

# **Implementing IPSAS : the State of Geneva experience**

Presentation by the Geneva cantonal  
inspectorate of finance to the  
EURORAI international seminar  
in BAD-HOMBURG

# Contributors to the standardisation of public accounts in Switzerland

- Swiss Conference of Financial Directors
- The MCH2 Group, which has implemented the new public sector accounting manual
- The Swiss Public Sector Financial Reporting Advisory Committee , which has the following goals:
  - to update and clarify the MCH2 Public Accounting Manual
  - to act on behalf of CH in respect of proposals for new IPSAS standards
- The IPSAS competence centre in Geneva, the goal of which was to implement standards for the Geneva public sector accounts.



# The Geneva IPSAS application project

- First applied to the 2008 accounts, with the following exceptions :
  - Employee Benefits
  - Related Party Disclosures
  - Consolidation
- Consolidation for the 2010 accounts

# New features

- Cash flow statement
- Statement of changes in Net Assets/Equity including funds allocated
- Detailed disclosures and explanations
- => A very marked improvement in the accuracy and clarity of financial information.

# The new accounts features

ACTIF		Bilan au 31.12.2007 retraité IPSAS	Bilan au 31.12.2007 avant IPSAS
ACTIF COURANT	Trésorerie et équivalents de trésorerie	241,6	211,9
	Créances fiscales	2.714,4	2.045,8
	Autres créances à court terme	749,6	1.039,8
	Placements financiers à court terme	6,8	416,1
	Instruments dérivés actifs	39,1	-
	Actifs transitoires	263,4	9.370,4
	Stocks	11,0	-
	<b>Actif courant</b>	<b>4.025,8</b>	<b>13.083,9</b>
	ACTIF NON COURANT	Prêts et créances à long terme	406,4
Placements financiers à long terme		321,7	-
Immobilisations corporelles		11.335,2	4.446,3
Immobilisations incorporelles		0,3	-
Prêts du patrimoine administratif		64,5	180,8
Créances de location-financement		1.863,4	-
Participations du patrimoine administratif		783,5	977,9
Subv. d'investissement accordées		370,9	458,0
<b>Actif non courant</b>		<b>15.146,0</b>	<b>6.063,0</b>
<b>TOTAL DE L'ACTIF</b>		<b>19.171,8</b>	<b>19.146,9</b>

PASSIF		Bilan au 31.12.2007 retraité IPSAS	Bilan au 31.12.2007 avant IPSAS	
PASSIF COURANT	Fournisseurs et autres créanciers	212.9	628.4	
	Autres engagements courants	3'096.4	10'367.9	
	Passifs transitoires	396.6	391.0	
	Instruments dérivés passifs	91.3	-	
	Emprunts à court terme	719.9	719.9	
	Part à court terme des emprunts à long terme	1'523.3	-	
	<b>Passifs courants</b>	<b>6'040.5</b>	<b>12'107.2</b>	
	PASSIF NON COURANT	Emprunts à moyen et long terme	9'962.0	11'537.0
		Provisions pour risques et charges	846.4	1'330.6
Fonds alloués par des tiers avec conditions		38.3	100.3	
<b>Passifs non courants</b>		<b>10'846.8</b>	<b>12'967.8</b>	
<b>Total des fonds étrangers</b>	<b>16'887.3</b>	<b>25'075.1</b>		
FONDS PROPRES	Fonds propres affectés	230.4	120.2	
	Réserve conjoncturelle	495.7	495.7	
	Réserve de réévaluation	171.2	-	
	Fonds propres reportés	1'387.2	-6'544.1	
	<b>Total des fonds propres</b>	<b>2'284.6</b>	<b>-5'928.1</b>	
<b>TOTAL DU PASSIF</b>	<b>19'171.8</b>	<b>19'146.9</b>		



# The new accounts features

		Compte 2007 retraité IPSAS	Compte 2007 avant IPSAS	
REVENUS	Impôts	5.970,9	5.569,2	
	Amendes, patentes et concessions	67,1	12,7	
	Revenus des biens du patrimoine administratif	365,1	315,7	
	Revenus provenant de contreprestations	404,9	392,2	
	Subventions, dédommagements et transferts	400,0	364,2	
	Utilisation et dissolution de provision	271,4	360,4	
	Produits différés de subventions d'investissement	0,5	-	
	Autres revenus	10,1	323,4	
	Revenus Fondation de valorisation	203,5	203,5	
	<b>Revenus d'exploitation</b>	<b>a</b>	<b>7.693,6</b>	<b>7.541,2</b>
CHARGES	Charges de personnel	1.942,9	1.925,2	
	Dépenses générales	416,4	419,5	
	Subventions accordées	3.266,7	3.262,6	
	Charges de dédommagements et de transferts	338,7	208,4	
	Amortissements du patrimoine administratif	336,5	281,8	
	Constitution de provisions	397,6	317,6	
	Autres charges	130,1	86,7	
	Charges Fondation de valorisation	60,5	60,5	
	<b>Charges d'exploitation</b>	<b>b</b>	<b>6.889,4</b>	<b>6.562,2</b>
	<b>Résultat d'exploitation</b>	<b>c=a-b</b>	<b>804,2</b>	<b>978,9</b>
	Revenus financiers	d	170,3	170,3
	Charges financières	e	381,9	363,1
	<b>RESULTAT NET</b>	<b>f=c+d-e</b>	<b>592,6</b>	<b>786,1</b>



# Some examples of applications



REPUBLIQUE  
ET CANTON  
DE GENEVE

PORT TENEBRAS LUX

20 May 2011

Cantonal inspectorate of finance

# Accounting for non-monetary subsidies

- Arising as a result of the free provision (or provision at preferential rates) of services, premises, land, equipment, funding (grants, loans, guarantees, etc.) or human resources
- The amount concerned is equivalent to the difference between the amount invoiced by the State (zero or preferential rate) and the amount that would normally have been charged for the service or item provided
- Subsidies that do not appear in the accounts of individual institutions or of the State
- Incomplete financial statements
- No statement of the total amount of State aid or subsidies



# Accounting for subsidies in kind

Work carried out in compliance with IPSAS 23 :

- Inventory of subsidies in kind
- Measurement of the value of tacit subsidies (e.g. rents) by comparison with the market rate charged for similar premises
- Recognised as income in the accounts of the subsidised entity and as a subsidy expense in the State accounts
- Recognition of the cost of free provision (rent) as an expense in the accounts of the subsidised entity and as (rental) income in the accounts of the State.

# Tax income

- Compliance with the due date principle: The year in which the income is recognised must be the year of tax liability for the taxpayer.
- Recognition of a (estimated) income before effective taxation.
- By definition, an estimate is not precise => so adjustments must be recognised in subsequent years.
- There is a risk that the criteria used for estimation could change depending on the results you want the accounts to show (it should nevertheless be noted that the auditor makes an annual check on the reliability of these estimates and the way in which they are reported in the accounts, and will report any problems).



# Fixed assets

- New inventory of capital assets (3,000+ buildings)
- Revaluation of assets in excess of 7 billion with an impact on equity
- Assets measured at reconstituted historical cost (net replacement value)
- Most assets measured at cost price
- Assets held for resale (mainly land) measured at fair value

# Pension fund commitments

- IPSAS 25 and IAS 19 require pension fund deficits as liabilities of the public authority
- Under swiss law, there is currently no such obligation on public authorities
  - LPP swiss system for public authorities based is on a distribution/capitalisation model
  - System confirmed by the federal chambers in 2010
  - Expert appraisal method (80% coverage in 40 years)
- The deficit is not recognised as a liability
- The pension fund deficit is published as a note to the accounts

# Conclusion

Application of the IPSAS in Geneva has delivered :

- More reliable accounts in terms of :
  - Comprehensiveness
  - Neutrality
- Improved understandability (disclosures)
- Timeliness information
- True comparison against budget
- Improved performance analysis

THANK YOU FOR YOUR ATTENTION



ANY QUESTIONS?



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