



Ministry of Finance of Georgia  
State Treasury



# Accounting of Public Assets

2013



# Problematic Issues in Accounting of Non-financial Assets



1. Non-financial assets are not evaluated at the real cost;
2. State property is not entirely covered by the statements of public sector entities;
3. There is no unified information base (register) in the public sector for non-financial asset reporting;
4. It is not determined in what books a public sector entity has to keep records;



# Problematic Issues in Accounting of Non-financial Assets



5. In many cases, the state property transmitted to a public sector entity does not specify asset value, which leads to allocation of additional resources from the budget for evaluation purposes;
6. Problems of depreciation accrual (we apply linear accrual method, which is not efficient for all types of assets);
7. Can two asset valuation methods be used at the same time?  
Identification of groups where reevaluation should be applied;



# Problematic Issues in Non-financial Asset Reporting



8. Identification of non-financial assets by sources makes accrual depreciation and property tax calculation more difficult due to different regulations;
9. Separation of capital and current expenditure for repairs within the same project (according to the same budget estimate);
10. How a public sector entity can determine the economic benefit of an asset? How to evaluate and determine its volume (e.g. intangible asset *web page*)?



# Public Finance Management Reform



The Georgian Treasury plans to prepare methodological instructions and recommendations for development of non-financial asset accounting in the public sector;

An international expert has been invited to assist with comprehensive development of non-financial asset reporting methods;

The goal is to develop a structural base of non-financial assets and to determine the link between the synthetic and analytical accounting of entries in the Treasury Ledger, as well as to develop a register of model non-financial assets for various groups of assets.