



BOSNIA AND HERZEGOVINA

TECHNICAL ASSISTANCE REPORT—GOVERNMENT FINANCE STATISTICS MISSION, OCTOBER 1–5, 2018

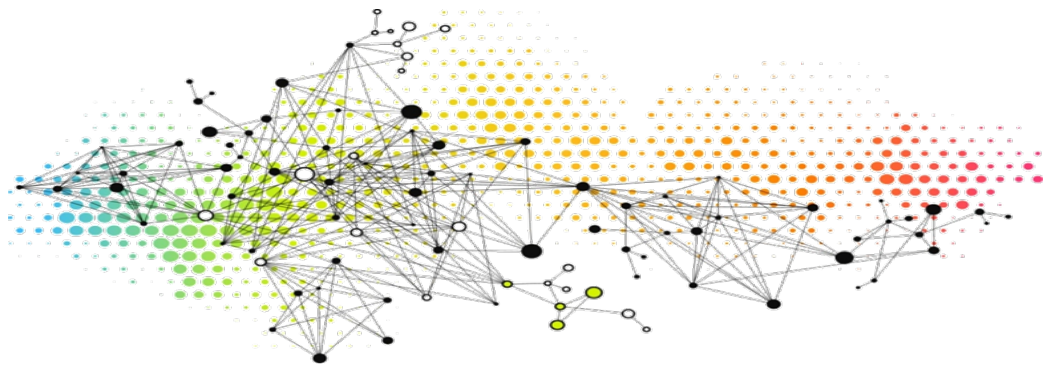
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REPORT ON THE GOVERNMENT FINANCE STATISTICS TECHNICAL ASSISTANCE MISSION (OCTOBER 1–5, 2018)

PREPARED BY DEON TANZER

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CONTENTS

Glossary	3
SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS	4
DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS	6
A. Reconciliation Processes	6
B. Compilation of Nonbudgetary Public Sector Units	14
C. Other Issues	17
D. Officials Met During the Mission	18
BOX	
1. Six-Step Process Compiling Republic of Srpska Budget GFS Data from the Financial Statement	7
FIGURES	
1. Illustration Adjusting and Unwinding of Provisions from Financial Dstatements Recording to GFS Recording	15
2. Illustration Step-by-Step Unravelling Annual Financial Statement into Entity Components	19
3. Step [A] – Verifying Net Income	26
4. Step [B] – Estimating Net Flows	27
5. Step [C] – Determine ‘Other Economic Flows’ and Unravelling Provisions	29
6. Step [D] – Allocating GFS Transactions, OEFs and Stocks	30
7. Step [E] – Finalizing GFS Framework, and Calculating NLB and Financing	31
TABLES	
1. Bosnia and Herzegovina, the Republic of Srpska: Priority Recommendations	6
2. Republic of Srpska Budget: Comparison Revenue and Expenditure, ‘New’ <i>GFSM 2014</i> Framework Data and ‘Old’ HRT Data, Million KM, 2014–2016	8
3. Republic of Srpska: Adjustments on Revenue and Expense per <i>GFSM 2014</i> and <i>ESA 2010</i>	9
4. Republic of Srpska Budget, Balance Sheet per <i>GFSM 2014</i> , million KM, 2014–2016	11
5. Republic of Srpska Budget: Revenue and Expenditure per <i>ESA 2010</i> , million KM, 2014–2016	12
6. Additional Recommendations	13
7. Bosnia and Herzegovina, the Republic of Srpska: Additional Recommendations	17
APPENDICES	
I. Compilation process from financial statements to the <i>GFSM 2014</i> framework	19
II. Proposed compilation process for extrabudgetary units	24

Glossary

BHAS	Agency for Statistics of Bosnia and Herzegovina
CBBH	Central Bank of Bosnia and Herzegovina
COA	Chart of Accounts
<i>ESA 2010</i>	<i>European System of National and Regional Accounts 2010</i>
ETP	ESA 2010 Transmission Programme of Data
EUR	IMF's European Department
GFS	Government Finance Statistics
<i>GFSM 2001</i>	<i>Government Finance Statistics Manual 2001</i>
<i>GFSM 2014</i>	<i>Government Finance Statistics Manual 2014</i>
HRT	Harmonized Reporting Template
MOF RS	Ministry of Finance of the Republic of Srpska
OEF	Other Economic Flows
RS	Republic of Srpska
RZS	Republic of Srpska Institute of Statistics
SECO	Swiss State Secretariat for Economic Affairs
TA	Technical Assistance

SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

1. A technical assistance (TA) mission was conducted by Mr. Deon Tanzer, the government finance statistics (GFS) advisor¹ for South East Europe during the period October 1–5, 2018, to support the Bosnia and Herzegovina authorities, with a specific focus on the Republic of Srpska (RS), in improving GFS for decision making. This mission was conducted within the context of the second phase of the Swiss State Secretariat for Economic Affairs (SECO) GFS capacity building project. The mission met with officials from the Ministry of Finance of the Republic of Srpska (MOF RS), and the Republic of Srpska Institute of Statistics (RZS).

2. The mission would like to thank the staff of the Republic of Srpska authorities for their courtesy and willingness to share their knowledge with the mission. It is especially grateful to the staff of the MOF RS for their invaluable assistance in organizing the mission (see section D for the list of officials met during the mission).

3. The mission was a follow-up to the May 2018 GFS TA mission, conducted by the GFS advisor. This mission's focus was to finalize the reconciliation processes, to continue developing a compilation process for nonbudgetary public sector units, and to discuss classification questions in context of GFS compilation per the *European System of National and Regional Accounts 2010 (ESA 2010)* and the *Government Finance Statistics Manual 2014 (GFSM 2014)*. In the Bosnia and Herzegovina context, the mission aims to support integrated Bosnia and Herzegovina GFS compilation to Eurostat and the IMF as sent by the Central Bank of Bosnia and Herzegovina (CBBH)² to Eurostat. This includes the *ESA 2010* transmission programme (ETP) and the *GFS Yearbook* tables.

4. On developing reconciliation processes, work was continued on reconciling the financial result with relevant items in the balance sheet [A], and on reconciling stock and flows of groups of balance sheet items [B]. These both serve as fundamental steps in the compilation of GFS. [A] is required to ensure that fiscal balance reconciles with financing, whereby the statistical discrepancy³ can be eliminated or minimized. [B] aims to clearly explain changes in the value of assets and liabilities through (recorded) transactions and other economic flows (without any differences), further ensuring consistency in the GFS framework. Since the May 2018 mission, the

¹ The GFS Advisor for South East Europe is hosted by the Center for Excellence in Finance, Ljubljana, Slovenia.

² The CBBH currently compiles consolidated Bosnia and Herzegovina GFS data sent to the IMF, and sent to Eurostat on an experimental basis.

³ In the sequence of accounts as described by the *System of National Accounts 2008 (SNA 2008)*, *ESA 2010*, and the *GFSM 2014* framework, the government deficit or surplus is equivalent to the concept 'net lending (+)/net borrowing (-)' (NLB). In fiscal analysis, NLB is also referred to as the fiscal balance. Conceptually, the deficit or surplus should equal the concept financing – the net acquisition of financial assets minus the net incurrence of liabilities. Any difference between these two concepts is called the statistical discrepancy.

MOF RS conducted substantial and successful research to resolve differences between the concept GFS data and fiscal surveillance data sent to EUR; the MOF also liaised intermittently with the GFS Advisor on resolving issues.

5. Further on developing reconciliation processes, the mission rounded off research to establish appropriate reconciliation procedures, although some statistical discrepancies remain. The goal is to use the compilation and reconciliation procedures for quarterly and annual GFS reporting to Eurostat and the IMF's Statistics Department. As an extension on this, these processes can be incorporated into the compilation of quarterly fiscal surveillance files sent to the IMF's European Department (EUR). See Section A. 'Reconciliation Processes'.

6. On the compiling nonbudgetary public sector units, the mission continued the development of compilation processes as started during the May 2018 mission. These processes are being developed by translating financial statements of these entities into the *GFSM 2014* and *ESA 2010* frameworks conform a standardized process. The RZS, with the support of the MOF, compiled 5 units since the May 2018, and the mission reviewed the outcomes and completed the reconciliation process for these units. As next steps, a detailed process will be developed with the assistance of the GFS Advisor, while also extending compilation to all relevant units. See section I. B. 'Compilation of Nonbudgetary Public Sector Units'.

7. On other developments, the RZS is developing detailed data on tax and social contribution revenue, in line with ETP table 0900. Per the request of the RZS, the GFS Advisor reviewed the concept compilation file. RZS aims to develop these data at the Republic of Srpska level, where these can potentially be included in the consolidated Bosnia and Herzegovina ETP reporting data. See Section I. C. 'Other issues'.

8. Further, on other developments, the Advisor again addressed the publication of the list of general government and public sector units per *ESA 2010* and *GFSM 2014*. The publication remains pending, although a list has been drafted and a preliminary classification has been drafted in cooperation with the Bosnia-wide statistical authorities (see the February 2018 report DM 6418039). RZS indicated that it is resolving technical issues in finalizing whole economy sector classification and can thereby not commit to a target date. During the previous mission, the target date was indefinitely postponed. The Bosnia and Herzegovina Agency for Statistics has also indicated an indefinite postponement of target dates.

Table 1. Bosnia and Herzegovina, the Republic of Srpska: Priority Recommendations

Target Date	Priority Recommendation	Responsible Institutions
TBD	Publish the list of general government and public sector units, with a note that the subsector classification is pending. ⁴	BHAS, RZS RS
TBD	Transition fiscal surveillance reporting to EUR per the <i>GFSM 2014</i> and conform the revised reconciliation procedure.	MOF RS
June 2019	Complete reconciliation of outstanding extrabudgetary units and develop the detailed level of recording.	RZS, MOF RS, GFS Advisor

DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

A. Reconciliation Processes

9. Reconciliation is a fundamental step in the compilation of GFS. The process entails translating the logic of accounting frameworks into the logic of the GFS framework. First, by verifying the link between revenue and expense flows with reciprocal balance sheet flows [A]. Second, by separately identifying, from accounting records, transactions and other economic flows, and thereafter verifying the link of these flows with the changes in the stock of the related balance sheet account [B].

Reconciliation Process [A]

10. The goal of reconciliation process [A] is to ensure that net lending (+) / net borrowing (-), also known as the fiscal balance, links with financing with the minimum difference possible, and thereby minimizing the so-called statistical difference.

The Republic of Srpska uses accrual accounting, whereby the financial result from the income statement is reconciled against a related account in the balance sheet the 'Own Sources and Funds' account.

Reconciliation Step [B]

11. The goal of reconciliation process [B] is to ensure that recorded transactions can be linked up with recorded stock values for distinct balance sheet items. In the context of accrual accounting reporting used in the Republic of Srpska, recording per the double accounting principle, this link should be discerned directly from the accounting records. This is because all transactions, albeit revenue, expenses, acquisitions, repayments, provisions, revaluations, etcetera are recorded with an exact counterpart in the balance sheet. GFS would require revaluations to be

⁴ This is a recommendation still pending completion of Phase 1 of the SECO-funded GFS implementation project.

recorded as other economic flows; unwind transactions like provisions, and reserve accounting; and adjust valuations, where the accounting standards differ with GFS in this respect.

Continued Development

12. The advisor and the RS authorities evaluated the GFS reconciliation process [A], and [B] as developed in the concept GFS compilation file during and after the May 2018 mission. The file translates integrated financial statement data of the Republic of Srpska budget and, step-by-step, compiles GFS data per the *GFSM 2014* framework. These steps are listed in Box 1 and further explained in Appendix I. On a fundamental level, this follows the same compilation process as nonbudgetary units as explained in Appendix II. For instance, steps [A] to [E], described in Appendix II, are technically embedded in the compilation file, although not explicitly described in the steps below. Importantly, the Financial Statement of the Republic of Srpska has specific complications that require additional customized steps (1), (2), & (4) described in Box 1.

Box 1. 6-Step Process Compiling Republic of Srpska Budget GFS Data from the Financial Statement

Step 1	Disaggregate the balance sheet
Step 2	Determine other volume changes of new units consolidated into the budget
Step 3a	Record line-by-line the financial statement into a flat table
Step 3b	Code each financial statement item per <i>GFSM 2014</i> and <i>ESA 2010</i>
Step 4	Adjust revenue and expense items, using double accounting
Step 5	Populate detailed output tables using pivot tables
Step 6	Verify net-lending borrowing against financing

13. In parallel, the file compares outcomes with the fiscal data sent to EUR using the Harmonized Reporting Template (HRT) per the *GFSM 2001* framework. A key objective is to ensure *GFSM 2014* outcomes are as sound as possible and, as a spin-off, to update the HRT compilation process with any new insights.

14. As an outcome, *GFSM 2014* data, per the above-mentioned compilation process, compares well with HRT data. The HRT compilation can be updated per the insights gained in this research. The main updates recommended to HRT are listed in 3. Some additional research is required to understand revisions in 2014 financial balance sheet transactions data.

Table 2. Republic of Srpska Budget: Comparison Revenue and Expenditure, 'New' GFSM 2014 Framework Data and 'Old' HRT Data, million KM, 2014–2016

	2014			2015			2016		
	GFSM 2014	HRT	Difference	GFSM 2014	HRT	Difference	GFSM 2014	HRT	Difference
1 Revenue	1,804.4	1,757.1	47.3	1,877.4	1,856.7	20.7	2,650.7	2,619.4	31.3
11 Taxes	1,415.6	1,415.6	0.0	1,496.0	1,496.0	0.0	1,568.1	1,568.1	0.0
12 Social contributions	42.6	42.6	0.0	73.9	73.9	0.0	779.6	779.4	0.2
13 Grants	35.0	31.9	3.1	29.0	25.1	3.9	17.6	15.0	2.6
14 Other revenue	311.2	267.0	44.1	278.6	261.7	16.9	285.5	257.0	28.5
2 Expense	1,922.6	1,802.9	119.7	1,862.9	1,750.7	112.2	2,656.7	2,511.7	144.9
21 Compensation of employees	715.8	718.0	-2.1	730.5	735.2	-4.8	746.8	746.8	0.0
22 Use of goods and services	163.2	163.0	0.2	159.4	155.1	4.3	152.6	148.3	4.3
23 Consumption of fixed capital	65.1	65.1	0.0	67.1	67.1	0.0	65.7	65.7	0.0
24 Interest	70.4	68.4	2.0	81.0	80.5	0.6	94.5	94.5	0.0
25 Subsidies	99.8	99.8	0.0	94.4	94.4	0.0	98.9	98.9	0.0
26 Grants	419.8	361.6	58.2	398.9	373.2	25.7	229.5	156.6	72.8
27 Social benefits	309.4	327.5	-18.1	276.8	271.1	5.7	1,227.6	1,227.6	0.0
28 Other expense	79.1	64.7	14.4	54.8	41.2	13.6	41.1	39.0	2.0
GOB Gross operating balance (1-2+23)	-53.1	-45.8	-7.3	81.6	106.0	-24.3	59.8	107.7	-47.9
NOB Net operating balance (1-2)	-118.2	-45.8	-72.4	14.5	106.0	-91.5	-5.9	107.7	-113.6
31 Net/gross investment in nonfinancial assets	27.9	191.0	-163.1	31.6	116.7	-85.1	1.3	137.8	-136.5
2M Expenditure	1,950.5	1,993.9	-43.4	1,894.5	1,867.4	27.1	2,658.0	2,649.6	8.4
NLB Net lending (+) / Net borrowing (-) (1-2-31) or (1-2-31)	-146.1	-236.8	90.7	-17.1	-10.7	-6.4	-7.3	-30.2	22.9
FIN Financing (32-33)	-154.0	-237.3	83.3	-31.2	-15.2	-16.0	-10.1	-29.0	18.9
32 Net acquisition of financial assets	196.9	59.1	137.7	73.8	60.9	12.9	90.4	89.7	0.7
33 Net incurrence of liabilities	350.9	296.4	54.5	105.0	76.1	28.9	100.5	118.7	-18.2
NLBz Overall statistical discrepancy (NLB-FIN)	7.9	0.5	7.4	14.1	4.5	9.6	2.8	-1.2	4.0

15. The differences in 'new' and 'old' GFSM 2014 data can be explained by some key changes in the compilation process:

- a. 'New' data are compiled using integrated financial statements. Hereby, transactions related to Roads, Highways, and Forests are not yet included in this presentation (and will be included at a later compilation stage).
- b. The classification of revenue, expenditure, and financing transactions has changed through the update of the bridge from the COA and to *GFSM 2014* conducted during this project, whereby some revenue and expenditure items have changed classification. This includes COA line-items 47 and 77 (see also para 16.)
- c. Balance sheet transactions are calculated indirectly using $TR = CB - OB - OVC - OPC$, instead of directly using transactions recorded under COA items 5, 6, 8 and 9

16. The update of the bridge from the COA to *GFSM 2014* research during the development of the 'new' compilation process has adjusted the recording of COA line-items 47 and 77 COA. In the current HRT compilation process these items are excluded.

Previous insights noted that these relate to specific accrual recordings and should be excluded while compiling HRT. However, the research conducted over the course of the project indicates that some items are revenue and expense items aligned with the *GFSM 2014* framework, others relate to OPCs and should be recorded as part of balance sheet flows (see also para 15. c), while items related to provisions should be unwound rather than excluded (see also paras 28. 0). 0 provides an overview of the classifications per *ESA 2010* and *GFSM 2014* frameworks.

Table 3. Republic of Srpska: Adjustments on Revenue and Expense per *GFSM 2014* and *ESA 2010*

Economic code description	Economic code		Flow type	GFSM 2014 code	ESA 2010 code
	Inflow	Outflow			
Income from effective positive exchange rate differences	4711		OPC		
Expenses on the basis of effective exchange rate idfferences			OPC		
Revenue / costs of realized inventories *	7711	4711	TR	1421/22	P2
Amortization expenses *		4712	TR	23	P51C
Revenue adjustments for gains in inventory value	7712		OPC	412	K72
Revenue from thr relaese / accraul expense for provisions *	7713	4713	#	#	#
Financial revenue / expense of an accounting character	7714	4714	OPC	4304	K72
subtract: part financial revenue / expense of an accounting character	7714a	4714a	OPC	411	K72
subtract: part financial revenue / expense of an accounting character *	7714b	4714b	TR	211	D11
Gains / losses on the value adjustment of property	7715	4715	OPC	411	K72
Gains / losses on the disposal of assets	7716	4716	OPC	411	K72
Assistance in kind revenue / expense *	7717	4717	TR	1312/2632	D92
Other revenue expenses of an accounting character *	7719	4719	TR	14412/2632	D92
Subtract: part other revenue expenses of an accounting character	7719	4719	OPC	4208	K72

Legend

- OPC Other price changes
- TR Transactions
- # Provisions require adjustments to reflect time of recording
- * Record as revenue / expense transactions per *GFSM 2014*

17. A further outcome of this process is that balance sheet data can be compiled in line with the *ESA 2010* and *GFSM 2014* frameworks. An important note here is that valuation, recognition, and instrument coverage criteria used to compile Republic of Srpska financial accounts have not been tested on the extent that these overlap with *ESA 2010* and *GFSM 2014*. See 0 for 2014-2016 data. Importantly, these data currently exclude the balance sheets of the roads, highways, forests, IRB RS, local government, social security funds, and extrabudgetary units. Further development work will be required to include and consolidate these entities to the general government presentation.

18. As described in Step 3b, the compilation process records *GFSM 2014* and *ESA 2010* codes in parallel. This potentially allows for ETP tables to be compiled in parallel. As a scoping exercise, the mission developed a high-level presentation of revenue and expense following the *ESA 2010* classification. In this way, aggregate outcomes can be compared. For instance, *Compensation of employees, payable* (D1) per *ESA 2010* corresponds with *Compensation of employees* (21) per *GFSM 2014*. Also, *Net-lending/Net-borrowing* (B9) per *ESA 2010* corresponds with *Net-lending/Net-borrowing* (NLB) per *GFSM 2014*. Further work is needed to verify and develop methodology per *ESA 2010*. See 0

Table 4. Republic of Srpska Budget, Balance Sheet per GFSM 2014, million KM, 2014–2016

	2014	2015	2016
61 Nonfinancial assets	2,765.9	3,116.9	3,138.5
611 Fixed assets	1,540.3	1,597.1	1,604.1
612 Inventories	3.2	3.1	2.9
613 Valuables	6.3	6.4	6.5
614 Nonproduced assets	1,216.1	1,510.3	1,524.9
62 Financial assets	2,988.7	2,892.7	3,392.2
6201 Monetary gold and SDRs	0.0	0.0	0.0
6202 Currency and deposits	236.3	241.5	223.2
6203 Debt securities	0.0	0.0	0.0
6204 Loans	1,409.2	1,397.1	1,443.3
6205 Equity and investment fund shares	1,056.2	977.8	1,256.8
6206 Insurance, pension, and standardized guarantee	0.0	0.0	0.0
6207 Financial derivatives and employee stock options	0.0	0.0	0.0
6208 Other accounts receivable	287.1	276.3	468.9
63 Liabilities	5,034.4	5,233.6	5,609.3
6301 Special Drawing Rights (SDRs)	0.0	0.0	0.0
6302 Currency and deposits	0.0	0.0	0.0
6303 Debt securities	929.6	1,076.9	1,266.3
6304 Loans	3,249.8	3,317.5	3,458.5
6305 Equity and investment fund shares	0.0	0.0	0.0
6306 Insurance, pension, and standardized guarantee	0.0	0.0	0.0
6307 Financial derivatives and employee stock options	0.0	0.0	0.0
6308 Other accounts payable	855.0	839.2	884.5
6M2 Net financial worth [=62-63]	-2,045.8	-2,340.9	-2,217.0
6 NET WORTH	720.1	776.0	921.4

Table 5. Republic of Srpska Budget: Revenue and Expenditure per ESA 2010, million KM, 2014–2016

		2014	2015	2016
Output	P1	150.9	174.2	170.1
Intermediate consumption	P2	163.2	159.4	152.6
Value added, gross	B1G	(12.3)	14.9	17.5
Compensation of employees, payable	D1	715.8	730.5	746.8
Consumption of fixed capital	P51C	65.1	67.1	65.7
Operating surplus, net	B2N	(793.2)	(782.7)	(795.0)
Taxes on production and imports, receivable	D2	1,090.6	1,157.6	1,209.7
Property income, receivable ⁽¹⁾	D4R	45.3	45.1	39.8
Subsidies, payable	D3P	99.8	94.4	98.9
Property income, payable ⁽¹⁾	D4P	70.4	81.0	94.5
Balance of primary incomes, net	B5N	172.5	244.5	261.1
Current taxes on income, wealth etc., receivable	D5R	325.0	338.4	358.4
Net social contributions, receivable	D61	42.6	73.9	779.6
Other current transfers, receivable ⁽¹⁾	D7R	124.6	49.3	70.9
Current taxes on income, wealth etc., payable	D5P	-	-	-
Social benefits other than social transfers in kind and social transfers in kind - purchased market production, payable	D6M	309.4	276.8	1,227.6
Other current transfers, payable ⁽¹⁾	D7P	429.2	418.5	191.5
Disposable income, net	B6N	(73.9)	10.8	50.8
Final consumption expenditure	P3	NA	NA	NA
Saving, net	B8N	(73.9)	10.8	50.8
Capital transfers, receivable ⁽¹⁾	D9R	25.3	38.9	22.3
Capital transfers, payable ⁽¹⁾⁽²⁾	D9P	69.6	35.2	79.0
Gross capital formation and acquisitions less disposals of non-financial non produced assets	P5L	27.9	31.6	1.3
Net lending (+)/net borrowing (-)	B9	(146.1)	(17.1)	(7.3)
Total expenditure	OTE	1,950.5	1,894.5	2,658.0
Total revenue	OTR	1,804.4	1,877.4	2,650.7

19. By following this compilation process, HRT can be updated per GFSM 2014 and linked with the wider Bosnia and Herzegovina GFS compilation. The GFS Advisor is also working in parallel with the Federation of Bosnia and Herzegovina and the Ministry of Finance and Treasury Bosnia and Herzegovina to update HRT compilation per *GFSM 2014*.

20. Because this process uses a parallel bridge between GFSM 2014 and ESA 2010, these data can potentially also be used as input for the compilation of GFS Yearbook and ETP data. However, currently, GFS Yearbook and ETP data are separately compiled by the CBBH. Thereby, currently, HRT data can mainly be used as a cross-reference to GFS Yearbook and ETP outcomes and vice versa, until compilation processes are integrated.

21. In addition, because this compilation process has established reconciliation [A] and [B], these data serve the reconciliation process used in the compilation of Excessive Deficit Procedure notification tables. The statistical discrepancies are not fully eliminated, however, with the complex nature of Republic Srpska financial statement data, this process currently provides the most insights into how NLB relates with financing, while at the same time relating stocks and flows of the full balance sheet perfectly.

22. Although further research will help the remaining issues related to the statistical discrepancy, the next steps in expanding the compilation process can be considered. These include (for a, b, and c, comprehensive financial statements of these units are required):

- a. Including Roads, Highways and Forests, plus the IRB with comprehensive financial statements' data
- b. Including local government
- c. Including extrabudgetary units
- d. Consolidation
- e. Investigate possibilities into incorporating these compilation files into the wider GFS and macroeconomic statistics compilation.

Table 6. Additional Recommendations

Target Date	Recommendation	Responsible Institutions
TBD	<i>Update the HRT compilation process per the insights gained through the GFSM 2014 compilation process described.</i>	MOF RS
June 2019	<i>Draft a note explaining the main changes in the HRT outcomes for users.</i>	MOF RS

B. Compilation of Nonbudgetary Public Sector Units

23. Several public sector units form part of general government, but not the budget, per *ESA 2010* and *GFSM 2014*. These extrabudgetary units therefore need to be compiled as part of GFS from financial statements that are reported to the Agency for Intermediation, Informatics and Finance-APIF. Likewise, public sector units outside general government report financial statements to the APIF.

24. To compile GFS, a procedure is required to translate accounting financial statements into the *ESA 2010* and *GFSM 2014* frameworks. During the May 2018 mission, the GFS Advisor, together with the RZS and MOF RS started developing a concept GFS compilation file. This in line with a compilation procedure discussed during March 2018 SECO-funded GFS workshop held in Ljubljana, Slovenia. The procedure follows a systematic approach to unravel a(n) (audited) financial statement and translate line-by-line income statement and balance sheet items into the *ESA 2010* and *GFSM 2014* frameworks. It aligns fundamental accounting principles with the frameworks in a step-by-step approach. It, for instance, adjusts for provisions, exchange rate gains, and impairments that are treated differently in accounting and in GFS. See May 2018 mission report Section B. 'Compilation of nonbudgetary public sector units' and Appendix II 'Proposed compilation process for extrabudgetary units' of this report for a wider explanation.

25. With this backdrop, the May 2018 mission initiated the development of a standardized compilation procedure for nonbudgetary public sector units, and more specifically extrabudgetary units. This procedure can largely be standardized since the financial statements are reported to APIF through a template covering nonfinancial corporations. Data are recorded with the 4-digit real sector COA and the procedure uses a bridge from the 4-digit COA to *ESA 2010* and *GFSM 2014*.

26. The mission first developed a high-level compilation process of 4 extrabudgetary units. These units are Radio Television Republic of Srpska, Institute of Dentistry, Health Center Celinac, and the Investment-Development Bank of the Republic of Srpska, and cover 2016 and 2017. The compilation process allows for calculating revenue, expenditure and financial transactions, determining other economic flows (OEFs), and balance sheet data. The process also includes a procedure to determine and reconcile NLB and financing. A further procedure compiles and reconciles stocks and flows of balance sheet items. See Appendix II for a comprehensive description.

27. Since the May 2018 mission, the RZS, in collaboration with the MOF RS, compiled additional entities per the compilation process described above. A key focus was to reconcile NLB with Financing. Hereby the RZS and MOF RS researched procedures to distinguish OEFs from transactions in the income statement. In some cases, this required analyzing the notes of financial statements to find (more detailed) clarification on 4-digit COA line-items. For instance, COA 679 Income from reduction of liabilities, termination of unused long-term provisions and other incomes includes recordings on collected damages, provisions for severances-released,

awards-released and refunds staff mobile phone. This requires the compiler to separate out the recording of provisions from this line-item and record an appropriate adjustment for provisions.

28. The mission discussed an appropriate recording to adjust for provisions. In financial accounting, a provision is a present liability of an entity arising from past events, the settlement of which is expected to result in an outflow, but with an uncertain amount or timing. For instance, if a policy decision is made to retrench staff in stages during future years, the accountant records a provision of the total estimated retrenchment costs in the period the decision is made. See 0 for an illustration.

- a. The amount recorded is an estimate of the future cost (per accounting regulations)
- b. This amount is recorded as an accrued expense (1) and a provision liability (2) (on the balance sheet) in the period the decision is made
- c. In the period the retrenchment costs are actually paid, an outflow is recorded – decreasing the provision liability (3)
- d. Periodically, the estimate is reevaluated. If the estimate is evaluated to be higher, an accrued expense and provision liability is recorded again per the adjustment amount – see (b) above. If the estimate is evaluated to be lower, a provision release (4) is recorded as part of income, decreasing the provision liability (5)

Figure 1. Illustration Adjusting and Unwinding of Provisions from Financial Statements Recording to GFS Recording

Financial statement		GFS	
Revenue - provision release ④	8	Revenue - unwind release ⑥ = 8-8	0
Expense - provision accrual ①	15	Expense - actual outflow ⑦ = 15-15+27	27
NLB impact	-7	NLB impact	-27
<hr/>		<hr/>	
Change in cash a/c	-27	Change in cash a/c	-27
Opening balance	125		
Provision liability			
Accrued ②	15		
Outflow ③	-27		
Release ⑤	-8		
Closing balance	105		
Financing impact	-7	Financing impact	-27

29. To comply with *ESA 2010* and *GFSM 2014*, an adjustment of provisions is accordingly recorded. The recording of provisions in the financial accounts differs with the recording in *ESA 2010* and *GFSM 2014* mainly due to the time of recording. Whereas provisions are future uncertain expenses recorded now in financial accounts, *ESA 2010* and *GFSM 2014* only records transactions during the period or “at the time economic value is created, transformed, exchanged, transferred, or extinguished” (see *ESA 2010* para 1.101 and *GFSM 2014* para 3.62). See 0 for an illustration of the process to unwind and provision recording into GFS.

- a. This requires ‘unwinding adjustments’ of accrued provision expense and releases of provisions recorded as income. At the same time, outflows recorded in the balance sheet should be recorded as expense accrued in the current period
- b. The resulting adjustment in revenue leads this line-item to be reduced to zero (6)
- c. The resulting adjustment in expense leads this line-item first to be reduced to zero, and subsequently to be equal to the outflow recorded in the provision liability (7)
- d. The provision liability disappears from the balance sheet.

30. On analysis of the financial statements, the mission assessed that *Accrued revenues and received donations (AOP 133)* also require and adjustment to following the *ESA 2010* and *GFSM 2014* recording. This line-item is recorded in the balance sheet as part of the *Long-term provisions, deferred tax liabilities and accrued revenues* account and would otherwise not be recorded as part of the GFS balance sheet. However, this item reflects donations and grants received (from other governments) and are recorded as liabilities, but not debt liabilities. The flows recorded in this line-item reflect a gradual amortization of a(n) (in-kind) grant received. The financial statement recording spreads the receipt of the grant over time as an asset depreciates. However, in *ESA 2010* and *GFSM 2014*, the receipt of the grant should be recorded at the time the asset is transferred to the government. Again, this requires adjustments to be recorded.

- a. In the financial statement, the in-kind grant is recorded as an asset acquired and received donation liability in the year it is received from the donor
- b. In subsequent years, the asset is depreciated and decreases the value of the asset. The grant revenue is accrued in line with this depreciation (value) and thus also amortizes the received donation liability
- c. When adjusting to record per *ESA 2010* and *GFSM 2014*, the time of recording is fully brought forward to the year the assets is economically transferred.
- d. To record this adjustment, the following adjustment is recorded

Adj = $CB_{t-1} - CB_t$		[1]
Adj	Adjustment	
CB_t	Closing balance Received donations liability current period	
CB_{t-1}	Closing balance Received donations liability previous period	

- e. The stock and flow of Received donations are adjusted by [1]
- f. Grants received are adjusted by [1]

31. After researching, unit-per-unit, the adjustments required, the mission completed a reconciliation process for 4 units discussed in para 26. The process currently allows for estimating revenue, expenditure, and financing transactions, as well as balance sheet stocks and flows on the highest aggregation level. This also includes estimates for net operating balance, NLB, financing and net (financial) worth. Next steps include:

- a. Classifying all 4-digit financial statement line-items per *ESA 2010* and *GFSM 2014* [using bridge from the Real sector COA]
- b. Disaggregating select 4-digit line-items, where further specification is required per *ESA 2010* and *GFSM 2014*
- c. Adjusting and documenting additional adjustments to adhere to *ESA 2010* and *GFSM 2014*
- d. Identifying and classifying consolidation items, including labeling countersectors
- e. Expanding the compilation to all units for 2016–2017

32. It is important to note that as development of these compilation files continue, new insights may lead to updates of the COA Real Sector to *ESA 2010* and *GFSM 2014*

Table 7. Bosnia and Herzegovina, the Republic of Srpska: Additional Recommendations

Target Date	Recommendation	Responsible Institutions
October 2018	<i>Compile 5 extrabudgetary units conform the developed procedure.</i>	RZS RS

C. Other Issues

Table 0900

33. The RZS has started to develop concept detailed data on tax and social contribution revenue, in line with ETP table 0900. Per the request of the RZS, the GFS Advisor reviewed the concept compilation file. RZS aims to develop these data at the Republic of Srpska level, where these can potentially be included in the consolidated Bosnia and Herzegovina ETP reporting data. The compilation process is still in development, so the advisor did not evaluate the outcomes.

34. Table 0900 has been developed using cash data from 2 sources of data

- a. Indirect Tax Authority (ITA) – the data follow a (slightly) different COA than the Republic of Srpska budgetary COA. These cover Bosnia and Herzegovina-wide indirect taxes, such as Value Added Tax

- b. Republic of Srpska Tax Administration – these data follow the Republic of Srpska budgetary COA and are used as input to compile. These cover Republic of Srpska-specific taxes such as Personal Income Tax

35. To ensure consistency across all GFS outputs, it is advisable to use single sources of data. A more robust source of data will be the budgetary data recorded by the Republic of Srpska Ministry of Finance, also currently used to compile fiscal surveillance GFS reporting to and discussed above in Section A. These data are the key source for official fiscal data. Linked to this, it is advisable to compare outcomes with official reporting – such as the HRT data sent to EUR.

D. Officials Met During the Mission

Institute of Statistics of the Republic of Srpska, Bosnia and Herzegovina	
Rada Radanović	Head of Department of National Account
Slađana Nikić	Senior Associate
Jadranka Luburić	Senior Associate
Ministry of Finance of the Republic of Srpska, Bosnia and Herzegovina	
Ivana Marjanović	Head of Department for consolidation of financial statements, Department for Accounting and Auditing
Tanja Šavija	Senior Associate, Department for Treasury
Interpretation services	
Ms. Sandra Barjaktarovic	Interpreter
Ms. Biljana Strika	Interpreter

Appendix I. Compilation Process from Financial Statements to the *GFSM 2014* framework

36. As explained in paragraph 12, the mission developed a 6-step process to compile GFS data per *ESA 2010* and *GFSM 2014* from financial statements of Republic of Srpska budget units.

Step 1. Disaggregate the Balance Sheet

The Republic of Srpska financial statement consolidates only the balance sheet of some units. Considering reconciliation only works with integrated accounts, these units' balance sheet need to be disaggregated as illustrated in Figure 1. Hereby the budget and other components can be individually presented in separate integrated financial statements and the aligned *GFSM 2014* framework presentations be compiled separately. The following units are unraveled – these units are compiled in a separate and subsequent compilation step and consolidated later with other general government units.

- Roads, highways, and forests
- IRB RS

Figure 2. Illustration Step-By-Step Unravelling Annual Financial Statement into Entity Components

Consolidated financial statement				
	OB	TR	OEF	CB
Revenue		27		
Expense		24		
NLB		3		
NF Assets	410	+35	-2	443
F Assets	73	+1	+3	77
Liabilities	381	+30	+4	415
Own Funds	102	+5	-2	105

Budget				
	OB	TR	OEF	CB
Revenue		24		
Expense		22		
NLB		2		
NF Assets	100	+10	-2	108
F Assets	50	+5	+3	58
Liabilities	120	+12	+2	134
Own Funds	30	+2	0	32

Extrabudgetary unit 1				
	OB	TR	OEF	CB
Revenue				
Expense				
NLB				
NF Assets	300	+20	0	320
F Assets	20	-3	0	17
Liabilities	250	+15	+2	267
Own Funds	70	+2	-2	70

Extrabudgetary unit 2				
	OB	TR	OEF	CB
Revenue		3		
Expense		2		
NLB		1		
NF Assets		+5	+10	15
F Assets		-1	+3	2
Liabilities		+3	+11	14
Own Funds		+1	+2	3

Legend
 OB: Opening balance
 TR: Transactions
 OEF: Other economic flows
 CB: Closing balance

Step 2. Determine Other Volume Changes of New Units Consolidated into the Budget

Year-by-year, new units are consolidated as part of the budget (see list and year included below). These units' balance sheets are disaggregated whereby other volume changes (OVCs) can be determined. The opening balance of all assets and liabilities are recorded as OVCs. See extrabudgetary unit 2 in Figure 1 for an illustration. The OVCs are recorded in step 3a.

- National parks (2015)
- Pension Fund (2016)
- Fund for professional rehabilitation (2016)
- Innovation Center Banja Luka (2016)

Step 3a. Record Line-by-Line the Financial Statement into a Flat Table

Record each line-item from the financial statement – this illustration uses 4-digit COA recording. A 6-digit recording is envisaged in the future using data from the general ledger that corresponds with the financial statement. Amounts are fictive.

- Revenue and expense transactions (TR). Sample:

	Economic code	POSITION	Record of AOP	GFSM_2014_ Code	ESA_2010_ Code	2014	2015
Transactions	7	A. INCOME (202 + 226 + 245 + 249 + 259)	201				876,327
	71	AND TAX REVENUES (203 + 207 + 209 + 211 + 216 + 220)	202				701,062
	711	1. Income from income tax and profit (204 to 206)	203				76,240
	7111	A) Income tax	204				0
	7112	B) Taxes on profits of legal entities	205				63,972
	7113	V) Taxes on capital gains	206				11,392
	712	2. Social security contributions (208)	207				20,156
	7121	A) Social security contributions	208				20,156
	713	3. Taxes on personal income and income from self-employment	209				73,611
	7131	A) Personal income tax and income from self-employment	210				73,611

- Opening (OB) and closing stocks (CB) of the balance sheet. Sample:

	Economic code	POSITION	Record of AOP	GFSM_2014_ Code	ESA_2010_ Code	2014	2015
Closing_Balance		ASSETS	001				
		A. CURRENT ASSETS (002 + 032)				236,608	246,248
	12	AND SHORT-TERM FINANCIAL ASSETS (003 + 008 + 011)	002			236,608	244,495
	121	1. Cash and cash equivalents (004 to 007)	003			105,159	107,788
	1211	A) Cashier	004			0	0
	1212	B) Bank accounts	005			105,159	106,912
	1213	V) Separate cash and letters of credit	006			0	0
	1219	G) Other cash and cash equivalents	007			0	0
	122	2. Short-term placements (009 to 013)	008			70,106	75,364

Step 3a. Record Line-by-Line the Financial Statement into a Flat Table... Continued

- c. Include OVCs, as determined in step 2, per balance sheet item. Any new units that were previously recorded as public sector units, require a negative other volume change recording of equity assets per the previous valuation. Sample:

	Economic code	POSITION	Record of AOP	GFSM_	ESA_	2014	2015
				2014_ Code	2010_ Code		
Other_volume_changes		ASSETS	001				
		A. CURRENT ASSETS (002 + 032)					
	12	AND SHORT-TERM FINANCIAL ASSETS (003 + 008 + 01	002				
	121	1. Cash and cash equivalents (004 to 007)	003				
	1211	A) Cashier	004				0
	1212	B) Bank accounts	005				379
	1213	V) Separate cash and letters of credit	006				0
	1219	G) Other cash and cash equivalents	007				0
	122	2. Short-term placements (009 to 013)	008				

- d. Identify and record other price changes (OPCs) – derived from revenue and expenditure line-items – per relevant balance item. Sample:

	Economic code	POSITION	Record of AOP	GFSM_	ESA_	2014	2015
				2014_ Code	2010_ Code		
Other_Price_Changes		ASSETS	001				
		A. CURRENT ASSETS (002 + 032)					
	12	AND SHORT-TERM FINANCIAL ASSETS (003 + 008 + 01	002				
	121	1. Cash and cash equivalents (004 to 007)	003				
	1211	A) Cashier	004				0
	1212	B) Bank accounts	005				2,019
	1213	V) Separate cash and letters of credit	006				0
	1219	G) Other cash and cash equivalents	007				0
	122	2. Short-term placements (009 to 013)	008				

- e. Derive balance sheet transactions $TR = CB - OB - OPC - OVC$ per balance sheet item. Hereby COA items in the categories 5, 6, 8, and 9 need not be used in the compilation process – but can serve as a vital reference. Sample result:

	Economic code	POSITION	Record of AOP	GFSM_	ESA_	2014	2015
				2014_ Code	2010_ Code		
Transactions		ASSETS	001				
		A. CURRENT ASSETS (002 + 032)					
	12	AND SHORT-TERM FINANCIAL ASSETS (003 + 008 + 01	002				
	121	1. Cash and cash equivalents (004 to 007)	003				
	1211	A) Cashier	004				0
	1212	B) Bank accounts	005				-645
	1213	V) Separate cash and letters of credit	006				0
	1219	G) Other cash and cash equivalents	007				0
	122	2. Short-term placements (009 to 013)	008				

Step 3b. Code Each financial Statement Item per GFSM 2014 and ESA 2010

Each financial statement line-item is coded – in parallel with *GFSM 2014* and *ESA 2010* classifications. For now, 4-digit COA codes are used. In the future a more refined 6-digit process is envisaged. Only the most detailed level of COA line-items are coded. Later in the process these classified line-items are aggregated within the coding structures of the reporting tables.

Sample revenue items:

	Economic code	POSITION	Record of AOP	GFSM_2014_ Code	ESA_2010_ Code	2014	2015
Transactions	7	A. INCOME (202 + 226 + 245 + 249 + 259)	201				876,327
	71	AND TAX REVENUES (203 + 207 + 209 + 211 + 216 + 220)	202				701,062
	711	1. Income from income tax and profit (204 to 206)	203				76,240
	7111	A) Income tax	204	1113	D51		0
	7112	B) Taxes on profits of legal entities	205	1112	D51		63,972
	7113	V) Taxes on capital gains	206	1111	D51		11,392
	712	2. Social security contributions (208)	207				20,156
	7121	A) Social security contributions	208	1221	D613		20,156
	713	3. Taxes on personal income and income from self-e	209				73,611
	7131	A) Personal income tax and income from self-emplo	210	1111	D51		73,611

Sample balance sheet items – OB, CB, TR, OVC, and OPC are coded fully:

	Economic code	POSITION	Record of AOP	GFSM_2014_ Code	ESA_2010_ Code	2014	2015
Closing_Balance		ASSETS	001				
		A. CURRENT ASSETS (002 + 032)				236,608	246,248
	12	AND SHORT-TERM FINANCIAL ASSETS (003 + 008 + 01)	002			236,608	244,495
	121	1. Cash and cash equivalents (004 to 007)	003			105,159	107,788
	1211	A) Cashier	004	3212	F21	0	0
	1212	B) Bank accounts	005	3212	F22	105,159	106,912
	1213	V) Separate cash and letters of credit	006	3212	F22	0	0
	1219	G) Other cash and cash equivalents	007	3212	F21	0	0
	122	2. Short-term placements (009 to 013)	008			70,106	75,364

Step 4. Adjust revenue and expense items, using double accounting

- Unwind depreciation of roads & highways
- Where changes are needed to other codes other than the default bridge – some 6-digit items diverge from the 4-digit coding.
- Adjustments related to COA accounts 4715, 4719, 7715, and 7719
- Imputing interest from COA accounts 6216 and 9213
- Calculating adjustment transactions derived from provisions

Step 4. Adjust Revenue and Expense Items, Using Double Accounting ... Continued

	Economic code	POSITION	Record of AOP	GFSM_2014_ Code	ESA_2010_ Code	2014	2015
Other_Adjustments	7719	Write-off liabilities are capital grants received	A1	14412	D759		-232
	D7719	Double accounting - Write-off liabilities are capital grants received	A1	1442	D99		232
	7719	Unwind revenue adjustments based on tax records	A2	14412	D759		-700
	D7719	Double accounting - 7719 to OEFs	A3	4208	K72		700
	D7719	Double accounting - 7719 recalculate TRs from OEFs	A3	3208	F89		-700
	4719	Overbudget expenditures 4719	A4	2632	D99		-289
	D4719	Double accounting - 4719 to social benefits	A4	272	D632		114
	D4719	Double accounting - 4719 to compensation of employees	A4	211	D11		52
	D4719	Double accounting - 4719 to OEFs - write-off	A4	4112	K72		123
	D4719	Double accounting - 4719 recalculate TRs from write-off	A4	3112	P51G		-123

Step 5. Populate Detailed Output Tables Using Pivot Tables

REVENUE		2014
1	REVENUE	631.1
11	Taxes	522.3
111	Taxes on income, profits, and capital gains	82.1
1111	Payable by individuals	42.7
1112	Payable by corporations and other enterprises	28.9
1113	Other	0.0
112	Taxes on payroll and workforce	0.0
113	Taxes on property	0.0

Step 6. Verify Net-Lending Borrowing Against Financing

		2014
1	Revenue	631.1
2	Expense	632.5
NOB	Net operating balance (1-2)	-1.4
31	Net/gross investment in nonfinancial assets	0.2
2M	Expenditure	632.7
NLB	Net lending (+) / Net borrowing (-) (1-2-31) or (1-2-31)	-1.6
FIN	Financing (32-33)	-1.2
32	Net acquisition of financial assets	22.7
33	Net incurrence of liabilities	23.9
NLBz	Overall statistical discrepancy (NLB-FIN)	-0.4

Appendix II. Proposed Compilation Process for Extrabudgetary Units

37. During the May 2018 mission, the advisor presented a procedure to translate financial statements into GFS. This procedure was covered during the SECO-funded GFS workshop held in Ljubljana in March 2018. The procedure follows a systematic approach to unravel a(n) (audited) financial statement and translate line-by-line income statement and balance sheet items into the *GFSM 2014* and *ESA 2010* framework. It aligns fundamental accounting principles with the frameworks in a step-by-step approach. See also DM 6466270 for a sample procedure as explained during the GFS workshop.

- a. Step [A] verifies that the 'net income' or 'net profit' (as reported in the Financial Statement) is linked with the balance sheet in the line item 'retained earnings' or 'profit of the year' in the 'capital account' or 'own funds account'⁵.
- b. In a similar fashion NLB is linked with financing in the *GFSM 2014* and *ESA 2010* frameworks. Step [A] verifies that 'net income' can be linked with the balance sheet. See also 0.
- c. Step [B] estimates net flows by calculating the difference between closing and opening balances of each balance sheet item (as reported in the Financial Statement). See also 0.
- d. The *GFSM 2014* and *ESA 2010* frameworks go further to distinguish net flows into transactions and 'other economic flows'
- e. The *GFSM 2014* and *ESA 2010* frameworks sometimes also record gross transactions (i.e. separating the acquisition and disposal of assets, and the incurrence and repayment of liabilities),
- f. To determine 'other economic flows', step [C] identifies (1) revaluations; (2) foreign exchange gains and losses; and (3) impairments and write-offs. In addition, step [C] unravels (4) 'provisions' recording in financial statements and adjusts revenue and expenditure recording to ensure that expenses are recorded in the period they are actually spent. Items (1) – (4) are this treated differently in the *GFSM 2014* and *ESA 2010* frameworks than in accounting. See also 0 and 0.
- g. Step [D] allocates all flows and stocks to the *GFSM 2010* and *ESA 2010* classifications, whereby data can be presented in these frameworks – step [E]. With step [E], the balancing items NLB and Financing are also calculated. If need be, the financial statements are further scrutinized for adjustments (as described in step [C]) that will lead to the statistical discrepancy to be reduced to zero. See also 0 and 0.

⁵ The accounting terminology used in financial statements varies per corporation. Here generic terms are used.

38. The translation process generally is an iterative process and requires researching the notes of the financial statements. Because the income statement and balance sheet mainly provide a summarized view, notes support the process of classifying stocks and flows at the most detailed level possible. In addition, the notes of a financial statement can help provide key information to interpret economic events and thereby correctly classify transactions per *GFSM 2010* and *ESA 2010*.

39. In the case supporting information is not available within financial statements or other administrative documentation, the compiler makes assumptions on the economic nature of transactions. These assumptions are based on the economic activity and/or objectives of an institutional unit. For instance, annual transfers received by an extrabudgetary unit from a government unit are classified as grants, salaries and wages can be divided pro rata into compensation of employees and social contributions – benchmarked against a similar unit, and extrabudgetary units generally do not collect taxes as revenue. The underlying rationale of each assumption needs to be documented and, where feasible, supported with references to *GFSM 2014* and *ESA 2010*. Importantly, the more material the unit, the more the compiler should use an evidence-based approach in classifying transactions, rather than following assumptions.

40. Once following through the process, a complete list of transactions, OEFs, and closing balances will be available for each unit, including all balancing items in the systems of accounts and with a reconciliation between NLB and financing. These data can be used for compiling a broad set of GFS and related macroeconomic statistics tables. Considering the financial statements are compiled per national business accounting standards, the compiled data will follow accrual accounting, and follow balance sheet valuations aligned with fair value. This will concurrently serve as a best possible proxy for market, nominal and face value in the *ESA 2010*, *GFSM 2014*, and *PSDS CG* frameworks, including revenue, (functional) expenditure, and (financial) balance sheet data. If units have a significantly material impact on select balance sheet items, additional valuation methods may be considered to align better with reporting standards on a case-by-case basis.

Figure 3. Step [A] – Verifying Net Income

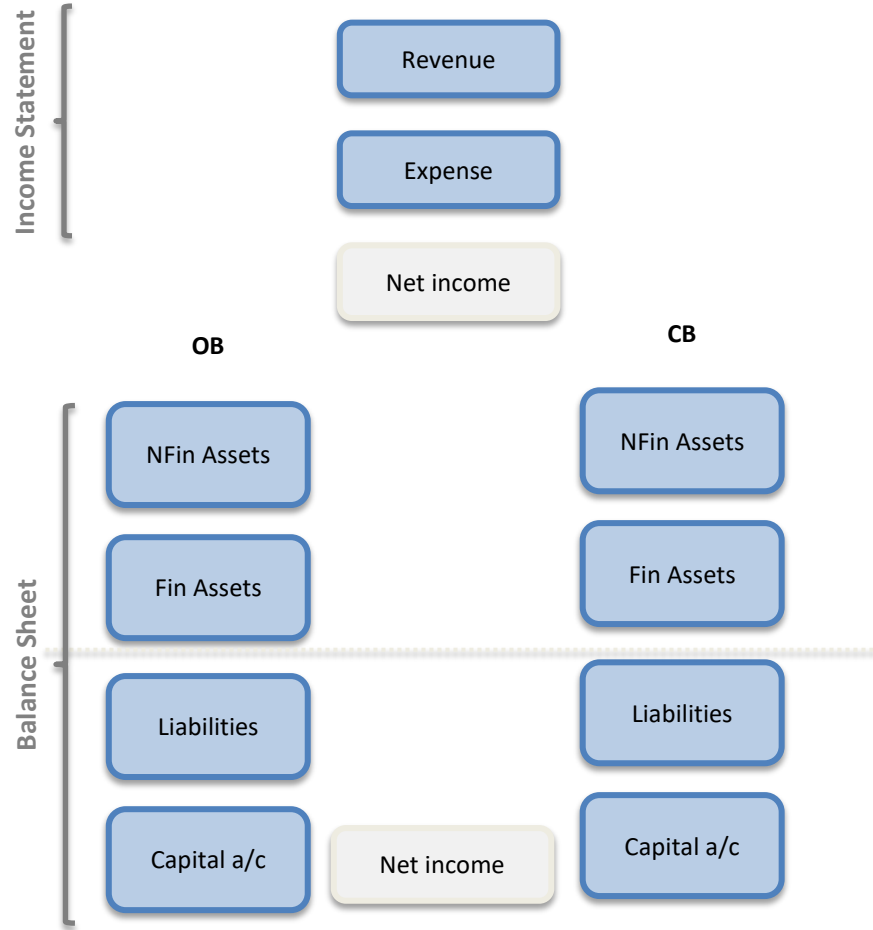


Figure 4. Step [B] – Estimating Net Flows

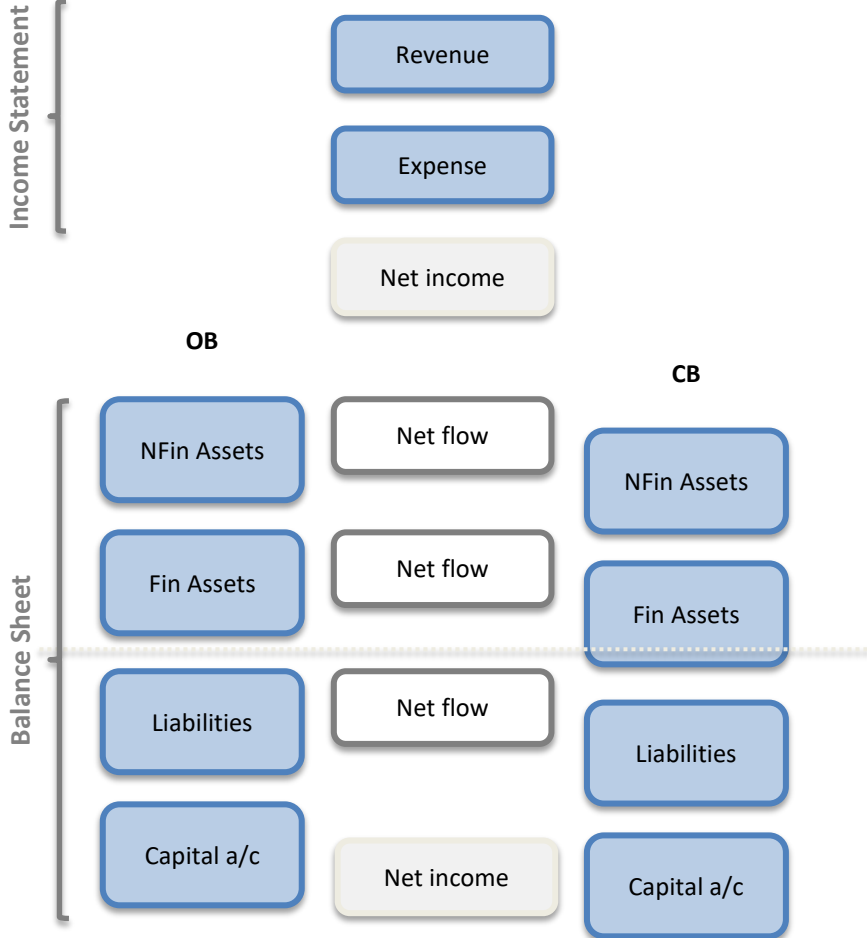


Table 8. Generic Business Accounting Standards and GFS Recording Standards Compared –Treatment of Specific Concepts in the GFSM 2014 and ESA 2010 Frameworks

	Accounting	GFSM 2014 / ESA 2010
(1) Provisions	Expense is accrued in the year it is known that the expense will likely occur in the future – time and amount is unknown; however, amount is estimated based on the relevant information.	Expense is only recorded when the actual economic event takes place
	A counter-transaction is recorded in the 'provisions' line item of the 'Capital Account'.	No provision item on the balance sheet
	When actual expense event takes place – an outflow is recorded from the 'provisions' account – impacts only the balance sheet	When actual expense event takes place – expense is recorded
	Income is accrued when provisions are 'released' – i.e. it is no longer likely the 'provisioned' expense will be spent	The release is not recorded as income
(2) Revaluations	A revaluation of an asset is recorded as income or expense, thus impacting the 'net income'. The value of the requisite asset item increases or decreases accordingly	A revaluation of an asset is not recorded as part of revenue or expense, it is recorded as an 'other economic flow' and thereby the value of the requisite asset item increases or decreases accordingly.
(3) Foreign exchange losses or gains	A foreign exchange loss or gain on an asset or liability is recorded as income or expense, thus impacting the 'net income'. The value of the requisite balance sheet item increases or decreases accordingly.	A foreign exchange loss or gain of an asset or liability is not recorded as part of revenue or expense, it is recorded as an 'other economic flow' and thereby the value of the requisite balance sheet item increases or decreases accordingly.
(4) Impairments or write-offs	An impairment and a write off of debt receivable is recorded as an expense, thus impacting the 'net income'. The value of the requisite financial asset item decreases accordingly	An impairment and a write-off of debt receivable is recorded as an 'other economic flow' thus impacting the 'net income'. The value of the requisite financial asset item decreases accordingly. However, if an agreement is reached with the debtor, the write-off will be recorded as a 'capital transfer' expense.

Figure 5. Step [C] – Determine ‘Other Economic Flows’ and Unravelling Provisions

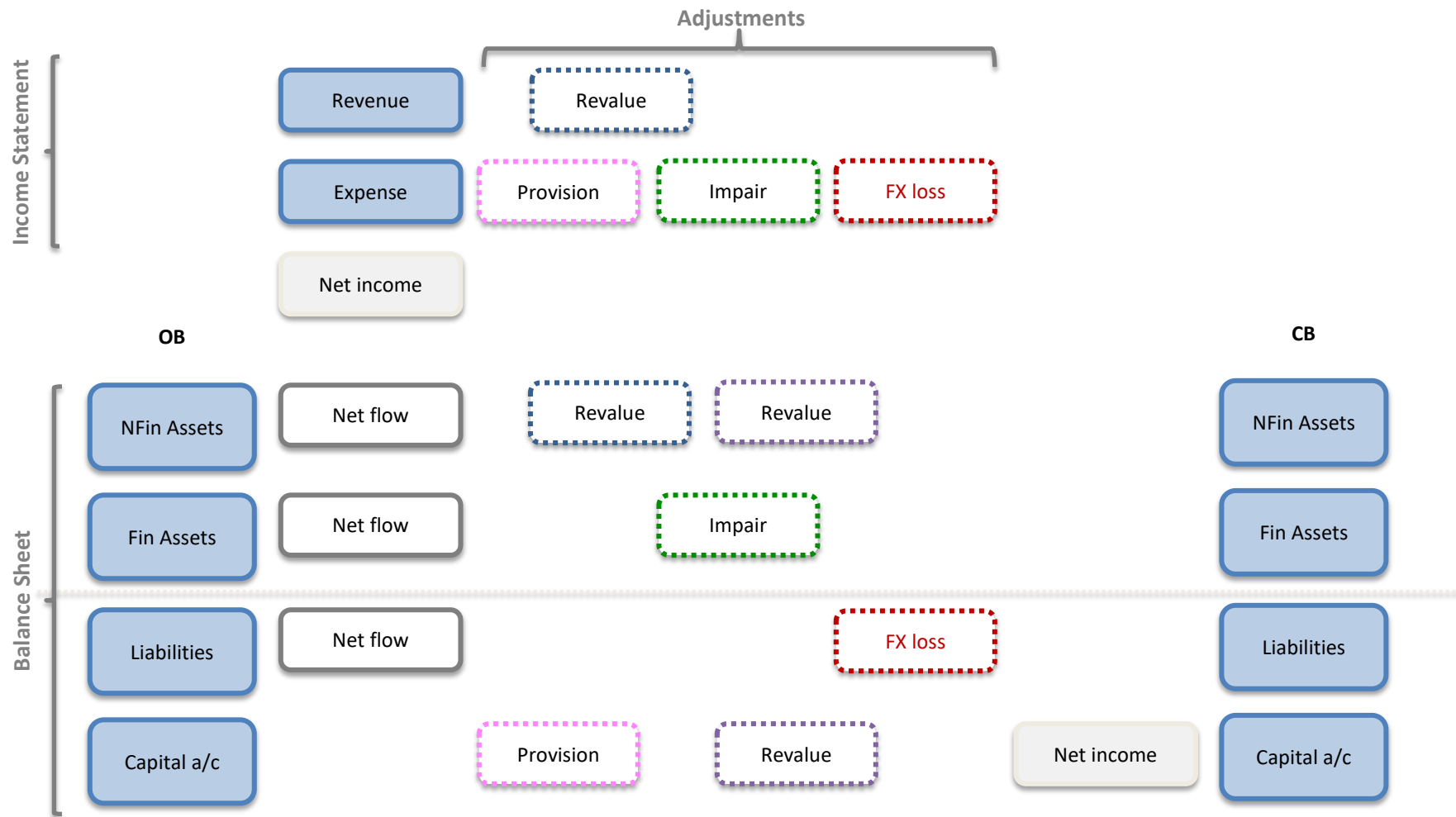


Figure 6. Step [D] – Allocating GFS Transactions, OEFs and Stocks

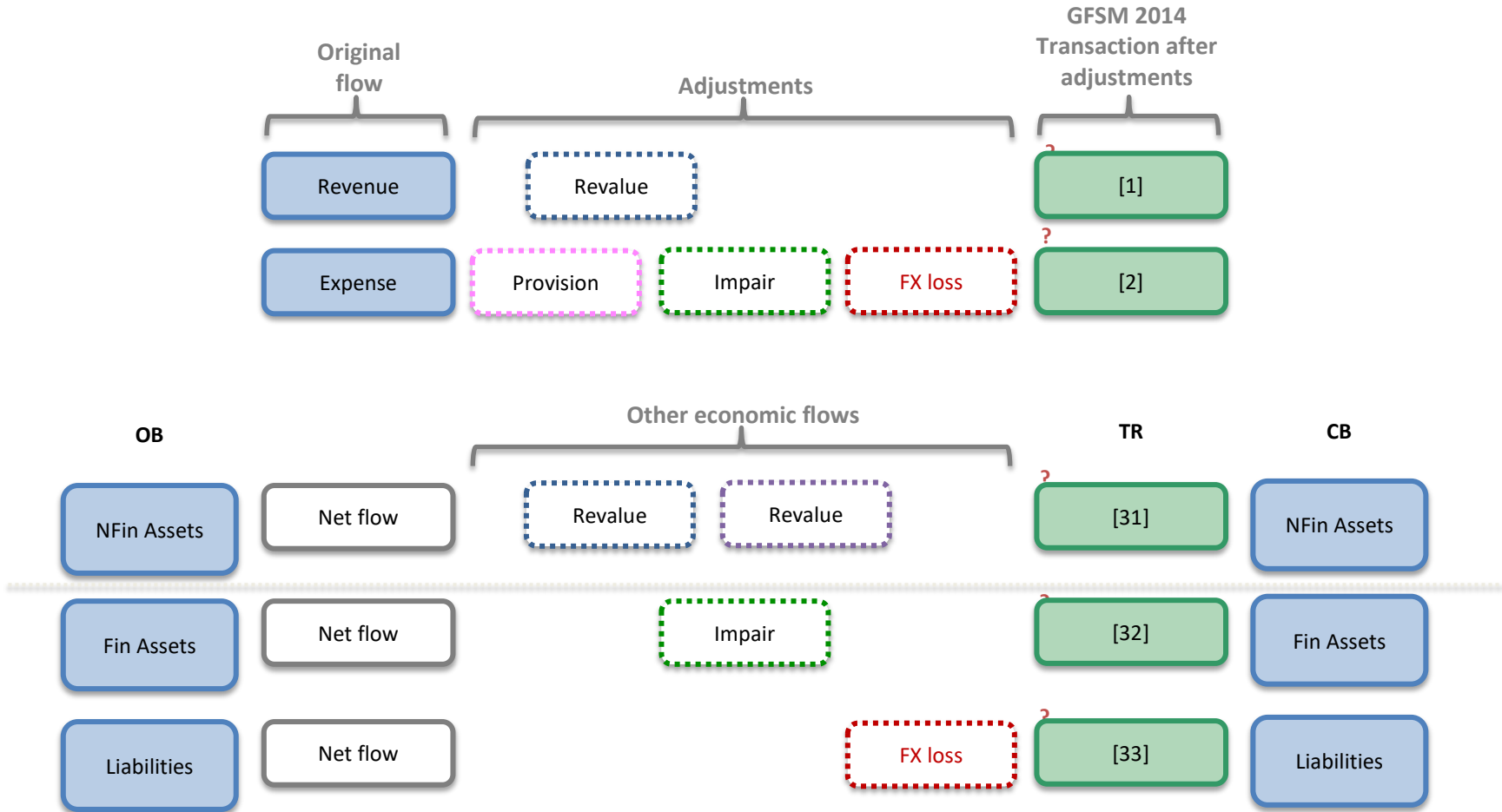


Figure 7. Step [E] – Finalizing GFS Framework, and Calculating NLB and Financing

