

A Study on Introduction of the Budgetary Accounting System for Not-for-profit Organizations related to Maritime and Fisheries Sector in Korea

Hoo-Seok Pai*

* Instructor, Dept. of Accounting, Kyungsoong University, USCPA

Abstract : *This paper aims to introduce budgetary accounting system for not-for-profit organizations related to maritime and fishery in Korea. Especially, these not-for-profit organizations related to maritime and fishery should design and maintain the original accounting systems because they have some objectives and activities of organizations different to for-profit organizations. Currently, while the accounting for not-for-profit units is difficult to understand, this case study of budgetary accounting system for not-for-profit organizations related to maritime and fishery as KSSIT may be great help to them by reflecting all administrative activities of these units and offering objectively and fairly financial position and phase or operating results. This paper concentrate primarily upon this subject about double-entry accounting system to be introduced in order to improve budgetary systems of not-for-profit organizations. These units are governmental organizations as public corporations and bodies corporate and politic. Therefore, not-for-profit organizations related to maritime and fishery should be applied to regulations of the Governmental Accounting Standards Board. GASB has the authority to establish standards of financial reporting for all units of government. With conclusion, this paper reviewed a case of double-entry system for budgetary accounting, and examined a process of financial reporting in not-for-profit organizations. Through this paper, the comprehensive understanding of budgetary accounting system for not-for-profit organizations as KSSIT would be promoted.*

Key words : *Not-for-Profit Organization, KSSIT, KR, Budgetary Accounting System, General Fund, Modified Accrual Basis*

1. Introduction

The FASB has authority to establish accounting and financial reporting standards for all nongovernmental not-for-profit organizations. The GASB has authority to establish accounting and financial reporting standards for all state and local governmental units, including governmental not-for-profit organizations.

The FASB and GASB have agreed upon a definition of a government that governs whether a particular organization is either governmental or nongovernmental for purposes of determining where accounting jurisdiction lies. Based on this definition, an entity is under GASB jurisdiction if it meets the definition of a government as outlined below. If not, the entity would be under the jurisdiction of the FASB.

The most of not-for-profit organizations related to maritime and fisheries sector in Korea—for example, the Korean Society of Ship Inspection and Technology(KSSIT)—as public corporations and bodies corporate and politic are governmental organizations.¹⁾ Other organizations if they

have one or more of the following characteristics:

- a. Popular election of officers or appointment(or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments;
- b. The potential for unilateral dissolution by a government with the net assets reverting to the government; or
- c. The power to enact and enforce a tax levy.²⁾

Especially, these not-for-profit organizations related to maritime and fisheries sector in Korea should design and maintain the original accounting systems because they have some objectives and activities of organizations different to other for-profit organizations. Currently, while the accounting for not-for-profit organizations is difficult to understand, this case study of budgetary accounting system for not-for-profit organizations related to maritime and fisheries sector may be great help to them by reflecting all administrative activities of these units and offering objectively and fairly financial position and phase or

* Corresponding Author : idi@star.ks.ac.kr 051)620-4403

1) The Korean Register of Shipping(KR) is a non-profit ship classification society, but a nongovernmental organization. Therefore, This non-profit unit should be applied to the FASB.

2) Furthermore, organizations are presumed to be governmental if they have the ability to issue directly(rather than through a state or municipal authority) debt that pays interest exempt from national taxation. However, organizations possessing only that ability(to issue tax-exempt debt) and none of the determination is supported by compelling, direct evidence.

operating results. This paper concentrate primarily upon this subject about double-entry accounting system to be introduced in order to improve budgetary systems of not-for-profit organizations.

2. The Basic of Accounting for Not-for-profit Organizations

2.1 The Government Reporting Model

GASB 34 Provides requirements that constitute the minimum required to be in compliance with GAAP. These requirements for general-purpose governmental units(states, municipalities, counties) are Management's Discussion and Analysis(MD&A)(Required Supplementary Information), Government-Wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements, and Required Supplementary Information(RSI) other than Management's Discussion and Analysis

In addition, general-purpose governments may choose to provide certain other supplementary information, including combining statements for nonmajor funds. If a government wishes to prepare a complete Comprehensive Annual Financial Report(CAFR), three major sections would be included. First, an introductory section(unaudited) would include a letter of transmittal, organization chart, and list of principal officials. Second, a financial section would be prepared, including an auditor's report, the required information, and other supplementary information listed above. Finally, a statistical section past ten years, debt per capita, and demographic data.

Special-purpose governments include park districts, tollway authorities, school districts, and sanitation districts. GASB has categorized special-purpose governments as those that are engaged in governmental activities, business-type activities, fiduciary activities, and both governmental and business-type activities. Special-purpose governments that are engaged in governmental activities and have more than activities must prepare both the government-wide and fund financial statements. Special-purpose governments that are engaged in a single governmental activity(such as a cemetery district) may combine the government-wide and fund financial statements or use other methods allowed by GASB. Special-purpose governments that are engaged in only business-type activities or fiduciary activities are non required to prepare the government-wide statements, but only prepare the proprietary or fiduciary fund statements.

All governments must include the MD&A, Notes, and RSI.

Public colleges and universities and other governmental not-for-profit organizations may choose to report as special-purpose governments engaged in only business-type activities, engaged in only governmental activities, or engaged in both governmental and business-type activities.

2.2 The Reporting Entity

The GASB carefully defines the reporting entity in an effort to ensure that all boards, commissions, agencies, etc. that are under the control of the reporting entity are included. A primary government is either (1) a state government, (2) a general-purpose local government, or (3) a special-purpose local government that has a separately elected government are financially accountable.

Most component units are reported, in the government-wide financial statements, in a separate column or columns to the right of the information related to the primary government (discretely presented). Component units whose activities are so closely tied to the primary government as to be indistinguishable should be blended with the primary government figures. Thus, the primary government and several additional component units may be combined to constitute the reporting entity.

3. The Budgetary Accounting System for Governmental Not-for-profit Units

3.1 A Case of Budgetary Accounting

The GASB, in one of its basic principles, states:

- (1) An annual budget(s) should be adopted by every governmental unit.
- (2) The accounting system should provide the basis for appropriate budgetary control
- (3) A common terminology and classification should be used consistently throughout the budget, the accounts, and the financial reports of each fund.

In accordance with the principle above, budgets should be prepared for each of the fund types used by governmental units. This directive, by itself, does not differentiate governmental form commercial enterprises. What is different, however, is the inclusion of budgetary accounts facilitates a budget-actual comparison in Required Supplementary Information or as a basic financial statement. The budget-actual comparison is required for the

general fund and all special revenue funds that have a legally adopted annual budget. Budgetary accounts are generally used in those funds for which the budget-actual comparison is made.

Budgetary accounts (Estimated Revenues, Appropriations, Estimated Other Financing Sources, Estimated Other Financing Uses, Budgetary Fund Balance) are incorporated into governmental accounting systems to provide legislative control over revenues and other resource inflows and expenditures and other resource outflows. Recording the budget also provides an assessment of management's stewardship by facilitating a comparison of budget vs. actual. The journal entries that follow illustrate the budgetary accounts used by the general and special revenue funds.

Upon adoption of the estimated revenues and appropriations budget (at the beginning of the period), the following entry is made and posted to the general ledger:

<i>Estimated revenues</i>	1,000,000	
<i>Appropriations</i>		980,000
<i>Budgetary fund balance</i>		20,000

Budgetary Fund Balance is a budgetary account. This budgetary entry is reversed at year-end.

As actual resource inflows and outflows occur during the year, they are recorded in Revenues and Expenditures accounts, and the detail is posted to the revenues and expenditures subsidiary ledgers to facilitate budget vs. actual comparisons. To prevent the overspending of an item in the appropriations budget, an additional budgetary account is maintained during the year. This budgetary account is called Encumbrances. When goods or services are ordered, appropriations (specific items in the subsidiary ledger) are encumbered (restricted) with the following entry:

<i>Encumbrances control</i>	5,000	
<i>Budgetary fund balance</i>		5,000
<i>—reserved for encumbrances</i>		

Budgetary Fund Balance—Reserved for Encumbrances is also a budgetary account. When the debit in the entry is posted, the amount that can still be obligated or expended for an individual budget line item is reduced. Thereafter, when the goods or services ordered are received, the encumbrance entry is reversed and the actual resource outflow (expenditures) is recorded.

<i>Budgetary fund balance—</i>	5,000	
<i>reserved for encumbrances</i>		
<i>Encumbrances control</i>		5,000

<i>Expenditures control</i>	5,200	
<i>Accounts payable</i>		5,200

The Encumbrances account does not represent an expenditure; it is a budgetary account which represents the estimated cost of goods or services which have yet to be received. In effect, the recording of encumbrances represents the recording of executory contracts, which is essential to prevent overspending of an appropriation (normally, an illegal act). Likewise, the account "Budgetary Fund Balance—Reserved for Encumbrances" is not a liability account; it is a budgetary account. If encumbrances are outstanding at the end of a period, that account is closed to the Fund Balance—Reserved for Encumbrances, which is reported in the fund balance section of the balance sheet (similar to an appropriation of retained earnings on a corporation's balance sheet).

At the end of the year, the following closing entries would be recorded, assuming actual revenues for the year totaled ₩1,005,000, actual expenditures for the year were ₩950,000, and encumbrances outstanding at year-end were ₩10,000;

<i>Budgetary fund balance</i>	20,000	
<i>Appropriations</i>		980,000
<i>Estimated revenues</i>		1,000,000
<i>Revenues</i>	1,005,000	
<i>Expenditures</i>		950,000
<i>Fund balance—unreserved</i>		55,000
<i>Budgetary fund balance</i>	10,000	
<i>—reserved for encumbrances</i>		
<i>Fund balance—unreserved</i>	10,000	
<i>Encumbrances</i>		10,000
<i>Fund balance</i>		10,000
<i>—reserved for encumbrances</i>		

Fund Balance—Unreserved and Fund Balance—Reserved for Encumbrances are balance sheet equity accounts.

3.2 Accounting for the General Fund

The general fund is the most significant governmental fund. It accounts for all transactions not accounted for in any other fund. Revenues come from many sources (regular inspection fee, other inspection fee, and charges for consulting services, etc.) and the expenditures cover the major functions of governmental unit as the KSSIT (inspection, developing technology, ship safety etc.). Table 1 below presents an overview of the general fund account structure.

Table 1 The general fund account structure.

<i>Real account</i>	
<i>Current assets</i>	<i>Current liabilities</i> <i>Fund balance (Fund equity)</i> <i>reserved</i> <i>(encumbrance, inventories)</i> <i>unreserved</i>
<i>Nominal account</i>	
<i>Expenditures</i> <i>Other financing uses</i> <i>(Transfers out)</i>	<i>Revenues</i> <i>Other financing sources</i> <i>(Transfers in)</i> <i>(Bond issue proceeds)</i>
<i>Budgetary accounts</i>	
<i>Estimated revenues</i> <i>Estimated other financing</i> <i>sources</i> <i>Budgetary fund</i> <i>balance(DR)</i>	<i>Appropriations</i> <i>Estimated other financing</i> <i>uses</i> <i>Budgetary fund</i> <i>balance(CR)</i>
<i>Encumbrances</i>	<i>Budgetary fund balance—</i> <i>reserved for encumbrances</i>

Adoption of a budget where estimated revenues exceed appropriations and planned transfers by ₩10,000. (First year of existence for this governmental unit.)

<i>Estimated revenues</i>	300,000
<i>Estimated other financing sources</i>	-
<i>Appropriations</i>	240,000
<i>Estimated other financing uses</i>	50,000
<i>Budgetary fund balance</i>	10,000

Transfers to a debt service fund (for general long-term debt payments) amount to ₩50,000.

<i>Other financing uses—transfer out</i>	50,000
<i>Due to debt service fund</i>	50,000

According to the GASB, transfers should be recognized in the accounting period in which the interfund receivable and payable arises. The account "Transfers Out" is a temporary/ nominal account which is compared with the budgetary account "Estimated other Financing Uses." The accounts "Due to—××Fund" are current liabilities. Note that debt service fund would record a receivable as follows:

Debt Service Fund	
<i>Due from general fund</i>	50,000
<i>Other financing sources</i> <i>—transfer in</i>	50,000

The "Transfers" accounts are closed at the end of the year. It is important to note that the account "Transfers Out" is not an expenditure account, but is an Other

Financing Use, and that the account "Transfer In" is not a revenue account, but is an Other Financing Source.

The regular inspection fee levy is recorded as revenues, under the modified accrual basic, when the fee levy is enacted by the KSSIT, if collections will be in time to finance expenditures of the current period. The fee bills amount to ₩250,000, and ₩20,000 is estimated to be uncollectible.

<i>Regular inspection fee receivable—</i> <i>current</i>	250,000
<i>Allowance for uncollectible fee</i>	20,000
<i>Regular inspection fee revenue</i>	230,000

Under the modified accrual basis, revenues should be recorded in the period in which they are both measurable and available. The GASB requires that regular inspection fee be recognized as a revenue if the fee are

- (1) Available - collected by year-end or soon enough to pay liabilities of the current period (no more than sixty days after the end of the fiscal year)
- (2) To finance the budget of the current period

To the extent the modified accrual criteria for recognition are not met, the regular inspection fee levy would be recorded with a credit to Deferred Revenues, a liability, instead of Revenues.

Note also, the treatment of the allowance for uncollectible accounts. Expendable funds account for resource inflows (revenues) and resource outflows (expenditures). Expenses are not recorded. The Allowance for Uncollectible Account represents an estimated reduction in a resource inflow and, accordingly, revenues are recorded net of estimated uncollectible fee.

Revenues from other inspection fee, service charges, and consulting fee amounts to ₩40,000.

<i>Cash</i>	40,000
<i>Revenues</i>	40,000

Resource inflows from other inspection fee, service charges, and consulting fee etc. are usually not measurable until the cash is collected. Sometimes, it is possible to measure the potential resource inflow; however, because the availability is questionable, revenues are recorded when cash is collected.

The national government owes the KSSIT ₩25,000 for an subsidy from the national treasury. The amount has not been received at year-end, but it is expected within the

first few months of the next fiscal year (in time to pay the liabilities as of the current fiscal year).

<i>Subsidy receivable</i>	25,000
<i>Revenues</i>	25,000

This kind of subsidy etc. may also be accrued before collection by the KSSIT, if collection is anticipated in time to pay for current year expenditures. Other firm commitments from the national or other governmental units for grants, etc. are also recorded.

Incurred liabilities for salaries, repairs, utilities, rent, and other regularly occurring items for ₩200,000.

<i>Expenditures control</i>	200,000
<i>Accounts payable</i>	200,000

Note that all resource outflows authorized in the appropriations budget are debited to Expenditures. It makes no difference whether the outflow is for a inspecting equipment or for rent.³⁾ There is usually no need to encumber appropriations for items that occur regularly, and which possess a highly predictable amount (e.g., salaries, rent, etc.). It should be pointed out, however, that there is no hard and fast rule for when to use encumbrances and encumbrance policies do vary tremendously (i.e., from every expenditure being encumbered to virtually no expenditures being encumbered).

Ordered one inspecting car; estimated cost is ₩17,000. One month later, ordered second inspecting car; estimated cost is ₩16,500.

<i>Encumbrances control</i>	17,000
<i>Budgetary fund balance</i>	17,000
<i>—reserved for encumbrances</i>	
<i>Encumbrances control</i>	16,500
<i>Budgetary fund balance</i>	16,500
<i>—reserved for encumbrances</i>	

Recording encumbrances prevents overspending line-item appropriations. In the case of the inspecting cars, assume the appropriations budget authorized ₩34,000 for inspecting vehicles. After the first inspecting car was ordered, the unencumbered appropriation for inspecting vehicles was reduced to ₩17,000. This placed a dollar limit on what could be spent on the second car.

Inspecting car ordered first was received; actual cost is ₩16,800.

<i>Budgetary fund balance</i>	17,000
<i>—reserved for encumbrances</i>	
<i>Encumbrances control</i>	17,000
<i>Expenditures control</i>	16,800
<i>Accounts payable</i>	16,800

Regular inspection fee collections amounted to ₩233,000, payments to other funds amounted to ₩50,000, and payments of vouchers were ₩190,000.

<i>Cash</i>	233,000
<i>Regular inspection fee receivable</i>	233,000
<i>—current</i>	
<i>Due to debt service fund</i>	50,000
<i>Cash</i>	50,000
<i>Accounts payable</i>	190,000
<i>Cash</i>	190,000
<i>Allowance for uncollectible fee</i>	3,000
<i>—current</i>	
<i>Regular inspection fee revenue</i>	3,000

The last entry above is required because the Allowance for Uncollectible Fee—Current was overstated. Note that the estimate was ₩20,000 in the entry above. Fee revenues were estimated to be ₩230,000. Since inspection fee collections exceeded ₩230,000 for the current year, an increase in revenues is required.

Recorded ₩5,000 inventory of materials and supplies, reduced the allowance for uncollectible inspection fee to ₩10,000, and reclassified uncollected regular inspection fee to accounts.

<i>Inventory</i>	5,000
<i>Fund balance</i>	5,000
<i>—reserved for inventory</i>	
<i>Allowance for uncollectible fee</i>	7,000
<i>—current</i>	
<i>Regular inspection fee revenue</i>	7,000
<i>Regular inspection fee receivable</i>	17,000
<i>—delinquent</i>	
<i>Allowance for uncollectible taxes</i>	10,000
<i>—current</i>	
<i>Allowance for uncollectible fee</i>	10,000
<i>—delinquent</i>	
<i>Regular inspection fee receivable</i>	17,000
<i>—current</i>	

3) Expendable funds do not have a capital maintenance objective. Also, the encumbrance accounts were not used in this case.

One of the reasons for recording the inventory of materials and supplies is to inform the preparers of the budget that items purchased during the year and charged to expenditures are still unused. The account "Fund Balance—Reserved for Inventory of Materials and Supplies" is a reservation of Fund Balance. In this respect, it is similar to "Fund Balance—Reserved for Encumbrances."

The second entry adjust the estimate of uncollectible regular inspection fee to ₩10,000. This is the result of collecting more regular inspection fee than anticipated and of an estimate that ₩7,000 will now be collected.

The third entry reclassified regular inspection fee receivable from current to delinquent at the end of the year. Generally, interest and penalty charges accrue on the unpaid fee from the date they become delinquent.

Appropriate closing entries are made.

<i>Budgetary fund balance</i>	10,000
<i>Appropriations</i>	240,000
<i>Estimated other financing uses</i>	50,000
<i>Estimated revenues</i>	300,000
<i>Estimated other financing sources</i>	-
<i>Revenues</i>	305,000
<i>Expenditures</i>	216,800
<i>Other financing uses</i>	50,000
—transfer out	
<i>Fund balance—unreserved</i>	38,200
<i>Fund balance—unreserved</i>	16,500
<i>Encumbrances</i>	16,500
<i>Budgetary fund balance</i>	16,500
—reserved for encumbrances	
<i>Fund balance</i>	16,500
—reserved for encumbrances	

4. Financial Statements of General Fund

Under the GASB Codification, individual fund statements should not be prepared that simply repeat information found in the basic or combining statements but may be prepared to present individual fund budgetary comparisons (not needed for the general fund), to present prior year comparative data, or to present more detailed information than is found in the basic of combining statements.

4.1 Balance Sheet

The balance sheet of Table 2 below would represent the general fund portion of the governmental funds balance sheet. Note the following points from the balance sheet:

Table 2 Balance Sheet of General Fund

Assets	Liabilities and Equity		
Cash	33,000	Liabilities:	
Regular Inspection Fee Receivable		Accounts Payable	26,800
—Delinquent	17,000		
Less:		Fund Equity:	
Allowance	<u>10,000</u>	Reserved for inventories	5,000
Subsidy Receivable	25,000	Reserved for encumbrances	16,500
Inventories	5,000	Unreserved	<u>21,700</u>
		Fund Balance	<u>43,200</u>
Total Assets	<u>70,000</u>	Total L&E	<u>70,000</u>

- (1) The total fund balance (equity) is ₩43,200, but only ₩21,700 is unreserved. This ₩21,700 represents the appropriable component of total fund balance (i.e., the amount that can be used next period to help finance a deficit budget). The ₩21,700 represents unreserved net liquid resources.
- (2) The reason for crediting "Fund Balance—Reserved for Inventory of Materials and Supplies" previously should now be more meaningful. The inventory of materials and supplies is not a liquid resource that can be used to finance expenditures. Consequently, if this asset is disclosed, it must be disclosed via a fund restriction.
- (3) The "Fund Balance—Reserved for Encumbrances" which is disclosed on the balance sheet relates to the second police car which was ordered but not delivered at year-end. When the car is received in the next period, the following journal entries could be made, assuming the actual cost is ₩16,600:⁴⁾

<i>Expenditures—prior year</i>	16,500
<i>Expenditures control</i>	100
<i>Accounts payable</i>	16,600
<i>Fund balance</i>	16,500
—reserved for encumbrances	
<i>Expenditures—prior year</i>	16,500

4.2 Statement of Revenues, Expenditures and Changes in Fund Balance

Table 3 Statement of Revenues, Expenditures and Changes in Fund Balance of General Fund

Revenues			
Regular inspection fee	240,000		
Other fee	40,000		
Subsidy	<u>25,000</u>	305,000	
Expenditures			
			<u>216,800</u>
Excess of revenues over expenditures			88,200
Other financing sources (or uses)			
Transfer in	0		
Transfer out	50,000	<u>△50,000</u>	
			<u>38,200</u>
Fund Balance			
Fund balance—unreserved—beginning of the year			0
Fund balance—reserved for encumbrance			△16,500
Add:			<u>0</u>
Fund balance—unreserved—end of the year			<u><u>21,700</u></u>

4.3 The Budgetary Comparison Schedule

The following Table 4 would be the general fund portion of the Budgetary Comparison Schedule;

Table 4 The Budgetary Comparison Schedule of General Fund

	<u>original</u>	<u>final</u>	<u>actual</u>	<u>var.</u>
BFB—beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Resources	<u>300,000</u>	<u>300,000</u>	<u>305,000</u>	<u>5,000</u>
Available	<u>300,000</u>	<u>300,000</u>	<u>305,000</u>	<u>5,000</u>
Charge	<u>240,000</u>	<u>240,000</u>	<u>233,300</u>	<u>6,700</u>
Transfer to	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total charge	<u>290,000</u>	<u>290,000</u>	<u>283,300</u>	<u>6,700</u>
BFB—end	<u><u>10,000</u></u>	<u><u>10,000</u></u>	<u><u>21,700</u></u>	<u><u>11,700</u></u>

The Budgetary Comparison Schedule is included in Required Supplementary Information (RSI), presented after the notes to the basic statements. The format may be in accord with the budget or in accord with the Statement of Revenues, Expenditures, and Changes in Fund Balance. The Budgetary Fund Balance may or may not be the same as the Unreserved Fund Balance reported in the Balance Sheet for the General Fund. (In the case of this paper, it is the same.)

5. Conclusion

This paper aims to introduce budgetary accounting system for not-for-profit organizations related to maritime and fisheries sector in Korea. As mentioned earlier, these units are governmental organizations as public corporations and bodies corporate and politic. Therefore, not-for-profit organizations related to maritime and fisheries sector such as the KSSIT should be applied to regulations of the Governmental Accounting Standards Board. GASB has the authority to establish standards of financial reporting for all units of state and local government. The GASB was created in 1984 and replaced the National Council on Governmental Accounting and Financial Reporting Standards, issued by the GASB each year.

GASB Standards require two methods of accounting, each used in certain parts of the financial statement. These are described in terms of measurement focus and basis of accounting. The first is the economic resources measurement focus and accrual basis of accounting. This method is similar to accounting for business enterprises. The objective is to measure all of the economic resources available to the governmental entity, including fixed assets and subtracting long-term debt. Full accrual accounting is used, where revenues are recognized when earned and expenses are recognized when incurred. Fixed assets are recorded and depreciated. The economic resources measurement focus and accrual basis of accounting is used for the government-wide statements, the proprietary fund statements, and the fiduciary fund statements.

The second is the current financial resources measurement focus and modified accrual basis of accounting. The objective is to measure only the current financial resources available to the governmental entity. As a result, fixed assets are not accounted for nor is long-term debt. Modified accrual accounting is used. Under modified accrual accounting, revenues are recognized when measurable and available to finance expenditures of the current period.

With conclusion, this paper reviewed a case of double-entry system for budgetary accounting, and examined a process of financial reporting for not-for-profit organizations under the GASB. Throughout this paper, the comprehensive understanding of budgetary accounting system for not-for-profit organizations related to maritime and fisheries sector such as the KSSIT would be promoted.

References

- [1] Birmingham City Council (1997-98), *Financial Review*.
- [2] CIPFA (1999), *The Code of Practice on Local Authority Accounting in Great Britain*.
- [3] Freeman, R., C. Shoulders, and E. Lynn (1988), *Governmental & Nonprofit Accounting: Theory and Practice*, 3rd. ed., Prentice-Hall, 1988.
- [4] GASB (1999), *Statement No. 34 of the Governmental Accounting Standard Board*.
- [5] Institute of Chartered Accountants of New Zealand (1999), *New Zealand Accounting Standards*.
- [6] Klaus, L. (1992), "A Contingency Model of Governmental Accounting Innovations in the Political Administrative Environment," *Research in Governmental and Nonprofit Accounting*, Vol. 7.
- [7] Tanzi, V. (2000), "The Role of the IMF in Promoting Fiscal Transparency," The Korea/OECD Forum on Public Sector Reform.

Received 19 July 2004

Accepted 1 September 2004