



JOINT FEE AND CNDCEC PUBLIC SECTOR SEMINAR
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THE PUBLIC ACCOUNTING IN SPAIN



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THE PUBLIC ACCOUNTING IN SPAIN

1.- ACCOUNTING NORMALIZATION AND HARMONIZATION PROCESS (1)

- 1973 Ist. General Chart of Accounts (GCA) , for business companies
- 1977 General Budgetary Law: management, control and analysis objectives.
Accounting information : only budgetary.
- 1981 **Ist. General Government Accounting Plan (GGAC)**
 - ✓ double entry bookkeeping
 - ✓ based in 1973 GCA
 - ✓ experimental period for Central Government
- 1986 Effective and general application (except Local Governments) of 1981 GGCA
- 1990 **Accounting Principles adopted: Conceptual framework**
 - ✓ Accrual basis, Recording, Prudence, Consistency, cost basis, going concern, materiality, matching of revenues and expenses.
- 1990 Local Governments Accounting regulation (effective 1992)
 - ✓ Two systems: one simplified for local entities with population less than 5000
- 1990 New GCA , for business companies
- 1994 **New GGCA (in force until 31/12/2010) , based in 1990 GCA**



2.- ACCOUNTING NORMALIZATION AND HARMONIZATION PROCESS (2)

- 2002 Accounting Reform: Gradual process.(EC Regulation 1606/2002)
IFRS Optional : individual accounts, consolidated accounts non listed groups.
- 2007 New GCA, adopting IFRS
- 2010 **New GGCA, based in 2007 GCA. In force 01/01/2011.**

3.- KEY FEATURES OF 2010 SPANISH PUBLIC ACCOUNTING REFORM

- ✓ The Model has been the 2007 GCA (Based in IAS/IFRS EC Regulations : reduction of options).
- ✓ Has adapted to the IPSAS on those aspects that are considered necessary to advance the process of accounting normalization.
- ✓ Additional information has been incorporated in the annual accounts on costs by activity and budget indicators, financial and managerial.
- ✓ Initially obliged: Central Government Accounting.
- ✓ Do not imply a direct application of IPSAS.

4.- NEW 2010 GGCA STRUCTURE

Part I: Conceptual Framework.

Part II: Recognition and measurement (Accounting Standards)

Part III: Annual Accounts (including layouts)

Parts IV and V: Chart of accounts and definitions and accounts

5.- CONCEPTUAL FRAMEWORK (I)

- Is the set of fundamentals, principles and basic concepts that underlie the preparation of the financial statements.
- Based in: IPSAS I, IASB Conceptual Framework, 2010 GCA Conceptual Framework
- Fundamental principle: True and Fair View
- Disclosure requirement of Annual Accounts: Reliability (IPSAS I)

6.- CONCEPTUAL FRAMEWORK (2)

Accounting principles:

- ✓ Going Concern
- ✓ Accrual basis
- ✓ Uniformity
- ✓ Prudence
- ✓ No compensation
- ✓ Materiality
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- ✓ Budgetary allocation
- ✓ Non-assignment Rule

7.- ANNUAL ACCOUNTS

- ✓ Balance Sheet
- ✓ Profit and Loss
- ✓ Changes in Net Equity
- ✓ Cash Flow Statements
- ✓ Budget Statement
- ✓ Notes

8.- RECOGNITION and MEASUREMENT: Examples

- ✓ Tangible assets: Acquisition cost.
- ✓ Historical heritage: Notes information.
- ✓ Financial assets: Fair Value.
- ✓ Revenues from non exchange transactions:
 - ✓ TAXES: - Underline transaction occurs
 - Estimation procedures (recognition/transaction different dates)
 - ✓ Penalties: Cash.
- ✓ Subsidies: Recognition when conditions are accomplished.