

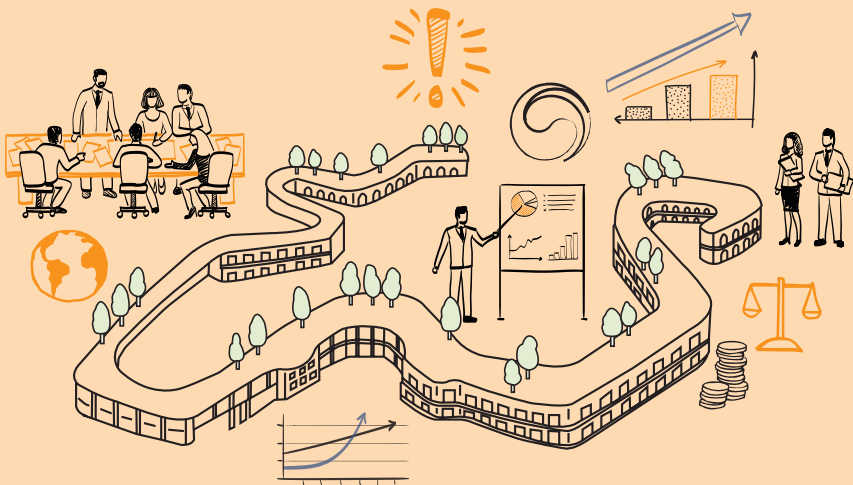
Government Accounting at a Glance : Central Government | Korea

2020



Government Accounting at a Glance : Central Government | Korea

2020




A WORD FROM
THE PRESIDENT

Since its foundation in 1992, the Korea Institute of Public Finance has been contributing to the establishment of government policy through its research effort as a government research institute specializing in tax and finance.

Moreover, from 2014 we have enlarged our research territory to the areas of public sector accounting including the central government, as well as, finance statistics.

Including Korea, the entire world is faced with an unprecedented pandemic crisis due to the spread of COVID-19, and governments took immediate action through fiscal intervention by executing unusual scale of economic stimulus policy. The need for accurate information of government finance is deemed important in order to evaluate the effect of fiscal intervention and to make right decisions that are long-term and of importance. Hence, the current situation requires sound functioning of systems for accrual accounting and financial reporting more than ever.





The very first edition of the 「Government Accounting at a Glance」 has been designed for our international audience to provide easier understanding of the central government accounting of Korea. It contains the information that captures government finance at a glance, which includes assets and liabilities of the central government, most updated financial information about fiscal management, and changes occurred in 10 years brought by the implementation of accrual accounting.

I hope the 「Government Accounting at a Glance」 will be a kind guide for those interested and desired to have a better understanding of the successful achievement and current status of accrual accounting in Korea. Lastly, I send my sincere gratitude to the staffs of Government Accounting Team of the Government Accounting and Finance Statistics Center for their precious time and effort for this publication.

November, 2020

President, Korea Institute of Public Finance

Kim, Yu Chan



A WORD FROM
THE GAFSC'S CHIEF DIRECTOR



The establishment of the GAFSC was triggered by the experience from the 1997 Asian Financial Crisis. To be specific, the importance of ensuring sound public finance and keeping transparent public sector accounting was raised after the crisis and that led to the accrual reform in the government accounting system of Korea.

Ever since, we have existed to ensure stability and continuous development of the government accounting system through conducting research to enact and amend the accounting standards of central government, public institutions and public service corporations as a research center specializes in public sector accounting.

The accrual accounting system was successfully implemented in Korea and that it has been utilized as a tool for managing finance. There are clear achievements from the implementation but challenges are still remaining. To address those challenges, it is one of the important tasks to lower the threshold of the complex and difficult accounting by making it easier to understand for people to be



interested, which ultimately further enhance ‘transparency’.

The advanced practices of accrual accounting systems of other countries have been served as an exemplary case to benchmark and that resulted in gaining significant achievements with the reduced trial and errors. Likewise, we hope that our own experience will be of help for countries planning to implement or just implemented accrual accounting seeking for similar assistance that we were benefited from. Thereupon, we announce the beginning of a meaningful mission to be of help through 「Government Accounting at a Glance」.

November, 2020

Chief Director, Government Accounting and Finance Statistics Center

Kim, Wan Hee

김완희





WHO ARE WE?



“Public Financial Management, We Lead”

Public Sector
Accounting
Standards
Setter

Research
& Analysis

Support
Preparing
Combined F/S
& GFS

Education

- ▶ The GAFSC(Government Accounting and Finance Statistics Center) was founded in 2010 to ensure the successful implementation of the new government accounting system. Ever since, as an organization specialized in accounting, the GAFSC has been carrying out a wide range of research with the goal of ensuring establishment, stability and advancement of the accrual accounting in the government sector.
- ▶ The coverage of research ranges from the enactment and amendment of the accounting standards for government, public sector, and public corporations to the utility of the accrual information. The center helps with preparing Financial Statements of central government and public institutions, and supports the management of accrual government accounting system by offering related education. Also, the GAFSC produces GFS according to the international standards.
- ▶ Moreover, the GAFSC regularly participates in the quarterly IPSASB (International Public Sector Accounting Standards Board) meetings and engages in various international consultations and forums to enhance international reputation in the area of government accounting and finance statistics.
- ▶ Through these efforts, the GAFSC will continue to contribute to the improvement of Korea's fiscal soundness and transparency in government accounting.



○ Background of Establishment

	Main Events
1997	Awareness of the Importance of Transparency in Accounting and Growing Demand for Fiscal Reform As structural reform continued to be pursued in four areas, i.e. corporations, finance, labor and public sector, following the 1997 Asian financial crisis, there was a growing demand for fiscal reform and measures to ensure transparency in accounting and comparable to the developed countries.
2004	The Beginning of Budgetary and Accounting System Reform The fiscal reform (incl. establishment of a fiscal system) was pursued with the participation of experts in accounting and IT. A digital budgetary and accounting system planning and promotion group was established, in addition to the Ministry of Finance and Economy, Ministry of Interior, and Board of Audit and Inspection participated and in May 2004, a road map for the reform of the fiscal budget, accounting, and IT system was prepared.
2009	Adoption of Accrual Accounting The systems of accrual accounting were introduced by amending the 「National Accounting Act」 in October 2007. Consequently, the 「National Finance Act」 and 「National Accounting Act」 were amended in December 2008 to improve the process of composition and submission of Government Financial Report, the amendments came into effect on January 1, 2009.
2010	The Establishment of the Government Accounting and Finance Statistics Center (originally named as National Accounting Standards Center at the foundation) The GAFSC was established on July 26, 2010, in accordance with Article 11 (4) of the 「National Accounting Act」, to achieve successful establishment of accrual accounting system and preparing the measures for utilizing information from financial statements.
2012	Submission of the First Central Government Financial Statements to the National Assembly After the 2-year trial period (FY09 and FY10) prescribed under the Addenda of the 「National Finance Act」, financial statements of the central government agencies and the Central Government Financial Report for the FY11 were submitted to the National Assembly.
2014	Improvement of the Government Accounting System Reorganized the Central Government Accounting Regulations in the form of regulations.
2017	Full-Scale Research on IPSASB and Strengthened International Cooperation Began to analyze the agenda of IPSASB's quarterly meetings, and Do-Jin Jung(James), the former Chief Director of GAFSC, was selected as an IPSASB member.

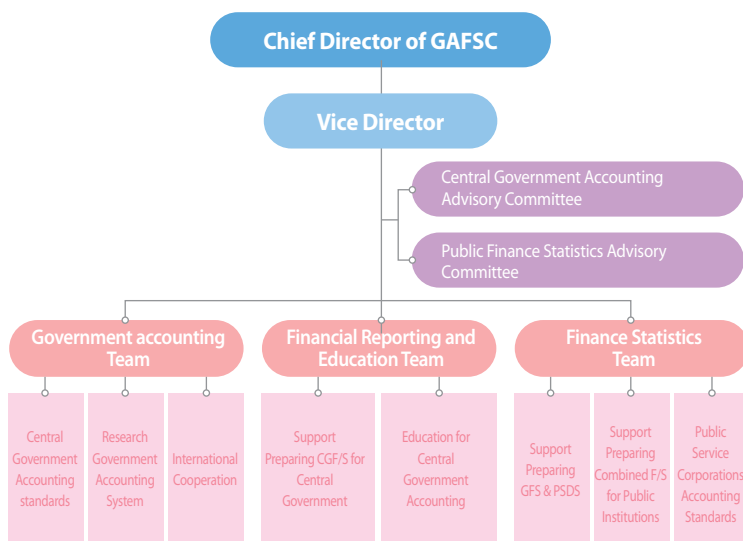
◦ Role of GAFSC

Sector	Main Tasks and Contents	
Set Accounting Standards	Central Government	<ul style="list-style-type: none"> Enact and amend Enforcement Rule of Central Government Accounting Standards and Regulations of Central Government Accounting Standards
	Public Institutions	<ul style="list-style-type: none"> Provide practical interpretation and Q&A about central government accounting
	Public Service Corporations	<ul style="list-style-type: none"> Enact and amend Enforcement Rule of Public Service Corporations Accounting Standards
Research & Analysis	Central Government	<ul style="list-style-type: none"> Research on amendments in accounting standards of public corporations and quasi-governmental institutions
	Public Institutions	<ul style="list-style-type: none"> Research on the usage of accrual information
	Public Service Corporations	<ul style="list-style-type: none"> Research on ways to link accrual information and performance evaluation Develop financial analytical technique including developing the indicator
	GFS	<ul style="list-style-type: none"> Analyze international accounting standards and current status of major countries Research on international statistical standard (GFSM2014, SNA2008, ESA2010) Finance statistics trend analysis for major countries Analysis of difference between GFS revenue and SNA revenue Research on quarterly measured public sector liabilities
Support Preparing F/S & GFS	Central Government	<ul style="list-style-type: none"> Review financial report of funds and central government agencies Support interim examination and make guidelines for financial reporting Prepare central government financial statements Respond to the Board of Audit and Inspection and national Assembly
	Public Institutions	<ul style="list-style-type: none"> Combine F/S of public corporations Combine F/S of quasi-governmental institutions
	Government Finance Statistics	<ul style="list-style-type: none"> Produce finance statistics for general government in accordance with GFSM2001 Produce liabilities statistics for public sector in accordance with PSDS
Education	Central Government	<ul style="list-style-type: none"> Offer education for preparing Central Government F/S Offer education for Central Government Accounting Standards
	Public Institutions	<ul style="list-style-type: none"> Offer education for financial reporting for public Institutions
	Public Service Corporations	<ul style="list-style-type: none"> Offer education for Public Service Corporations Accounting Standards
	GFS	<ul style="list-style-type: none"> Offer education for preparing finance statistics



Organizational Structure of GAFSC

- The GAFSC is consisted of the Government Accounting Team, Finance Statistics Team, and Financial Reporting and Education Team.



Advisory Committees of GAFSC

- In order to enhance expertise and effectiveness in the tasks related to government accounting, GAFSC is managing the Central Government Accounting Advisory Committee and Public Finance Statistics Advisory Committee. Each advisory committee is composed of 15 members including a chairperson, the executive Chief Director of GAFSC is the chair and the rest members are public officials from the Ministry of Economy and Finance and the Board of Audit and Inspection of Korea, professors of accounting, Certified Public Accountants, and others considered as helpful for the advisory committee and approved by the chair.


○ Publications

- The GAFSC produces various types of publications with the purpose of enhancing the understanding of public sector accounting, such as ‘at a glance’ series, accounting standards manuals, research reports, etc. Recent activities and research reports of GAFSC can be found at its website available in both Korean and English (<https://www.kipf.re.kr/gafsceng/index.do>).

Publications to Enhance Understanding of Government Accounting

At a Glance Series			
	Central Government Accounting	Public Service Corporations	Government Finance Statistics

Publications for the Government Accounting Standards Manual

Accounting Standards Manual			
	Central Government Accounting	Public Service Corporations	Government Finance Statistics


Periodic Publication Materials


News Letter & Brief		
	News Letter	GAFSC Brief



◦ Contact Us

- Let's work and research together for the betterment of public finance management and government accounting.

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 <https://www.kipf.re.kr/gafsceng/index.do>

- **KIPF** – Korea Institute of Public Finance
- **GAFSC** – Government Accounting and Finance Statistics Center
- **CGFR** – Central Government Financial Report; an annual financial report comprised of 1) overview of central government financial report, 2) report on revenue and expenditure, 3) financial statements, and 4) performance report; in other documents, the terms is used differently (e.g., the 「National Accounting Act」 uses 'Report of Settlement of Accounts')
- **LGFR** – Local Government Financial Report
- **CFS** – Combined Financial Statements of Public Institutions
- **CGFS** – Central Government Financial Statements
- **CGAFS** – Central Government Agency Financial Statements
- **GFS** – Government Finance Statistics
- **MOEF** – Ministry of Economy and Finance
- **LOFA** – Local Accounting Statistics Center

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Government Accounting at a Glance
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Government Accounting





01 Overview of Accrual Accounting System in Korea

1. Progress of Accrual Adoption

- In 1997, Korea was struck by the Asian Financial Crisis and the transparency issues in private sector accounting were considered as the major cause of the crisis. It raised the importance of ensuring transparency in economic, social and public sectors. Consequently, discussions to implement accrual accounting in central government were initiated as part of a restoration measure against the crisis.
- After the crisis, the government of Korea announced the implementation plan for accrual accounting in the government sector in May 1998, which was also an advice from IMF. The initial plan was to complete the implementation by 2003 led by the Treasury Bureau of Ministry of Economy and Finance, but it was delayed due to the obstacles in establishing related internal environment.
- Nonetheless, in 2003 with the effort of the Presidential Committee on Government Innovation and Decentralization, reform of government accounting system was selected as a major reformation agenda. As a result of the continued pan-governmental effort, 「National Accounting Act」 was enacted in 2007, followed by 「Enforcement Rule of Central Government Accounting Standards」 in 2009, and the Digital Budget and Accounting System(dBrain) was established in 2007.
- Hereupon, the central government fully implemented accrual accounting since 2009, there were two years of trial period from 2009 to 2010 as prescribed by the additional clause of 「National Accounting Act」 and the very first financial statements were prepared and submitted to the National Assembly in May 2012, which covered the central government and central government agencies for the fiscal year 2011.
- Major restructuring in the central government accounting system took place. Explanations and cases of accounting treatments.
- Applicable at the practical level were provided through the 22 regulations of central government accounting standards.

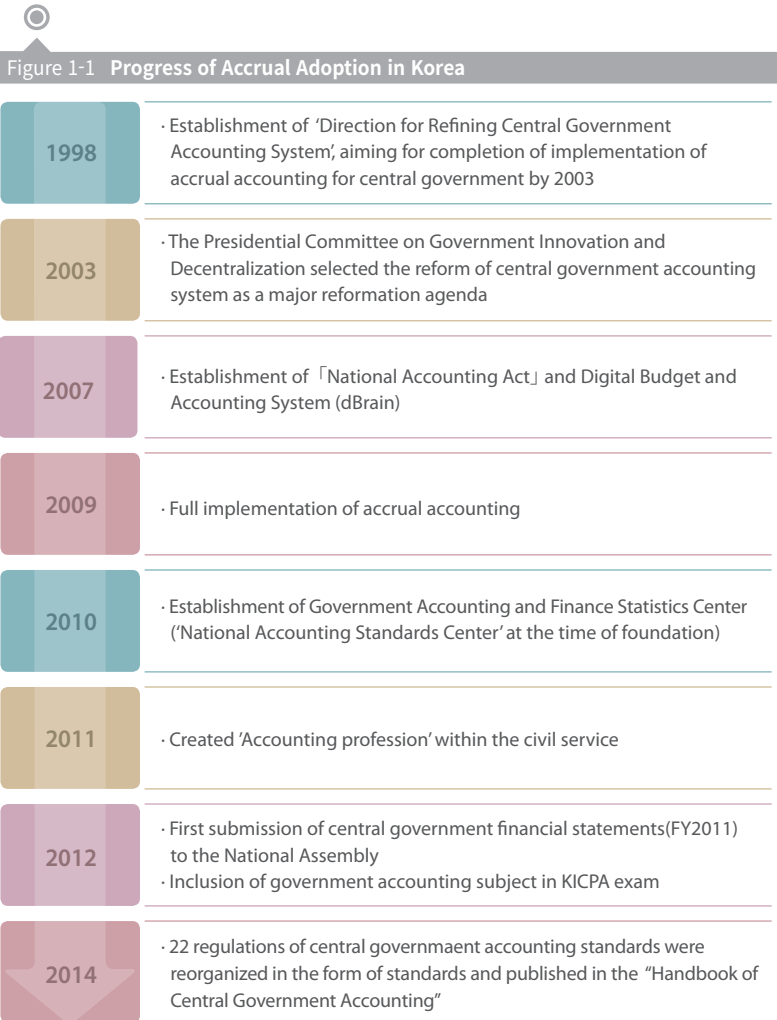






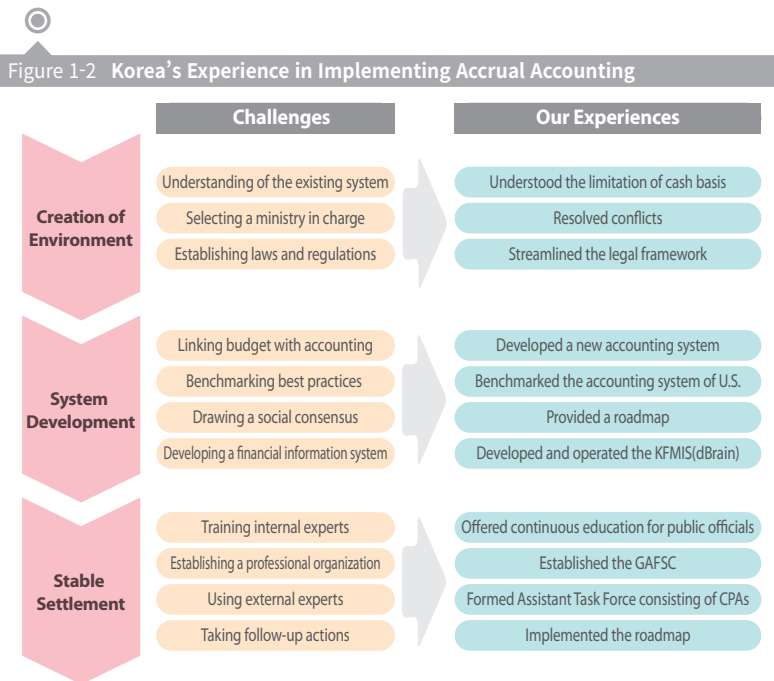


Table 1-1 Status of Accrual Adoption in the Public Sector

Category	Status	Agency in Charge
Central Government	<ul style="list-style-type: none"> • Introduced accrual accounting since FY09 • Trial period (FY09-10) • Submitted CGFR to National Assembly since FY11 • 「National Finance Act」 (Oct, 2006) and 「Enforcement Decree of the National Finance Act」 (Dec, 2006) • 「National Accounting Act」 (Jan, 2009) 	 Ministry of Economy and Finance Ministry of Economy and Finance
Public Institution	<ul style="list-style-type: none"> • Adopted IFRS(public corporations (FY11); quasi-corporations (FY13)) • Submitted F/S to the MOEF with CPA audit opinions attached • MOEF submitted Combiend F/S to National Assembly • Act on the Management of Public Institutions」 (Dec, 2016) 	 KIPF KOREA INSTITUTE OF PUBLIC FINANCE Government Accounting and Finance Statistics Center GAFSC
Public Service Corporations	<ul style="list-style-type: none"> • Public Service Corporation Accounting Standards (Jan, 2018) • Enforcement Decree of the Inheritance Tax and Gift Tax Act」 (Dec, 2016) 	
Local Government	<ul style="list-style-type: none"> • Trial period (FY03-06) • Implemented full accrual accounting since FY07 • Submitted LGFR to local councils with CPA review opinions attached • Local Finance Act (Aug, 2005) • Enforcement Decree of the Local Finance Act (Dec, 2005) • Local Accounting Act (Nov, 2016) 	 Ministry of the Interior and Safety Ministry of the Interior and Safety  LOFA Local Accounting Statistics Center

2. Korea's Experience in Implementing Accrual Accounting

- Based on the consensus on the need to implement accrual accounting system, the central government of Korea promoted the implementation having the Ministry of Economy and Finance in charge. The first step was to prepare the foundation for the implementation by identifying the limitations of the settlement scheme based on cash and the conflicts among laws and regulations, as well as, drafting the central government accounting standards.
- In order to produce accrual basis F/S, Digital Budget Accounting system(d Brain) was established and the information system previously established based on cash was completely reorganized. The entire processes of financial work were connected in real-time and daily management and automatic journalizing systems were further established. Along the process, reorganization of line items and standardization of items for information management were completed.
- Throughout the implementation, cases of countries that are advanced in the implementation of accrual accounting were benchmarked, and this was a great help for the successful settlement of the newly introduced system. Together with benchmarking, establishments of laws, accounting standards, specialized institutions(GAFSC), and accrual accounting based on financial information system were considered as the key to success.



3. Achievements from Accrual Implementation in Korea

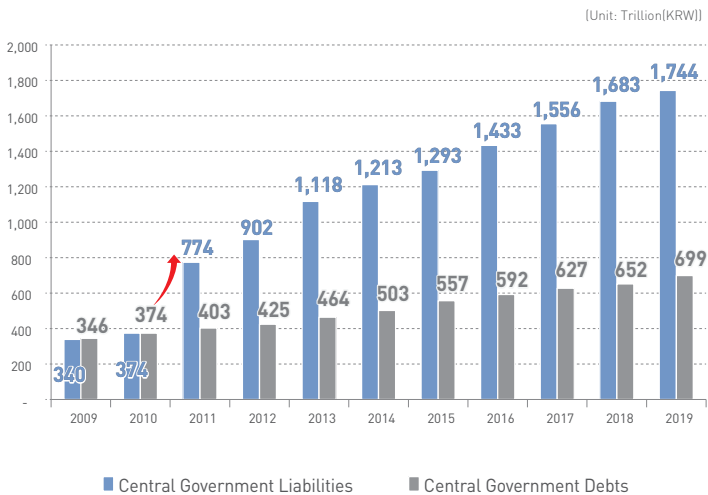
(1) Strengthened Fiscal Soundness Management



Recognizing provisions, with uncertain amount and timing but high probability of expenditure, sends a signal for fiscal soundness.

- Prior to the accrual implementation, only the central government debts bound by contract were managed. Examples of the central government debts are debts with confirmed future fiscal expenditure, which included central government bonds, borrowings, etc.


Comparing Central Government Liabilities and Central Government Debts

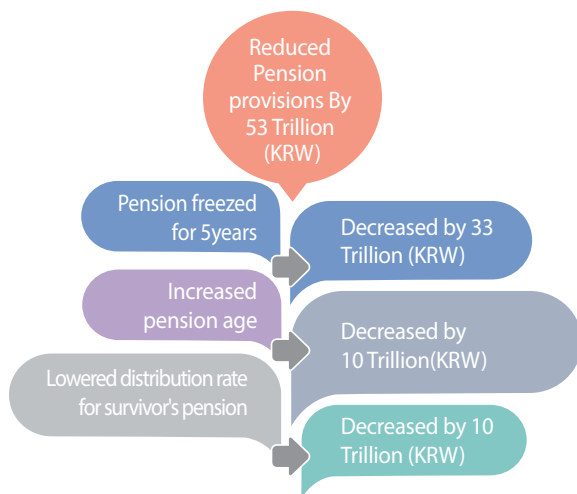


*Source: Government Financial Report and Report on Management of Central Government Debts 2009-2019



- After the implementation of accrual accounting, potential liabilities that require government expenditure were recognized.
- Furthermore, the implementation enabled the establishment of the basis for the medium to long-term fiscal projection by forecasting future fiscal capacities corresponding to the recognized liabilities, and it further provoked public officials pension reform in 2015.

 **Impact of 2015 Pension Reform**



*Source: Pension Report on Government Financial Report 2015

(2) Strengthened Management System for Central Government Assets



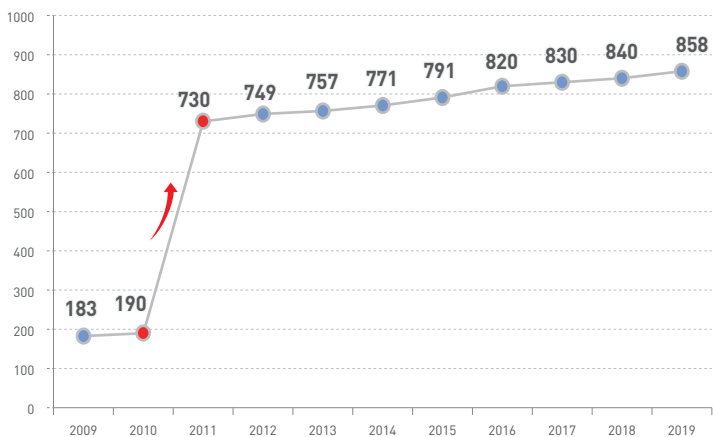
Since the central government manages all the usable resources by including them in the Central Government Financial Report it reduced omission in recording the assets and enabled its systematic management.

- Prior to the accrual implementation, management system for central government assets only managed the infrastructure assets and assets under construction internally and excluded them from the Central Government Financial Report, which caused the management for these assets relatively loose.
- Under the asset management system based on accrual accounting, the government manages assets by recognizing all the usable assets in Central Government Financial Report. Assets under construction are not an exception that the value of spent resources is recorded as assets, as well as, infrastructure assets including roads, rivers, dams, railroads, etc., are managed by recognizing them in the financial statements.
- Assets recognized in the financial statements are subjected to depreciation and revaluation, and therefore the useful life, residual value and carrying amount of the assets could be constantly traced.
- Hence, prior to the accrual implementation, construction expenditure was the only thing to be reported on the budget execution reports.
- Whereas with the current system, depreciation costs are recognized during the useful life after the completion of construction, and impairment loss is recognized in the financial statements in case of physical impairment by theft and destruction.



Change in Amount of Central Government Property(excluding securities) in Total Assets

(Unit: Trillion(KRW))



*Source: Comprehensive report on the administration of state property 2008-2019

Change in Amount of Central Government Property(excluding securities) in Total Assets

(Unit: Trillion(KRW))

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Assets	1,525	1,580	1,666	1,759	1,856	1,967	2,063	2,126	2,299
Central Government Property (excluding securities)	730	749	757	771	791	820	830	840	858

*Source: Government Financial Report and comprehensive report on the administration of state property 2011~2019

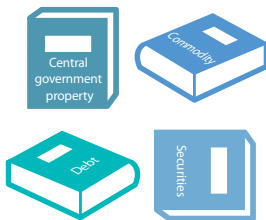
(3) Comprehensive Management on Central Government Finance



Now central government assets and liabilities, once managed by individual reports, can be comprehensible at a glance.

- Prior to the accrual implementation, central government property, commodity, debt and securities were reported according to the separate laws respective to each item and it hindered recognizing the total of central government assets and liabilities.
- For instance, to answer the question “what is the total of central government assets?” the amount of assets had to be individually measured since the assets were separately managed per type(central government property, commodity and securities). Furthermore, prior to the implementation, consistency and accuracy of the amounts were not guaranteed since the recording did not take place at the time of transaction.
- With financial statements prepared based on accrual accounting, amounts of assets and liabilities at the statement of financial position were made comprehensible at a glance. Hereupon, comprehensive and systematic understanding of the total of central government finance, including central government assets and liabilities were made possible.

Comprehensive Management for Central Government Assets and Liabilities



[Prior to the Adoption of F/S]



Statement of Financial Position (2019) (Unit: Trillion(KRW))	
Total Assets	2,299
Total Liabilities	1,744
Net Assets	555

[After the Adoption of F/S]

*Source: Government Financial Report 2019



(4) Enhanced International Comparability



New Financial Statements enabled international comparability, and it further allowed central government fiscal soundness evaluation, which ultimately enhanced international credit standing of Korea.

- Some countries, namely US, UK, Canada, Australia, New Zealand have adopted accrual accounting for preparing financial statements earlier than Korea and there were issues of limitations in comparing financial positions of Korea with these countries.



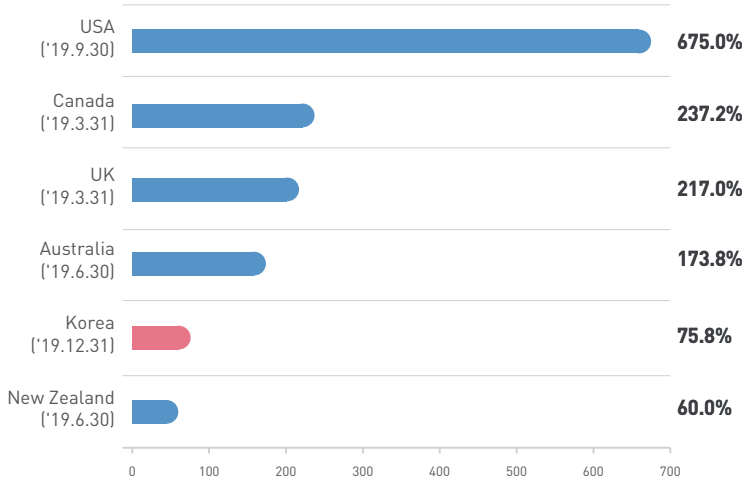
Table 1-2 Adopted Year of Accrual Accounting

Country	New Zealand	Australia	USA	UK	Canada	Korea
Adopted Year	1993	1994	1998	2002	2003	2009

* Source: White Paper on Central Government Accounting System Reform(2012)

- Despite the difference in accounting standards among countries, systematic fiscal management was made possible by comparing numbers measured by accrual accounting.
- In terms of liability to asset ratio as of 2019, USA was the highest followed by Canada, UK, Australia, Korea and New Zealand.
- In addition, accrual information enabled compiling finance statistics in accordance with the most recent international standards(GFSM 2001, PSDS, etc.) and enhanced its international comparability and credibility.

Comparing Liability to Asset Ratio Among Some Countries



*Source: Government Financial Report(2018~2019) of Respective Countries

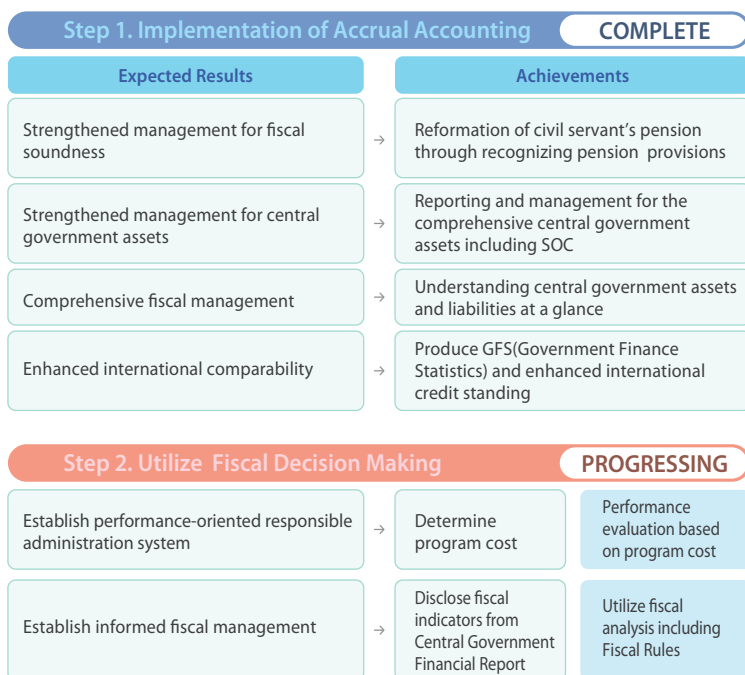


4. Expected Effects of Accrual Implementation

- As mentioned earlier, the impact of adopting and implementing accrual accounting has reaped more than what was expected. Looking towards the future, accounting system based on accrual accounting is expected to be utilized for making fiscal decisions that will contribute to the performance-oriented responsible administration system, as well as, establishing informed fiscal management.



Figure 1-3 Expected Results and Achievements from Implementation of Accrual Accounting System in the Central Government



(1) Establish Performance-Oriented Responsible Administration System with Accrual Information

- In order to reduce the waste of budget and increase the effect of fiscal policy, central government has established various systems for performance evaluation of its programs.
- When government evaluates its performance, if it only takes the mere outcome of the program into consideration, the meaningful establishment of the performance-oriented responsible administration system might not be possible. It is similar to the movies that for instance, even though there are two movies with the same number of audience, its profitability could vary depending on its production cost.
- When project result(e.g., number of visitors) is considered together with accrual information(e.g., project cost information), it enables analysis for project's efficiency and effectiveness, as well as, cost-benefit analysis, which lead to the establishment of performance-oriented responsible administration system.



(Our Effort) We try to produce cost information more useful. In order to produce the new cost information suitable for performance evaluation, the next generation dBrain is on its way to be established.



(2) Establish System for Systematic Fiscal Management with Accrual Information

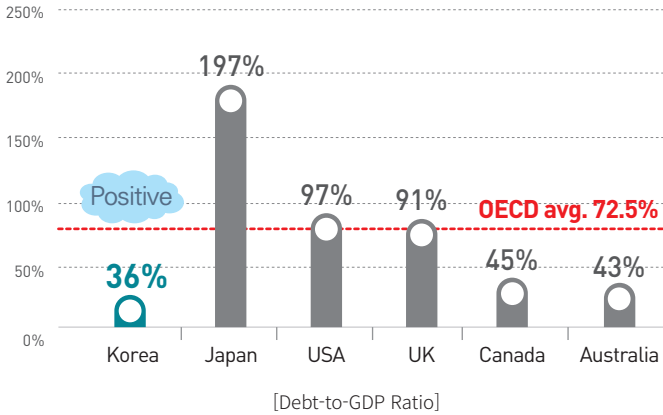
- A significant number of countries around the world are experiencing fiscal deterioration and it triggered the establishment of the system for systematic fiscal management including the enactment of ‘fiscal rule’.
- The fiscal rule is effective in managing central government debts and strengthening fiscal soundness by setting a specific goal for the collective fiscal indicator including fiscal balance of revenues and expenditure and central government debts. Currently, many countries adopted ‘debt-to-GDP ratio’, which is based on cash basis financial information.
- It is important to consider not only the information about debt but also information about provisions and assets when establishing the system for informed fiscal management, such as the fiscal rule. If accrual (e.g. net liability-to-GDP) is used together with cash basis fiscal rule, it may serve as the early warning system for fiscal soundness by providing better, more appropriate signal for fiscal situation.
- For instance, ‘debt-to-GDP ratio’ in figure 1-5 shows that Korea has relatively low debt compared to the OECD average and it could be interpreted that the fiscal soundness of Korea is positive, however, when it comes to (e.g. net liability-to-GDP) the result shows that Korea is approaching the OECD average and it could be a warning for the need for management pursuing fiscal soundness.



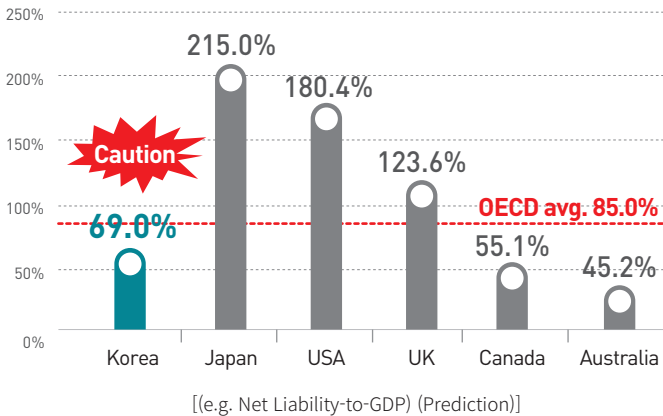
(Our Effort) Better fiscal indicators are being developed and analyzed based on the accrual basis fiscal information accumulated for the past 10 years. Currently, we are working on the indicators to be officially utilized in the near future.

Figure 1-4 Future Expected Result – It is possible to establish the system for systematic informed fiscal management by applying accrual information in addition to the cash basis financial information.

Cash Basis Financial Information



Cash Basis Financial Information+ Accrual Information



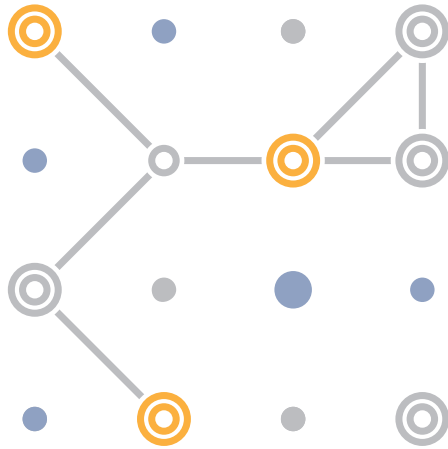
Government Accounting at a Glance
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Government Accounting



Part 02

Accrual Accounting System in Korea



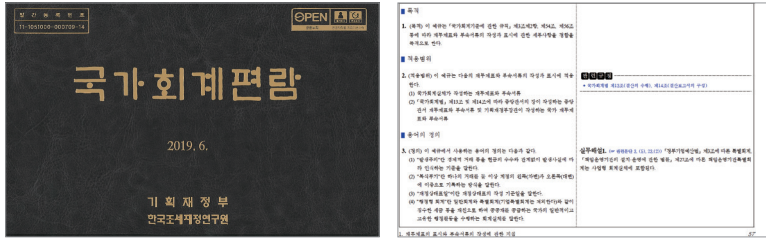


1. Central Government Accounting Standards

(1) Central Government Accounting Standards & Related Legal Basis

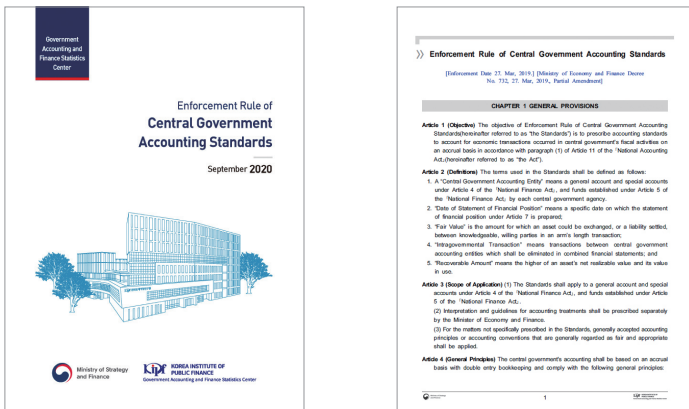
- The legal system for accrual basis central government accounting is composed of National Accounting Act, Enforcement Decree of National Accounting Act and Enforcement Rule of Central Government Accounting Standards(Ministry of Economy and Finance Decree).
- National Accounting Act set the basis for implementation of accrual accounting and Central Government Accounting Standards provide standards to account for economic transactions occurred in the central government's fiscal activities on an accrual basis. The Enforcement Rule of Central Government Accounting Standards(hereinafter referred to as "the Central Government Accounting Standards") are prescribed by the Ministry of Economy and Finance Decree in accordance with Article 11 of the National Accounting Act.
- Central Government Accounting Standards allow some of the accounting treatments to be prescribed separately by the Minister of Economy and Finance and there are 22 Regulations of Central Government Accounting Standards enacted accordingly.
- To enhance understandability and utility for the practitioners, the Regulations of Central Government Accounting Standards are published in the form of handbook, and the Handbook of Central Government Accounting is composed of main text(regulations) and appendix(basis for enactment, practical explanation, illustrative examples, etc).

Figure 2-1 Handbook of Central Government Accounting Standards



* https://www.kipf.re.kr/bbs/gafsc_accounting_GuidelinesManual.do

Figure 2-2 Central Government Accounting Standards



* https://www.kipf.re.kr/gafsc/Publication/publication_Report/kiPublish/CA/Center/list.do



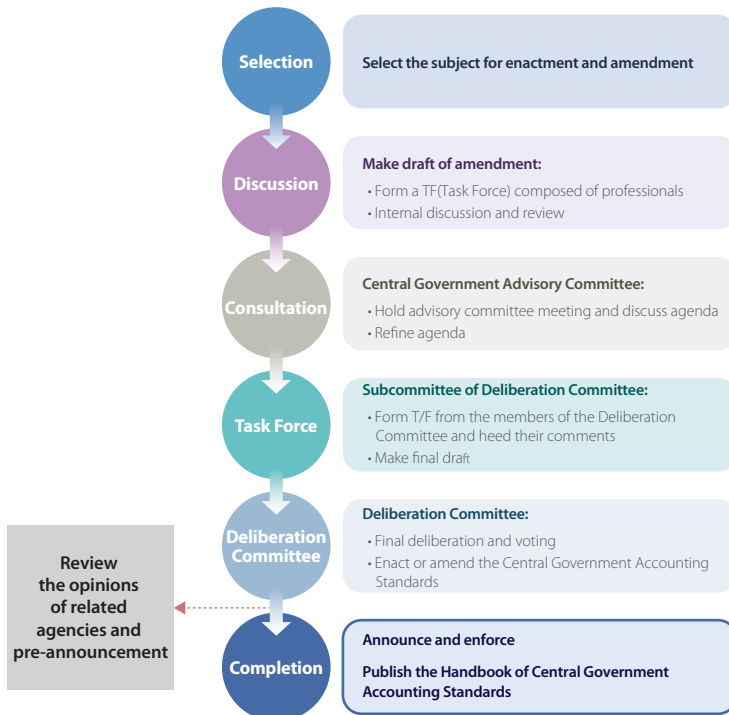
Table 2-1 Legal System of Central Government Accounting

<p>National Accounting Act</p>	<ul style="list-style-type: none"> Provides the structure and composition of Government Financial Report (https://www.openfiscaldata.go.kr/fdata/0XY022UGD797MPMB69615678266)
↓	
<p>Enforcement Decree of National Accounting Act</p>	<ul style="list-style-type: none"> Provides basic principles related to central government accounting, including composition and preparation for Central Government Financial Report
↓	
<p>Enforcement Rule of Central Government Accounting Standards (Ministry of Economy and Finance Decree)</p>	<ul style="list-style-type: none"> Provides the preparation of Financial Statements(Statement of Financial Position, Statement of Financial Operations, Statement of Changes in Net Assets, Notes Provides definition and measurement requirements for assets and liabilities (https://gafsc.kipf.re.kr/bbs/gafsceng_laws/view.do)
↓	
<p>Regulations of Central Government Accounting Standards (22)</p>	<ul style="list-style-type: none"> Complements the Enforcement Rule of Central Government Accounting Standards, which is in the form of legislation, by providing explanations and cases of accounting treatments applicable to the practical level through the 22 regulations in the form of standards <ol style="list-style-type: none"> Presentation of Financial Statements and Preparation of Supplementary Schedules Combination of Financial Statements Financial Assets and Financial Liabilities General PP&E and Infrastructure Intangible Assets Other Assets and Other Liabilities Leases Provisions, Contingent Liabilities and Contingent Assets Exchange Revenues Non-Exchange Revenues Expenses Public Pensions Insurances Guarantees Concessionary Loans Public Private Partnerships(BTO-BTL) Contract Development Program for National Properties Cost Accounting National Funds Transactions Other than Revenues and Expenditures Accounting Policies, Changes in Accounting Estimates and Errors Government Reorganization

(2) Due Process of Setting Central Government Accounting Standards

- The enactment and amendment of the 「Central Government Accounting Standards」 and the 「Regulations of Central Government Accounting Standards」 start from the selection of the subject for enactment or amendment, followed by making the draft of amendment, discussion of the advisory board meeting, decision of the Central Government Accounting System Deliberation Committee, review of the comments of related agencies and pre-announcement of legislation, announcement and enforcement, and publication of the Handbook of Central Government Accounting. Especially, depending on the importance, some agenda include expert review or discussion of Central Government Financial Report in its process.

Figure 2-3 Due Process of Setting Central Government Accounting Standards



* https://www.kipf.re.kr/gafsc/Publication/publication_Report/kiPublish/CA/Center/list.do



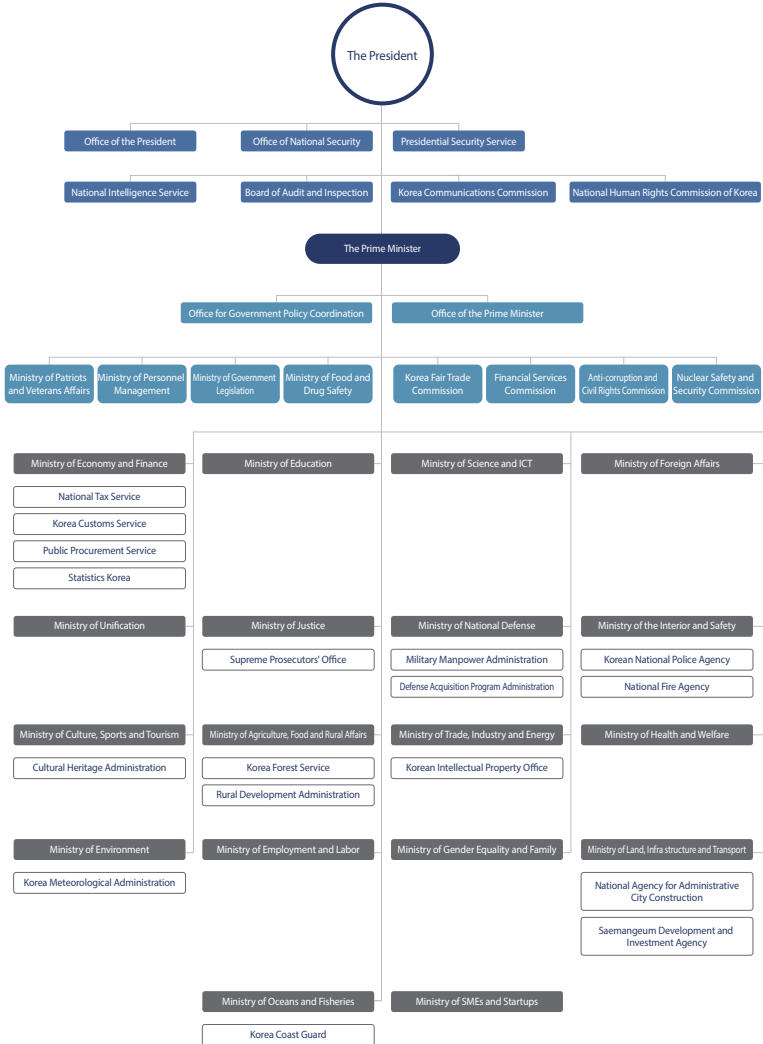
2. Subject to Accrual Based Central Government Accounting System

- As of 2019, the 55 central government agencies established a general account, special accounts and funds.
- Accrual based central government accounting system is applied to all general account, Special accounts and funds of central government according to the Article 3 of 「National Accounting Act」.
- A General account refers to the account established to cover the general tax expenditure of the central government by the fiscal revenue, etc., as the major tax revenue.
- Special accounts, on the other hand, refer to the accounts established to operate a specific program or manage a specific fund, or when it needs to be distinguished from the general account to cover a specific tax expenditure by a specific tax revenue established.
- Funds are being established by law for the central government to flexibly manage specific funds for a specific purpose. There are total of 67 funds including National Pension Fund of the end of November 2019.



The National Assembly, the Supreme Court, the Constitutional Court, and the Election Commission are included in the scope of application of the 「National Accounting Act」 in addition to the government ministries and agencies in the government organization chart(as of the end of November 2019).

Figure 2-4 Government Organization Chart (as of July, 2020)



* Source: The Administration > The Republic of Korea Cheong Wa Dae <https://english1.president.go.kr/President/Administration>



3. Operating Institutions for the Central Government Accrual Accounting System

(1) MOEF & GAFSC

- The Ministry of Economy and Finance(MOEF) and Government Accounting and Finance Statistics Center(GAFSC) operate the accrual accounting system for the central government. MOEF is responsible for the preparation and submission of the Central Government Financial Report, as well as, enactment and amendment of the Central Government Accounting Standards.
- The GAFSC is in charge of submission of the draft enactment and amendment for the Central Government Accounting Standards, conducting research on the accounting standards, tasks related to analysis and usage of F/S, etc.

(2) Central Government Accounting System Deliberation Committee

- According to the Article 8 of the 「National Accounting Act」, the Central Government Accounting System Deliberation Committee has been established under MOEF in order to deliberate the agenda related to the central government accounting. Particularly the committee deliberates and makes a decision on the enactment, amendment or abrogation of the related laws established for the central government accounting system and its operation, accounting treatment and financial reporting, as well as, liaison among accounting systems for central government, local government, and public sector.
- The committee is composed of 15 members including a committee chair, and the chair is the Vice-Minister of MOEF. The Minister of MOEF appoints the members from government ministries including the Board of Audit and Inspection and the Ministry of Interior and Safety, and those with eligible academic background and professional experience.

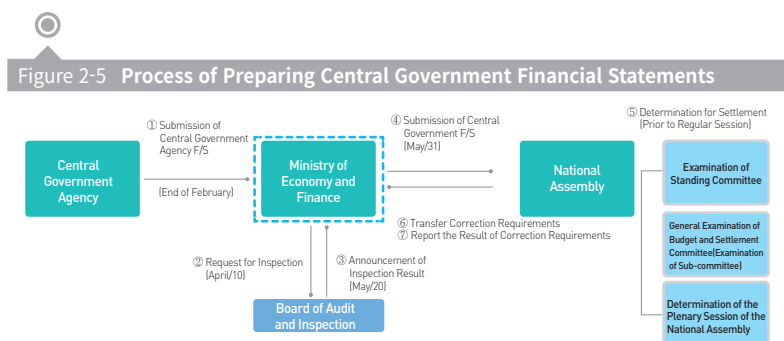
(3) Central Government Accounting Advisory Committee

- The Central Government Accounting Advisory Committee is established and operated according to the Article 7 of operational rules of GAFSC with the purpose of managing its tasks more professionally and efficiently. The committee is composed of 15 members including a chair, and the chair is the Chief director of GAFSC. The members are from the Board of Audit and Inspection, high-ranking government officials, professors in accounting, Certified Public Accountants, and foreign institutions related to government accounting.
- Currently, the Central Government Accounting Advisory Committee provides advice on various agenda including enactment and amendment of the Central Government Accounting Standards and the Regulations of Central Government Accounting Standards, research on the standards, comments on IPSASB's agenda, preparation for F/S, and provision of education.



4. Preparation for Financial Statements of Central Government

- The head of each central government agency should prepare a 'central government agency F/S', integrating all general account, special accounts and funds under his/her jurisdiction. The report should be submitted to the Minister of Economy and Finance on or before February of the following year, and it is composed of the Overview of Central Government Financial Report, Report on Revenue and Expenditure, Financial Statements and Settlement of Revenue and Expenditure, Financial Statements and Performance Report.
- The Minister of Economy and Finance should combine all the 'annual financial report of central government agency' submitted by the head of each central government agency, get approval from the President and National Assembly, and submit it to the Board of Audit and Inspection on or before April 10 of the following year.
- The Board of Audit and Inspection reviews the 'Central Government Financial Report' and sends it back to the Minister of Economy and Finance on or before May 20 of the following year with the inspection results.
- The government reflects the comments of the Board of Audit and Inspection and submits the 'Central Government Financial Report' to the National Assembly on or before May 31 of the following year. The entire process is closed when the spending of reserve funds are examined and administered by the National Assembly.



*Source: Referred to the Central Government Financial Report of Fiscal Year 2019 and Manual for Preparing Financial Statements(III) of Fiscal Year 2019

5. The Central Government Accounting Education

- The Ministry of Economy and Finance conducts the project for central government accounting education since 2010, based on article 27 of the National Accounting Act and article 8 of the Enforcement Decree of the National Accounting Act. The education provides basic knowledge about accounting for public officials and public sector employees, and is designed to enhance understandability and practical skills in terms of accrual accounting implemented in 2009.
- The central government accounting education is being offered in the form of group education, through visits and on-line. The education is for the public officials in charge of preparing F/S for central government agencies and public sector employees who serve for government accounting.



(1) Specialized Education for Central Government Accounting (Group Education)

- Specialized education for central government accounting is being held in the form of group education from June to October annually in eight different regions (Seoul, Daejeon, Busan, Daegu, Gwangju, Jeju, Gangneung, and Sejong). This specialized education is composed of three parts: 1) theory of central government accounting, 2) practical application of central government accounting, 3) issues in preparation of F/S. Currently, all specialized education for central government accounting for the year 2020 has been replaced with on-line sessions to follow the COVID 19 containment measures.

Table 2-2 Curriculum for Specialized Education for Central Government Accounting

Category	Theory of Central Government Accounting	Practical Application of Central Government Accounting	Issues in Preparation of F/S
Subject	All public officials interested in accounting	Public officials assigned for accounting	Public officials in charge of preparing F/S for central government agencies
Purpose	To enhance basic accounting skills	To strengthen qualitative skills for the public officials in charge	To improve problem solving ability at practical situations
Time Duration	2 Sessions (total of 14 hours)	1 Session (total of 7 hours)	2 Session (total of 12 hours)
Curriculum	(Day 1)	(Day 1)	(Day 1)
	<ul style="list-style-type: none"> • Basics for accrual accounting • Understanding central government accounting 	<ul style="list-style-type: none"> • Cases for errors and solutions per assignment - Revenue-expenditure (Education Series No. 1, 2, 4-8, and 10) - Central government properties - Commodity (Education Series No. 3 and 9) 	<ul style="list-style-type: none"> • Understanding preparation for F/S • Things to take note of from preparing F/S for FY 2020 • Cases pointed out by the board of audit and inspection
	(Day 2)	(Day 2)	(Day 2)
	<ul style="list-style-type: none"> • Practice basic case for the central government financial information • Revenue and expenditures and double-entry bookkeeping • Adjusting entries and accrual-basis accounting 	-	<ul style="list-style-type: none"> • Intragovernmental transaction at practical level • Journalizing adjusting entries • Preparing central government financial report

(2) Education for Central Government Accounting through Visit

- Education for central government accounting through visit is a customized education service provided at the office of the applied agency. Application can be made through the website of education for central government accounting.

(3) Others

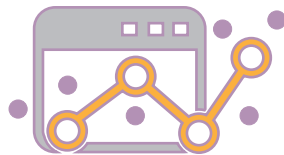
- On the website of central government accounting education, the online class named ‘government accounting for citizens’ created by K-MOOC is available for those interested in central government account.
- More details about the education for central government accounting can be found at the website(<https://www.kipf.re.kr/edu/>).

Figure 2-6 Homepage of the Website of the Education for Central Government Accounting



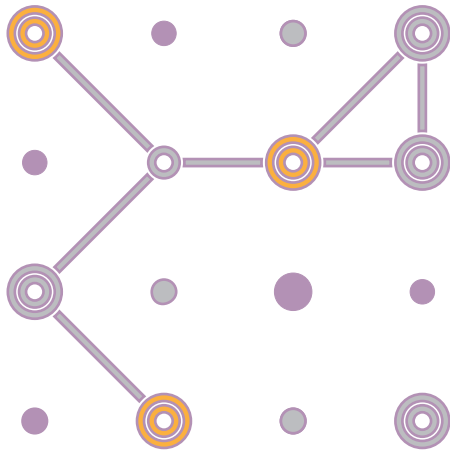
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Government Accounting



Part 03

Take a Look at Financial Statements of Korea





03 Take a Look at Financial Statements of Korea

1. Components of Financial Statements of Central Government

- The central government financial statements include Statement of Financial Position, Statement of Financial Operations, Statement of Changes in Net Assets and Notes.
- The Statement of Financial Position presents the status of assets, liabilities and net assets at a reporting date. The accounts of assets and liabilities in the Statement of Financial Position are listed according to its liquidity.
- The Statement of Financial Operations presents the cost and returned amount(revenues) from policy program for a reporting period, as well as, cost information per program.
- The statement of changes in net assets mainly present the changes in net assets, restated effects from the changes in accounting policies or correcting errors, revaluation gains on PP&E or infrastructure assets.
- Lastly, Notes are composed of explanations about the significant factors, which affect the accounting policy and financial statements, adopted to provide sufficient accounting information for the users.



Central Government Financial Statements can be found at the website of Open Fiscal Data and GAFSC (Only in Korean).

- *Open Fiscal Data*

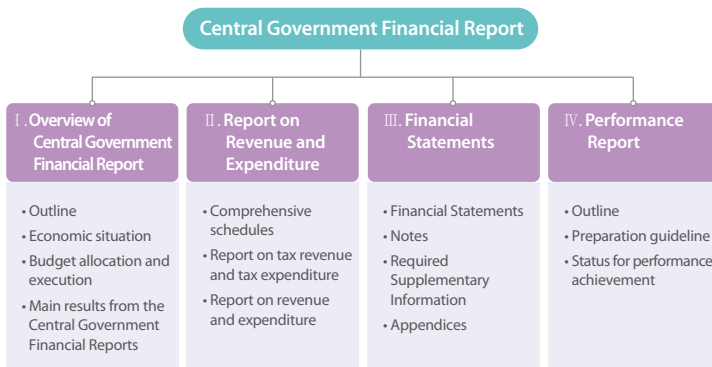
(<http://www.openfiscaldata.go.kr/portal/service/openInfPage.do?mId=B013>)

- *GAFSC*

(https://gafsc.kipf.re.kr/gafsc/settlementedu_Explanation.do)

- The supplementary schedules, not part of F/S, include required supplementary information and appendices. The National Assembly requires supplementary information, appendices and supplementary schedules to be attached to the Financial Statements.
- The required supplementary information is composed of information related to the heritage assets pension report (National Pension and Public Officials Pension), insurance report, social insurance report, report of national tax collection, statement of reconciliation of the balance of the surplus in budgets and net operating results, statement of financial operations by nature of revenues and expenses, and other information that is deemed significant.
- Each agency prepares the financial statements of the central government agency by combining financial statements of concerned central government accounting entities with the purpose to provide information in regard to the financial position and financial operation of the entire central government agencies. The format or contained information in the financial statements may vary depending on the preparer.
- Financial statements are prepared and submitted as part of the Central Government Financial Report.

Figure 3-1 Composition of Central Government Financial Report and Preparation Guideline



*Source: Referred to the 「National Accounting Act」 and Manual for Preparing Financial Statements



2. Results from Financial Statements of Korea¹⁾

(1) Statement of Financial Position

A. Summary

- In the fiscal year 2019, the total central government assets and liabilities are KRW 2,299 trillion and KRW 1,744 trillion each and its net assets appear to be KRW 555 trillion.
- Assets have increased by KRW 173 trillion compared to the previous year and the major reason for the increase could be attributed to the increase in current assets and investments including the increase in investment assets of fund by KRW 143.8 trillion, and increase in general property, plant and equipment due to revaluation of land by KRW 20 trillion. Likewise, liabilities have increased by KRW 61 trillion compared to the previous year that the increase in the central government bonds issued to make up for the fiscal deficit increased liabilities by KRW 50.9 trillion and provisions by KRW 7.4 trillion.
- Provision for pensions and long-term provisions take up most of the central government liabilities. Since 2011, provision for employee benefits and public officials pension has been reported.

1) KRW 1 Trillion = USD 855,285,665 (as of 2019.12.31)

Table 3-1 Summary of Statement of Financial Position FY2019

(Unit: Trillion(KRW))

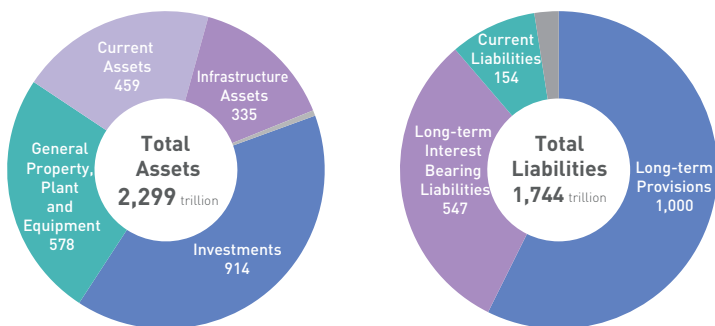
Category	FY19(B)	FY18(A)	Variation Amount (B-A)
I . Assets	2,299	2,126	173
Current Assets	459	401	58
Investments	914	828	86
General Property, Plant and Equipment	578	558	20
Infrastructure Assets	335	329	6
Intangible Assets	1	1	-
Other Non-current Assets	12	9	3
II . Liabilities	1,744	1,683	61
Current Liabilities	154	139	15
Long-term Interest Bearing Liabilities	547	505	42
Long-term Provisions	1,000	999	1
Provision for Pension	944	940	4
Other Non-current Liabilities	43	40	3
III . Net Assets(I - II)	555	443	112

*Source: Central Government Financial Report FY2019



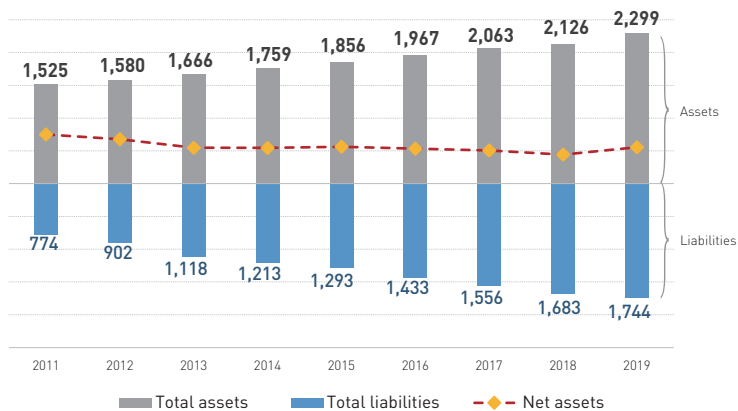
- In terms of the central government assets, the investments take up the majority followed by general property, plant and equipment, current assets, and infrastructure assets. For liabilities, long-term provisions (mostly provision for pensions) has the largest share, followed by long-term interest bearing liabilities and current liabilities.

The of Composition of Central Government Assets and Liabilities in FY2019



Total Assets and Total Liabilities

[Unit: Trillion(KRW)]



B. Major Changes in Assets and Liabilities : 2011 - 2019

Figure 3-2 'Current Assets'

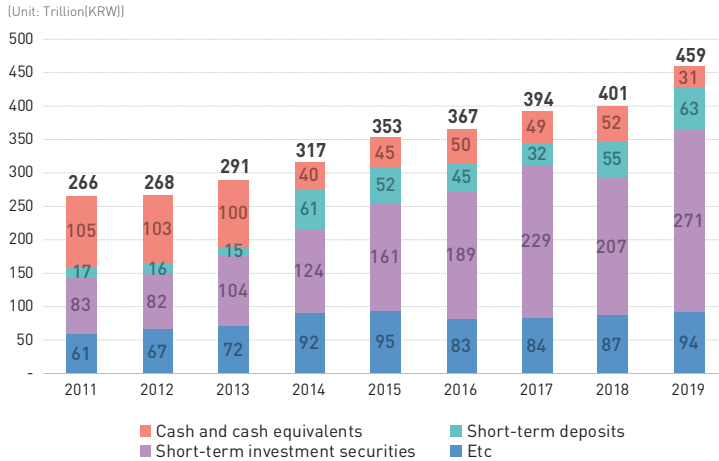
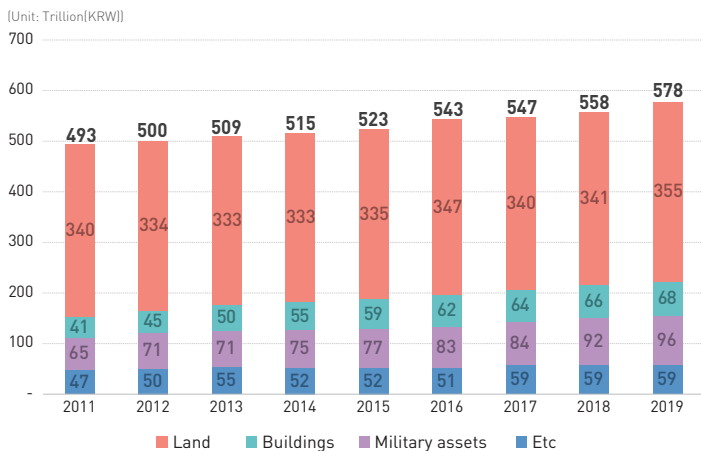


Figure 3-3 'Investments'



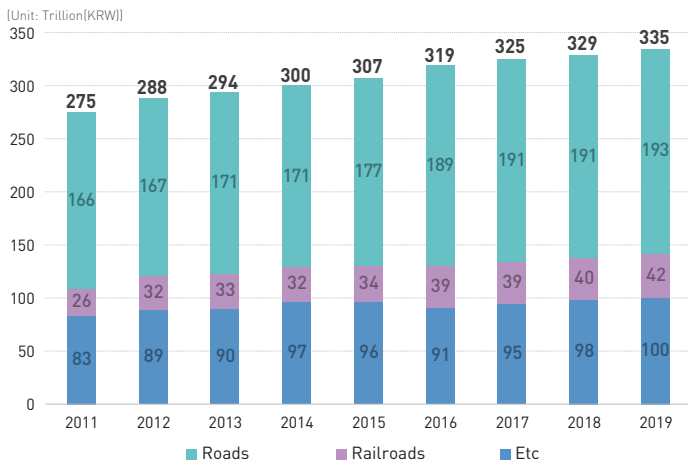


Figure 3-4 'General Property, Plant and Equipment'



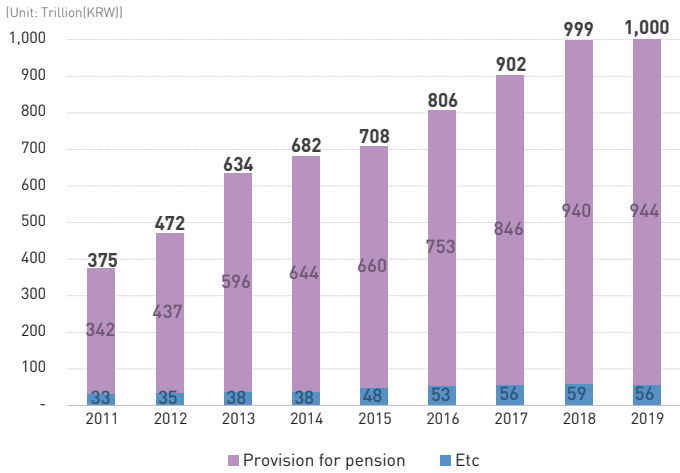
* Etc: Structures, machinery, furniture and fixtures, office equipment, vehicles, general property, plant and equipment under construction, other general property, plant and equipment

Figure 3-5 'Infrastructure Assets'



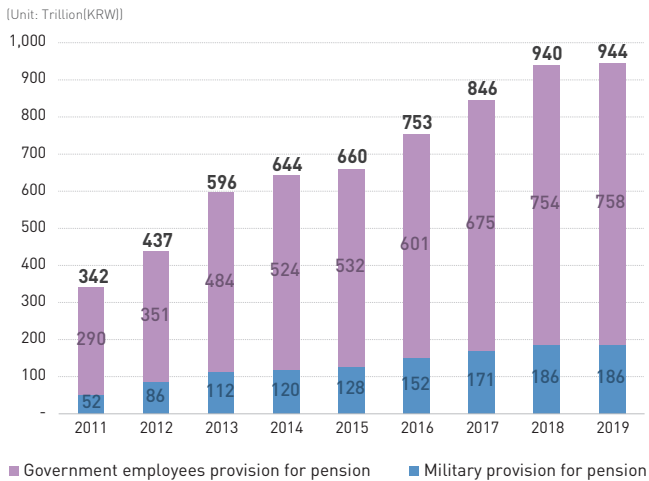
* Etc: Harbors, dams, airports, rivers, waterworks, state-owned fishery harbor, infrastructure under their construction

Figure 3-6 'Long-term Provisions'



* Etc: Provision for retirement benefits, provision for insurance, other long-term provisions

Figure 3-7 'Provisions for Pensions'





(2) Statement of Financial Operation

A. Summary

- The Statement of Financial Operations presents the net cost of central government operation for a fiscal year. The central government's net operating result for fiscal year 2019 was KRW 43 trillion.
- **Net operating costs** provide the information of net cost for central government activities and it is the net total of the following amount of adding administrative expenses and costs not assigned to programs, and subtracting revenues not assigned to programs from net program costs.
 - **Net program costs** are the net total of the following amount of subtracting exchange revenues generated from program operation from the total cost attributable(tracking and allocation) per program. In other words, it provides the net cost information required for program(public service) operation.
 - **Administrative expenses** are not directly incurred for program operation, but these are the expense incurred for administrative operation of central government such as staff costs and operating expenses.
 - **Costs not assigned to programs and revenues not assigned to programs** refer to the costs not allocated to a program and revenues not attributable to a program respectively.
- **Non-exchange revenues, etc.**, are the revenues without directly giving equal value in exchange, such as taxes, levies and non-reciprocal transfers revenues(financing and its transfer)
- **Net operating result** shows the operating result of a country during the fiscal year that it is the net total of the following amount of subtracting non-exchange revenues, etc., from net operating costs.

Table 3-2 Summary of Statement of Financial Operation FY2019

(Unit: Trillion(KRW))

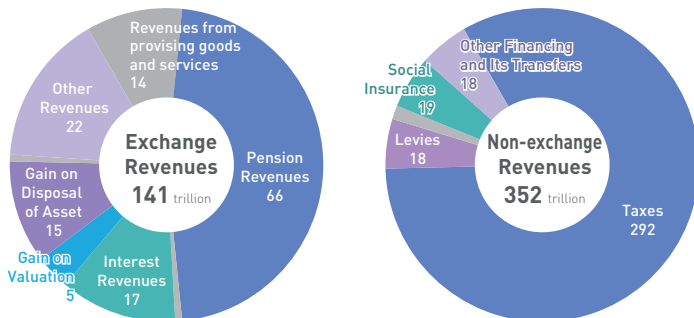
Category	FY19(B)	FY18(A)	Variation Amount (B-A)
I . Net Operating Costs	394.7	343.3	51.4
Net Program Costs	387.7	344.6	43.1
Administration Expenses	27.4	26.5	0.9
Costs Not Assigned to Programs	18.5	23.7	(5.2)
Revenues Not Assigned to Programs	(38.9)	(51.5)	12.6
II . Non-exchange Revenues and Others	351.7	351.1	0.6
Tax Revenues	291.8	294.9	(3.1)
Levies	17.5	17.6	(0.1)
Fines or Penalties	24.3	24	0.3
Other Financing and Its Transfer	18.1	14.6	3.5
III . Net Operating Result(I - II)	43.0	(7.8)	50.8

*Source: Central Government Financial Report FY2019

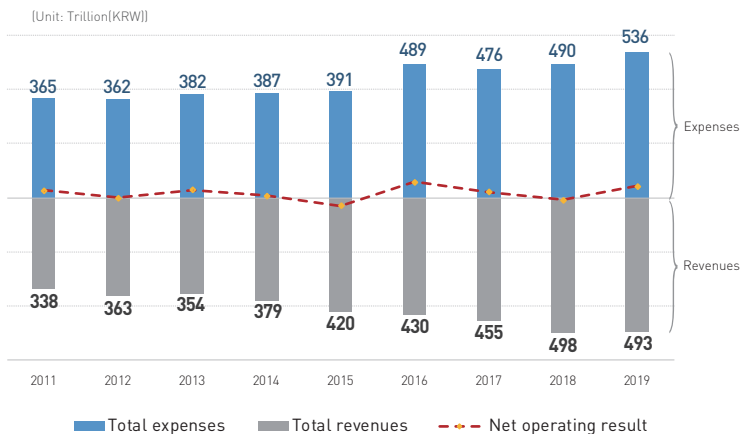


- In government accounting, revenue is classified into exchange revenue and non-exchange revenue, and the composition is as follows.

Composition of Exchange Revenues and Non-exchange Revenues FY2019



Total Expenses and Total Revenues



B. Changes in Financial Operations : 2011 – 2019



Figure 3-8 'Net Operating Costs' and 'Net Operating Result'

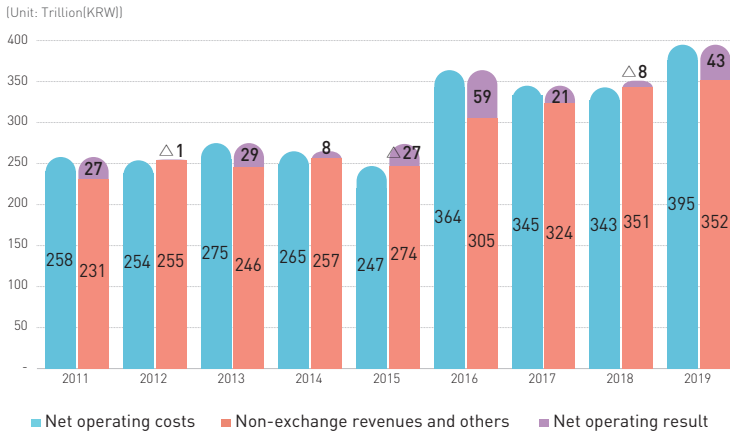


Figure 3-9 'Non-exchange revenues'

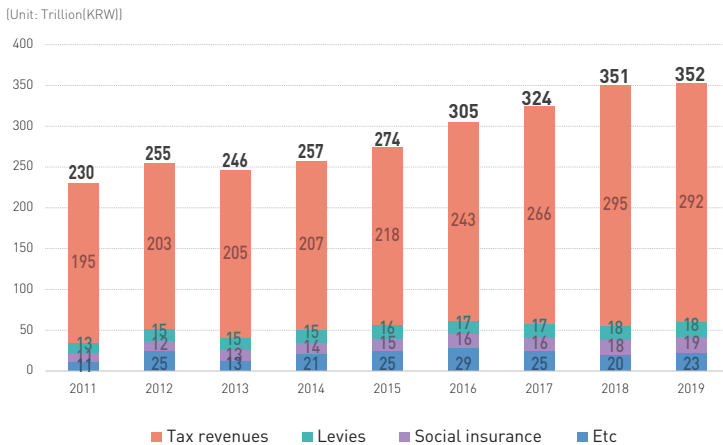




Figure 3-10 Trend in 'Financial Operations'

(Unit: Trillion(KRW))

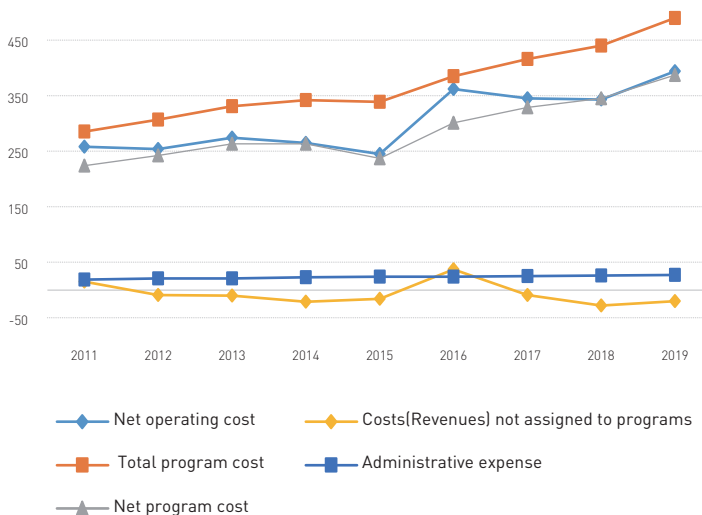


Table 3-3 Changes in Net Program Cost and Net Operating Cost

(Unit: Trillion(KRW))

	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Total Program Cost	285	307	335	342	341	385	416	440	490
II. Program Revenue	(61)	(65)	(69)	(79)	(102)	(84)	(87)	(95)	(103)
III. Net Program Cost (I + II)	224	242	266	263	239	301	329	345	387
IV. Costs Not Assigned to Programs	61	34	26	22	28	79	35	24	18
V. Revenues Not Assigned to Programs	(46)	(43)	(38)	(42)	(44)	(42)	(43)	(52)	(39)
VI. Administrative Expense	19	21	21	23	24	24	25	26	27
VII. Net Operating Cost (III+IV-V+VI)	258	254	275	266	247	362	346	343	393

(3) Statement of Changes in Net Assets

A. Summary

- The Statement of Changes in Net Assets of the central government presents the opening balance of the net assets, net operating result, adjustments, and net assets to be carried forward to the next year.



Table 3-4 Summary of Statement of Changes in Net Assets FY2019

(Unit: Trillion(KRW))

	General Net Assets	Reserves and Surplus	Net Assets Adjustments	Total
I. Opening Balance of the Net Assets(Restated)	441	(11)	76	506
Balance at Dec 31, 2017 as Previously Reported	441	(11)	76	506
Correction of Errors	-	-	-	-
II. Net Operating Result	-	(8)	-	(8)
III. Adjustments	-	(34)	(37)	(71)
Increase(decrease) in the Contributed Equity	-	-	-	-
Gain(loss) on Valuation of Investment Securities	-	-	(32)	(32)
Gain(loss) on Valuation of Derivatives	-	-	-	-
Gain on Revaluation of Assets	-	-	(1)	(1)
Other Increase(decrease) in Net Assets	-	(34)	(4)	(38)
IV. Closing Balance of the Net Assets(I-II+III)	441	(37)	39	443
V. Opening Balance of the Net Assets(Restated)	441	(37)	39	443
Balance at Dec 31, 2018 as Previously Reported	441	(37)	39	443
Correction of Errors	-	-	-	-
VI. Net Operating Result	-	43	-	43
VII. Adjustments	-	62	93	155
Increase(decrease) in the Contributed Equity	-	-	-	-
Gain(loss) on Valuation of Investment Securities	-	-	60	60
Gain(loss) on Valuation of Derivatives	-	-	-	-
Gain on Revaluation of Assets	-	-	16	16
Other Increase(decrease) in Net Assets	-	62	17	79
VIII. Closing Balance of the Net Assets(V-VI+VII)	441	(18)	132	555

*Source: Central Government Financial Report FY2019



B. Changes in Net Assets : 2011 – 2019



Figure 3-11 'Net Assets'

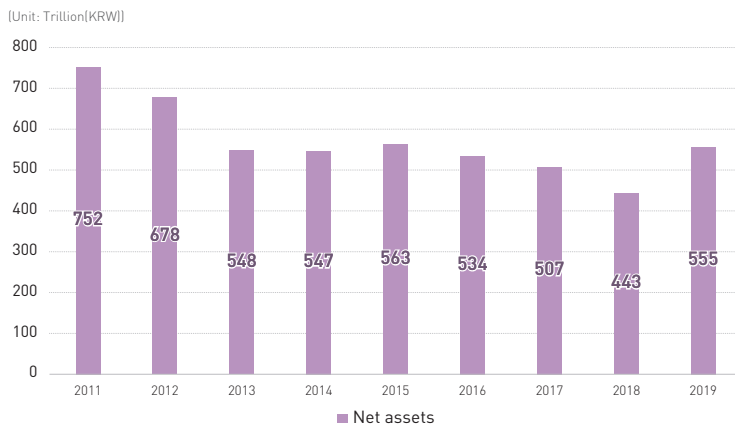


Table 3-5 Adjustments

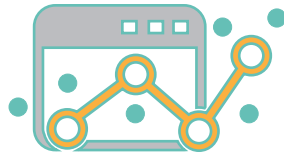
(Unit: Trillion(KRW))

	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. Increase(decrease) in the Contributed Equity	-	-	-	-	-	-	-	-	-
II. Gain(loss) on Valuation of Investment Securities	(12)	12	8	5	8	15	32	(32)	60
III. Gain(loss) on Valuation of Derivatives	-	-	-	-	-	-	-	-	-
IV. Gain on Revaluation of Assets	533	(2)	2	(1)	8	62	1	(1)	15
V. Other Increase(decrease) in Net Assets	8	(60)	(46)	(2)	(21)	(48)	(39)	(38)	80
VI. Adjustments (I + II + III + IV + V)	529	(50)	(36)	2	(5)	29	(6)	(71)	155



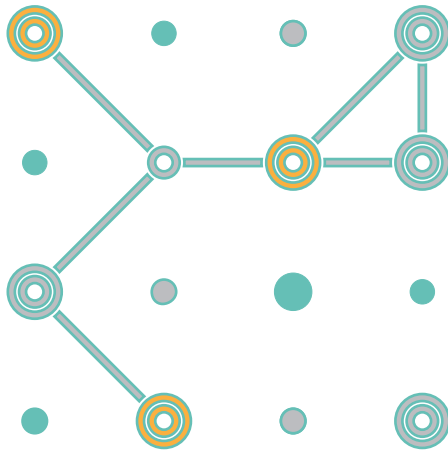
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Annex.

Financial Statements FY19 of the Central Government of Korea





Annex. Financial Statements FY19 of the Central Government of Korea

1. Statement of Financial Position

As of December 31, 2019, and 2018
Central Government of the Republic of Korea

(Currency: Trillion(KRW))

	2019	2018
Assets		
I. Current Assets	459.0	401.1
1. Cash and Cash Equivalents	31.0	51.7
2. Short-term Deposits	63.0	54.6
3. Short-term Investment Securities	270.9	207.2
4. Short-term Accounts Receivables	29.6	31.5
5. Short-term Loans	30.9	24.7
6. Other Current Assets	33.6	31.4
II. Investments	914.0	828.0
1. Long-term Deposits	1.6	2.4
2. Long-term Investment Securities	630.7	569.8
3. Long-term Loans	152.6	147.7
4. Other Investments	129.1	108.1
III. General Property, Plant and Equipment	577.7	557.6
1. Land	355.2	341.3
2. Buildings	68.3	65.7
3. Structures	10.5	11.1
4. Machinery	5.2	5.4
5. Furniture and Fixtures, Office Equipment, Vehicles	10.6	10.4
6. Military Assets	96.4	92.3
7. Other General Property, Plant and Equipment	8.9	9.7
8. General Property, Plant and Equipment under Construction	22.6	21.7
IV. Infrastructure Assets	334.8	329.6
1. Roads	192.7	191.4
2. Railroads	42.3	40.4
3. Harbors	18.1	17.9
4. Dams	3.5	3.4
5. Airports	4.3	4.2
6. Rivers	61.8	62.0
7. Waterworks	2.0	1.9
8. State-owned Fishery Harbor	1.5	1.5
9. Infrastructure Assets under Construction	8.6	6.9

	2019	2018
V. Intangible Assets	1.5	1.3
1. Industrial Property Rights	0.0	0.0
2. Software	1.4	1.2
3. Other Intangible Assets	0.1	0.1
VI. Other Non-current Assets	12.5	9.0
1. Long-term Accounts Receivables	5.9	5.7
2. Other of Other Non-current Assets	6.6	3.3
Total Assets	2,299.5	2,126.6
Liabilities		
I . Current Liabilities	153.5	139.3
1. Short-term Borrowings	72.6	69.0
2. Current Portion of Long-term Interest Bearing Liabilities	59.8	50.0
3. Other Current Liabilities	21.1	20.3
II . Long-term Interest Bearing Liabilities	546.9	505.0
1. Central Government Bonds	532.7	490.0
2. Public Bonds	10.9	11.7
3. Long-term Borrowings	3.3	3.3
III. Long-term Provisions	1,000.3	998.6
1. Provision for Retirement Benefits	0.6	0.5
2. Provision for Pensions	944.2	939.9
3. Provision for Insurances	0.5	1.0
4. Other Long-term Provisions	55.0	57.2
IV. Other Non-current Liabilities	43.0	40.6
1. Long-term Accounts Payables	12.8	13.3
2. Other of Other Non-current Liabilities	30.2	27.3
Total Liabilities	1,743.7	1,683.5
Net Assets		
I . General Net Assets	441.7	441.0
II . Reserves and Surplus	(18.0)	(37.1)
III. Net Asset Adjustments	132.1	39.3
Total Net Assets	555.8	443.2
Total Liabilities and Net Assets	2,299.5	2,126.7



2. Statement of Financial Operations

For the Years Ended December 31, 2019 and 2018
Central Government of Republic of Korea

(Currency: Trillion(KRW))

	2019	2018
I . Net Operating Costs	394.7	343.2
1. Office of the President and Office of National Security	0.1	0.1
2. National Assembly	0.6	0.6
3. Supreme Court	1.5	1.4
4. Constitutional Court	-	-
5. National Election Commission	0.4	0.4
6. National Unification Advisory Council	-	-
7. Board of Audit and Inspection	0.1	0.1
8. National Intelligence Service	0.5	0.4
9. Office for Government Policy Coordination and Prime Minister's Secretariat	0.6	0.5
10. Ministry of Economy and Finance(including National Fund Account)	-	-
(1) Ministry of Economy and Finance	5.7	4.7
(2) National Fund Account	0.3	(0.1)
11. Ministry of Education	75.5	66.6
12. Ministry of Foreign Affairs	2.2	2.1
13. Ministry of Unification	0.3	0.5
14. Ministry of Justice	4.0	4.0
15. Ministry of National Defense	42.5	38.9
16. Ministry of Personnel Management	32.9	31.1
17. Ministry of Culture, Sports and Tourism	4.9	4.3
18. Ministry of Agriculture, Food and Rural Affairs	10.0	9.4
19. Ministry of Trade, Industry and Energy	6.2	5.5
20. Ministry of Health and Welfare	31.6	26.1
21. Ministry of Environment	8.5	6.7
22. Ministry of Employment and Labor	31.5	26.6
23. Ministry of Gender Equality and Family	1.0	0.7
24. Ministry of Land, Infrastructure and Transport	20.9	16.1
25. Ministry of Oceans and Fisheries	5.1	0.7
26. Ministry of Government Legislation	-	-
27. Ministry of Patriots and Veterans Affairs	5.3	5.3
28. Ministry of Food and Drug Safety	0.5	0.5
29. National Human Rights Commission	-	-
30. Korea Communication Commission	0.1	0.1
31. Fair Trade Commission	0.2	0.2
32. Financial Service Commission	2.0	2.1

	2019	2018	
33. Anti-Corruption & Civil Rights Commission	0.1	0.1	
34. Nuclear Safety and Security Commission	0.1	0.1	
35. National Tax Service	2.6	2.3	
36. Korea Customs Service	0.4	1.0	
37. Public Procurement Service	(0.1)	(0.1)	
38. Statistics Korea	0.4	0.3	
39. Military Manpower Administration	0.2	0.2	
40. Defense Acquisition Program Administration	3.9	3.1	
41. Korean National Police Agency	11.8	11.4	
42. Cultural Heritage Administration	0.8	0.7	
43. Rural Development Administration	0.9	0.9	
44. Korea Forest Service	1.7	1.6	
45. Korean Intellectual Property Office	(0.1)	(0.1)	
46. Korea Meteorological Administration	0.4	0.4	
47. National Agency for Administrative City Construction	0.3	0.1	
48. Saemangeum Development and Investment Agency	-	-	
49. Ministry of the Interior and Safety	61.3	51.9	
50. Ministry of SMEs and Startups	5.3	4.5	
51. National Fire Agency	0.2	0.1	
52. Korea Coast Guard	1.5	1.4	
53. Ministry of Science and ICT	7.9	7.6	
54. Presidential Security Service	0.1	0.1	
55. Special Investigation Commission on Humidifier Disinfectants & 4·16 Sewol Ferry Disasters	-	-	
56. Special Sewol Investigation Commission	-	-	
57. Intragovernmental Transaction Amount	-	-	
(1) Intragovernmental Transaction Costs	(8.6)	(8.6)	-
(2) Intragovernmental Transaction Revenues	8.6	8.6	-
II. Non-exchange Revenues and Others	351.7	351.0	
1. Tax Revenues	-	-	-
(1) Tax Revenues	298.4	301.4	-
(2) Bad Debt Expenses	(6.6)	(6.5)	-
(3) Reversal of Allowance for Bad Debts	-	-	294.9
2. Levies	17.6	17.6	
3. Fines or Penalties	4.6	5.7	
4. Social Insurance	19.0	17.9	
5. Gain on Exemption of Debts	0.1	-	
6. Other Non-exchange Revenues	0.5	0.3	
7. Other Financing and its Transfer	18.1	14.6	
III. Net Operating Result(I-II)	43.0	(7.8)	



3. Statement of Changes in Net Assets

For the Years Ended December 31, 2019 and 2018
Central Government of Republic of Korea

(Currency: Trillion(KRW))

	General Net Assets	Reserves and Surplus	Net Assets Adjustments	Total
I . Opening Balance of the Net Assets(Restated)	441.1	(10.4)	76.0	506.7
1. Balance at Dec 31, 2017 as Previously Reported	441.1	(10.4)	76.0	506.7
2. Correction of Errors	-	-	-	-
II . Net Operating Result	-	(7.8)	-	(7.8)
III. Adjustments	(0.1)	(34.5)	(36.7)	(71.3)
1. Increase(decrease) in the Contributed Equity	-	-	-	-
2. Gain(loss) on Valuation of Investment Securities	-	-	(31.8)	(31.8)
3. Gain(loss) on Valuation of Derivatives	-	-	-	-
4. Gain on Revaluation of Assets	-	-	(1.3)	(1.3)
5. Other Increase(decrease) in Net Assets	(0.1)	(34.5)	(3.6)	(38.2)
IV. Closing Balance of the Net Assets(I-II+III)	441.0	(37.1)	39.3	443.2
V . Opening Balance of the Net Assets(Restated)	441.0	(37.1)	39.3	443.2
1. Balance at Dec 31, 2018 as Previously Reported	441.0	(37.1)	39.3	443.2
2. Correction of Errors	-	-	-	-
VI. Net Operating Result	-	43.0	-	43.0
VII. Adjustments	0.6	62.1	92.8	155.5
1. Increase(decrease) in the Contributed Equity	-	-	-	-
2. Gain(loss) on Valuation of Investment Securities	-	-	59.7	59.7
3. Gain(loss) on Valuation of Derivatives	-	-	-	-
4. Gain on Revaluation of Assets	-	-	15.8	15.8
5. Other Increase(decrease) in Net Assets	0.6	62.1	17.3	80.0
VIII. Closing Balance of the Net Assets(V-VI+VII)	441.6	(18.0)	132.1	555.7



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