



ΓΕΝΙΚΟ ΛΟΓΙΣΤΗΡΙΟ
ΤΗΣ ΔΗΜΟΚΡΑΤΙΑΣ

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ACCRUALS ACCOUNTING PROJECT IN CYPRUS

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Cyprus at a glance



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Population: approximately 800.000

EU Member State since 1 May 2004

Member of the Eurozone since 1 January 2008

- ❑ Financial Statements are prepared on cash basis
 - ➔ Only modification is the recognition of financial assets and financial liabilities in the Balance Sheet
- ❑ Budget is prepared purely on a cash basis
- ❑ Decision by the Council of Ministers to make the transition to accrual basis of accounting (for financial reporting purposes only), having IPSAS as a reference point



Cyprus Statistical Information

	2010	2015 (1 st quarter)	Increase / (Decrease)
Public debt	56,5%	106,8%	89,02%
GDP	€19,1 bns	€17,5 bns	(8,15)%
Public Deficit	4,8%	0,1%	(97,92)%
Growth Rate	1,4%	0,4%	(71,43)%
Unemployment rate	6,3%	17,7%	180,95%

“Modernisation of Accounting Systems” project



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Accrual
Accounting



Introduce
new ERP
System



Functional
Review



Why accruals



- ❑ Current system does not provide comprehensive financial information
- ❑ Decision making is based on misleading financial information
- ❑ Financial crisis in 2011 made the problem of inappropriate financial reporting obvious
- ❑ Accountability

Why IPSAS



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- ❑ No in-house capacity to develop Standards
- ❑ International Standards, followed by other countries
- ❑ Public sector specific
- ❑ Same accounting principles with the private sector Accounting Standards (IFRS)
- ❑ Free from undue influence
- ❑ Comparability between different public sector entities and between other countries



Expected Benefits

- ❑ Significantly enhance the financial information that will be available to users
- ❑ Improved operational and service performance
 - ❖ Asset Management
 - ❖ Liability Management
- ❑ Improved Transparency
- ❑ Accountability

Long term sustainability of public finances

Concerns



- ❑ Political / Top Management support
- ❑ Cost
- ❑ Limited resources
- ❑ Technical support / IT support
- ❑ Cooperation with Line Ministries and other public entities
- ❑ Proper use of financial statements

Plan of Actions



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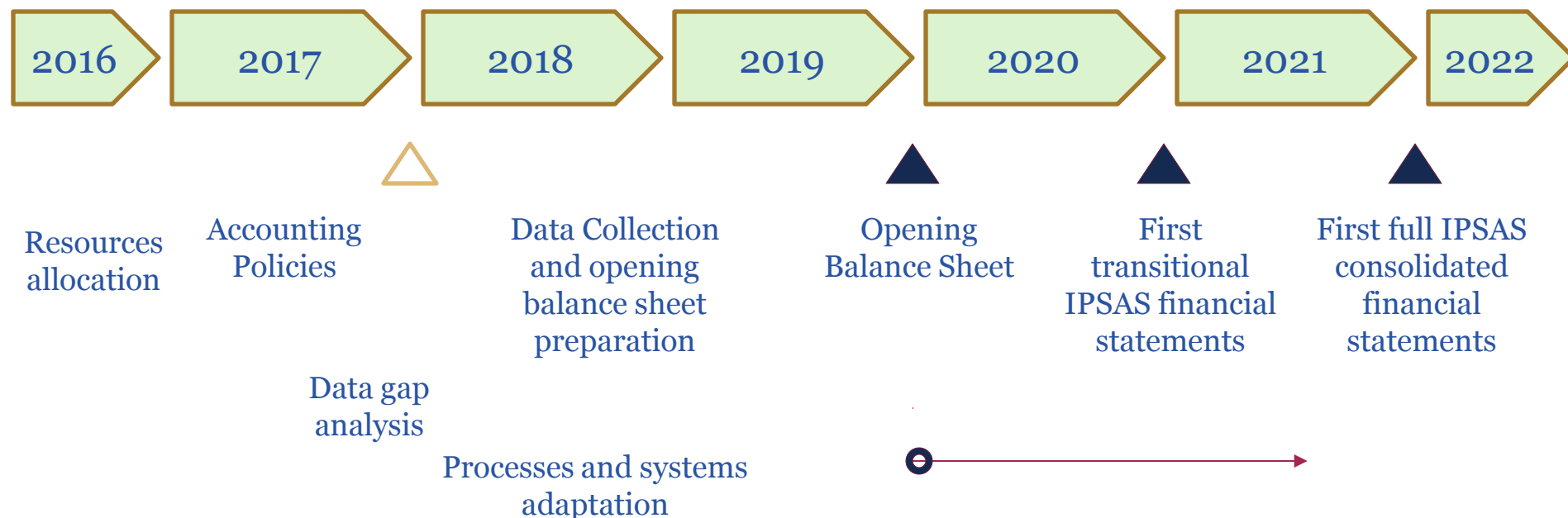
- ❑ A Roadmap to implement accrual accounting has been prepared
 - ❖ Opening Balance Sheet: 1 January 2020
 - ❖ Consolidated Financial Statements: 31 December 2021
- ❑ New accounting policies are currently developed
- ❑ New Chart of Accounts
- ❑ Data collection
- ❑ Training
- ❑ Communication

Anticipated timeframe of the project



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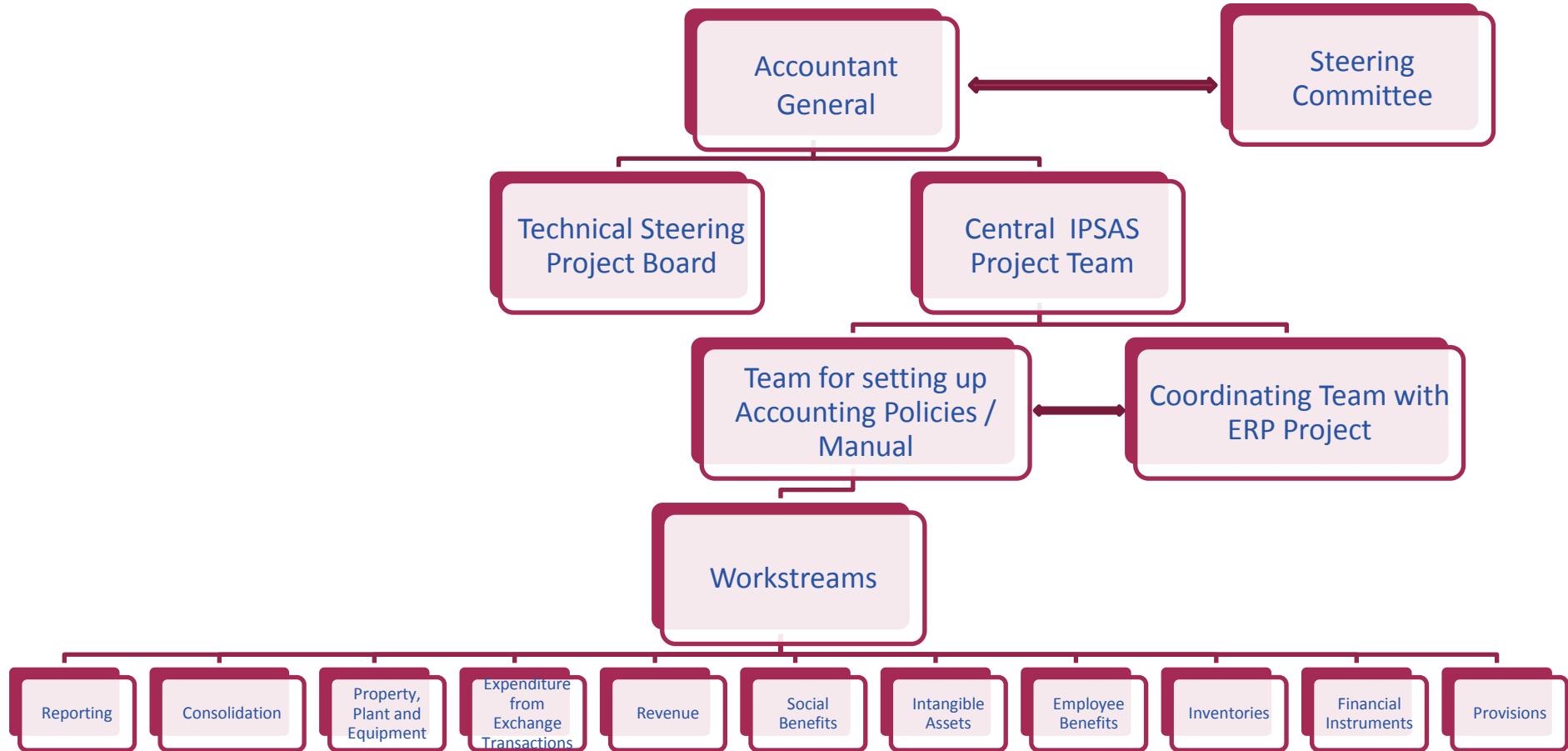
- Pre-requisite: ERP system will go live before 1 January 2020



Structure and Governance of the Project



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Thank you for your attention!