



**GOVERNMENT OF MALAYSIA**

# **Federal Government Accrual Accounting Manual**

## **PRESENTATION OF FINANCIAL STATEMENTS**

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***ISSUED BY***

Accountant General's Department of Malaysia  
No. 1, Persiaran Perdana  
Kompleks Kementerian Kewangan  
Presint 2, Pusat Pentadbiran Kerajaan Persekutuan  
62594 Putrajaya

Tel : 03-88821000  
Faks : 03-88891765  
Web: <http://www.anm.gov.my>

***DOCUMENT VERSION CONTROL***

All amendments made to this Federal Government Accrual Accounting Manual should be tracked. Relevant information such as the document version control reference number, dates of amendment and approval, and section(s) amended are to be recorded in the amendment schedule set out below:

Version No.	Effective Date	Approval	Details of Changes	
			Section Reference	Description of Changes

## **4.0 PRESENTATION OF FINANCIAL STATEMENTS**

### **Introduction**

- 4.1 Financial statements are a structured representation of the financial position and financial performance of an entity. The objectives of general purpose financial statements are to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Specifically, the objectives of general purpose financial reporting in the public sector are to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it, by:
- (a) Providing information about the sources, allocation, and uses of financial resources;
  - (b) Providing information about how the entity financed its activities and met its cash requirements;
  - (c) Providing information that is useful in evaluating the entity's ability to finance its activities and to meet its liabilities and commitments;
  - (d) Providing information about the financial condition of the entity and changes in it; and
  - (e) Providing aggregate information useful in evaluating the entity's performance in terms of service costs, efficiency, and accomplishments.

### **Financial period**

- 4.2 The financial year is defined by Section 3 of the Financial Procedure Act 1957 [Act 61] as a period of twelve months ending on the 31st day of December every year. Financial statements shall be presented at least annually.

### **Complete set of financial statements**

- 4.3 The FGOM Financial Statements prepared in compliance with Section 16(1) of the Financial Procedure Act 1957 [Act 61] and MPSAS 1 – Presentation of financial statement comprise the following:
- (a) *Statement of Financial Position*
  - (b) *Statement of Financial Performance*
  - (c) *Statement of Changes In Net Assets/ Equity*
  - (d) *Cash Flow Statement*
  - (e) *Statement of Budget Performance*
  - (f) *Notes to the Accounts*
- 4.4 FGOM financial statements are also prepared in compliance with MPSAS 22 – Disclosure of financial information from general government sector ('GGS') to disclose appropriate information about the GGS.
- 4.5 Financial statement is to be prepared in accordance with the accounting principles detailed in Section 2 of MPSAS 1 – Presentation of financial statement.

**4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)****STATEMENT OF FINANCIAL POSITION****Components of Statement of Financial Position**

4.6 The face of the statement of financial position shall include, where applicable, line items that present the following amounts:

- (a) Property, plant, and equipment;
- (b) Investment property;
- (c) Intangible assets;
- (d) Financial assets
- (e) Investments accounted for using the equity method;
- (f) Inventories;
- (g) Recoverable from non-exchange transactions (taxes and transfers);
- (h) Receivables from exchange transactions;
- (i) Cash and cash equivalents;
- (j) Taxes and transfers payable;
- (k) Payables under exchange transactions;
- (l) Provisions;
- (m) Financial liabilities;
- (n) Net assets/equity, which comprise:
  - (i) Accumulated surplus or deficit of general funds
  - (ii) Accumulated surplus or deficit of government trust account
  - (iii) Other reserves

**Current/Non-current Distinction**

4.7 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its statement of financial position except when a presentation based on liquidity provides information that is reliable and is more relevant. The term 'current' applies to financial periods within 12 months following the reporting date (i.e. 12 months following 31.12.20XX).

Current Assets

4.8 An asset shall be classified as current when it satisfies any of the following criteria:

- (a) It is expected to be realized in, or is held for sale or consumption in, the entity's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is expected to be realized within twelve months after the reporting date; or
- (d) It is cash or a cash equivalent (as defined in MPSAS 2 – Cash flow statements), unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets shall be classified as non-current.

Current Liabilities

4.9 A liability shall be classified as current when it satisfies any of the following criteria:

- (a) It is expected to be settled in the entity's normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is due to be settled within twelve months after the reporting date; or
- (d) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

**4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)****Trust Accounts**

- 4.10 The assets and liabilities on the statement of financial position include assets and liabilities of government trust accounts. Public trust account balances are reported and represented as liabilities on the statement of financial position.
- 4.11 Details of Trust Accounts are outlined in Chapter 27.

**Illustrative Statement of Financial Position**

- 4.12 The following illustrative statement of financial position does not necessarily represent the final presentation adopted by the FGOM and are subject to change.

Refer to Appendix B on illustrative financial statements.

	Notes	20X2	20X1
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	XX	XX	XX
Recoverable from taxes and transfers	XX	XX	XX
Receivables	XX	XX	XX
Inventories	XX	XX	XX
Other receivables		XX	XX
Other current assets		XX	XX
<b>Total current assets</b>		XX	XX
<b>Non-current assets</b>			
Recoverable from taxes and transfers	XX	XX	XX
Receivables	XX	XX	XX
Investments in controlled entities	XX	XX	XX
Investments in jointly controlled entities	XX	XX	XX
Investments in associates	XX	XX	XX
Other financial assets	XX	XX	XX
Property, plant and equipment	XX	XX	XX
Investment properties	XX	XX	XX
Intangible assets	XX	XX	XX
Other receivables		XX	XX
<b>Total non-current assets</b>		XX	XX
<b>TOTAL ASSETS</b>		XX	XX
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables under exchange transaction	XX	XX	XX
Taxes and transfers payable	XX	XX	XX
Provisions	XX	XX	XX
Borrowings	XX	XX	XX
Pension plan and gratuity	XX	XX	XX
Public trust account			
Deposits			
<b>Total current liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	XX	XX	XX
Pension plan and gratuity	XX	XX	XX
Public trust account			
Deposits			
<b>Total non-current liabilities</b>		XX	XX
<b>TOTAL LIABILITIES</b>		XX	XX
<b>Net assets</b>		XX	XX

**4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

	Notes	20X2	20X1
<b>NET ASSETS/ EQUITY</b>			
Accumulated surplus or deficit of general fund		XX	XX
Accumulated surplus or deficit of government trust account			
Other reserves		XX	XX
<b>Total Net Assets/Equity</b>		XX	XX

**Illustrative Statement of Financial Position of Government Trust Accounts**

- 4.13 The following illustrates the disclosure of a statement of financial position of a government trust account that will form part of the notes to the financial statements.

	20X2	20X1
<b>Assets</b>		
Cash	XX	XX
Property, plant and equipment	XX	XX
Work in progress	XX	XX
Loan receivable	XX	XX
Due to / due from	XX	XX
<b>Total assets</b>	XX	XX
<b>Liabilities</b>		
Payables	XX	XX
<b>Total liabilities</b>	XX	XX
<b>Net assets</b>	-	-
<b>Net asset /equity</b>		
Opening balance	XX	XX
Accumulated surplus or deficit	XX	XX
<b>Total net assets/equity</b>	-	-

**Illustrative Statement of Financial Position of Public Trust Account**

- 4.14 The following illustrates the disclosure of a statement of financial position of a public trust account that will form part of the notes to the financial statements.

	20X2	20X1
<b>Assets</b>		
Cash	XX	XX
Financial assets	XX	XX
<b>Total assets</b>	XX	XX
<b>Liabilities</b>		
Payables	XX	XX
Public trust account ( <b>Note 1</b> )	XX**	XX*
<b>Total liabilities</b>	XX	XX

<b>Note 1:</b>		
<b>Public trust account</b>		
Opening balance at 1 Jan	XX*	
Accumulated surplus or deficit	XX	
Closing balance at 31 Dec	XX**	

**4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)****Components of Statement of Financial Performance**

- 4.15 The face of the statement of financial performance shall include line items that present the following amounts for the period:
- (a) Revenue;
  - (b) Expenses;
  - (c) Finance costs;
  - (d) Share of surplus or deficit of investments;
  - (e) Pre-tax gain or loss recognized on the disposal of assets or settlement of liabilities attributable to discontinuing operations;
  - (f) Surplus or deficit.

**Classification of Expenses by Nature/Function**

- 4.16 The entity shall present, either on the face of the statement of financial performance or in the notes, an analysis of expenses using classification based on nature or function.

**Trust accounts**

- 4.17 The revenue and expense on the statement of financial performance includes revenue and expenses of government trust accounts. Public trust account's revenue and expenses are not included on the statement of financial performance where there is no inflow or outflow of economic benefit to the FGOM.

## 4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

### Illustrative Statement of Financial Performance

- 4.18 The following illustrative statement of financial performance does not necessarily represent the final presentation adopted by the FGOM and are subject to change.

Refer to Appendix B on illustrative financial statements.

#### By Nature

	Notes	20X2	20X1
<b>Revenue</b>			
Taxation revenue	XX	XX	XX
Non-taxation revenue	XX	XX	XX
Federal territories revenue		XX	XX
Other revenue			
<b>Total Revenue</b>		XX	XX
<b>Expenses</b>			
Wages, salaries and employee benefits	XX	XX	XX
Supplies and consumables used	XX	XX	XX
Low value asset		XX	XX
Grant and transfer expense		XX	XX
Other expenses		XX	XX
Depreciation and amortization expense	XX	XX	XX
Impairment of assets	XX	XX	XX
Rental expense		XX	XX
Cost of goods sold		XX	XX
Repair and maintenance of property, plant and equipment		XX	XX
Finance costs	XX	XX	XX
<b>Total Expenses</b>		XX	XX
<b>Surplus or deficit for the year</b>		XX	XX

#### By Function

	Notes	20X2	20X1
<b>Revenue</b>			
Taxation revenue	XX	XX	XX
Non-taxation revenue	XX	XX	XX
Revenue from exchange transactions		XX	XX
Transfers from other government entities		XX	XX
Other revenue			
<b>Total Revenue</b>		XX	XX
<b>Expenses</b>			
General public services		XX	XX
Defence		XX	XX
Education		XX	XX
Health		XX	XX
Housing and community amenities		XX	XX
Recreational, cultural and religion		XX	XX
Economic affairs		XX	XX
Environmental protection		XX	XX
Other expenses		XX	XX
Finance costs	XX	XX	XX
<b>Total Expenses</b>		XX	XX
<b>Surplus or deficit for the year</b>		XX	XX



## 4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

### Illustrative Statement of Financial Performance of Government Trust Account

- 4.19 The following illustrates the disclosure of a statement of financial performance of a trust account.

Revenue	20X2	20X1
Borrowing proceeds	XX	XX
Transfer from general funds	XX	XX
Donation and contributions	XX	XX
Gain on investment in fixed deposit	XX	XX
Interest income	XX	XX
Gain on sale of goods and services	XX	XX
<b>Total revenue</b>	XX	XX
<b>Expenses</b>		
Development expenditure	XX	XX
Miscellaneous expenses	XX	XX
Depreciation	XX	XX
Impairment	XX	XX
<b>Total expenses</b>	XX	XX
<b>Net surplus or deficit for the year</b>	XX	XX

### Illustrative Statement of Financial Performance of Public Trust Account

- 4.20 The following illustrates the disclosure of a statement of financial performance of a public trust account.

Revenue	20X2	20X1
Donations and contributions	XX	XX
Gain on investment in fixed deposit	XX	XX
Interest income	XX	XX
<b>Total revenue</b>	XX	XX
<b>Expenses</b>		
Miscellaneous expenses	XX	XX
<b>Total expenses</b>	XX	XX
<b>Net surplus or deficit for the year</b>	XX	XX

### Components of Statement of Changes In Net Assets / Equity

- 4.21 The Statement of Changes in Net Assets/Equity shall include:
- Surplus or deficit for the period.
  - Each item of revenue and expense for the period that, as required by other Standards, is recognized directly in net assets/equity, and the total of these items.

For each component of net assets/equity separately disclosed, the effects of changes in accounting policies and corrections of errors recognized in accordance with MPSAS 3 – Accounting policies, changes in accounting estimates and errors.

## 4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

### STATEMENT OF CHANGES IN NET ASSETS / EQUITY

#### Illustrative Statement of Changes In Net Assets/Equity

- 4.22 The following illustrative Statement of Changes in Net Assets/Equity does not necessarily represent the final presentation adopted by the FGOM and are subject to change.

Refer to Appendix B on illustrative financial statements.

	Acc. Surplus / (Deficit) or Contributed Fund			Total Net Assets / Equity
	General Fund	Government Trust Accounts	Other reserves*	
	RM'000	RM'000	RM'000	
<b>Balance at 1 January 20X1</b>	-	-	-	-
<b>Changes in net assets/equity for 20X1</b>				
Items directly recognised in equity	XX	XX	XX	XX
Surplus or deficit for the year	XX	XX	XX	XX
<b>Total recognised revenue and expense for the period</b>	XX	XX	XX	XX
<b>Balance as at 31 December 20X1 carried forward</b>	XX	XX	XX	XX
<b>Balance as at 31 December 20X1 brought forward</b>	XX	XX	XX	XX
<b>Changes in net assets/equity for 20X2</b>				
Items directly recognised in equity	XX	XX	XX	XX
Surplus or deficit for the year	XX	XX		XX
<b>Total recognised revenue and expense for the period</b>	XX	XX	XX	XX
<b>Balance as at 31 December 20X2</b>	XX	XX	XX	XX

- \* The separate disclosure of other reserves on the face of the Statement of Net Assets/Equity will be dependent on the materiality and applicability of their balances.

**4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)****CASH FLOW STATEMENT****Purpose of Cash Flow Statement**

- 4.23 The cash flow statement identifies:
- (a) The sources of cash inflows
  - (b) The items on which cash was expended during the reporting period
  - (c) The cash and cash equivalent balance as at the reporting date.
- 4.24 Cash flow information provides users of financial statements with a basis to assess:
- (a) The ability of the entity to generate cash and cash equivalents
  - (b) The needs of the entity to utilize those cash flows.

**Direct method**

- 4.25 FGOM will be reporting cash flows from operating activities using the direct method. A reconciliation to the indirect method is required to be disclosed.

**Reporting Cash Flows on a Net Basis**

- 4.26 An entity should report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities. However, the following cash flows are reported on a net basis:
- (a) Cash receipts collected and payments made on behalf of customers, taxpayers, or beneficiaries when the cash flows reflect the activities of the other party rather than those of the entity; and
  - (b) Cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short

**Components of Cash Flow Statement**

- 4.27 The cash flow statement should report cash flows during the period classified by operating, investing, and financing activities.

**Operating Cash Flow**

- 4.28 The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the entity are funded:
- (a) By way of taxes (directly and indirectly); or
  - (b) From the recipients of goods and services provided by the entity.

**Investing Cash Flow**

- 4.29 The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which cash outflows have been made for resources that are intended to contribute to the entity's future service delivery. Only cash outflows that result in a recognized asset in the statement of financial position are eligible for classification as investing activities.

**4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**Financing Cash Flow

- 4.30 The separate disclosure of cash flows arising from financing activities is important, because it is useful in predicting claims on future cash flows by providers of capital to the entity.

**Non cash transactions**

- 4.31 Investing and financing transactions that do not require the use of cash or cash equivalents should be excluded from a cash flow statement. Such transactions should be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.
- 4.32 Examples of non-cash transactions are:
- (a) The acquisition of assets through the exchange of assets, the assumption of directly related liabilities, or by means of a finance lease
  - (b) The conversion of debt to equity.

**Disclosure requirements**

- 4.33 An entity should disclose, together with a commentary in the notes to the financial statements, the amount of significant cash balances held by the entity that are not available for use by the economic entity.

**Illustrative Cash Flow Statements**

- 4.34 The following illustrative Cash Flow Statements do not necessarily represent the final presentation adopted by the FGOM and are subject to change.

Refer to Appendix B on illustrative financial statements.

**Cash Flow Statement (Direct Method)**

	Notes	20X2	20X1
<b>CASHFLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Receipts</b>			
Taxation		XX	XX
Sale of goods and services		XX	XX
Grants		XX	XX
Interest received		XX	XX
Other receipts		XX	XX
<b>Payments</b>			
Employee costs		XX	XX
Superannuation		XX	XX
Suppliers		XX	XX
Interest paid		XX	XX
Trust paid		XX	XX
Other payments	24	XX	XX
<b>Net cash flows from operating activities</b>		XX	XX
<b>CASHFLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		XX	XX
Proceeds from sale of property, plant and equipment		XX	XX
Proceeds from sale of investments		XX	XX
Purchase of foreign currency securities		XX	XX
<b>Net cash flows from investing activities</b>		XX	XX

**4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

	Notes	20X2	20X1
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings		XX	XX
Repayment of borrowings		XX	XX
Distribution/dividend to government		XX	XX
<b>Net cash flows from financing activities</b>		XX	XX
<b>Net increase/(decrease) in cash and cash equivalents</b>		XX	XX
<b>Cash and cash equivalents at beginning of the year</b>		XX	XX
<b>Cash and cash equivalents at end of the year</b>		XX	XX

- 4.35 Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit) will form part of the notes to the cash flow statement.

	20X2	20X1
	RM'000	RM'000
<b>Surplus or deficit</b>	XX	XX
<b>Non-cash movements</b>		
(+) Depreciation/Amortisation	XX	XX
(+) Increase in provision for doubtful debt	XX	XX
(+) Increase in payables	XX	XX
(+) Increase in borrowings	XX	XX
(+) Increase in provisions relating to employee costs	XX	XX
(-) (Gains) / (+) losses on sale of property, plant and equipment	XX	XX
(-) (Gains) / (+) losses on sale of investments	XX	XX
(-) Increase in other current assets	XX	XX
(-) Increase in investments due to revaluation	XX	XX
(-) Increase in receivables	XX	XX
<b>Net cash flows from operating activities</b>	XX	XX

**Presentation of Budget Information**

- 4.36 An entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate additional financial statement.
- 4.37 The comparison of budget and actual amounts shall present separately for each material item:
- The original and final budget amounts; and
  - The actual amounts on a comparable basis.
- 4.38 Since the budget and the financial statements are prepared on different bases, entities will include, as a separate additional financial statement, a comparison schedule between budgeted amounts and actual amounts prepared on the budgetary basis, as opposed to presenting an additional budget column in the financial statements presented. An entity prepares its budget on the budgetary basis, whereas the financial statements are prepared on the full accrual basis of accounting.

## **4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)**

### **STATEMENT OF BUDGET PERFORMANCE**

#### **Differences between Actual Amount and Budgeted Amount**

- 4.39 Differences between the actual amounts identified consistent with the comparable basis, and the actual amounts recognized in the financial statements, can usefully be classified into the following:
- (a) Basis differences, which occur when the approved budget is prepared on a basis other than the accounting basis. For example, where the budget is prepared on the cash basis or modified cash basis and the financial statements are prepared on the accrual basis.
  - (b) Timing differences, which occur when the budget period differs from the reporting period reflected in the financial statements.
  - (c) Entity differences, which occur when the budget omits programs or entities that are part of the entity for which the financial statements are prepared.

#### **Disclosure Requirements for Budget Performance Comparison**

- 4.40 An entity shall explain in notes to the financial statements the following:
- (a) The budgetary basis.
  - (b) Classification basis adopted in the approved budget.
  - (c) The entities included in the approved budget.
  - (d) An explanation of whether changes between the original and final budget are a consequence of reallocations within the budget, or of other factors.

#### **Level of Aggregation**

- 4.41 Budget documents may provide great detail about particular activities, programs, or entities. These details are often aggregated into broad classes under common budget heads, budget classifications, or budget headings for presentation to, and approval by, the legislature or other authoritative body. The disclosure of budget and actual information consistent with those broad classes and budget heads or headings will ensure that comparisons are made at the level of legislative or other authoritative body oversight identified in the budget documents.

#### **Reconciliation of Actual Amounts on a Comparable Basis and Actual Amounts in the Financial Statements**

- 4.42 The actual amounts presented in the Statement of Budget Performance and actual amounts have to be reconciled to the actual amounts of the Cash Flow Statement, identifying separately any basis, timing and entity differences. As the FGOM accounting basis for the financial statements (full accrual basis accounting) is different from the budgetary basis, the budgetary result and net cash flows (cash flow statement) from operating activities, investing activities and financing activities will be reconciled. The reconciliation will be disclosed in the notes to the financial statements.

#### 4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

##### Illustrative Statement of Budget Performance

- 4.43 The following illustrative Statements of Budget Performance represents the presentation to be adopted by the FGOM.

##### Illustrative Statement of Budget Performance on Estimated Revenue

	20X2				20X1	
	Original estimation	Revised Estimation	Actual		Actual	
	RM	RM	RM	%	RM	%
<b>Tax revenue</b>						
Income tax	XX	XX	XX	XX	XX	XX
Other direct tax	XX	XX	XX	XX	XX	XX
Custom duty – export	XX	XX	XX	XX	XX	XX
Custom duty – import	XX	XX	XX	XX	XX	XX
<b>Total tax revenue</b>	XX	XX	XX	XX	XX	XX
<b>Non-tax revenue</b>						
License, registration fee and permits	XX	XX	XX	XX	XX	XX
Sale of services	XX	XX	XX	XX	XX	XX
Gain from sale of goods	XX	XX	XX	XX	XX	XX
Rental revenue	XX	XX	XX	XX	XX	XX
Interest and gain on investment	XX	XX	XX	XX	XX	XX
Fines and penalties	XX	XX	XX	XX	XX	XX
<b>Total non-tax revenue</b>	XX	XX	XX	XX	XX	XX
<b>Federal territories revenue</b>						
Tax revenue from federal territories	XX	XX	XX	XX	XX	XX
Non tax revenue from federal territories	XX	XX	XX	XX	XX	XX
<b>Total federal territories revenue</b>	XX	XX	XX	XX	XX	XX
<b>Total revenue</b>	XX	XX	XX	XX	XX	XX

#### 4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

##### Illustrative Statement of Budget Performance on Operating Expenditure (T Vote)

Purpose of expenditure		Budgeted Amounts				Actual		Variance
		Original	Increase/ (Decrease)	Vire- ment*	Total	Amount	Estima- tion	Final Budget and Actual
		RM	RM	RM	RM	RM	%	RM
<b>Charged expenditure</b>								
<b>T.01</b>	<b>Royal provision for S.P.B Yang Dipertuan Agong</b>							
010000	General Administration	xx	xx	xx	xx	xx	xx	xx
10000	Emolument	xx	xx	xx	xx	xx	xx	xx
20000	Services and supplies	xx	xx	xx	xx	xx	xx	xx
30000	Assets	xx	xx	xx	xx	xx	xx	xx
40000	Contribution and fixed charges	xx	xx	xx	xx	xx	xx	xx
Total 010000		xx	xx	xx	xx	xx	xx	xx
Total emoluments		xx	xx	xx	xx	xx	xx	xx
Total services and supplies		xx	xx	xx	xx	xx	xx	xx
Total asset		xx	xx	xx	xx	xx	xx	xx
Total contribution and fixed charges		xx	xx	xx	xx	xx	xx	xx
<b>Total for royal provision for S.P.B Yang Dipertuan Agong</b>		xx	xx	xx	xx	xx	xx	xx

##### Illustrative Statement of Budget Performance on Operating Expenditure (B Vote)

Purpose of expenditure		Budgeted Amounts				Actual Amounts		Variance
		Original	Increase/ (Decrease)	Vire- ment*	Total	Amount	Estima- tion	Deficit / Surplus of expendi- tures
		RM	RM	RM	RM	RM	%	RM
<b>Supply expenditure</b>								
<b>B.06</b>	<b>Prime Minister Department</b>							
010000	General Administration	xx	xx	xx	xx	xx	xx	xx
10000	Emoluments	xx	xx	xx	xx	xx	xx	xx
20000	Services and supplies	xx	xx	xx	xx	xx	xx	xx
30000	Assets	xx	xx	xx	xx	xx	xx	xx
40000	Contribution and fixed charges	xx	xx	xx	xx	xx	xx	xx
50000	Other expenses	xx	xx	xx	xx	xx	xx	xx
Total 010000		xx	xx	xx	xx	xx	xx	xx
Total emoluments		xx	xx	xx	xx	xx	xx	xx
Total services and supplies		xx	xx	xx	xx	xx	xx	xx
Total asset		xx	xx	xx	xx	xx	xx	xx
Total contribution and fixed charges		xx	xx	xx	xx	xx	xx	xx
Total other expenses		xx	xx	xx	xx	xx	xx	xx
<b>Total for Prime Minister Department</b>		xx	xx	xx	xx	xx	xx	xx

\* Virement represents movement of budget between programs/activities/objects within the same Ministry.



#### 4.0 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

##### Illustrative Statement of Budget Performance on Development Expenditure (P-Vote)

Purpose of expenditure		Overall cost	Actual expenditure RM-X up to 31.12.20x1	Budgeted Amounts year 20x2			Actual Amounts year 20x2			Actual expenditure RM-X up to 31.12.20x2
				Direct method	Borrow-ings	Total	Direct method	Borrow-ings	Total	
			RM	RM	RM	RM	RM	RM	RM	RM
P.45	Ministry of youth and sports									
00100	IKBN	xx	xx	xx	xx	xx	xx	xx	xx	xx
00110	Skills Building Programme	xx	xx	xx	xx	xx	xx	xx	xx	xx
00603	Sports Complex Tawau, Sabah	xx	xx	xx	xx	xx	xx	xx	xx	xx
02004	District Complex youths (KRMD)	xx	xx	xx	xx	xx	xx	xx	xx	xx
04007	Study on building of youth	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total for Ministry of Sports		xx	xx	xx	xx	xx	xx	xx	xx	xx
Total Development expenditure		xx	xx	xx	xx	xx	xx	xx	xx	xx

##### Illustrative Statement of Reconciliation

	Operating	Financing	Investing	Total
Actual amount on comparable basis as presented in the Budget and actual comparative statement	x	x	x	x
Basis differences	x	x	x	x
Timing differences	x	x	x	x
Entity differences	x	x	x	x
<b>Actual amount in the statement of cash flows</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>

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

Existing statement of budget performance will need to be reclassified under operating, financing and investing activities as required under the statement of reconciliation between budget and cash flow.

##### References

- MPSAS 1 – Presentation of Financial Statement
- MPSAS 2 – Cash Flow Statements
- MPSAS 24 – Presentation of Budget Information in Financial Statement

**APPENDICES*****Appendix A.1 List of MPSAS to Be Adopted (with effective date on or after 01 January 2017)***

<b>MPSAS</b>	
<b>MPSAS 1</b>	Presentation of Financial Statement
<b>MPSAS 2</b>	Cash Flow Statements
<b>MPSAS 3</b>	Accounting Policies, Changes in Accounting Estimates and Errors
<b>MPSAS 4</b>	The Effect of Changes in Foreign Exchange Rate
<b>MPSAS 5</b>	Borrowing Costs
<b>MPSAS 9</b>	Revenue From Exchange Transactions
<b>MPSAS 11</b>	Construction Contracts
<b>MPSAS 12</b>	Inventories
<b>MPSAS 13</b>	Leases
<b>MPSAS 14</b>	Events After the Reporting Date
<b>MPSAS 16</b>	Investment Property
<b>MPSAS 17</b>	Property, Plant and Equipment
<b>MPSAS 19</b>	Provisions, Contingent Liabilities and Contingent Assets
<b>MPSAS 20</b>	Related Party Disclosures
<b>MPSAS 21</b>	Impairment of Non-Cash-Generating Assets
<b>MPSAS 22</b>	Disclosure of Financial Information about the General Government Sector
<b>MPSAS 23</b>	Revenue From Non- Exchange Transactions (Taxes & Transfers)
<b>MPSAS 24</b>	Presentation of Budget Information in Financial Statement
<b>MPSAS 25</b>	Employee Benefits
<b>MPSAS 26</b>	Impairment of Cash-Generating Assets
<b>MPSAS 27</b>	Agriculture
<b>MPSAS 28</b>	Financial Instruments: Presentation
<b>MPSAS 29</b>	Financial Instruments: Recognition and Measurement
<b>MPSAS 30</b>	Financial Instruments: Disclosures
<b>MPSAS 31</b>	Intangible Assets
<b>MPSAS 32</b>	Service Concession Arrangements: Grantor
<b>MPSAS 33</b>	First-time Adoption of Accrual Basis MPSASs
<b>MPSAS 34</b>	Separate Financial Statements
<b>MPSAS 35</b>	Consolidated Financial Statements
<b>MPSAS 36</b>	Investments in Associates & Joint Ventures
<b>MPSAS 37</b>	Joint Arrangements
<b>MPSAS 38</b>	Disclosure of Interest in Other Entities

## List Of Acronyms

Acronym	Description
<b>AGD</b>	Accountant General's Department
<b>AUC</b>	Asset under construction
<b>BSN</b>	Bank Simpanan Nasional
<b>CR</b>	Credit
<b>CDS</b>	Central Depository Securities
<b>CGU</b>	Cash Generating Unit
<b>DR</b>	Debit
<b>EIR</b>	Effective Interest Rate
<b>FELDA</b>	The Federal Land Development Authority
<b>FIFO</b>	First In First Out
<b>EFT</b>	Electronic Fund Transfer
<b>FGOM</b>	Federal Government of Malaysia
<b>FPA</b>	Financial Procedure Act
<b>F.V.</b>	Fair Value
<b>GGS</b>	General Government Sector
<b>IFRS</b>	International Financial Reporting Standard
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>JANM</b>	Jabatan Akauntan Negara Malaysia
<b>MGS</b>	Malaysian Government Securities
<b>MoF</b>	Ministry of Finance Malaysia
<b>MPSAS</b>	Malaysian Public Sector Accounting Standards
<b>PFC</b>	Public Financial Corporations sector
<b>PFI</b>	Private Finance Initiative
<b>PNFC</b>	Public Non-Financial Corporations sector
<b>PPE</b>	Property, plant and equipment
<b>PPP</b>	Public Private Partnership
<b>RM</b>	Ringgit Malaysia
<b>U.S.</b>	The United States of America
<b>USD</b>	American Dollar

## ***Glossary***

**Accounting basis** is the accrual, modified accrual, modified cash or cash basis of accounting.

**Accounting policies** are the specific principles, bases, conventions, rules and practices applied by the entity in preparing and presenting financial statements.

**Accrual basis** is the accounting basis under which transactions and other events are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, transactions and events are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets/equity, revenue and expenses.

**Active market** is a market in which: a) the items traded are homogeneous; b) willing buyers and sellers can normally be found at any time; and c) prices are available to the public.

**Actual amounts (for budgetary purposes)** are presented as part of the comparison schedule as well as a basis of a reconciliation schedule, resulting from the execution of the budget. For the purposes of MPSAS 24 – Presentation of budget information in financial statements, they include actual expenses and obligations that are comparable to the final budget presented.

**Actuarial gains and losses** comprise: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and b) the effects of changes in actuarial assumptions.

**Amortization** is the systematic allocation of the amortizable amount of an intangible asset over its estimated useful life.

**Appropriation** is an authorization granted by a legislative body to allocate funds for purposes specified by the legislature or similar authority.

**Assets** are resources controlled by the entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. Assets used to deliver goods and services in accordance with the Entity's objectives, but which do not directly generate net cash inflows, are often described as having a service potential.

**Associate** is an entity in which an investor has significant influence and that is neither a controlled entity nor a joint venture of the investor.

**Betterment:** The cost incurred to enhance the service potential of asset is a betterment. Service potential may be enhanced when there is an increase in the previously assessed service capacity, associated operating costs are lowered, the useful life is extended or the quality of output is improved. The cost incurred in the maintenance of the service potential of an asset is a repair, not a betterment.

**Borrowing costs** are interest and other expenses incurred by an entity in connection with borrowings.

**Carrying amount of a liability** is the amount at which a liability is recognised in the statement of financial position.

**Carrying amount of an asset** is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

**Cash** consists of cash on hand and demand deposits.

## ***Glossary (continued)***

**Cash equivalents** are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

**Cash flows** are inflows and outflows of cash and cash equivalents.

**Cash-generating assets** are assets held to generate a commercial return.

**Cash-generating unit** is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

**Change in accounting estimate** is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not a correction of errors.

**Change in accounting policy** is a change from one basis of accounting to another basis of accounting. A change in the accounting treatment, recognition or measurement of a transaction, event or condition within a basis of accounting is also regarded as a change in accounting policy.

**Closing rate** is the spot exchange rate at the reporting date – i.e. the exchange rate used to translate foreign currency monetary balances at the end of a reporting period.

**Commitments** are obligations to outside organisation or individuals that will become liabilities if and when the terms of contracts, agreements or legislation are met.

**Consolidated financial statements** are the financial statements of an economic entity presented as those of a single entity.

**Construction contract** is a contract or a similar binding arrangement specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function, or their ultimate purpose or use.

**Constructive obligation** is an obligation that derives from the Entity's actions where: a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and b) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

**Contingent asset** is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

**Contingent liability** is: a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or b) a present obligation that arises from past events but which is not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

**Contract:** An agreement between two or more parties that has clear economic consequences that the parties have little, if any, discretion to avoid, usually because the agreement is enforceable .

**Contractual commitment:** Represents a legal obligation to outside organization or individual as a result of contract.

## ***Glossary (continued)***

**Control** is the power to govern the financial and operating policies of another entity so as to benefit from its activities.

**Controlled entity** is an entity under the control of another entity (known as the controlling entity).

**Controlling entity** is an entity that has one or more controlled entities.

**Cost** is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

**Cost method** is a method of accounting for an investment whereby it is recognized at cost. Revenue from the investment is recognized only to the extent that the investor is entitled to receive distributions from accumulated surpluses arising after the date of acquisition.

**Credit risk** is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Current replacement cost** is the cost the entity would incur to acquire the asset on the reporting date.

**Deferred revenue:** Amounts received before the transactions or events that give rise to revenue occurs.

**Defined benefit plans** are post-employment benefit plans other than defined contribution plans.

**Defined contribution plans** are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior financial periods.

**Depreciated replacement cost** is an approach where an asset's present value is determined based on cost to replace the asset's gross service potential after taking into account its accumulated depreciation over consumed service potential asset life.

**Depreciation** is the systematic allocation of the depreciable amount of a tangible asset over its estimated useful life.

**Effective interest rate** is the interest rate on a loan/financial product restated from the nominal interest rate as an interest rate with annual compound interest payable in arrears.

**Employee benefits** are all forms of consideration given by the entity in exchange for service rendered by employees. Employee benefits mean all entitlements, salaries, allowances, benefits and incentives.

**Entities** include federal ministries, federal departments and federal commission from FGOM.

**Equity instrument** is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**Events after the reporting date** are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of event can be identified -adjusting and non-adjusting events.

**Exchange difference** is the difference resulting from reporting the same number of units of a foreign currency in the reporting currency at different exchange rates.

## ***Glossary (continued)***

**Exchange rate** is the ratio for exchange of two currencies.

**Exchange transactions** are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

**Expenses** are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.

**Fair value** is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Finance lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

**Financial asset** is any asset that is: a) cash; b) a contractual right to receive cash or another equivalent asset from another entity; c) a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable; or d) an equity instrument of another entity.

**Financial instrument** is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial liability** is any liability that is a contractual obligation: a) to deliver cash or another financial asset to another entity; or b) to exchange financial instruments with another entity under conditions that are potentially unfavorable.

**Financing activities** are activities that result in changes in the size and composition of the contributed capital and borrowings of the entity.

**Foreign currency** is a currency other than the functional currency of the entity.

**Foreign operation** is an entity that is a controlled entity, associate, joint venture or branch of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.

**Functional currency** is the currency of the primary economic environment in which the entity operates. For the entity this is considered to be the RM.

**Impairment** is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

**Inception of the lease** is the earlier of the date on which a lessor and lessee enter into a lease agreement and the date on which the parties commit to the principal provisions of the lease. As at this date a) a lease is classified as either an operating or a finance lease; and b) in the case of a finance lease, the amounts to be recognised at the commencement of the lease term are determined.

**Intangible assets** are identifiable non-monetary assets without physical substance.

**Interest cost** is the increase during a financial period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

## ***Glossary (continued)***

**Inventories** are assets: a) in the form of materials or supplies to be consumed in the production process; b) in the form of materials or supplies to be consumed or distributed in the rendering of services; c) held for sale or distribution in the ordinary course of operations; or d) in the process of production for sale or distribution.

**Investing activities** are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

**Investment property** is property (land or a building – or part thereof) held to earn rentals or for capital appreciation or both, rather than for: a) use in the production or supply of goods or services or for administrative purposes; or b) sale in the ordinary course of operations.

**Joint control** is the agreed sharing of control over an activity by a binding arrangement.

**Joint venture** is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

**Key management personnel** are defined under MPSAS as those officials who are responsible for the planning, directing and controlling activities of the reporting entity.

**Lease** is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

**Lease term** is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

**Legal obligation** is an obligation that derives from: a) a contract (through its explicit or implicit terms); or b) legislation; or c) other operation of law.

**Liabilities** are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

**Liquidity risk** is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

**Loans guarantees** are a type of contingent liability.

**Market risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

**Market value** is the amount obtainable from the sale or payable on the acquisition, of a financial instrument in an active market.

**Material omissions or misstatements** are omissions or misstatements of items which could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature and size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.



## ***Glossary (continued)***

**Modified cash basis** is the accounting basis under which revenue and expenses are usually reported when cash is received or a payment is made, but with some exceptions. Notably, expenditures can be reported prior to the payment of cash on the basis that the cash will need to be paid out soon after the end of the financial year. Under this basis, investments in physical assets and intangibles are expensed immediately, and employee benefit liabilities are not required to be reported in the financial statements.

**Monetary items** are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

**Net assets/equity** is the residual interest in the assets of the entity after deducting all its liabilities. This is the residual measure in the statement of financial position.

**Net realizable value** is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

**Non-cash-generating assets** are assets other than cash-generating assets.

**Non-exchange transactions** are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

**Non-monetary items** are items that are not monetary items.

**Notes** are disclosures which contain information in addition to that presented in the statement of financial position, statement of financial performance, statement of changes in net assets/equity and cash flow statement. Notes provide narrative descriptions or disaggregation of items disclosed in those statements and information about items that do not qualify for recognition in those statements.

**Obligating event** is an event that creates a legal or constructive obligation that results in the entity having no realistic alternative to settling that obligation.

**Operating activities** are the activities of the entity that are not investing or financing activities.

**Operating lease** is a lease other than a finance lease.

**Other long-term employee benefits** are employee benefits (other than post-employment benefits and termination benefits) that do not fall due wholly within 12 months after the end of the financial period in which the employees render the related service.

A financial asset is **past due** when a counterparty has failed to make a payment when contractually due.

**Past service cost** is the increase in the present value of the defined benefit obligation for employee service in prior financial periods, resulting in the current financial period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (where benefits are introduced or improved) or negative (where benefits are reduced).

## ***Glossary (continued)***

**Percentage of completion method** is an accounting method to account for asset under construction.

**Plan assets** comprise: a) assets held by a long-term employee benefit fund; and b) qualifying insurance policies.

**Post-employment benefits** are employee benefits (other than termination benefits) that are payable after the completion of employment.

**Present value** is the future amount of money that has been discounted to reflect its current value, as if it existed today.

**Post-employment benefit plans** are formal or informal arrangements under which the entity provides post-employment benefits for one or more employees.

**Present value of a defined benefit obligation** is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior financial periods.

**Presentation currency** is the currency in which the financial statements are presented. For the entity this is the RM.

**Prior period errors** are omissions from, and misstatements in, the entity's financial statements for one or more prior financial periods, arising from a failure to use or a misuse of reliable information that a) was available when financial statements for those financial periods were authorized for issue; and b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

**Projected unit credit method** is used to determine the present value of a defined benefit obligation and the related current service cost and the applicable past service costs.

**Property, plant and equipment, or PPE**, are tangible items that are a) held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and b) expected to be used during more than one reporting period. Property, plant and equipment should not be confused with inventories as defined above, although they may be counted and physically verified.

**Provision** is a liability of uncertain timing or amount.

**Private finance initiatives** is a form of public private partnership where the public sector is able to secure the provision of public services from the private sector.

**Public private partnership** is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.

**Qualifying asset** is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

**Recoverable amount** is the higher of an asset's or a cash-generating unit's fair value less costs to sell and its value in use.

**Related parties** are parties considered to be related if one party has the ability to control, or exercise significant influence over, the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

## ***Glossary (continued)***

**Related party transaction** is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part.

**Remuneration of key management personnel** is any consideration or benefit derived directly or indirectly by key management personnel from the reporting entity for services provided in their capacity as members of the governing body or otherwise as employees of the reporting entity.

**Reporting date** is the date of the last day of the reporting period to which the financial statements relate. In the case of the Entity, it is 31st December of each year.

**Reporting period** is the basic accounting period that applies to all financial recording and reporting of the Entity. The financial period begins 1st January, lasts for 12 months and ends on 31st December.

**Residual value** is the estimated amount that the entity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Retrospective application** is the application of a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

**Retrospective restatement** is a revision, correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

**Revenue** is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.

**Segment** is a distinguishable activity or group of activities of the entity for which it is appropriate to separately report financial information for the purpose of evaluating the entity's past performance in achieving its objectives and for making decisions on the future allocation of resources.

**Segment assets** are those operating assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or that can be allocated to the segment on a reasonable basis.

**Segment expense** is an expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment. These include expenses relating to the provision of goods and services to external parties, and expenses relating to transactions with other segments of the same entity.

**Segment liabilities** are those operating liabilities that result from the operating activities of a segment and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

**Segment revenue** is revenue reported in the entity's statement of financial performance that is directly attributable to a segment and the relevant portion of entity revenue that can be allocated on a reasonable basis to a segment, whether from budget appropriations or similar, grants, transfers, fines, fees or sales to external customers or from transactions with other segments of the same entity.

***Glossary (continued)***

**Separate financial statements** are those presented by a controlling entity, an investor in an associate or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct net assets/equity interest rather than on the basis of the reported results and net assets of the investees.

**Service potential** is the anticipated future benefits to be obtained from an asset. Assets that are used to deliver goods and services in accordance with the Entity's objectives but which do not directly generate net cash inflows are often described as embodying service potential.

**Short-term employee benefits** are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the financial period in which the employees render the related service.

**Significant influence** is the power to participate in the financial and operating policy decisions of an activity but is not control or joint control over those policies.

**Statement of financial performance** is a financial statement that measures an entity's financial performance over a specific accounting period.

**Statement of financial position** is a financial statement that summarizes an entity's asset and liabilities at a specific point in time.

**Spot exchange rate** is the exchange rate for immediate delivery.

**Termination benefits** are employee benefits payable as a result of either: a) the Entity's decision to terminate an employee's employment before the normal retirement date; or b) an employee's decision to accept voluntary redundancy in exchange for these benefits.

**Transfers** are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

**Useful life** is either: a) the period over which an asset is expected to be available for use by the Entity; or b) the number of production or similar units expected to be obtained from the asset by the Entity.

**Value in use of a cash-generating asset** is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

**Venturer** is a party to a joint venture and has joint control over that joint venture.