



GFS and financial accounting

John Verrinder
Eurostat



National accounts

Macroeconomic accounts produced by statisticians !

Designed in the 1950s-60s

*Draw from both economic theory and
business accounting*

Improved and expanded over time

*>> Worldwide **System of National Accounts (SNA)***



The European System of Accounts (ESA 2010)

*The European version of the
worldwide standards*

EU Regulation

*= directly applicable in the
Member States*

*+ specific rules for government
(Manual)*



Covers the whole economy...

Government Finance Statistics

"General Government Sector" in national accounts – grouping of units

Expenditure

- Revenue

=Deficit

Financing transactions

Balance sheets (assets, liabilities/debt)



ESA vs IFRS/IPSAS?

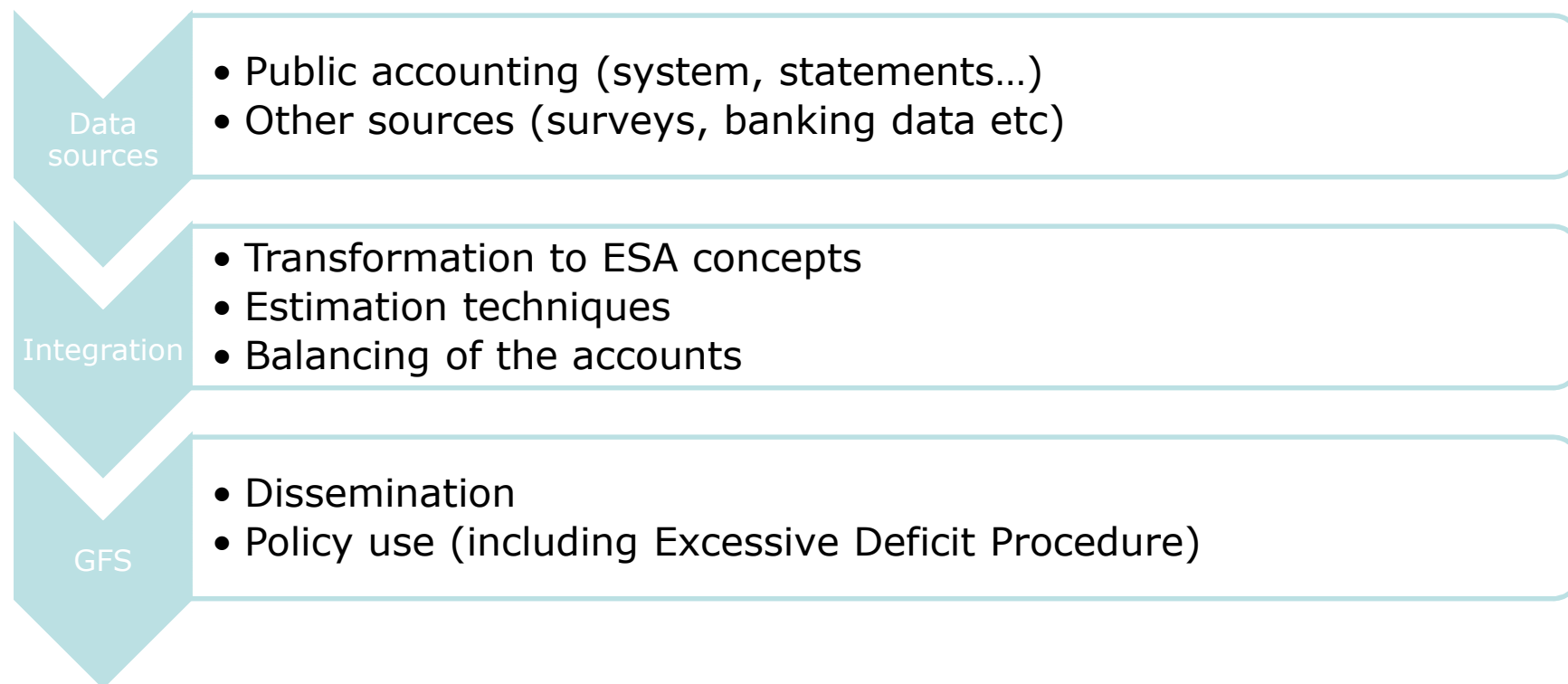
Work of International Public Sector Accounting Standards Board (IPSASB)

Oct 2012 Consultation paper on IPSAS and GFS

Substantial areas of similarity, but also fundamental differences to be managed

IPSASB >> "Unnecessary differences should be avoided"

Public accounting to GFS



Areas of similarity

Integrated system of stocks and flows

Balance sheets

Double/Quadruple entry accounting

Accruals basis

...when economic value is created, transformed or extinguished

Concepts of control



Main areas of difference (except jargon...)

Consolidation (ESA records shareholdings in controlled entities)

Valuation - ESA general preference for market value

Treatment of holding gains and losses - Not income/expense!

Investment is expenditure (not depreciation)

Provisions/guarantees and employee pensions