. Government Trust Account 2) into FGOM

	Government Trust Account 2	Treasury	Ministry
	(∞ – Sim.E.3.3)	(A)	(B)
	(A + B)	(RM)	(RM)
	(RM)		
ASSETS			
Cash	XX	XX	-
Property, plant and equipment	XX	-	XX
(Due to)/Due from	-	XX	(XX)
Work in progress	XX	-	XX
Loan receivable	XX	XX	-
Total assets	XX	XX	XX
LIABILITIES			
Payables under exchange transactions	XX	XX	-
Borrowings	XX	-	XX
Provisions	XX	-	XX
Total liabilities	XX	XX	XX
NET ASSET	XX	XX	XX
Accumulated surplus or deficit	XX	XX	XX
TOTAL NET ASSETS/EQUITY	XX	XX	XX

**Appendix E Concept of Trust Accounts Before and After Migration
(continued)**

Simulation E.3.3 – Aggregation of all Government Trust Accounts into FGOM

The line items illustrated in the following statement is not exhaustive. Depending on the materiality of the items, separate line items may be created.

	<i>Aggregated amount</i>		<i>Individual government trust accounts</i>			
		FGOM (β – Sim.E.1) (A + B + C + D) (RM) 20X2	Government Trust Account 1 (* – Sim.E.3.1) (A) (RM)	Government Trust Account 2 (∞ – Sim.E.3.2) (B) (RM)	[To specify] (C) (RM)	[To specify] (D) (RM)
ASSETS						
Cash	xx	xx	xx	xx	xx	xx
Property, plant and equipment	xx	xx	xx	xx	xx	xx
Work in progress	xx	xx	xx	xx	xx	xx
Loan receivable	xx	xx	xx	xx	xx	xx
Due to / due from	xx	xx	xx	xx	xx	xx
Total assets	xx	xx	xx	xx	xx	xx
Liabilities						
Payables under exchange transactions	xx	xx	xx	xx	xx	xx
Borrowings	xx	xx	xx	xx	xx	xx
Total liabilities	xx	xx	xx	xx	xx	xx
NET ASSET	xx	xx	xx	xx	xx	xx
Accumulated surplus or deficit	xx	xx	xx	xx	xx	xx
TOTAL NET ASSETS/EQUITY	xx	xx	xx	xx	xx	xx

Appendix E Concept of Trust Accounts Before and After Migration (continued)

Simulation E.4 – Aggregation of Government Trust Accounts’ Statement of Financial Performance

Simulation E.4.1 – Aggregation of a Government Trust Account (i.e. Government Trust Account 1) into FGOM

	Government Trust Account 1 (© - Sim.E.4.3) (A + B) (RM)	Treasury	Ministry
		(A)	(B)
		(RM)	(RM)
Revenue			
Transfer from General Fund – Loans Proceeds	XX	XX	-
Transfer from General Fund	XX	XX	-
Gain on disposal	XX	-	XX
Total Revenue	XX	XX	XX
Expenses			
Development expenditure	XX		XX
General expenses	XX	-	XX
Depreciation	XX	-	XX
Impairment	XX	-	XX
Surplus or deficit of the year	XX	XX	XX

Simulation E.4.2 – Aggregation of a Government Trust Account (i.e. Government Trust Account 2) into FGOM

	Government Trust Account 2- Sim.E.4.3) (A + B) (RM)	Treasury	Ministry
		(A)	(B)
		(RM)	(RM)
Revenue			
Transfer from General Fund – Loans Proceeds	XX	XX	-
Transfer from General Fund	XX	XX	-
Gain on disposal	XX	-	XX
Total Revenue	XX	XX	XX
Expenses			
Development expenditure	XX		XX
General expenses	XX	-	XX
Depreciation	XX	-	XX
Impairment	XX	-	XX
Surplus or deficit of the year	XX	XX	XX

Appendix E Concept of Trust Accounts Before and After Migration (continued)

Simulation E.4.3 – Aggregation of all Government Trust Accounts into FGOM

The line items illustrated in the following statement is not exhaustive. Depending on the materiality of the items, separate line items may be created.

	<i>Aggregated amount</i>		<i>Individual government trust accounts</i>			
	FGOM (α - Sim.E.2) (A + B + C + D) (RM) 20X2		Government Trust Account 1 (© - Sim E.4.1)	Government Trust Account 2 (® - Sim E.4.2)	[To specify]	[To specify]
			(A)	(B)	(C)	(D)
			(RM)	(RM)	(RM)	(RM)
Revenue						
Borrowing proceeds	XX		XX	XX	XX	XX
Transfer from general funds	XX		XX	XX	XX	XX
Donation and contributions	XX		XX	XX	XX	XX
Gain on investment in fixed deposit	XX		XX	XX	XX	XX
Interest income	XX		XX	XX	XX	XX
Gain on sale of goods and services	XX		XX	XX	XX	XX
Total revenue	XX					
Expenses						
Development expenditure	XX		XX	XX	XX	XX
Miscellaneous expenses	XX		XX	XX	XX	XX
Depreciation	XX		XX	XX	XX	XX
Impairment	XX		XX	XX	XX	XX
Total expenses	XX		XX	XX	XX	XX
Surplus or deficit for the year	XX		XX	XX	XX	XX

Appendix E Concept of Trust Accounts Before and After Migration (continued)

Simulations E.5 – Aggregation of Public Trust Account’s Statement of Financial Position

Simulations E.5.1 – Aggregation of a Public Trust Account (i.e. Public Trust Account 1)

	Public Trust Account 1 (• - Sim.E.5.3)	Treasury	Ministry
	(A + B)	(A)	(B)
	(RM)	(RM)	(RM)
ASSETS			
Cash	xx	xx	-
(Due to)/due from	-	(xx)	xx
TOTAL ASSETS	xx	-	xx
LIABILITIES			
Public trust account (Note 1)	xx*		xx
TOTAL LIABILITIES	xx		xx
NET ASSETS	-		-

Note 1	
Public trust account	
Opening balance	xx
Accumulated surplus or deficit	xx
Closing balance	xx*

Simulations E.5.2 – Aggregation of a Public Trust Account (i.e. Public Trust Account 2)

	Public Trust Account 2 (x - Sim.E.5.3)	Treasury	Ministry
	(A + B)	(A)	(B)
	(RM)	(RM)	(RM)
ASSETS			
Cash	xx	xx	-
(Due to)/due from	-	(xx)	xx
TOTAL ASSETS	xx	-	xx
LIABILITIES			
Public trust account (Note 1)	xx*		xx
TOTAL LIABILITIES	xx		xx
NET ASSETS	-		-

Note 1	
Public trust account	
Opening balance	xx
Accumulated surplus or deficit	xx
Closing balance	xx*

**Appendix E Concept of Trust Accounts Before and After Migration
(continued)**

Simulations E.5.3 – Aggregation of Public Trust Accounts into FGOM

	<i>Aggregated amount</i>
	FGOM (μ - Sim.E.1) (RM)
ASSETS	
Cash	xx
(Due to)/due from	-
TOTAL ASSETS	xx
LIABILITIES	
Public trust account (Note 1)	xx*
TOTAL LIABILITIES	xx
NET ASSETS	-

<i>Individual Public Trust Accounts</i>			
Public Trust Account 1 (• - Sim E.5.1) (RM)	Public Trust Account 2 (× - Sim E.5.2) (RM)	<i>[To specify] (RM)</i>	<i>[To specify] (RM)</i>
xx	xx	xx	xx
-	-	-	-
xx	xx	xx	xx
xx	xx	xx	xx
xx	xx	xx	xx
-	-	-	-

Note 1	
Public trust account	
Opening balance	xx
Accumulated surplus or deficit	xx
Closing balance	xx*

Appendix E Concept of Trust Accounts Before and After Migration (continued)

Simulations E.6 – Aggregation of Public Trust Account Statement of Financial Performance

Simulations E.6.1 – Aggregation of a Public Trust Account (i.e. Public Trust Account 1) into FGOM

Public trust accounts like bankruptcy trustee account financial performance is not consolidated with FGOM Statement of Financial Performance.

	Public Trust Account 1 (@- Sim.E.6.3)	Treasury	Ministry
	(A + B)	(A)	(B)
	(RM)	(RM)	(RM)
Revenue			
Deposits receipt	-	-	XX
Liquidated assets	-	-	XX
Interest	-	-	XX
Total revenue	-	-	XX
Expenses			
Management of trust account expenses	-	-	XX
Fixed deposit payment	-	-	XX
Dividend payment	-	-	XX
Surplus or deficit for the year	-	-	XX

Simulations E.6.2 – Aggregation of a Public Trust Account (i.e. Public Trust Account 2)

Public trust accounts like miscellaneous trust account financial performance is not consolidated with FGOM Statement of Financial Performance.

	Public Trust Account 2 (£ - Sim.E.6.3)	Treasury	Ministry
	(A + B)	(A)	(B)
	(RM)	(RM)	(RM)
Revenue			
Deposits receipt	-	-	XX
Liquidated assets	-	-	XX
Interest	-	-	XX
Total revenue	-	-	XX
Expenses			
Management of trust account expenses	-	-	XX
Fixed deposit payment	-	-	XX
Dividend payment	-	-	XX
Surplus or deficit for the year	-	-	XX