



Papua New Guinea

**DEPARTMENT OF FINANCE
Office of the Secretary**

FINANCE INSTRUCTION 07/2021

JUNE 2021

SUBJECT: PREPARATION OF ANNUAL FINANCIAL STATEMENTS FOR PROVINCIAL AND LOCAL LEVEL GOVERNMENTS UNDER THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD (IPSAS) –REPORTING UNDER THE CASH BASIS OF ACCOUNTING

1. INTRODUCTION

1.1 Authority

This Financial Instruction (FI) is issued pursuant to Section 117 of the *Public Finances (Management) Act 1995 as amended as amended to 2018*.

It is a requirement under section 114 (1) of the Organic Law on Provincial Governments and Local Level Governments that each Provincial and LLG government should submit its full financial statements of the Financial Position and of the affairs of the government for each fiscal year, in such a form and detail required by the Department of Finance for report to the National Parliament.

1.2 Legality & Enforcement

All Provincial Governments and Local Level Governments are required to apply this Finance Instruction in preparing Annual Financial Statements based on the International Public Sector Accounting Standard (IPSAS)- Reporting under the Cash Basis of Accounting; non-compliance with this or other FIs will invoke sanctions and/or penalties under the PFM Act or other relevant laws.

1.3 Precedence

This Finance Instruction 07 of 2021 supersedes FI-06 of 2020.

1.4 Financial Instructions 4/2000 and 5/2000

Financial Instructions 4/2000 and 5/2000 which dealt with Provincial and LLG Annual Financial Statements respectively are revoked and replaced by this Financial Instruction for all Provinces where IFMS has been rolled over.

Provinces not on IFMS may apply this FI but if it is not possible they will continue using F4/2000 and F5/2000 until IFMS is rolled over. F4/2000 and F5/2000 will be completely revoked and replaced by this FI once IFMS has been rolled over to all Provinces.

2. PURPOSE

2.1 Basis of Preparation

This FI requires Provincial Governments and LLGs to adopt and prepare Annual Financial Statements (AFS) using the ***International Public Sector Accounting Standard (IPSAS) - Reporting under the Cash Basis of Accounting*** and in conformity to the **Public Finances (Management) Act**.

2.2. Responsibility to Produce and Submit Financial Statements

The Provincial Administrator and Chief Executive Officers/Local Level Government Managers are tasked with the responsibility to produce financial statements and a performance and management report as prescribed in PFM Act Part IX Provincial and Local Level Government, **Section 71 Statement Of Financial Position, Etc.**, Of Provincial Government And Local-Level Government where it states "A statement of the financial position and affairs of a Provincial and Local-level government are required by Section 114 of the Organic Law on Provincial Governments and Local-level Governments shall contain such information as is specified in the Financial Instructions".

Annual financial statements are essential mechanism through which government entities discharge their accountability and stewardship of public resources to the National Parliament and the community in general.

2.3 Format of Financial Statements

Illustrative IPSAS Annual Financial Statements formats to which Section 5 (4), and (5) of the Public Finances (Management)(Amended) Act 1995 (as amended)relates are provided as Attachment to this FI.

3. EXTERNAL REPORTING

3.1 Accounts and Records

Provincial Governments and LLGs are required by **section 68 of the PFMA, (ACCOUNTS, RECORDS, ETC)**, to keep proper accounts and records of their transactions and affairs and develop adequate controls to ensure accurate and timely preparation of the annual financial statements.

Adequate audit trails, including documentary evidence, must be available to support the production of the financial statements. Accounting working papers, including a trial balance year-end journal entries and other accounting information must be maintained.

Reporting format should remain consistent from one period to the next, with an explanation for any changes made to the standard reporting outline.

3.2 Mandatory Parts of the Annual Financial Statements

The financial statements are general purpose financial statements prepared in accordance with the PFMA and the IPSAS - *Financial Reporting Under the Cash Basis of Accounting*. There are five mandatory parts of the financial statements:

3.2.1 Declaration by the Management; the financial statements must be signed and dated by the Provincial Administrator and the Provincial Finance Manager (PFM) in case of Provinces; and by the LLG CEO and the District Finance Manager (DFM) in case of LLGs. The management has to declare that the Provincial Government or LLG fully meets the requirements of the PFMA and the IPSAS Cash Basis of Accounting standard.

3.2.2 Statement of Cash Receipts and Payments; containing details of payments controlled by the entity. The Statement of Cash Receipts and Payments should present the following amounts for the reporting period:

- (a) Cash receipts of the reporting entity showing separately a sub-classification of cash receipts using a classification basis appropriate to the reporting entity's operations;
- (b) Cash payments of the reporting entity showing separately a sub-classification of cash payments using a classification basis appropriate to the reporting entity's operations; and
- (c) Beginning and closing cash balances of the reporting entity.

3.2.3 Statement of Budget Comparison; Provincial Governments and LLGs are subject to budgetary limits in a form of appropriation from the Government and as approved by the Parliament. Comparison of revenue collections against estimates; and actual payments with the budgeted amounts per classes of payments shall be disclosed for the reporting period.

3.2.4 Accounting Policies and Other Explanatory Notes; Notes to the financial statements should be presented in a systematic manner. They should prescribe each specific accounting policy that is necessary for a proper understanding of the financial statements. The balances of individual categories in the Statement of Cash Receipts and Payments (consolidated) and the Statement of Budget Comparison have to be linked/ referenced to the total amount of individual categories in the notes.

Payments made by third parties and payments made/revenue collected on behalf of other parties will be disclosed in the notes to the financial statements.

3.2.5 Schedules of: Assets, Investments, Liabilities, Commitments and Contingencies.

The amounts disclosed in these schedules will not form part of the Statement of Cash Receipts and Payments. Such disclosure is necessary for the purposes of accountability, transparency as well as in preparation for introduction of the accrual basis of accounting in future.

The illustrative examples of financial statements in the Attachment are for guidance only and the classes / line items as presented could be modified to suit the reporting entity's operations.

3.3 Reporting

For the purpose of the *Public Finances (Management) Act section 71*, the Annual Report shall contain:

- (i) Annual Financial Statements including Notes, as prescribed in this FI; and
- (ii) Audit Report as issued by the Auditor General accompanying the Annual Financial Statements; and
- (iii) As an Appendix to the Annual Financial Statements the Report on Performance of the Provincial Government or Local-level Government during the year.
 - a. Prepared in accordance with the requirements of the *Organic Law on Provincial Governments and Local Level Governments, Sections 114 and 119*.
 - b. Information about the entity's affairs required under the *PFMA, Section 71*. Performance reporting is also encouraged under the *IPSAS - Financial Reporting Under the Cash Basis of Accounting*, to enhance accountability and transparency.
 - c. The Report on Performance does not form part of the Statement of Cash Receipts and Payments.

The Report is to be issued to:

- (i) the respective Local-level Governments Presidents, Governors and Minister responsible for Provincial Government and Local-level Government matters Local-level Governments Presidents respectively, after approval by Provincial and Local-level Governments Assemblies, prior to tabling in the National Parliament; and
- (ii) The Minister for Finance through the Secretary for Finance.

4. EFFECTIVE DATE OF THIS FINANCIAL INSTRUCTION

This Financial Instruction shall be effective immediately and the Financial Statement Formats attached shall be the Format to be used to produce the Provincial and LLG Annual Financial Statements for the fiscal year ending 31 December 2019 and fiscal years thereafter.

Those Provinces and LLGs with outstanding AFSs prior to 2019 may, where possible, apply the formats in this FI in preparing those AFSs, but it is not mandatory.

HELP DESK AND CONTACTS:

For more information on this Financial Instruction contact:

Mr. Thompson Alois, Assistant Secretary Financial Reporting Branch; phone 71000380; email: thompson_alois@finance.gov.pg

Mr. Samson Metofa, First Assistant Secretary, Financial Reporting and Compliance Division; phone 799 86000; email: samson_metofa@finance.gov.pg

Issued by:



DR. KEN NGANGAN, OBE PhD CMA CPA
Secretary for Finance



Date: 12 / 07 / 2021

Attachment

**Provincial & Local Level Government
IPSAS Annual Financial Report**

Annual Financial Report Contents		
	Declaration by Management	
A	Statement of Cash Receipts and Payments	
B	Statement of Comparison of Budget to Actual amounts	
C	Summary of Significant Accounting Policies	
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11	Grants & Transfers	
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The illustrative examples of financial statements in this Attachment are for guidance only and the classes / line items as presented could be modified to suit the reporting entity's operations.

DECLARATION BY MANAGEMENT

In accordance with a resolution of the ABC Management being responsible for approving the annual accounts we state that:

- a) The accompanying financial statements of the ABC LLG have been drawn up so as to give a view of the receipts and payments for the year ended 31 December 2019.
- b) This report has been prepared in accordance with the Finance Instructions 06A of 2021 issued under Section 117 of the *Public Finances (Management) Act 1995* and the International Public Sector Accounting Standard - *Financial Reporting Under the Cash Basis of Accounting* issued by International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC).
- c) To the best of our knowledge the records and books of account have been properly maintained.
- d) To the best of our knowledge the **Statement of Cash Receipts and Payments**; and the **Statement of Comparison of Budget to Actual** and the accompanying **Explanatory Notes** for the year ended 31 December 2019 are correct.

On behalf of the Management

Signed in Port Moresby this day of month 2020

name
LLG President

name
DFM /CFO

**STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE FINANCIAL YEAR ENDED 31 DEC 2019**

	Note ref	2019	2018
Receipts			
Personnel Emoluments Grants	2	xxx	xxx
National Government Grants	3	xxx	xxx
Internal Revenue	4	xxx	xxx
Revenue collection through Trust Accounts	5	xxx	xxx
Proceedings from Borrowings	6	xxx	xxx
Other Receipts	7	xxx	xxx
Total Receipts		<u>xxxxx</u>	<u>xxxx</u>
Payments			
Personnel Emoluments	2	xxx	xxx
Goods and Services	8	xxx	xxx
Capital Items Expenditure	9	xxx	xxx
Service Improvement Program	10	xxx	xxx
Grants, Subsidies and Transfers	11	xxx	xxx
Payments from Trust Accounts	5	xxx	xxx
Repayment of Interest and Borrowings	6	xxx	xxx
Other Payments	7	xxx	xxx
Payments by third parties	12	xxx	xxx
Total Payments		<u>xxxxx</u>	<u>xxxxx</u>
Surplus/Deficit of Receipts over Payments		<u>xxxxx</u>	<u>xxxx</u>
Add: Opening Cash 1 January		xxx	xxx
Cash at Bank 31 December	13	xxx	xxx

STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS

STATEMENT OF LLG/PROVINCIAL BUDGET COMPARISON						
For the Year ended December 31, 2019						
<i>Note 15</i>	2019	2019	2019	2018	2019 Variances: Actual Vs	
	Original Budget	Final Budget	Actual Amounts	Actual Amounts	Original Budget	Final Budget
RECEIPTS ESTIMATES						
Provincial Grants						
National Grants						
Internal Receipts						
LLG SIP/DSIP						
Trust Receipts						
Total Receipts						
EXPENDITURE						
Personnel Emoluments						
Goods & Services						
Other Recurrent Payments						
Total Recurrent						
Acquisition of Assets						
Capital Formation						
Other Development payments						
Total Development						
Grants Subsidies & Transfers						
Trust Expenditure						
Total Payments						
EXCESS OF RECEIPTS (EXP)						

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting Entity

Discuss the nature of business, activities, locations, etc – Not longer than ½ page.

Include domicile and legal form of entity, description of operations, reference to relevant legislation governing its operations and significant entities (and any changes) that are included in the financial statements (if any).

1.2 Basis of Accounting

The financial statements are general purpose financial statements and have been prepared on a cash basis of accounting in accordance with the International Public Sector Accounting Standard (IPSASs) - *Financial Reporting Under the Cash Basis of Accounting* issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC).

Commencing with Annual Financial Statements of 31 December 2019, the Provincial Government/LLG prepares its accounts in accordance with **Finance Instruction 07 of 2021** issued under Section 117 of the *Public Finances (Management) Act 1995*.

1.3 Functional and Presentation Currency

The financial report is presented in Kinas. The sums of the components in the financial statements are rounded to the nearest Kina.

1.4 Foreign Currency Transactions

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction. Foreign currency balances are converted to Kina using exchange rates provided by the Bank of PNG at end of year.

1.5 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

1.6 Cash Balance

Cash balance refers to cash and cash equivalents which comprises of: cash on hand, cash at bank and deposits held at call.

1.7 Receipts

Receipts including Government Grants are recognized as revenue at the time the cash is received in the respective bank accounts. Appropriations are deposited into the bank accounts and are controlled by the Provincial Government/LLG.

Contributions-in-kind provided to the Government by foreign governments and aid organisations are recognised as grant revenue in the Accounts at the point the contribution-in-kind is received.

1.8 Payments

Payments are recognized as expenses at the time the cheque is raised for payment. Assets, and investments, acquired during the year are recognised as expenditure in the year payment is made.

1.9 Taxation

The Provincial Government/LLG is exempt from paying all types of taxes, including income tax.

1.10 Collection of Revenue on behalf of Government

The Provincial Govt/LLG collects fees/fines/rates provide details on behalf of the State and repays the money into the Waigani Public Account or holds funds on a separate account (whatever applicable)to account for collected revenue (Note: type here types of revenue you collect).

The collected revenue is not recognised in the financial statements. Details of collection are disclosed in Note(specify which note).

1.11 Events Since Balance Date

There is no event occurring after the balance date that could materially affect the financial position of the Provincial Government/LLG as at 31 December 2019.

1.12 Economic Dependency

The Provincial Government/LLG is dependent on monies received from the National Government to fund its operations. In 2019, funding from the National Government represented %%per cent (2018: was xx per cent) of the total receipts.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For each of the Notes provide a detailed discussion and analysis of the key issues.

2. Personnel Emoluments

2.1 Receipts

	2019	2018
	K	K
Staffing Grant	xxx	xxx
Teachers Salaries (TSC)	xxx	xxx
Public Servants Leave Fares	xxx	xxx
Teachers Leave Fares	xxx	xxx
	xxx	xxx
Total	xxx	xxx

2.2 Payments

Personnel Emoluments payments comprise salaries, various allowances, overtime, leave fares, gratuity and repatriation expenses. Department of Finance is processing most of the personnel emoluments on behalf of the Provincial Government/ LLG.

	2019	2018
	K	K
Salaries and Allowances	xxx	xxx
Wages	xxx	xxx
Overtime	xxx	xxx
Leave Fares	xxx	xxx
Gratuities	xxx	xxx
Other	xxx	xxx
Total	xxx	xxx

3. National Government Grants

	2019	2018
	K	K
Insert Types of Grants	xxx	xxx
	xxx	xxx
	xxx	xxx
	xxx	xxx
	xxx	xxx
Total	xxx	xxx

4. Internal Revenue

	2019	2018
	K	K
GST	xxx	xxx
Land rentals & Leases	xxx	xxx
Bookmakers Tax	xxx	xxx
Driving Licences	xxx	xxx
MV Registration	xxx	xxx
Liquor Licences	xxx	xxx
Commercial Earnings	xxx	xxx
Others	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

5. Trust Accounts

The Provincial Trust Account was established in xxx through a Minister's approval. Payments are made strictly in accordance with the Trust Instrument as follows:

	2019	2018
	K	K
Opening Balance	xxx	xxx
Collections/Inflows	xxx	xxx
Payments for:		
Operational expenses	(xxx)	(xxx)
Salaries	(xxx)	(xxx)
Transfer to Operating Account	(xxx)	(xxx)
Others e.g Refunds	(xxx)	(xxx)
Balance as at 31 December	xxx	xxx

6. Borrowings

6.1 Detail types of borrowings if any.

	2019	2018
	K	K
	xxx	xxx
	xxx	xxx
	xxx	xxx
	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

6.2 Repayments of principal and interest

Provide details of interest payments and repayment of principal for each of the loans

Creditor/ Loan Ref	Loan Purpose	Year obtained	Approved amount	Drawn amount	Interest Rate P.A %	Interest payment	Principal Repayment	Balance 31 Dec

7. Other Receipts and Payments

7.1 Other Receipts

(Detail types of collection of other revenue that the province can retain, if any)

	2019	2018
	K	K
	xxx	xxx
	xxx	xxx
Others	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

7.2 Other Expenses

Detail other expenses

	2019	2018
Membership Fees	K	K
xxx	xxx	xxx
xxx	xxx	xxx
	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

8. Goods and Services

Detail main classes of goods and services payments incurred

	2019	2018
	K	K
Utilities	xxx	xxx
Rental of Property	xxx	xxx
Network Communication	xxx	xxx
Routine Maintenance	xxx	xxx
Others	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

9. Capital Payments

9.1 Capital Items

	2019	2018
	K	K
Office Furniture & Equipment	xxx	xxx
Vehicles	xxx	xxx
Plant and Equipment	xxx	xxx
Staff Housing	xxx	xxx
Substantial Maintenance	xxx	xxx
Other	xxx	xxx
Total	xxx	xxx

9.2 Projects - PIP

Provide information about projects under PIP carried out by the Province/LLG

PIP Project	Funding Source	2019 K	2018 K

PIP Project	Expenditure	2019 K	2018 K

10. Service Improvement Program

Information about SIP funding and expenditure should be shown by main classes of projects.

10.1 PSIP Receipts

	2019	2018
	K	K
PSIP Grant	xxx	xxx
	xxx	xxx
Total	xxx	xxx

10.1 PSIP Payments

SECTOR	ACTUAL %	2019	2018
		K	K
Administration – 10%	Xx	xxx	xxx
Health – 20%	Xx		
Economics – 10%	Xx		
Education – 20%	Xx		
Law & Order – 10%	Xx	xxx	xxx
Infrastructure – 30%	Xx		
Total	100	xxx	xxx

11. Grants & Transfers

Provide details (if applicable) of amounts given to other entities as grants or transfers.

12. Payments by other government entities (3rd party payments)

The International Public Sector Accounting Standard (IPSASs) - *Financial Reporting Under the Cash Basis of Accounting* requires separate presentation of the Payments by Other Government Entities in the financial statements.

Department of Finance

The department benefits from payments made by Department of Finance. The amount of KXXX was paid through the payroll system Alesco. These payments constitute cash receipts and payments of the Province/LLG, and are controlled by the Province/LLG, as the Personnel Emoluments have been appropriated through the National Budget.

XX Donor Agency

External Assistance has been received in a form of grants from XXX under international agreement XXX for the purpose of XXX name the purpose.

13. Cash and near cash closing balances

13.1 Account Balances

	2019	2018
	K	K
BSP Operating Account No:	xxx	xxx
BSP Grant Account No:	xxx	xxx
BSP Trust Account No:	xxx	xxx
Cash on Hand	xxx	xxx
Short Term Investments	xxx	xxx
Others	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

The closing cash balances should be supported by bank reconciliation statements. Provide explanation on any prior year error corrections and how they affected opening/ closing cash balances.

13.2 Restricted Cash

Of the closing cash balance of K XXX the following amounts rolled over to 2020 are restricted in that they have to be spent as previously appropriated:

Year of Appropriation	Purpose	Amount Rolled over	Notes

Detail any other form of restriction imposed on cash balances.

14. Revenue collected on behalf of the national government

Describe here in brief the Act, the process of collection, and the transfer to WPA. If the ABC Department makes payment on behalf of the Government, i.e pensions, dividends to landowners, etc disclose those details in this note. This revenue/expense is collected/paid on behalf of the Government and is not included in these financial statements.

	2019	2018
	K	K
Detail type of collection	xxx	xxx
Detail type of collection	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

15. Original and final approved budget and comparison of actual and budget amounts.

The Provincial Government is subject to budgetary limits in a form of appropriation as approved by the Provincial Assembly.

Material differences (variances) between actual revenue against estimates and actual payments versus budgeted figures must be identified, analyzed and properly explained.

A material difference or variance is defined as a difference of more (or less) than (10%???) of the revenue estimated to be collected or expense budgeted to be spent/ expended during the year.

The budgeted amounts have not been exceeded (or state if they were) and were as follows:

Details of Expenditure	Actual	Final Budget	Original Budget	Variance (Actual-Original)	Variance (Actual-Final)
	K	K	K	K	K
Personnel Emoluments					
Goods & Services					
Utilities, Rentals and Property Costs					
Financial Costs					
Grants Subsidies and Transfers					
Capital Formation					
Total					

Provide detailed explanation of significant variances between actual and original & actual and final budgets.

SCHEDULES OF: ASSETS, INVESTMENTS, LIABILITIES, AND CONTINGENCIES.

The following schedules provide non cash accounting information necessary to more comprehensively understand the operations and financial position of the entity.

16. Report on assets

16.1 Capital Assets

The following are assets that are owned by the Province/LLG. All asset categories are stated at cost. Due to cash accounting, the assets are not included in the financial statements:

	2019	2018
	K	K
Land	xxx	xxx
Building	xxx	xxx
Office Furniture & Equipment	xxx	xxx
Vehicles	xxx	xxx
Plant and Equipment	xxx	xxx
Staff Housing	xxx	xxx
Marine Vessels	xxx	xxx
Other	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

16.2 Inventories – significant (material) balances

The Province at the close of the fiscal year had in stock the following inventories.

	2019	2018
	K	K
Fuel	xxx	xxx
Stationery supplies	xxx	xxx
	xxx	xxx
Other	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

16.3 Receivables and Pre paid amounts

The following amounts were due to be paid to the Province but at the close of the fiscal year had not been received. There were also amounts which will be received in the future as per existing contracts and agreements.

	2019	2018
	K	K
Rental deposits	xxx	xxx
Rental income	xxx	xxx
Pre paid amounts	xxx	xxx
Fees outstanding	xxx	xxx
	xxx	xxx
	xxx	xxx
Other	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

For all material receivables outstanding balances at end of year provide an ageing schedule

16.4. Losses and Deficiencies

Public Bodies are required to report and disclose all material financial losses and deficiencies of public monies and property. Includes any category of "loss" such as property, assets, motor vehicles, etc, where Secretary of Finance had provided the authority for a write off.

During the financial year the following losses/deficiencies occurred:

17. Investments

The Province has over the years accumulated the following investments. Due to the cash accounting, the assets are not included in the financial statements. The long term investments are valued using the following methods:

Investment valuations are determined using the following methods, in priority order:

- Method A: (1st priority) Listed public companies are valued on the basis of share prices as at 31 December of current year.
- Method B: (2nd priority) Independent valuations (no more than 3 years old) performed by qualified valuers.
- Method C: (3rd priority) Net asset value published in audited financial statements.
- Method D: (4th priority) Net asset value published in unaudited financial statements.
- Method E: (5th priority) Where no current year valuation is available previous year valuations are used including original cost.

The valuation method used is indicated for each investment.

17.1 Shareholdings

The following are controlled entities (business arms) in the Provincial Government stated using XX valuation method. The balances represent asset and cash contributions since their inception.

	Ownership	Investment Type	2019	2018
	%		K	K
XXX Corporation	100	Shares		
XXX Corporation	90	Shares		
Total			<u>-</u>	<u>-</u>

The entities have not been consolidated into the Provincial Government's accounts due to different accounting policies (accrual basis of accounting in the controlled entities).

The Provincial Government also has shares in publicly listed companies, however, does not have control over the entities. The share values are based on closing stock exchange prices as at 31 Dec 2019:

	Shares	2019	2018
		K	K
XX Company	25		
XX Company	10		
Total		<u>-</u>	<u>-</u>

17.2 Financial Investments

As of the close of the financial year the Province held term deposits with commercial banks which have not been included in the financial statements as follows:

18. Schedule of liabilities and commitments

18.1 Liabilities

The following are liabilities that are not included in the financial statements and represent significant expenses incurred in 2019 that will be paid by ABC LLG in 2020.

	2019	2018
	K	K
Utilities	xxx	xxx
Rental deposits refundable	xxx	xxx
Other deposits – contractors, etc	xxx	xxx
Others	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

For all material receivables outstanding balances at end of year provide an ageing schedule

18.2 Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed when considered appropriate and provide additional relevant information to users.

The following are significant contracts entered with suppliers:

	2019 K	2018 K
XX construction of xxx	XX	XX
Other	XX	XX
Total	<u>XX</u>	<u>XX</u>

All amounts shown in the commitments note are nominal amounts inclusive of GST.

19. Un-acquitted advances

	2019 K	2018 K
Accumulated Balance as at 1st January 2019	-	
Add: Advances made during the year		
Less: Acquittals made during the year		
Accumulated Balance as at 31st December 2019	<u>-</u>	<u></u>

20. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are disclosed by way of note and, if quantifiable, are measured at nominal value.

The Province is involved (or state that is not, if that is the case) in various legal actions arising in the normal course of activities. Although the ultimate outcome is not determinable at this time, management believes that the resolution of these pending matters will not have a materially adverse effect, individually or in the aggregate, upon the department's financial statements. State the potential amount if there are significant legal cases.