



# Guidance on Public Financial Reporting Consolidation: from Concepts to Practices

**PEMIPAL** Europe and Central Asia Region 

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Montenegro, 10-12 November 2014*

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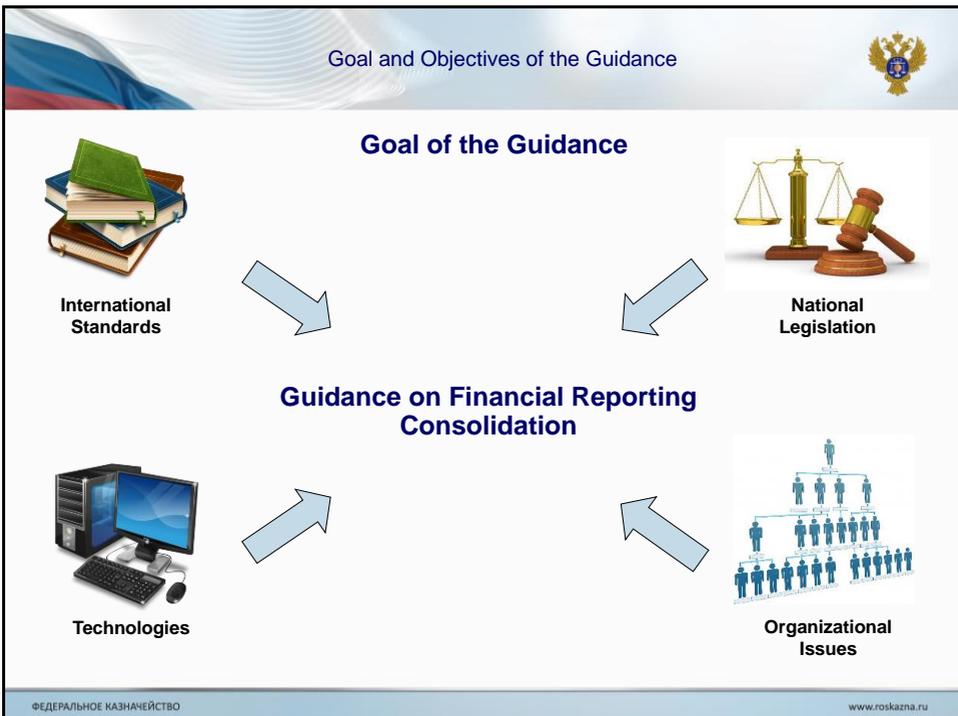


## Key Issues

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- 1. Goal and Objectives of the Guidance;*
- 2. Contents of the Guidance;*
- 3. Consolidated Financial Reporting: methodology, scope, structure, entities, methods and other issues;*
- 4. Current Situation and Problematic Issues.*

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### Objectives of the Guidance

- *To disclose the conceptual framework of consolidation procedures;*
- *To review provisions of generally recognized standards and recommendations;*
- *Practical issues of financial reporting consolidation and approaches to their solving;*
- *To review the good practice of certain countries.*



No.	Contents	Member Countries
1	For Whom?	Russia
2	Goal of the Guidance	Russia
3	Basic Notions and Definitions	All
4	Methodological Foundations of Consolidation	Russia, Azerbaijan
5	Consolidation Concept	Russia
6	Consolidated Entities	Russia, Ukraine, Azerbaijan
7	Consolidation Structure	Moldova



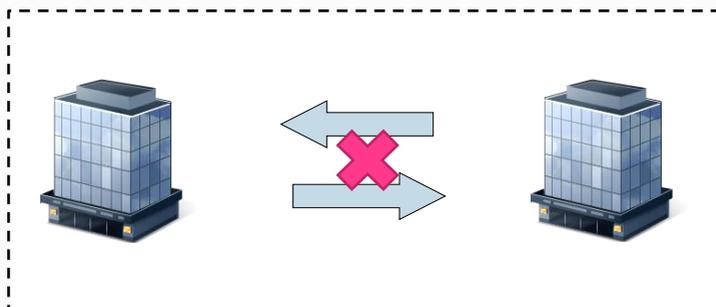
No.	Contents	Member Countries
8	Consolidated Flows and Stocks	<i>to be identified</i>
9	Exceptions from Consolidation Requirements	Georgia
10	Consolidation Methods	Russia, Azerbaijan
11	Reporting Publication. Information Disclosure Requirements	Albania
12	Practical Issues. Differences and Particular Circumstances	Albania
13	List of Sources and Publications	All

**Final version: 1 March 2015**



**Methodology, Scope, Structure, Entities, Methods and Other Issues**

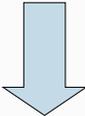
**Conceptual Framework of Consolidation**



Consolidated Financial Reporting 

## Methodology, Scope, Structure, Entities, Methods and Other Issues

**Methodological Foundations**

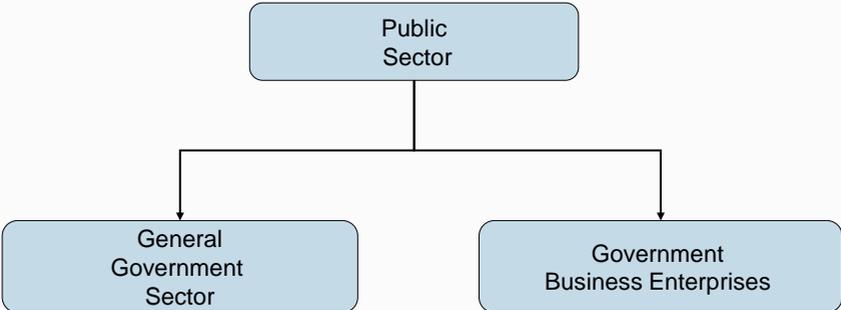


 International Public Sector Accounting Standards (IPSAS)  Government Finance Statistics Manual (GFSM)

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Consolidated Financial Reporting 

## Methodology, Scope, Structure, Entities, Methods and Other Issues



```
graph TD; A[Public Sector] --> B[General Government Sector]; A --> C[Government Business Enterprises];
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Consolidated Financial Reporting 

**General Government Sector,  
Public Sector - Practical Issues**

- Definition;
- Reference criteria;
- Analytical Delimitation;
- .....



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Consolidated Financial Reporting 

**Methodology, Scope, Structure, Entities, Methods  
and Other Issues**

**Consolidated Flows and Stocks**

Flows	Stocks
<i>Taxes</i>	<i>Receivables</i>
<i>Transfers</i>	<i>Payables</i>
<i>Loans, Credits</i>	<i>Financial Investments</i>
.....	.....

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Consolidated Financial Reporting 

**Methodology, Scope, Structure, Entities, Methods and Other Issues**

**Consolidation Methods**

Controlling and Controlled



"Full" Control and Ownership  
(e.g. 100 % share)

"Partial" Control and Ownership  
(e.g. 60% share)

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Consolidated Financial Reporting 

**Partial Control and Ownership**

*Consolidated Indicator =*

- sum of indicators for the controlling and controlled organizations
- minus**  
balance-sheet value of investments by the controlling organization in the controlled organization
- minus**  
minor interest
- minus**  
transfers within the economic entity

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**Thank you for your  
attention!**

