



جهاز أبوظبي للمحاسبة
ABU DHABI ACCOUNTABILITY AUTHORITY

Illustrative IPSAS Entity Financial Statements

Public Sector Entity (PSE)

Year ended 31 December 2015

[January 2016]

Introduction

A cornerstone of accountability is fair and transparent reporting of transactions and events. Transparency cannot be measured in degrees, it is a yes/no test. Entities either are, or are not, transparent.

Increasingly regulation drives entities to provide more and more information. However providing more information does not of itself improve transparency.

The IPSASB has undertaken a great deal of work on what a public sector entity should be reporting, not all of which is financial. Accordingly in this publication we have included a section on the IPSASB's Recommended Practice Guides (RPGs). Abu Dhabi Accountability Authority (ADAA) does not suggest you make publically available information you do not need to, or is sensitive to you. However we do recommend that you consider this section carefully and implement as much as you can, at least for internal stakeholder consumption. ADAA has for the last six years published its Accountability Report, in which we address many if not all of the matters raised by the RPGs. It can be found here www.adaa.abudhabi.ae.

ADAA also publishes a semi-annual IPSAS Bulletin that addresses topical accounting matters for Public Sector Entities. Publications are available on www.adaa.abudhabi.ae.

This publication provides an illustrative set of entity financial statements prepared in accordance with International Public Sector Accounting Standards (IPSAS) based on the requirements of IPSAS for the financial year ended 31 December 2015.

Public Sector Entity (PSE) is an existing preparer of IPSAS financial statements. The transitional provisions of each accounting standard have not therefore been covered. A first time adopter of IPSAS will need to ensure that where they have made use of the transitional provisions, full disclosure is provided in the accounting policies and in the notes to the financial statements.

Should you wish to discuss any of the items raised in this publication please contact the Accounting and Auditing Standards Desk, within the Financial Audit and Examination Group of ADAA.

In preparing these illustrative financial statements we have utilized EY's publication 'Model Public Sector Group Illustrative Financial Statements' available on their Public Sector Thought Leadership page [here](#).

We would very much like to receive feedback on these illustrative financial statements, particularly if you have any thoughts on where they may be improved or may be more helpful.

- ❑ The illustrative financial statements are written by the Accounting and Auditing Standards Desk (AASD) of the Financial Audit and Examination Group of the Abu Dhabi Accountability Authority (ADAA). All rights reserved.
- ❑ The illustrative financial statements are intended as information for the reader only and none of the content is intended as accounting advice. Entities should refer to ADAA direct if advice is required for a particular issue.
- ❑ Abu Dhabi Accountability Authority accepts no responsibility for loss or damage caused to any party who acts or refrains from acting in reliance on this publication, whether such loss is caused by negligence or otherwise.

Contents

	Page
Recommended Practice Guidelines	1
Statement of Financial Position	12
Statement of Financial Performance	13
Statement of Changes in Net Assets/Equity	14
Statement of Cash Flows	15
Statement of Comparison of Budget and Actual Amounts	17
Notes to the Financial Statements	18

Recommended Practice Guidelines

The International Public Sector Accounting Standards Board (IPSASB) sometimes finds that topics it takes on to its agenda result in an output that is not possible to turn into an accounting standard. However, rather than lose the excellent thinking that has gone into considering the topic, the IPSASB captures it within a Recommended Practice Guideline (RPG). RPGs are pronouncements that provide guidance on the best available practice in reporting.

Currently there are three RPGs issued.

- RPG 1- Reporting on the Long-Term Sustainability of an Entity's Finances
- RPG 2 – Financial Statement Discussion and Analysis
- RPG 3 - Reporting Service performance Information

RPG 1- Reporting on the Long-Term Sustainability of an Entity's Finances

RPG 1 provides guidance on presenting information about the capacity of an entity to provide social benefits at existing levels and to meet its financial commitments.

RPG 2 – Financial Statement Discussion and Analysis

RPG 2 provides guidance on how to explain the significant items, transactions and events presented in an entity's financial statements and the factors that influence them. If you intend to provide discussion and analysis of your financial performance (and we recommend you do) there are four main areas to consider:

- a) An overview of operations and the environment in which it operates.
- b) Information about objectives and strategies.
- c) Analysis of significant changes and trends in financial position, performance and cash flows.
- d) Description of principal risks and uncertainties how they have changed and strategies to deal with them.

The full RPG may be accessed in the link <http://www.ifac.org/publications-resources/recommended-practice-guideline-2>.

RPG 3 - Reporting Service performance Information

There is little doubt that this RPG is the most significant RPG for Public Sector Entities. Why? Because financial statements cannot tell the whole story for Public Sector Entities. Financial Statements can only say how much cash the entity received and on what it has been spent. This is fine if the objective is to earn a return and pay dividends to shareholders. But if the objective is to deliver high quality services to the public, efficiently and effectively, then something else is required. The full RPG may be accessed in the link below.

<http://www.ifac.org/publications-resources/recommended-practice-guideline-3>

- RPG 3 Objective

To provide information for users on an entity's service performance objectives, its achievement of those objectives and the service the entity provides. Service performance information can also assist users to assess the entity's service efficiency and effectiveness.

- RPG 3 Definitions

The RPG uses the following terms:

- Effectiveness is the relationship between actual results and service performance objectives in terms of outputs or outcomes.
- Efficiency is the relationship between (a) inputs and outputs, or (b) inputs and outcomes.
- Inputs are the resources used by an entity to provide outputs.
- Outcomes are the impacts on society, which occur as a result of the entity's outputs, its existence and operations.
- Outputs are the services provided by an entity to recipients external to the entity.
- Performance indicators are quantitative measures, qualitative measures, and/or qualitative discussions of the nature and extent to which an entity is using resources, providing services, and achieving its service performance objectives.

- A service performance objective is a description of the planned result(s) that an entity is aiming to achieve expressed in terms of inputs, outputs, outcomes, efficiency or effectiveness.

- RGP 3 Effectiveness

Effectiveness describes the relationship between an entity's actual results and its service performance objectives, where the results and the related service performance objective are consistently expressed in outputs or in outcomes.

An entity's service performance objectives may be both objectives expressed in terms of outputs and objectives expressed in terms of outcomes. When reporting on its effectiveness the entity may report the extent to which each relevant service performance objective has been achieved.

The more effectively an entity operates as a service provider, the better will be its actual results (outputs actually provided or outcomes actually attained), when measured against its planned results.

For example, if the entity's service performance objective (the entity's planned result) expressed in terms of outcomes is to reduce the number of infants that contract measles by 3,000, then one possible effectiveness indicator would be the ratio of the actual reduction to the planned reduction, expressed as a percentage. If the entity reduced the number of infants contracting measles by three thousand, this effectiveness indicator would show 100% effectiveness. Since the actual result is a 3,000 reduction in infants contracting measles, the planned result (a 3,000 reduction in infants contracting measles) has been fully (100%) achieved.

The same entity could have a second service performance objective expressed in terms of outputs, for example, that 10,000 children would be vaccinated against tuberculosis. If 8,000 children were actually vaccinated then, with respect to this second objective, effectiveness would be 80%.

- RGP 3 Efficiency

An efficiency indicator can be used to show when a service is being provided more (or less) efficiently compared to (a) previous reporting periods, (b) expectations, (c) comparable service providers, or (d) benchmarks derived, for example, from best practices within a group of comparable service providers.

Other things being equal, if outputs can be produced at less cost than before, then production efficiency has improved and an efficiency indicator designed to report that type of efficiency gain will show an improvement.

For example, with respect to vaccinations against measles, "cost per infant vaccinated" is one example of an efficiency indicator, one which relates outputs (vaccinations) to an input (cost).

Similarly, if the quality of a service improves so that the outcomes achieved are better than those previously attained, with other variables such as service quantity and cost holding constant, then this represents an increase in efficiency, and an efficiency indicator designed to capture that type of efficiency gain will show an improvement.

For example, with respect to vaccinations against measles, "cost per reduction in number of infants contracting measles" is an example of an efficiency indicator, as it relates an outcome (reduction in number of infants contracting measles) to an input (cost). The converse—quality decreases so that outcomes are worse, with other variables such as quantity and cost holding constant—would indicate less efficient service provision.

Inputs

Resources used to produce outputs include: (a) human resources or labor, (b) capital assets such as land, buildings and vehicles, (c) cash and other financial assets, and (d) intangible assets such as intellectual property.

Staff time spent providing vaccinations against measles is an example of a health service related input. Then "the number of full-time equivalent staff days used to provide the 8 vaccinations against measles service" would be one possible input indicator for that service. Inputs are also reported in terms of costs incurred.

- RGP 3 Outcomes

Impacts on society resulting from the outputs provided by public sector entities may include, amongst other things, impacts on educational achievements, on poverty and crime levels, and on the health of different groups within society. For example, with respect to vaccinations against measles, the planned outcome could relate to reducing the number of infants that contract measles. The "percentage reductions in infants contracting measles" would be one possible outcome indicator for that health service.

An entity's existence may contribute to achievement of its outcomes. For example, the existence of a crime prevention

agency, such as a police department or an office for fraud prevention, may help to prevent crime, because potential criminals consider that the likelihood of their being caught and punished is higher than would be the case without the agency. Similarly, the existence of a defense force may help to prevent war, without the defense force actively engaging in war.

An entity's operations may also contribute to achievement of its outcomes. For example, the process of collecting information to compile health statistics—viewed by the entity as an operational input to its health services—could raise awareness of health issues and cause a positive health outcome.

There may be a strong, direct causal link between an entity's actions and its achievements with respect to outcomes, but this will not always be the case. Factors beyond the entity's control may intervene to either hinder or facilitate the achievement of outcomes.

- RGP 3 Outputs

Services provided by entities could include:

- (a) Services provided directly to individuals and institutions, for example, health or education services or the provision of goods such as food or books;
- (b) Services provided indirectly to individuals and institutions, for example, services which aim to develop, promote, protect or defend a community, institution, country, or community values and rights;
- (c) Transfers to individuals and institutions, for example, cash transfers and the provision of economic incentives such as tax incentives;
- (d) Provision of policies, regulations or legislation to achieve public policy goals, which includes, for example, revenue related legislation and the enforcement of such legislation; and
- (e) Collection of taxes and other revenues.

The receipt of services by recipients external to the entity is a critical factor in deciding whether services are outputs, rather than services consumed internally as part of an entity's production of outputs.

The provision of vaccinations against measles to infants is an example of a health related output. The service's recipients—the infants—are external to the entity. "The number of infants vaccinated against measles" would be a possible output indicator for that health service.

- RGP 3 Performance Indicators

The types of performance indicators used to report service performance information relate to inputs, outputs, outcomes, efficiency and effectiveness.

Performance indicators may be quantitative measures, for example, the number of outputs produced, the cost of services, the time taken to provide a service, or a numerical target for an outcome. Performance indicators may be qualitative measures, for example descriptors such as poor/good/excellent or satisfactory/unsatisfactory. Use of quantitative and qualitative measures may help users with (a) their assessment of whether service performance objectives have been achieved, and (b) inter-period and inter-entity comparisons of service performance.

A performance indicator could also be in the form of a qualitative discussion. A qualitative discussion may be necessary, to provide users with relevant and understandable information on service performance, where there is a high level of complexity and judgment involved in a particular service. A qualitative discussion is used where service performance cannot meaningfully be represented through a simple measure or set of measures, whether quantitative or qualitative.

- RGP 3 Service Performance Objectives

Service performance objectives may be expressed using performance indicators of inputs, outputs, outcomes, efficiency, or effectiveness. A service performance objective may also be expressed using a narrative description of a desired future state resulting from provision of services.

An example of a service performance objective for an entity responsible for vaccinations against measles is: "To increase the percentage of infants that have received a vaccination for measles from 65% to 95%."

An entity's service performance objectives may all be expressed in the same type of performance indicator, for example, all expressed in outcomes. They may also be expressed in different types of performance indicators, for example, some of the service performance objectives may be expressed in outcomes, while others are expressed in outputs and/or inputs.

For effective accountability the entity should (a) establish clear service performance objectives before the start of the reporting period; and, (b) provide clear information at the end of the reporting period on the extent to which those objectives were achieved during the reporting period. Service performance information presented should be tailored to the entity's service performance objectives.

A single service may contribute to achievement of one or more service performance objectives. Several services may contribute to the same service performance objective.

- RGP 3 Reporting Boundary

The reporting boundary for service performance information should be the same as that used for the financial statements.

- RGP 3 Principles for Reporting Service Performance Information

An entity should report service performance information that is useful for accountability and decision making. It should enable users to assess the entity's:

- (a) Service delivery activities and achievements during the reporting period;
- (b) Financial results in the context of its achievement of service delivery objectives; and
- (c) Efficiency and effectiveness of the entity's service delivery.

The presentation of service performance information should be appropriate to the entity's service performance objectives. It should make the relationship between the entity's service performance objectives and its service performance achievements clear.

Service performance objectives and other information presented should take account of the entity's specific circumstances, such as (a) the services that the entity provides, (b) the entity's nature, and (c) the regulatory environment in which the entity operates. Presentation should support inter-period comparisons and, to the extent that such comparisons are meaningful for the service performance information reported, inter-entity comparisons.

The presentation of service performance information should meet the qualitative characteristics of financial reporting, which are relevance, faithful representation, understandability, timeliness, comparability, and verifiability.

The following considerations are important when considering application of the qualitative characteristics to service performance information:

- **Relevance:** Service performance information should be useful for (a) holding the entity accountable for its service provision and (b) users' decision making.
- **Faithful Representation:** Service performance information should provide an unbiased representation of the service performance of an entity's services.
- **Understandability:** Service performance information should be communicated to users simply and clearly.
- **Timeliness:** Service performance information should be reported to users before it loses its capacity to be useful for accountability and decision making purposes.
- **Comparability:** Service performance information should provide users with a basis and context to compare an entity's service performance over time, against targets, and to other entities.
- **Verifiability:** Service performance information should provide users with a basis for assessing whether the information in a service performance report could be replicated by independent bodies using the same measurement approach.

The pervasive constraints on information in general purpose financial reports—materiality, cost-benefit, and balance between the qualitative characteristics—should also be applied to service performance information.

Materiality is a key issue to consider when selecting service performance information for presentation. Information is material if its omission or misstatement could influence the discharge of accountability by the entity, or the decisions that users make on the basis of the entity's reported service performance information prepared for that reporting period. Materiality depends on both the nature and amount of the item judged in the particular circumstances of each entity.

When applying materiality to service performance information it is not possible to specify a uniform quantitative threshold at which a particular type of information becomes material. This is because service performance information involves qualitative and quantitative information about service delivery achievements during the reporting period and is likely to influence expectations about service delivery and financial outcomes in the future.

The benefits of reporting service performance information should justify the costs imposed by such reporting. The preparation and reporting of service performance information is expected to benefit both users of the information and the entity, as a result of better decision making by management. Costs likely to be incurred by the entity include the costs of collecting and processing the information, the costs of verifying it and/or presenting the assumptions and methodologies that support it, and the costs of disseminating it. When considering costs, preparers also need to consider the costs that users incur in terms of (a) analysis and interpretation, (b) costs imposed by omission of useful information, including the costs that users incur to obtain needed information from other sources and the costs that result from making decisions using incomplete data. Assessing whether the benefits of providing information justify the related costs is often a matter of judgment. Service recipients and resource providers ultimately bear the cost of those efforts—because resources are redirected from service delivery activities.

Where the entity's service performance objectives change, the information presented should reflect the change. For example, an entity may initially have service performance objectives related to increasing either the inputs or outputs related to its services, and then later re-focus its performance towards improving either the services' efficiency or effectiveness. That change should be reflected in the service performance information that the entity presents.

- **RGF 3 Display of Service Performance Information within a Report**

One way to organize service performance information is in a "statement of service performance", which involves organizing information into a tabular or statement form. A statement of service performance can support understandability and comparability when numerical or "summary descriptive" performance indicators (e.g. "satisfactory or unsatisfactory") are reported on multiple services. Service performance information can also be presented through narrative or case studies. It is also possible to use a mixture of case studies and one or more statements.

High level summaries of information should be supported with more in-depth discussion and analysis. Information should be organized so that connections are clear between the high level summaries and (a) supporting detail, and (b) related discussion and analysis.

- **RGF 3 Presentation of Service Performance Information**

Service performance information should identify an entity's important services, relevant performance indicators and other information relevant to those services. Information to identify important services is likely to be found in an entity's planning documents (budget statement, mission statement, strategic plan, funding agreements, corporate plan, etc.), which usually provide the most relevant source of information about the entity's purpose, its service performance objectives, and those services about which information should be presented.

Aggregation of service performance information should be at a level that conveys a meaningful understanding of the entity's service performance achievements. Aggregation should not be so high as to cover or obscure performance, or so low as to result in detailed listings that also obscure performance and reduce understandability. Information reported should be sufficiently specific for users to hold the entity accountable for its service performance, particularly its performance with respect to its service performance objectives.

Where an entity prepares consolidated financial statements that include financial information from one or more entities there may be scope to refer users to service performance information reported by the controlled entities, rather than duplicate that information in the controlling entity's report. The controlling entity could present high level, summary service performance information on the suite of services provided by its controlled entities. It may also present service performance information on any services that it provides directly, additional to services provided by its controlled entities. For example, a Ministry of Health may present (a) information on the health legislation development services it provides, (b) high level summary information on services provided by hospitals and other health related entities for which it is accountable, and (c) information that allows users to locate the service performance information in the individual reports of those hospitals and other health related entities.

IPSAS 18, Segment Reporting applies to entities' identification of segments. It describes service segments and identifies factor that should be considered when grouping services into segments for financial reporting purposes. IPSAS 18's description of service segments is likely to be useful for entities, when they consider how to present their service performance information.

- RGP 3 Information for Display

The following information should be displayed for each relevant service reported:

- (a) Service performance objectives;
- (b) Performance indicators that show the entity's achievements with respect to its service performance objectives; and,
- (c) Information on the cost of services.

With respect to performance indicators and service costs, the entity should display:

- (a) Planned and actual information for the reporting period; and
- (b) Actual information for the previous reporting period.

Where service performance information includes information that is also in the financial statements, it should include cross-references to the financial statements where appropriate to avoid duplication of information.

- RGP 3 Performance Indicators

Judgment is needed to determine the most suitable set of performance indicators to be reported. The overriding principle is that indicators should be selected on the basis of their importance to users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

The indicators selected should be related in such a way that users can ascertain how efficiently and effectively the entity has used its resources to deliver services and achieve its service performance objectives.

An entity is encouraged to display information about its intended outcomes and its achievements with respect to those outcomes. Information about outcomes may be difficult to provide, but it is information that all entities should aim to provide. This is because outcome information focuses on the ultimate reason for service provision, which is the impact that services have on the community. By reporting outcomes in relation to inputs and outputs an entity most directly addresses the question of whether the entity's service provision is having the intended effect and whether the resources spent on services are producing the intended results.

There may be a large number of performance indicators that can be presented for a single program or service. To ensure that the information is understandable and to avoid overwhelming users, entities generally will need to identify only those few key performance indicators that will best meet users' needs for each service presented.

Indicators that involve quantification should be able to be measured reliably. Information presented should be neutral and without bias. Entities should avoid any tendency to present performance indicators that are biased towards reporting positive results. This helps to ensure that the qualitative characteristics are met and users can be confident that the performance indicators faithfully represent the entity's service performance.

The importance of performance indicators to users and their usefulness in assessing the entity's achievements in terms of its service performance objectives is the primary consideration. When selecting performance indicators to be reported ease of measurement is likely to be a consideration, but should be secondary to the needs of users. The performance indicators presented should not over-emphasize easily measured dimensions.

For some services, or in some situations, where a quantitative or qualitative measure is not relevant or possible, a qualitative discussion (also called narrative information) should be presented. This is the case where a qualitative discussion provides a more relevant and understandable description of the level of achievement for a particular service performance objective than would a quantitative or qualitative measure. Service performance achievements may not be capable of being reduced to a small set of quantitative or qualitative measures when the service (a) is complex, (b) involves interrelated factors, and (c) involves a large number of different possible indicators of success or progress, all of which involve judgment as to their relative importance.

An entity's service performance objectives may span more than one reporting period. When presenting performance indicators the entity should consider those performance indicators that will help users to understand what progress is being made towards the planned, multi-period service performance objectives.

Alignment between input, output and outcome performance indicators and the service performance objectives helps users to assess the relationship between resources and results, and how resource availability may have influenced achievement of service performance objectives.

Entities may use several levels of reporting in order to achieve a balance between being (a) concise enough to be understandable, and (b) providing sufficient detail with respect to multiple aspects related to each service performance objective. The use of several levels of reporting allows the display of concise reporting at higher levels, and display or disclosure of more detailed coverage at lower levels, where service areas, for example, could be disaggregated into two or more individual services.

The number and type of performance indicators reported may vary depending on the level of government, with additional, more detailed performance indicators included at lower levels of reporting. For example, the information reported by controlled entities could be more disaggregated than that reported by their controlling entity. The controlling entity may report performance indicators relevant to groups of services, with its controlled entities reporting performance indicators for individual services. Another example is where a controlling entity reports on the over-arching outcomes to which the services provided by its controlled entities contribute, while each controlled entity reports on outputs and the particular outcome(s) to which its service performance contributes.

- **RGP 3 Costs of Services**

Users' understanding of service performance is enhanced by information on costs, which may be costs of inputs, outputs, or outcomes. Users' assessment of efficiency, for example, is supported through provision of costs related to either outputs or outcomes.

When reporting costs, the reporting of disaggregated cost information is encouraged. Disaggregated cost information could present costs related to individual service performance objectives, outcomes, service areas, individual services, costs per output, or costs related to particular inputs.

- **RGP 3 Planned and Actual Service Performance**

Planned and actual service performance information should be reported consistently so that comparisons are facilitated. Wherever possible, entities should report on the same performance indicators, with the same methodology and parameters for their computation, as that established before the start of the reporting period. This enables users to compare actual performance with planned performance at the end of the reporting period.

Consistency of performance indicators over several years facilitates long-term trend analysis. But such consistency should not be pursued at the expense of (a) improving the quality of performance indicators, for example by revising indicators so that they have more impact on decision making and are better aligned with desired outcomes; or (b) aligning indicators with changed expectations from users.

An entity may need to address the issue of how to report on changes to planned service performance that occurred during the reporting period. This situation may arise, for example, when stakeholders revise their service performance expectations during the reporting period, resulting in an amendment to service performance objectives. Service performance objectives may also change as a result of an entity combination, where accountability for services is transferred from one entity to another or reporting needs to be on services previously provided by two different entities and now provided by a single, merged entity. In these situations, it is recommended that, where possible, the entity report against both the original and the revised service performance objectives. The reason for, and the impact of, these changes should also be outlined in supporting commentary, so that users have a full understanding of reasons for variances between service performance objectives at the beginning of the reporting period and actual achievements, while also understanding the degree of actual achievement against the more up-to-date, revised service performance objectives.

- **RGP 3 Information for Disclosure**

Narrative discussion and analysis should be provided to support users' assessments of the efficiency and effectiveness of services. Information that supports users' understanding of the basis of the displayed service performance information should also be disclosed.

- **RGP 3 Narrative Discussion and Analysis**

The narrative discussion and analysis disclosed should provide an overview of service performance results, cover both

positive and negative aspects of the entity's service performance, and include:

- (a) Balanced explanations of the information presented;
- (b) Identification and discussion of the factors that may have influenced results, including those influencing achievement (or non-achievement) of service performance objectives;
- (c) Identification and discussion of the risks associated with the delivery of services; and
- (d) Identification and discussion of the consequences—intended and unintended, direct and indirect—of the services provided.

It should cover the degree to which service performance objectives have been met, while also highlighting particular achievements, deficiencies and issues.

Where an entity has service performance objectives that are likely to require periods longer than one year to achieve entities are encouraged to identify those objectives and disclose information about progress towards their achievement within narrative discussion and analysis.

Comparisons of indicators (a) over time, (b) to milestones, and (c) between actual and planned results should be disclosed and discussed. Analysis that includes trend information and explanation of significant changes since the previous year provides a context for service performance.

Explanations for differences between actual and planned results should be provided. Discussion and analysis should identify the size of the variances as well as the factors leading to the variances. These factors might include the effect of external factors (positive or negative), efficiencies or inefficiencies in processes, the impact of resource availability (for example funding or staff increased availability or constraints), or explicit government decisions.

The achievement of outcomes is often influenced by factors outside of the entity's control. Where outcome information is displayed, information should be disclosed on (a) the extent to which the outcomes can be attributed to the entity's activities, and (b) other factors that may have influenced the outcomes. Disclosures should be sufficient to ensure that users do not overestimate the entity's role with respect to either improving or worsening outcomes.

Often the delivery of public services follows a risk assessment, which establishes risk tolerance involving clear parameters around the risk of "false positives" and "false negatives". Parole decisions, customs inspections or clearances, and child welfare interventions are examples of decisions where such risk assessments are critical to the entity's service performance. Information on how such risk trade-off decisions are informed and managed will assist users' assessments of the challenges faced and the performance delivered by the entity.

For example, child welfare interventions involve decisions on whether a child is at such risk of harm in the family that the child should be removed and placed elsewhere. For this situation a "positive" decision would be that the child be removed, because the risk is deemed to be high. A "negative" decision would be that the child not be removed, because the risk is not deemed to be sufficiently high. Both leaving the child with the family or removing the child involve trade-offs. If the family is having difficulty functioning then more support for the family, while leaving the child in the family, could save the family unit and prevent harm to the child. But there is also a risk that harm to the child will continue and even worsen. The child welfare agency may have a policy that it is better to tolerate a high number of "false positives"—where subsequent events indicate that a decision to remove the child may have been wrong—on the basis that this avoids all risk to the child. Alternatively, the agency may have a policy of accepting more "false negatives"—where subsequent events show that a decision not to remove the child was wrong—on the basis that keeping the family unit together with support will achieve better outcomes overall, even though there is more risk to the child.

- **RGP 3 Reconciliation or Comparison between Costs and Expenses**

Either a reconciliation or a comparison between reported service related costs and the expenses reported in the entity's financial statements may be disclosed. This information could support users' understanding of the basis for service costs and their importance within the context of the entity's other activities. Reconciliations or comparisons could be between, for example, (a) total costs of services and total expenses, or (b) costs related to individual services or groups of services and costs reported for different segments.

- **RGP 3 Basis of Service Performance Information**

Judgment will be involved in deciding what information needs to be disclosed. There should be sufficient information for users to understand the basis of the displayed service performance information.

The following information on the basis of the service performance information reported should be considered for

disclosure:

- (a) An explanation of the displayed service performance objectives, which describes how the objectives have been established, the need or demand for these objectives to be achieved, and the relationship(s) between:
 - (i) The objectives and the services presented,
 - (ii) The objectives and the displayed service performance indicators, and
 - (iii) The entity's overall objectives and its displayed service performance objectives and/or services;
- (b) Information about the services on which information has been displayed, including an explanation for the choice to disclose information on those services;
- (c) The services affected, the applicable reporting period(s), and an explanation for the difference(s), if the reporting period for information on any services is different from the reporting period of the service performance report;
- (d) An explanation of the relationship between different performance indicators, particularly the extent of alignment between input, output and/or outcome indicators;
- (e) Sufficient information on the sources of the information presented for users to understand the quality of the displayed information, including its verifiability;
- (f) An explanation of the basis for information aggregation, which addresses the level of detail reported; and,
- (g) The basis for cost determination, which explains cost allocation policies, including the treatment of direct and indirect service related expenses and any other information necessary for users to understand how costs were determined.

Users need to know which services have been reported on, as well as the reasons why information related to those services was chosen for inclusion. The level of detail provided, the determination of those services on which to report, and the rationale for that approach to detail and services should be explained to users. Sufficient information should be provided to allow users to determine (a) if the service performance report is relevant to them, and (b) if it will provide the kind of information they need to make informed decisions and reach conclusions about the results of the entity's service performance. Disclosures additional to those proposed in paragraph 79 may be needed in order to support users' understanding of the basis of the displayed service performance information.

RGP 3 Working Definitions for Service Performance Information

Term	Working Definition	Example
Objective	An objective is a statement of the result a reporting entity is aiming to achieve.	To improve the health of infants by reducing the percentage who contract measles.
Performance indicators	Performance indicators are quantitative or qualitative measures that describe the extent to which a service is achieving its objectives and using resources	Examples below for inputs, outputs, outcomes, efficiency indicators, and effectiveness indicators.
Inputs	Inputs are the resources of a reporting entity used to produce outputs in delivering its objectives.	Expenditure to inoculate infants for measles.
Outputs	Outputs are the goods and services, including transfers to others, provided by a reporting entity in delivering its objectives.	Percentage of total infant population inoculated for measles.
Outcomes	Outcomes are the impacts of outputs in delivering the reporting entity's objectives.	Reduction in the percentage of infants who contract measles.
Efficiency indicators	Efficiency indicators are measures of the relationship between inputs and outputs.	Cost per infant inoculated for measles.
Effectiveness indicators	Effectiveness indicators are measures of the relationship between outputs and outcomes.	Percentage of infants inoculated for measles who contracted measles.

RGP 3 Statement of service performance

Output-1

Services provided directly to individuals and institutions, for example, health or education services or the provision of goods such as food or books;	
Measure	The number of outputs produced, the cost of services, the time taken to provide a service, or a numerical target for an outcome. Performance indicators may be qualitative measures, for example descriptors such as poor/good/excellent or satisfactory/unsatisfactory
Result	Achieved
Comment	We received helpful comments from five select committees and from other stakeholders, Which we considered in finalising our work programme. Consultation on our work programme helps to ensure that our proposed work will be relevant and useful to the public.

Output-2

Services provided indirectly to individuals and institutions, for example, services which aim to develop, promote, protect or defend a community, institution, country, or community values and rights;	
Measure	At least 75% of the projects in the programme of work under this output class are delivered within their planned time frames.
Result	not achieved
Comment	<p>This new measure reports on the timeliness of project completion within our work programme. It was introduced to bring more disciplined processes into our work programme. We consider that 75% is a fair but challenging target for timeliness of project completion.</p> <p>17% of projects (4 out of 23) were delivered within their planned time frames in 2014/15, well below our target of 75%.</p> <p><i>Of the 83% that were not completed on time:</i></p> <p>39% (9 out of 23) were completed up to 3 months later than planned; 22% (5 out of 23) were completed between 3 and 6 months later than planned; 17% (4 out of 23) were completed between 6 and 9 months later than planned; and 4% (1 out of 23) were completed 10 months later than planned.</p> <p>We have carefully examined why most of our projects were completed later than planned. Each year, we plan an ambitious work programme, and these results have highlighted the need to set more realistic time frames and be more disciplined in managing the dependencies that influence timeliness of project completion. For example, we need to better plan for unexpected delays in receiving information from entities and contractors, and allow more time to consult. We also need to plan for unexpected turnover or leave of absence of our staff.</p> <p>We expect to progressively improve our planning and project management, and improve the timeliness of completion of our work programme projects.</p>

Output-3

Collection of taxes and other revenues.	
Measure	Collection Efficiency Ratio: A ratio closer to 100% means better tax administration and enforcement performance Cost-To-Collection Ratio the lower the better
Result	Collection Efficiency Ratio 44.41%
Comment	We expect to progressively improve our Collection Efficiency Ratio, and improve the timeliness of completion of our work programme projects

For the year ended 31 December 2015

Statement of Financial Position

	Notes	2015 AED	2014 AED
ASSETS			
Current assets			
Cash and cash equivalents	7	X	X
Receivables from exchange transactions	8	X	X
Receivables from non-exchange transactions	9	X	X
Inventories	10	X	X
Prepayments		X	X
Financial assets	11	X	X
Total current assets		X	X
Non-current assets			
Receivables from exchange transactions	8	X	X
Available for sale securities		X	X
Intangible assets	12	X	X
Property, plant and equipment	13	X	X
Service concession assets	24	X	X
Total non-current assets		X	X
Total assets		X	X
LIABILITIES			
Current liabilities			
Payables under exchange transactions	14	X	X
Finance lease obligation	16	X	X
Total current liabilities		X	X
Non-current liabilities			
Payables under exchange transactions	14	X	X
Service concession liabilities	24	X	X
Finance lease obligation	16	X	X
Financial liabilities – borrowings	15	X	X
Total non-current liabilities		X	X
Total liabilities		X	X
Net assets (Total assets less total liabilities)		X	X
NET ASSETS/EQUITY ATTRIBUTABLE TO THE OWNERS			
Capital contributed by the government		X	X
Other reserves		X	X
Accumulated surplus/(deficit)		X	X
Total net assets/equity		X	X

Additional line items should be presented on the face of the statement of financial position when such presentation is relevant to an understanding of the entity's position.

The notes on pages XX to XX are an integral part of these financial statements.

The financial statements on pages XX to XX were authorised for issue by board of directors on (date) and were signed on its behalf by:

Print name
Chief Executive

Print name
Finance Director

Print name
Chairman

For the year ended 31 December 2015

Signature

Signature

Signature

Statement of Financial Performance

		2015	2014
	Notes	AED	AED
Continuing Operations			
Revenue			
Contribution from the Government of Abu Dhabi	18	X	X
Transfers from other government entities	18	X	X
Fees, taxes and fines	19	X	X
Other operating revenue	20	X	X
Total operating revenue		X	X
Expenses			
General and administrative expenses	21	(X)	(X)
Wages, salaries and employee benefits		(X)	(X)
Supplies and consumables used		(X)	(X)
Depreciation and amortization expense		(X)	(X)
Impairment of property, plant and equipment	13	(X)	(X)
Total operating expenses		X	X
Interest income	22	X	X
Other income		X	X
Finance costs	23	(X)	(X)
Gains/(losses) from available-for-sale securities		X	X
Gain on foreign exchange transactions		X	X
Total non-operating expenses		X	X
Net surplus/(deficit) for the period		Nil	Nil

If expenses are classified by 'function' then classification by 'nature' must be provided in the notes.

It is highly unlikely that a government entity will record a surplus for the year due to any surplus being repayable to the government. It is possible however that a deficit may be recorded for example if an entity has incurred expenses higher than its current year budget, although this then raises other governance questions. If a surplus or deficit is being recorded please call ADAA to discuss.

For the year ended 31 December 2015

Statement of Changes in Net Assets/Equity

	Capital Contributed by the government 2015 AED	Other Reserves ¹ 2015 AED	Accumulated Surplus (Deficit) 2015 AED	Total AED
Balance at 31 December 2014	X	X	Nil	X
Changes in net equity for 2015				
Equity contribution from government	X			X
Valuation gains and losses on available for sale securities		X		X
Total surplus/(deficit) for the period			Nil	Nil
Balance at 31 December 2015	X	X	Nil	X

¹ other reserves are analyzed into their components, if material

	Contributed Capital By the government 2014 AED	Other Reserves 2014 AED	Accumulated Surplus (Deficit) 2014 AED	Total AED
Balance at 31 December 2013	X	X	Nil	X
Changes in net equity for 2014				
Equity contribution from government	X			X
Valuation gains and losses on available for sale securities		X		X
Total surplus/(deficit) for the period			Nil	Nil
Balance at 31 December 2014	X	X	Nil	X

It is highly unlikely that Abu Dhabi Public Sector Entities will have equity and therefore entities should consider whether providing a 'Statement of changes in Net Assets' or a 'Statement of changes in the Government of Abu Dhabi Account' would be more relevant to users. For an example of the latter please refer to Abu Dhabi Accountability Authority's 31 December 2015 financial statements available at <http://adaa.gov.ae/indexEn.aspx>

For the year ended 31 December 2015

Statement of Cash Flow

	Notes	2015 AED	2014 AED
CASH FLOWS FROM OPERATING ACITIVITIES			
Receipts			
Government grants and subsidies		X	X
Rendering of services		X	X
Sale of goods		X	X
Finance income		X	X
Other income, rentals and agency fees		X	X
Total Receipts		X	X
Payments			
Compensation of employees		(X)	(X)
Goods and services		(X)	(X)
Finance cost		(X)	(X)
Rent paid		(X)	(X)
Other payments		(X)	(X)
Grants and subsidies paid		(X)	(X)
Total payments		(X)	(X)
Net cash flows from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(X)	(X)
Proceeds from sale of property, plant and equipment		X	X
Purchase of intangible assets		(X)	(X)
Purchase of financial assets		(X)	(X)
Predetermined series of payments (Service concession assets)		(X)	(X)
Purchase of investments		(X)	(X)
Proceeds from sale of financial assets		X	X
Proceeds from sale of investments		X	X
Net cash flows from investing activities		X	X
CASH FLOWS FROM FINANCING ACTIVITIES		X	X
Proceeds from financial liabilities – borrowings		X	X
Repayment of financial liabilities – borrowings		(X)	(X)
Net cash flows from financing activities		X	X
Net increase/(decrease) in cash and cash equivalents		X	X
Cash and cash equivalents at the beginning of the financial year		X	X
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		X	X
Cash and cash equivalents at the end of the financial year	7	X	X

For the year ended 31 December 2015

Reconciling the net Surplus/ (deficit) to net cash provided by operating activities:

	Notes	2015 AED	2014 AED
CASH FLOWS FROM OPERATING ACITIVITIES			
Surplus/ (deficit) for the period <i>(delete if nil)</i>		X	X
Adjustments for Non cash Movements			
Accrued interest income		(X)	(X)
Accrued finance costs		X	X
(Gains)/losses from available-for-sale securities		(X)	X
Depreciation		X	X
Amortization		X	X
Decrease/increase in provision for receivables		X	X
Decrease/increase in current financial liabilities		X	X
Decrease/increase in provisions		X	X
Gains/Losses on sale of property, plant and equipment		X	X
Decrease/increase in other current assets		X	X
Decrease/increase in receivables		X	X
Decrease/increase in inventories		X	X
Decrease/increase in prepayments		X	X
Non cash movement on the Government of Abu Dhabi Account		X	X
Net cash flows from operating activities		X	X

For the year ended 31 December 2015

Statement of Comparison of Budget and Actual Amounts

	Original and final Budget 2015 AED	Actual on comparable basis 2015 AED	Difference 2015 AED
RECEIPTS			
Government grants and subsidies	X	X	X
Rendering of services	X	X	X
Sale of goods	X	X	X
Finance income	X	X	X
Other income, rentals and agency fees	X	X	X
Total receipts	X	X	X
PAYMENTS			
Salaries, wages and other benefits			
Basic salary and other allowances	(X)	(X)	(X)
Tuition allowance	(X)	(X)	(X)
Contributions to pension fund and retirements benefit plan	(X)	(X)	(X)
End of service benefits	(X)	(X)	(X)
Medical insurance	(X)	(X)	(X)
Staff training	(X)	(X)	(X)
Other expenses	(X)	(X)	(X)
Total salaries, wages and other benefits	(X)	(X)	(X)
Other Operating expenditure			
Recruitment fees	(X)	(X)	(X)
Consultancy fees	(X)	(X)	(X)
Office rent and other related expenses	(X)	(X)	(X)
Motor vehicles expenses (insurance, maintenance and fuel)	(X)	(X)	(X)
Operation and maintenance of computers, furniture and office equipment	(X)	(X)	(X)
Books and professional subscription	(X)	(X)	(X)
Advertising and corporate identity expenses	(X)	(X)	(X)
Business travel expenses	(X)	(X)	(X)
Miscellaneous expenses	(X)	(X)	(X)
Total other operating expenditure	(X)	(X)	(X)
Capital expenditure and other			
Motor vehicles	(X)	(X)	(X)
Furniture and office equipment	(X)	(X)	(X)
Computer equipment	(X)	(X)	(X)
Leasehold improvements	(X)	(X)	(X)
Intangible assets	(X)	(X)	(X)
Investments	(X)	(X)	(X)
Other assets	(X)	(X)	(X)
Total capital expenditure and other	(X)	(X)	(X)
Total PAYMENTS	(X)	(X)	(X)

The budget amounts and the financial statement amounts are prepared on a different basis. The statement of comparison of budget and actual amounts above is prepared on the same basis as the budget. Additional information about the budget and a reconciliation of amounts as per the above statement and the actual amounts in the statement of cash flows is disclosed in note X to the financial statements.

Note: the above statement shall be presented in accordance with the chapters and classifications indicated in PSE's approved budget.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Public Sector Entity ("PSE") is an independent government entity established in accordance with Law number X in the year 200X. PSE's principal activities are PSE's registered office is.....

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Financial Statements of PSE have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The Financial Statements are presented in United Arab Emirates Dirham (AED) which is the functional currency of PSE. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historic cost modified for the revaluation of available for sale securities. The cash flow statement is prepared using the direct method. The financial statements are prepared on an accrual basis.

3 KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The key judgements management made in preparing the financial statements are as follows:

- (a) Available for sale securities are realisable at their current market values.
- (b) The lives of intangible assets and property, plant and equipment are at least that set out in notes number 5.5 and 5.6.

Key estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the period of revision and future periods.

The key estimate management made in preparing the financial statements concerns the impairment provision for receivables as set out in note 9.

4 ADOPTION OF NEW AND REVISED STANDARDS

State the impact of new and revised standards adopted during the year and the expected impact of new and revised standards not yet adopted. Disclosure should advise whether the impact is likely to be material or not and if it is material the impact should be quantified.

In 2014, the IPSASB approved the remaining chapters of the Conceptual Framework on Measurement and Presentation. This marked the end of this landmark project which has been the IPSASB's highest priority over the past four years.

Chapter 1 of the Conceptual Framework, Role and Authority of the Conceptual Framework, establishes that the Conceptual Framework reflects a scope for financial reporting that is more comprehensive than that encompassed by financial statements. To address these other public sector financial reporting areas, the IPSASB has developed Recommended Practice Guidelines (RPGs).

In 2016, the IPSASB released for comment Exposure Draft 59, amendments to IPSAS 25, Employee Benefits. Also, the IPSASB issued three Exposure Drafts

- Exposure Draft 58, Improvements to IPSASs 2015, this is the first IPSASB Improvements project to consider broader improvements rather than focusing solely on those to maintain convergence with International Financial Reporting Standards (IFRS).
- Exposure Draft 57, Impairment of Revalued Assets, ED 57 proposes to bring property, plant and equipment, and intangible assets on the revaluation model within the scope of the IPSASB's two standards on impairment—IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, Impairment of Cash-Generating Assets. These changes seek to provide users with relevant information on impairments to these assets.

For the year ended 31 December 2015

- Exposure Draft 56, The Applicability of IPSASs The proposed changes contained in this Exposure Draft address constituents' concerns about the application of International Public Sector Accounting Standard™ (IPSAS™) to public sector entities. Currently, each IPSAS includes a statement that it does not apply to Government Business Enterprises (GBEs), which are expected to be commercially-oriented public sector entities.

Also in January 2015, the IPSASB published the following five IPSASs:

- IPSAS 34, Separate Financial Statements;
- IPSAS 35, Consolidated Financial Statements;
- IPSAS 36, Investments in Associates and Joint Ventures;
- IPSAS 37, Joint Arrangements; and
- IPSAS 38, Disclosure of Interests in Other Entities.

These five standards will replace current requirements in:

- IPSAS 6, Consolidated and Separate Financial Statements;
- IPSAS 7, Investments in Associates; and
- IPSAS 8, Interests in Joint Ventures.

For illustration

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

5.2 Receivables from exchange transaction and non-exchange transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that PSE will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from non-exchange transactions comprises; fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value; that is, the receivable reflects the amount of tax owed, levy, fine charged, or social benefit debt payable. These receivables are subsequently adjusted for penalties as they are charged, and tested for impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

5.3 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Inventories held for distribution for public benefit purposes are recorded at cost, adjusted where applicable for any loss of service potential.

5.4 Financial assets

5.4.1 Loans to employees

Loans to employees are provided to assist with housing support. Loans are repayable in 12 monthly installments.

5.4.2 Available for sale securities

PSE uses surplus cash to purchase short-term investments. These financial assets are classified at initial recognition as available-for-sale. Available-for-sale financial assets are included in non-current assets unless PSE intends to dispose of the investment within 12 months of the reporting date. Regular purchases and sales of financial assets are recognized at fair value on the trade-date (the date on which PSE commits to purchase or sell the asset) and subsequently at fair value with any resultant fair value gains or losses recognised in the statement of Net Assets/Equity.

Realized gains and losses on sale of available-for-sale securities are recognized in the statement of financial performance as 'gains and losses from available-for-sale securities.'

Impairment losses and interest on available-for-sale securities are calculated using the effective interest method and are recognized in the statement of financial performance as part of other income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, PSE establishes fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. PSE has no unlisted investments.

PSE assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized is recognized in the statement of financial performance.

For the year ended 31 December 2015

5.5 Intangible assets

Intangible assets are stated at historical cost less accumulated amortization and any impairment losses. Amortization is provided over the estimated useful life using the straight line method. The estimated useful life for intangible asset classes is as follows:

Software acquired externally	x years
Licenses and rights, copyrights and other intangible assets	x years

5.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Where an asset (other than land) is acquired for nil or nominal consideration the asset is initially recognised at fair value, where fair value can be reliably determined, and a credit recognised as income in the statement of financial performance.

All land held by Government owned entities is not included in the entity's financial statements unless that land is purchased in an exchange transaction and can be sold to a third party. This is because the Executive Council of Abu Dhabi controls all Government owned land. Government owned land is included in the Executive Council financial statements and in the Consolidated Government financial statements at a historic cost of nil.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to PSE and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All repair and maintenance is charged to the statement of financial performance during the financial period in which it is incurred.

Depreciation on assets is charged on a straight-line basis at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

	Life
Buildings	xx-xx years
Machinery	xx-xx years
Vehicles	x-x years
Furniture and fixtures	x-x years
Heritage assets	unlimited
Service Concession assets	xx years
Leased assets	xx-xx years

Leased assets consist of machinery and property.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. PSE assesses annually whether there is any indication that an asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

5.7 Service Concession Arrangement assets

PSE has adopted IPSAS 32 "Service Concession Arrangements – Grantor" and has reclassified certain assets from Property, Plant and Equipment to Service Concession Assets. The standard allows a choice of retrospective or prospective application. Because the fair value of assets previously transferred under Service Concession Arrangements is not reliably available PSE has chosen to adopt the standard prospectively from 1 January 2015. Service Concession Assets are operated by third parties under the terms of Service Concession Arrangements. On reclassification the original service concession asset is measured at its fair value and any difference between its fair value and its book value is recognised in the Statement of Financial Performance. If the terms of the arrangement require PSE to compensate the operator for the concession asset by making payments and the payments are

separable between the asset and service portions of the payment then the fair value of the original service concession asset is the fair value of the asset portion of the payments. If however the asset and service portions of the payments are not separable, the fair value is determined using estimation techniques. Further information is provided in note 24.

5.8 Service Concession Arrangement liabilities

When PSE recognises a Service Concession Arrangement asset it also recognises a liability of an equal amount. The liability is split between a financial liability and a performance obligation. The financial liability arises from the payments due from PSE under the terms of the Service Concession Arrangement and the performance obligation from the rights granted to the operator under the terms of the Service Concession Arrangement to earn revenues from the Service Concession Assets(s) or associated asset(s). Further information is provided in note 24.

5.9 Payables under exchange transactions

Payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

5.10 Financial liabilities - borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of financial performance over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless PSE has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized and included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Public Sector Entity had no such qualifying assets during the year.

All other borrowing costs are recognized as expenses in the period in which they are incurred.

5.11 Derivative financial instruments

PSE does not have derivative financial instruments

5.12 Equity / management of capital

PSE was established in 20XX by Law number XX. On inception cash and other assets were transferred to PSE by government and other government entities. PSE considered AED 1 million of the assets transferred as equity and the balance of AED 200,000 to be deferred income to fund year 1 operations.

In year 20XX as part of the Government's Abu Dhabi 2030 plan PSE was asked to expand its operations to provide services to the new Industrial City and to the Western Region. In consideration of this a further transfer of cash and assets was made. PSE considered AED 5 million of the assets transferred as equity and the balance of AED 500,000 to be deferred income to fund operations.

PSE considers only its equity as capital the purpose of which is to fund PSE's core service potential and specialised long life assets in perpetuity.

PSE does not measure its capital efficiency by the payment of a 'return' on its equity to government however it does measure its service delivery and its capability to deliver its specialised services. The details of this are set out in the budget commentary in note 6.

5.13 Contribution from the Government of Abu Dhabi

Government's contribution is recognized as revenue when received after deducting other income during the year. Any excess amount received is added to the Abu Dhabi government account as an amount due to Abu Dhabi

government under current liabilities. In case of excess expenses over the received amount an amount due from the Government of Abu Dhabi under current assets is recognized.

5.14 Other operating revenue

Other operating revenue arises from exchange transactions in the ordinary course of PSE's activities. It comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of PSE's activities. It is shown net of tax, returns, rebates and discounts.

5.15 Fees, taxes and fines

PSE recognizes revenues from non-exchange transactions fees, taxes and fines when the event occurs and the resulting asset's recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

5.16 Employee Benefits/Pension obligations

PSE makes pension contributions on behalf of UAE citizens in accordance with Emirate of Abu Dhabi Law no. 2 of 2000. The contributions are treated as payments to a defined contribution pension plan. A defined contribution plan is a pension plan under which fixed contributions are paid into a separate pension entity fund. PSE has no legal or constructive obligations to pay further contributions if the Abu Dhabi Retirement Pensions & Benefits Fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

PSE provides end of services benefits for its expatriate employees. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The end of service benefits are not part of a funded pension plan.

5.17 Interest income

Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

5.18 Interest expense

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

5.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

5.19.1 PSE as a lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to PSE. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. PSE also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if it is not reasonably certain that PSE will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the

shorter of the estimated useful life of the asset and the lease term.

5.19.2 PSE as lessor

PSE has entered into property leases of certain of its properties. PSE has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the commercial property) that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

5.20 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. PSE does not currently have any hedging arrangements.

5.21 Financial risk management

PSE seeks to minimize its exposure to financial risk. The only financial assets that it may purchase are cash, or cash equivalents and listed equity investments. The only financial liabilities that it may have (other than supplier liabilities) are bank overdrafts and bank loans.

(a) *Currency risk*

PSE manages its bank accounts in Dirham, which is the official currency of the United Arab Emirates.

(b) *Interest rate risk*

Interest rate risk arises from possible impact of changes in the interest rates on the value of financial instruments. PSE does not have assets and liabilities that are materially dependent on interest rate levels therefore, management believes that PSE has no exposure to interest rate risk.

(c) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

PSE is exposed to credit risk on its debtor accounts. PSE seeks to reduce the credit risk by setting credit limits for debtors and monitoring existing outstanding debtor's balances.

(d) *Financial guarantee contracts*

PSE does not enter into financial guarantee contracts. Financial guarantee contracts issued by the PSE are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(e) *Liquidity risk*

Liquidity risk is the risk of PSE not being able to meet its obligations as they fall due. PSE's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the PSE's reputation. PSE ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

For the year ended 31 December 2015

The following are contractual liabilities of which interest is included in borrowings:

2015	Up to 1 year AED	1 to 3 years AED	3 to 5 years	More than 5 years
Liabilities	x	x	x	
Borrowings	x	x	x	
Purchase of intangible assets	x	x	x	
Payables	x	x	x	
Finance lease obligation	x	x	x	x

2014	Up to 1 year AED	1 to 3 years AED	3 to 5 years	More than 5 years
Liabilities	x	x	x	
Borrowings	x	x	x	
Purchase of intangible assets	x	x	x	
Payables	x	x	x	
Finance lease obligation	x	x	x	x

5.22 Segment reporting

A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information to evaluate past performance in achieving objectives and in making decisions about future allocation of resources.

Segments are reported in a manner consistent with internal budgeting and reporting provided to the governing body and the senior manager. The governing body and the senior management are responsible for allocating resources and assessing performance of the operating segments and are identified as the steering committee that makes strategic decisions.

6 Notes to the statement of comparison of budget and actual amounts

- (a) The approved budget is presented on Cash basis and for the same period (from 1 January to 31 December) as the financial statements.

The original budget for 20xx was approved by the Executive Council of the Emirate of Abu Dhabi's resolution number (x) of 1/20xx dated x xxxx 20xx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Department of Finance upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Department of Finance recorded additional appropriations of xxxxx on 2015 budget (2014: AED xxxxx) in accordance with specific instructions of the Executive Council of the Emirate of Abu Dhabi.

- (b) PSE's budget and financial statements are prepared using a different basis from the financial statements. The financial statements are prepared on an accruals basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

- (c) Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for PSE.
- (d) Entity differences occur when the budget omits programs/ activity or an entity that are part of the entity for which the financial statements are prepared.
- (e) A reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows for the year ended 31 December 2015 is presented below;

2015	Operating AED	Investing AED	Financing AED	Total AED
Actual amount on comparable basis as presented In the budget and actual comparative statement	x	x	x	x
Timing Differences	X	X	X	X
Basis differences	x	x	x	x
Entity Differences	X	X	x	X
Actual amount in the statement of cash flow	x	x	x	x

- (f) The details of Basis difference are as follows;

2015	Operating AED	Investing AED	Financing AED
Purchase of property and equipment	x	x	x
Purchase of intangible assets	x	x	x
Actual amount in the statement of cash flow	x	x	x

- (g) The details of entity differences are as follows;

2015	Operating AED	Investing AED	Financing AED
Other income	x	x	x
Employee housing loans, net	x	x	x
Actual amount in the statement of cash flow	x	x	x

For the year ended 31 December 2015

- (h) Explanation of material difference between actual amounts and budget

The total budget surplus of AED XX million (after adjusting for the impact of commitments of 2015 paid in 2015) and individual surplus reported at each of the above defined budget chapter is primarily attributable to:

- Deferment of budgeted expenditure to 2016 AED XX.
- Cost reductions AED XX.

- (i) A reconciliation between the original and final budget:

2015	Note	Original budget AED	Final budget AED	Difference AED
Total salaries, wages and other benefits	a	X	X	X
Operating expenditure	b	X	X	X
Capital expenditure and other	b	X	X	X
Total		X	X	X

- a. On 27 February 2015 an amount of AED XXX was appropriated to staff training under "salaries, wages and other benefits".
- b. There is reclassification between advertising and corporate identity expenses under "operating expenditure" to leasehold improvement under "capital expenditure" amounting to AED XXX based on the approval from XXX.

7 CASH AND CASH EQUIVALENTS

	2015 AED	2014 AED
Bank balances and cash	x	x
Petty cash	x	x
	x	x

For the year ended 31 December 2015

8 RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2015 AED	2014 AED
Current receivables		
Amounts receivable from customers	x	x
Amounts receivable from employees	x	x
Other debtors, prepayments & accrued revenue	x	x
Less: impairment provisions	(x)	(x)
Total current receivables	x	x
Non-current receivables		
Loans to Government Business Enterprises (GBE's)	x	x
Less: Impairment provisions	x	x
Total non-current receivables	x	x
Total receivables	x	x
Movement in impairment provision		
Balance at beginning of the year	(x)	(x)
Provisions taken during the year	x	x
Amounts written off during the year	x	x
Amounts recovered during the year	(x)	(x)
Total impairment provision	(x)	(x)
Ageing of receivables past due but not impaired		
Less than 6 months	x	x
Between 6 months and one year	x	x
More than one year	x	x
Total	x	x

Please refer to Note 5.21 for the nature and extent of credit risk arising from receivables.

9 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2015 AED	2014 AED
Current receivables		
Fees	x	x
Taxes	x	x
Fines	x	x
Less: impairment provisions	(x)	(x)
Total current receivables	x	x
Movement in impairment provision		
Balance at beginning of the year	(x)	(x)
Provisions taken during the year	x	x
Amounts written off during the year	x	x
Amounts recovered during the year	(x)	(x)
Total impairment provision	(x)	(x)

For the year ended 31 December 2015

10 INVENTORIES

	2015 AED	2014 AED
Materials	x	x
Less: impairment provisions	x (x)	x (x)
Total materials	x	x
Movement in impairment provision		
Balance at beginning of the year	(x)	(x)
Provisions taken during the year	x	X
Amounts written off during the year	x	X
Total impairment provision	(x)	(x)

11 FINANCIAL ASSETS

	2015 AED	2014 AED
Current financial assets		
<i>At fair value:</i>		
Shares in quoted entities;		
Abu Dhabi Stock Exchange	x	X
Other exchanges	X	X
Total financial assets	x	X

Financial assets comprise listed equity investments only. Fair value is based on a quoted market price.

For the year ended 31 December 2015

12 INTANGIBLE ASSETS

	<i>License AED</i>	<i>Software AED</i>	<i>Total AED</i>
2015			
Cost:			
As at 1 January 2015	x	x	X
Additions	x	x	X
As at 31 December 2015	x	x	X
Accumulated depreciation:			
As at 1 January 2015	x	x	X
Depreciation for the year	x	x	X
Impairment	x	x	X
As at 31 December 2015	x	x	X
Net carrying amount:			
As at 31 December 2015	x	x	X
2014			
Cost:			
As at 1 January 2014	x	x	x
Additions	x	x	x
As at 31 December 2014	x	x	x
Accumulated depreciation:			
As at 1 January 2014	x	x	x
Depreciation for the year	x	x	x
Impairment	x	x	x
As at 31 December 2014	x	x	x
Net carrying amount:			
As at 31 December 2014	x	x	x

For the year ended 31 December 2015

13 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings AED</i>	<i>Machinery AED</i>	<i>Vehicles AED</i>	<i>Leased assets AED</i>	<i>Furniture and Fixtures AED</i>	<i>Heritage assets AED</i>	<i>Total AED</i>
2015							
Cost:							
As at 1 January 2015	x	x	x	X	x	x	X
Additions	x	x	x	X	x	x	X
Transferred to Service Concession Arrangements	(x)	(x)	(x)		(x)	-	(x)
Disposals	(x)	(x)	(x)		(x)	(x)	(x)
As at 31 December 2015	x	x	x	x	x	X	X
Accumulated depreciation:							
As at 1 January 2015	x	x	x	x	x	x	X
Depreciation for the year	x	x	x	x	x	x	X
Impairment	x	x	x		x	x	X
Disposals	(x)	(x)	(x)		(x)	(x)	(x)
As at 31 December 2015	x	x	x	x	x	x	X
Net carrying amount:							
As at 31 December 2015	x	x	x	x	x	x	X
2014							
Cost:							
As at 1 January 2014	x	x	x	x	x	x	x
Additions	x	x	x		x	x	x
Disposals	x	x	x		x	x	x
As at 31 December 2014	x	x	x	x	x	x	x
Accumulated depreciation:							
As at 1 January 2014	x	x	x	x	x	x	x
Depreciation for the year	x	x	x	x	x	x	x
Impairment	x	x	x		x	x	x
Disposals	x	x	x		x	x	x
As at 31 December 2014	x	x	x	x	x	x	x
Net carrying amount:							
As at 31 December 2014	x	x	x	x	x	x	x

Depreciation expense of AED XX (2014: AED XX) has been charged in cost of goods sold AED XX (2014: AED XX) in selling and marketing costs and AED XX (2014: AED XX) in administrative expenses.

For the year ended 31 December 2015

14 PAYABLES UNDER EXCHANGE TRANSACTIONS

	2015 AED	2014 AED
Current payables		
Amounts payable to suppliers	x	x
Payroll creditors	x	x
Other creditors, accruals and deferred income	x	x
Government of Abu Dhabi account (note 18)	x	x
	x	x
Non-current payables		
Employees end of service benefits (see below)		
Amount payable to government entities (note 18)	x	x
Other creditors, accruals and deferred income	x	x
Total payables	x	x
Employees end of service benefits		
Balance as at 1 January	x	x
Charge for the year*	x	x
End of service benefits paid during the year	x	x
Balance as at 31 December	x	x

* The charge for the year results mainly from current year service cost. Defined Benefit scheme disclosures have not been provided as they are not material.

15 FINANCIAL LIABILITIES - BORROWINGS

	2015 AED	2014 AED
Non-current*		
Unsecured:		
Advances from Bank	x	x
Other [describe]	x	x
Secured		
Other [describe]	x	x
Total non-current interest bearing liabilities	x	x
Total interest bearing liabilities	x	x

* Balances or portions of the debt that are due during the coming 12 months from the reporting date, if any, will be disclosed as Current Liabilities.

PSE has the following undrawn borrowing facilities:

	2015 AED	2014 AED
Floating rate:		
Expiring within one year	x	x
Expiring beyond one year	x	x
Fixed rate:		
Expiring within one year	x	x
Expiring beyond one year	x	x
	x	x

For the year ended 31 December 2015

16 FINANCE LEASE OBLIGATION

2015	Minimum lease payments	Future finance charges	Present value of minimum lease payments
Within one year (current portion)	xx	xx	xx
Two to five years	xx	xx	xx
Total	xx	xx	Xx

2014	Minimum lease payments	Future finance charges	Present value of minimum lease payments
Within one year (current portion)	xx	Xx	Xx
Two to five years	xx	xx	xx
Total	xx	xx	Xx

The average lease term is five years and the average effective borrowing rate is x.xx%. Interest rates are variable. No arrangements have been entered into containing contingent rent.

17 PROVISIONS – NOTE NOT PROVIDED**18 RELATED PARTY TRANSACTIONS**

Related party transactions represent transactions with the Government of Abu Dhabi, senior management of PSE and entities in which they are principal owners or over which they exercise significant influence.

Transactions with related parties included in the statement of financial performance are as follows:

	2015 AED	2014 AED
Contribution from the Government of Abu Dhabi	X	X
Transfers from other Government Entities (List significant transactions)	X	-

	2015 AED	2014 AED
Movement on the Government of Abu Dhabi account is as follows;		
Balance at 1 January	X	X
Contribution received during the year	X	X
Contribution recognized as revenue	(X)	(X)
Balance at 31 December	X	X

Compensation of key management personnel

Key management personnel comprise the Chairman, the Executive Directors and the Department Heads. The remuneration of key management and their number are as follows:

	2015 AED	2014 AED
Salaries and other benefits	X	X
Employees' end of service benefits	X	X
Number of key management personnel	X	X

For the year ended 31 December 2015

19 FEES, TAXES, AND FINES

	2015 AED	2014 AED
Fees	X	X
Taxes	X	X
Fines	X	X
Total	X	X

20 OTHER OPERATING REVENUE

	2015 AED	2014 AED
Charges for goods and services	X	X
Other (aggregate of immaterial items)	X	X
Straight-lined operating lease receipts	X	X
Total other operating revenue	X	X

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2015 AED	2014 AED
Business travel	X	X
Recruitment fees	X	X
Consultancy fees	X	X
Rent	X	X
Telephone and internet	X	X
Computer maintenance	X	X
Other expenses	X	X
Total general and administrative expenses	X	X

22 INTEREST INCOME

	2015 AED	2014 AED
Finance income:		
Interest revenue:		
Interest on bank deposits	X	X
Interest from investments	X	X
Total finance income	X	X

23 FINANCE COSTS

	2015 AED	2014 AED
Interest expense		
Leasing	X	X
Borrowings	X	X
Bank charges	X	X
Other	X	X
Total finance costs	X	X

24 SERVICE CONCESSION ARRANGEMENTS

- a) On 1 February 20XX PSE entered into a service concession agreement with Local Entity to construct a toll road near one of PSE's island operations. The construction of the toll road commenced in February 20XX and was completed and available for use on 30 September 20XX. Under the terms of the agreement, Local Entity will operate and make the toll road available to the public for a period of twenty years, starting from 1 October 20XX. Local Entity will be responsible for any maintenance services required during the concession period. Local Entity has advised that it does not expect major repairs to be necessary during the concession period.
- b) PSE will provide Local Entity a guaranteed minimum annual payment for each year that the toll road is in operation. Additionally, Local Entity has been granted the right to charge users a fee for using the toll road, which Local Entity will collect and retain; however, this fee is capped to a maximum amount as stated in the service concession agreement. The usage fees collected and earned by Local Entity are in addition to the guaranteed minimum annual payment to be received from PSE. At the end of the concession period the toll road will become the property of PSE and Local Entity will have no further involvement in its operation or maintenance requirements.
- c) The service concession agreement does not contain a renewal option. The standard rights of PSE to terminate the agreement include poor performance by Local Entity and in the event of a material breach in the terms of the agreement. The standard rights of Local Entity to terminate the agreement include failure of PSE to make payment under the agreement, a material breach in the terms of the agreement, and any changes in law that would render it impossible for Local Entity to fulfil its requirements under the agreement.

SERVICE CONCESSION ARRANGEMENT ASSETS	2015 AED	2014 AED
Fair value of service concession asset		
Service concession asset – base layers	X	X
Service concession asset – original surface layer	X	X
Fair value of service payments		
Service concession asset – replacement surface layer	X	X
Total Service concession asset	X	X
SERVICE CONCESSION ARRANGEMENT LIABILITIES	2015 AED	2014 AED
Fair value of performance obligation		
Balance brought forward	X	X
Liability recognized along with initial service concession asset	X	X
Finance charge added to liability prior to payments being made	X	X
Portion of predetermined series of payments that reduces the liability	X	X
Fair value of liability		
Liability recognized along with replacement surface layers	X	X
Total Service concession liability	X	X

For the year ended 31 December 2015

25 SEGMENTAL REPORTING*Provide a description of PSE's activities and information as follows:***25.1 Revenue and expenses**

	Segment A		Segment B		Other		Eliminations		Total	
	2015 AED	2014 AED	2015 AED	2014 AED	2015 AED	2014 AED	2015 AED	2014 AED	2015 AED	2014 AED
Revenue										
Contribution from the Government of Abu Dhabi	X	X	X	X	X	X			X	X
Transfers from other government entities	X	X	X	X	X	X			X	X
Fees, taxes and fines	X	X	X	X	X	X			X	X
Other operating revenue	X	X	X	X	X	X			X	X
Total operating revenue	X	X	X	X	X	X	X	X	X	X
EXPENSES										
General and admin expenses	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Wages, salaries and employee benefits	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Supplies and consumables used	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Depreciation and amortisation expense	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Impairment of property plant and equipment	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Total operating expenses	X	X	X	X	X	X	X	X	X	X
Interest income	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Finance costs	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Gains/(losses) from available-for-sale securities	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Total non-operating revenue/(expenses)	X	X	X	X	X	X	X	X	X	X
Share of net surplus/(deficit) of associates and joint ventures	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Total expenses	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Net surplus/(deficit) for the period	X	X	X	X	X	X	X	X	X	X

25.2 Assets and liabilities

	Segment A		Segment B		Other		Eliminations		Total	
	2015 AED	2014 AED	2015 AED	2014 AED	2015 AED	2014 AED	2015 AED	2014 AED	2015 AED	2014 AED
Assets										
Current assets	X	X	X	X	X	X			X	X
Non-current assets	X	X	X	X	X	X			X	X
Total assets	X	X	X	X	X	X	X	X	X	X
Liabilities										
Current liabilities	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Non-current liabilities	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)
Total liabilities	(X)	(X)	(X)	(X)	(X)	(X)			(X)	(X)

Notes in addition to the above PSE should disclose;

- Capital expenditure for each segment.
- The types of goods and services included in each reported service segment;
- The composition of each reported geographical segment; and
- If neither a service nor geographical basis of segmentation is adopted, the nature of the segment and activities encompassed by it.

For the year ended 31 December 2015

26 COMMITMENTS AND CONTINGENCIES**26.1 PSE as lessee - Operating lease rentals**

Future minimum lease payments under non-cancellable operating leases:

	2015	2014
Land	xx	xx
Due within one year	X	X
Due within two to five years	X	X
Later than five years	x	X

Minimum lease payments recognized as an expense during the period amount to AED xx million (2014: AED xx million). Leased premises are contracted for the remaining periods of between one and four years, with renewal options available in certain instances.

26.2 PSE as lessor

Future minimum lease income under non-cancellable operating leases:

	2015	2014
Buildings	xx	xx
Due within one year	X	X
Due within two to five years	X	X
Later than five years	x	X

PSE lets properties under operating leases. Property rental income earned during the year was AED xx million (2014: AED xx million). The properties are maintained by the tenants at no cost to PSE. No investment properties have been disposed of since 31 December 2015.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase of AED xx million in current year income.

26.3 Contingencies

The entity has contingent liabilities in respect of legal claims arising in the ordinary course of operations amounting to AED ____ million. It has no contingent assets.

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2015 AED	2014 AED
Property, plant and equipment	X	X
Intangible assets	X	X
Total	X	X

27 EVENTS AFTER THE REPORTING DATE

Disclose the nature and an estimate of the financial effect of any significant non-adjusting events occurring after the year end date.

28 COMPARATIVE INFORMATION

Certain comparative numbers were reclassified to conform to the current year presentation. Such reclassification as discussed below have no effect on previously reported surplus or deficit or the equity of PSE.

Statement of financial performance

Statement of cash flow

Statement of comparison of budget and actual amounts