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**ACCRUAL ACCOUNTING AND BUDGETING PRACTICES IN MEMBER COUNTRIES: OVERVIEW**

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## **1. Introduction**

1. This document contains an overview of accrual accounting and budgeting practices in Member countries. The document was compiled from information submitted by Member countries to the OECD Secretariat.
2. The document refers to accruals as applied in core national government institutions. Therefore, the use of accruals by state-owned enterprises and by other commercial organisations is excluded. Similarly, the use of accruals by regional and local governments is excluded.
3. Member countries are classified as “Full Accrual Basis” irrespective of whether certain heritage assets and military systems are recognised. Similarly, tax and other non-exchange revenue may not be on full accrual basis.
4. Member countries are classified as “Full Cash Basis” irrespective of whether a system of commitments or obligations is in place.

Table 1. Accounting Basis Applied for Budget Approved by Legislature

	Full Accrual Basis	Accrual Basis, Except No Capitalisation or Depreciation of Assets	Cash Basis, except certain transactions on Accrual Basis	Full Cash Basis
Australia	X			
Austria				X
Belgium				X
Canada		X		
Czech Republic				X
Denmark			X(1)	
Finland		X(2)		
France				X
Germany				X
Greece				X
Hungary				X
Iceland		X		
Ireland				X
Italy		X(3)		X(3)
Japan				X
Korea				X
Luxembourg				X
Mexico				X
Netherlands				X
Norway				X
New Zealand	X			
Poland				X
Portugal				X
Spain				X
Sweden				X
Switzerland				X
Turkey				X
United Kingdom	X(4)			
United States			X(5)	

## Notes:

- (1) Denmark – Interest Expenses and Employee Pensions Treated on Accrual Basis.
- (2) Finland – Transfer Payments Not on Accrual Basis.
- (3) Italy – Budget Prepared on Both Full Cash Basis and Accrual Basis, Except No Capitalisation or Depreciation of Assets.
- (4) United Kingdom – Budget on Full Accrual Basis Effective Fiscal Year 2001-02.
- (5) United States – Interest Expenses, Certain Employee Pension Plans, and Loan and Guarantee Programmes Treated on Accrual Basis.

Table 2. Plans to Move Budget to Accrual Basis

	Full Accrual Basis Budgeting to be introduced	Additional Accrual Basis information to be presented
Canada	X(1)	
Denmark		X
Germany		X
Korea	X(1)	
Netherlands	X	
Portugal		X
Sweden	X(1)	
Switzerland	X(1)	

## Note:

- (1) Under Active Consideration.

Table 3. Accounting Basis Applied for Consolidated (Whole-of Government) Financial Statements

	Full Accrual Basis	Accrual Basis, Except No Capitalisation or Depreciation of Assets	Cash Basis, except certain Transactions on Accrual Basis	Full Cash Basis
Australia	X			
Austria				X
Belgium				X
Canada		X		
Czech Republic				X
Denmark			X(1)	
Finland	X			
France			X(2)	
Germany				X
Greece	X			
Hungary				X
Iceland		X		
Ireland				X
Italy		X(3)		X(3)
Japan				X
Korea				X
Luxembourg				X
Mexico				X
Netherlands				X
Norway				X
New Zealand	X			
Poland			X(4)	
Portugal				X
Spain				X
Sweden	X			
Switzerland				X
Turkey				X
United Kingdom				X(5)
United States	X			

## Notes:

- (1) Denmark – Interest Expense and Employee Pensions Treated on Accrual Basis.
- (2) France – Interest Expense and Certain Other Transactions Treated on Accrual Basis. Full Accrual Basis to be Introduced.
- (3) Italy – Budget Prepared on Both Full Cash Basis and Accrual Basis, Except No Capitalisation or Depreciation of Assets.
- (4) Poland – Employee Pensions Treated on Accrual Basis.
- (5) United Kingdom – Statements on Full Accrual Basis Effective Fiscal Year 2005-06.

Table 4. **Additional Use of Accruals in Departmental/Agency Level Financial Statements**

	Departmental/Agency Level Financial Statements on Full Accrual Basis	Financial Statements on Full Cash Basis but Supplementary Accrual Information is presented
Belgium		X
Germany		X
Hungary		X
Ireland		X
Netherlands	X	
Portugal	X	
Switzerland	X	
United Kingdom	X	

Note: This refers to departments/agencies that prepare separate financial statements for their own operations and where such financial statements contain more accrual information than the consolidated (whole-of-government) financial statements. In cases where the consolidated (whole-of-government) financial statements are on full accrual basis (Table 3), departmental/agency level financial statements would also be on full accrual basis.

Table 5. **Determining Accounting Standards for the Public Sector**

	Finance Ministry Determines Them Internally	Finance Ministry Determines Them Following Recommendations By Formal Advisory Board	Finance Ministry Appoints Independent Board To Determine Them	Private Sector Accounting Standards Body Determines Them(1)
Australia				X
Austria	X			
Belgium		X		
Canada		X		
Czech Republic	X			
Denmark	X			
Finland	X			
France		X		
Germany	X			
Greece	X			
Hungary	X			
Iceland		X		
Ireland	X			
Italy	X			
Japan	X			
Korea	X			
Luxembourg	X			
Mexico	X			
Netherlands	X			
Norway			X	
New Zealand				X
Poland	X			
Portugal			X	
Spain	X			
Sweden	X			
Switzerland	X			
Turkey	X			
United Kingdom		X		
United States		X		

Notes: The term "finance ministry" is used generically to refer to the one or more ministries or agencies responsible for budgeting and financial management.

(1) Refers to the Same Body that Determines Accounting Standards for both the Public and Private Sectors.