



The Possibility of using Financial Analysis in Government Units under the GFS System

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Abstract

The study addressed the possibility of using financial analysis in governmental units in a system of government finance statistics. The problem stems from the study of privacy the Government activities and the impact on performance measurement and evaluation process, and expressing the problem study key question: can I use financial analysis tools and techniques to develop financial indicators of government financial statements so that they can be relied upon as quantitative indicators? And the embranchment that many questions. Research is important in that it covers aside his researchers rarely addressed is using financial analysis as a tool for assessing government performance. In order to achieve the objectives of the study were using inductive and deductive reasoning based curricula as. Literature was also addressed government finance statistics system. Int adopted some financial statements are available from the Ministry of finance and national economy of the Republic of Sudan for several periods, and it is a financial analysis drawing on IMF guidelines regarding financial statements presentation. Int reached many conclusions: there is the possibility to apply the methods of financial analysis in the government units that adoption governmental finance statistics system. Financial analysis contributes to devise financial indicators contribute to taking fiscal policy decisions regarding lending and borrowing. Government financial statements financial analysis provides indicators to measure the operational and financial efficiency of the unit.

Key words

Government, finance, ratios, analysis, net operating balance

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1. Introduction

A guide to government finance statistics for the year 2001 issued by the IMF Statistics Department GFSM Edition issued in 1986 by the Government financial statistics manual. The purpose of this guide is to be a reference describes a system of government finance statistics. It covers concepts, definitions, classifications and accounting rules, and provides a comprehensive analytical framework according to him can summarize and display statistics in a convenient format for analysis, planning and policy making. And government finance statistics system based on accrual accounting as an alternative to cash basis which was used previously. This shift has many reasons and justifications made by government finance statistics system directory. As this transformation necessitated the disclosure of government operations how specific and that necessarily requires development tools presentation and disclosure for government operations, government finance statistics system directory listed numerous financial statements that Governments which should prepare their statements Finance. The emergence of new financial lists how approved by government finance statistics system created a need to read beyond the numbers that are contained in those lists, meaning the need for financial analysis to develop financial indicators help managers are

planning the fiscal policy and provide them with information. Required. Therefore, this study can apply financial analysis on the financial statements produced by government finance statistics system.tem.

1.1. Nature of problem

Given the specificity of the State system, the performance measurement and evaluation process will vary between using descriptive and quantitative indicators, quantitative indicators related to the fiscal policy pursued by the State. So this problem can be expressed as the following basic question: can I use financial analysis tools and techniques to develop financial indicators of government financial statements so reliable as quantitative indicators? And branches that question sub-quests as follows:

1. What causes the fundamental shift in the Government's accounting system from cash basis to accrual basis?
2. Do you contribute to the application of financial analysis in governmental units that use government finance statistics system in devising indicators used in measuring government performance?
3. What is the nature of the financial statements produced by government finance statistics system? And how you can utilize them in financial analysis?
4. What are the most important financial indicators that could be derived from the Government's financial statements? And what's the use?

1.2. The importance of research

The importance of study covered by scientific and practical aspect, where the scientific side focuses on providing an attempt to develop a general framework contributes to the financial analysis of public financial statements, as noted in previous studies dealing with scarcity of financial analysis for listings After the new direction imposed by the International Monetary Fund to shift based on accrual accounting. Either the practical relevance of the study focused on how to make use of the outputs of financial analysis.

1.3. Objectives of the study

The study aims to shed light on the financial analysis of government financial statements and access financial analysis tools such as public financial indicators can be derived from the financial statements produced by the State government finance statistics system. This can be achieved through the following objectives:

1. Study the components of government financial statements under the application of the system of government finance statistics.
2. Study the relationship between governmental and financial components connectivity between them and other government financial statements.

1.4. Hypotheses of the study

Researcher seeks to prove the following hypothesis:

1. There is the possibility to apply the methods of financial analysis in government units under the application of the system of government finance statistics.
2. Financial analysis contributes to devise financial indicators contribute to decisions on fiscal policy.
3. Government financial statements financial analysis provides indicators to measure efficiency.

2. Methodology of research

To achieve the objectives of the study researcher follow inductive and deductive; first adopted in formulating the problem study, done two scientific hypotheses formulation. And to test the possibility of using financial analysis as an indicator outsourced a number of government financial statements for a number of periods.

4. Literature review

Study Ibrahim (2014): the study addressed the relationship of final accounts data analysis to assess the financial performance of governmental units. The primary question in the study problem was: what is

the relationship of financial reporting data in assessing the financial performance of governmental units? The purpose of this study is to identify the concept and importance of performance evaluation in government units, and to identify the extent to which the financial reports for governmental units to the needs of its users. The study used historical approach and deductive and inductive approach and descriptive analytical. The study tested three hypotheses: the first hypothesis stipulates that government financial reporting data affect the judgment on the efficiency and effectiveness of government performance and the second hypothesis stipulates that the final accounts data contribute to the performance evaluation, the third hypothesis stipulates that there are constraints and Difficulties in using the final accounts data on performance evaluation in government units. Data were collected by personal interview with the directors of accounts and final accounts Department of the Ministry of finance for a period in 2008 and the year 2011 and by analyzing financial statements the study found the following results: final accounts data show a dependable activity units In measuring the efficiency and effectiveness of the financial performance of the income and expenditures for each individual unit. Contributed to the process of financial analysis in evaluating income North Kordofan State by using the vertical analysis which showed higher units revenue for each year separately. In the year 2008, the Ministry of Finance has achieved the highest revenue increased by 181%, in the years 2009-2011 m Ministry of education achieved higher revenue by 148%, as there are no obstacles and difficulties in using the final accounts data on performance evaluation in government units. The study recommended that the final accounts data for reliable units in measuring financial performance efficiency and development of documents and records of government accounting regulations and revise the criteria upon which the process of determining the size of revenues and expenses and the need to rehabilitate and train staff in methods.

Study of Hashim (2011): address search impact of applying government finance statistics system in institutions of higher education on financial performance and tuning apply to University. Search problem was the difficulty of non-financial assets inventory and evaluation, the difficulty of calculation of consumption of fixed capital requires a highly qualified application and qualification of accountants, book group also applied properly dependent on computers. And research aims to assess the current Government accounting system in college by learning strengths and weaknesses and develop information recording method update automatically, try to develop a general framework to guide the University accounts providers to apply government finance statistics system efficiently. And follow this deductive and inductive research approach relying on descriptive and two kinds of sources, primary sources are interviews in addition to the financial statements are available from the University. And secondary sources obtained from reference books and the Internet. The research concluded that many of the most important results of non-financial assets acquisition cost fair results if done market cost, using the straight-line method of amortization of non-financial assets better than reducing installment method, training and qualification of Accountants in the Unit contributes to the Application of the system of government finance statistics. Government finance statistics system to prepare regular reports on a monthly basis and this leads to the discovery of errors as they happen and processed immediately. The recommendations of the search need adequate training of personnel in University accounts so you can take advantage of government finance statistics system, expense and revenue could be settled on the same day to comply with accounting rules, the preparation of a cash flow statement to government sectors to identify on cash movement of different activities (operational, financial investment).

Study of Nada (2002): title in Government accounting system development the Arabic Republic of Egypt in line with budgets and performance, and the most important outcome of this study to the Government accounting system based on applying the cash basis cannot measure the result of real work for each fiscal period, and no You can measure the total real costs for each governmental unit, you cannot measure the total costs to each unit of government activity, and is therefore unable to provide the necessary information to evaluate the performance of governmental units, and take appropriate decisions to improve performance in the future, as The accountants in government units have the competence and the experience and qualifications that enable them to apply the accrual basis as an alternative to the cash basis, and that they may need some training programs that help them cope with problems you may have while applying accrual basis. Find a strong financial management.

Study of Ali (2008): this study examined the importance of measuring and evaluating the financial performance of governmental units applied to Ministry of urban planning and public facilities in Khartoum.

The importance of the study as they attempt to contribute to the preparation of plans and programmes and the optimal use of available resources so as to achieve results at the lowest possible cost, the study aims to raise the efficiency and level of financial performance in government units through plans and programmes and to develop realistic estimates Of expenses and revenues. A problem-focused study in the following questions: (1) is there a clear evaluation and measurement tools for financial performance in government units? (2) did you contribute to the measurement and evaluation of financial performance in achieving the objectives of governmental units? (3) is the application of scientific methods for measuring and evaluating financial performance right in raising the efficiency of financial performance?. To test those hypotheses researcher collecting primary data through a questionnaire which was distributed to a sample , after study found that data analysis of multiple results: use the Urban Planning Department estimated budgeting method for expenses and revenues, that makes it difficult to measure Financial performance and therefore do not have enough information to make the right decision. Urban Planning Department should apply the accounting standards required when budgeting or expense lists and revenue estimate so you can count on a good source when doing financial analysis process. Lack of financial performance evaluation criteria in the form of financial ratios for each item budget and income statement can be judged evaluation of financial performance through various comparisons with peer institutions led to the financial performance of the Ministry does not provide information for making the right decision. Based on those results, the researcher made several recommendations including: apply accounting standards relevant to the work of the public sector units and universally recognized or working to develop national accounting standards until the indicator for measuring financial performance. Adhering to the macro policies issued by the Ministry of Finance in relation to the relative expenditure on the budget chapters so as to give a good indicator of performance measurement and to identify any deviations, negatively or positively, in the actual application of the budget. To overcome difficulties in applying financial ratios and relying on qualified staff in financial analysis.

Researcher finds that all previous studies focused on performance appraisal process without addressing financial analysis method as a tool through which you can make the performance appraisal process, and these studies on previous studies is that they focus on financial analysis as a tool through which you can evaluate and measure government performance As a quantitative indicator can draw on fiscal policy.

5. The general framework of study

Concept and system properties are used and government finance statistics system is an effort to improve government accounting and transparency of government operations and is part of a global trend towards greater transparency in the Government's finances and operations. This system has been developed to serve the users of the financial statements of the Government Finance Statistics preparers and general financial analysts and users of macroeconomic statistics and who depend on Government statistics as inputs in their (IMF, 2001). There are many reasons to use a system of government finance statistics (IMF, 2001):

1. government finance statistics system is designed to provide policymakers and analysts enable statistics of examining developments in financial operations, financial position, and put the liquidity of the Government sector Or public sector consistently and systematically. You can use the analytical framework for government finance statistics in the analysis of a particular level of government operations and transactions among levels of Government. As well as the Government or the public sector.

2. use a range of budget lines, as the net balance operating and net lending, borrowing and the change in net asset value, one of the methods used in government finance statistics system for preparation and summary information on the overall performance and the financial position of General Government or public sector, using Government finance statistics as an integrated and comprehensive accounting framework, and identify and measure these items with the highest degree of efficiency.

3. contrary to the summary metrics, you can use the detailed data on government finance statistics system to discuss specific areas of government operations, for example, there may be a need for information on certain forms of taxes or level of expenses borne by the Government on what type of services Social, or the amount of government borrowing from the banking system.

4. the consistency of government finance statistics system with other macroeconomic statistical systems that can integrate data from the Government financial statistics system with data from other systems to assess developments in the General Government sector or public sector compared to the rest of the economy, and shape allows Internationally recognized standards using government finance statistics in comparative analyses of government operations among countries, such as tax or expenditure ratios compared to GDP.

As for the government finance statistics system characteristics:

1. Respect this system with General Government sector and the public sector as defined in the 1993 SNA, and knows these sectors based on institutional units are economic entities, with other entities. These characteristics make an economic interest institutional units and the statistician is met to prepare a full set of accounts for those units, including the balance sheet.

2. According to the system of government finance statistics under two types of flows: transactions and other economic flows. Most transactions are interactions between two units is made by mutual agreement between them, and record results of a government operations statement of all transactions during the accounting period, these transactions are classified as income or expense or net acquisition of non-financial assets, or net affords to discount. It follows the transactions that generate revenue or expense net value change, results from other types of transactions equal changes in the assets or liabilities, or both, and did not entail any change in net asset value.

3. Other economic flows include price changes and a variety of other economic events that affect the acquisition of assets and liabilities, such as debt cancellation, and disaster losses.

4. In the case of public or General Government balance sheet is a statement of financial and non-financial assets owned, and total claims other units that owners of assets minus the value in the form of discounts, and the net value of the sector and is equal to the total value of all assets minus the value of all liabilities.

5. Enable comprehensive treatment of transactions and other economic flows in government finance statistics system of exact match between the opening balance sheet and the closing balance sheet, this means that the size of a particular type of assets or liabilities at the beginning of the accounting period plus the changes in That balance which identified transactions and other economic flows equal balance at end of period, this system allows the integrated statistical description and analysis of the effects of certain policies and economic events.

6. Apply multiple labels on flows and balances recorded in government finance statistics system for example categorize every transaction revenue depending on whether that transaction tax or another type of income and revenue transactions are classified by purpose, type, and classified assets by Whether financial or other, classified financial assets and liabilities by type of instrument and by sector of origin issued by the unit in the possession of the Government or the unit that held by opponents of the Government.

7. Despite the consistency between government finance statistics system and the 1993 SNA, there are differences between the two statistical systems. The most important differences is that government finance statistics system focuses on financial transactions – any tax and spending and lending and borrowing, while focusing on 1993 SNA in addition to the production and consumption of goods and services, as a result of productive Government activities vary In government finance statistics system greatly from address of government productivity in government finance statistics system differ significantly from those processing activities In the 1993 SNA, there are significant differences associated with the process of capital formation of the self account, and Government employees pension programs, and the degree of standardization of data.

8. Government finance statistics is in many cases the first step in the preparation of statistics of the General Government sector in the national accounts and for this reason should be retained in the records of some secondary data that do not normally appear in normal view to government finance statistics because of the need for National Accounts, for example, detailed estimates, should be retained for government employees pension systems so possible to adapt to the different treatment of those programs in the 1993 SNA.

9. The definitions of similar concepts in government finance statistics system and the 1993 SNA, but coverage of a specific category of transactions may differ slightly. For example, don't include compensation

of employees registered as expenses in government finance statistics system on compensation of employees engaged in self-capital formation, but workers' compensation in 1993 SNA include all workers compensation, but the definition of composition Workers' compensation in the two systems are identical and may be using the same name with different coverage misleading to locate a different concept of what coverage.

10. Can be contingent liabilities, such as loan guarantees and warranties provide social benefits when multiple requirements, important economic effects on the general economy but don't arrange those commitments or other economic flows recorded in government finance statistics system The event, or condition already mentioned, with the result that allows this system to probabilistic obligations as items for the ticket. And government finance statistics Guide explained:

- use double-entry accounting in flows, in the double-entry system, each flow to the emergence of two equal value traditionally referred to in the name of the creditor and debtor constraint, constraint debtor is an increase in assets or decrease in liabilities or a decrease in net worth, either constraint Creditor is a decrease in assets or increase in liabilities or an increase in net worth, income restrictions recorded an increase in net value as credit constraints, and in case the matching, indicating net value and low expenses are recorded as being owed.

- a balance sheet is a compilation of statements of assets and liabilities or net worth sector unit, matched to the balance sheet and accounting, in General, is that the total asset value always equals the total value of liabilities plus net worth, and includes using the double-entry system maintain that matched Correctly. For example, recorded general government units purchased must be paid within 30 days as an expense is owed "and increased liabilities under accounts receivable credit constraint", "net worth fall by the same amount of expenses. Subsequent payment records as low in cash "under" credit and decrease in accounts receivable is owed", in this case, the assets and liabilities reduced by the same amount and net value are not affected.

Researcher finds that he can make use of the theory of double-entry to find causal relationships between government financial statements items.

6. Concept and objectives and methods of financial analysis

Financial analysis is one of the most important means by which the introduction of supervisory management business results, shows how efficient function, is proper planning tool, based on the analysis of financial statements show the reasons for success and failure, it is a tool for the detection and Weaknesses in the financial centre for enterprises and various policies that affect the profit, you can draw a realistic plan of action for the future helps the Department to assess performance (Ammar, 2011).

6.1. Financial analysis objectives

Multiple objectives of financial analysis that does not differ much from the financial analysis objectives as in governmental units, and those goals, for example:

1. Identify the true financial status of the unit.
2. Judging the performance efficiency of the unit.
3. Statement by the Government Unit's ability to service their debt and their ability to borrow.
4. Assistance in making control and evaluation.

6.2. Financial analysis methodology

Ways and methods and procedures that deal with financial analyst in conducting financial analysis of financial statements for clients and this methodology is governed by certain principles and general principles which must be taken into account to complete the process of decomposition financial position The desired goal and be expressed in financial analysis steps(Rmo and Seif, 2010):

1. Analysis of the financial analysis process objective: the objective of financial analysis process is determined in the light of the topic or problem of the facility so he could collect only information analyst with the subject in question and provides the same effort And fuss and unnecessary costs for example if a customer asked for a loan from a commercial bank, the primary objective of the bank financial analyst who knows how this customer's financial capacity to repay the loan on time.

2. Select the time period covered by the financial analysis: financial analysis to achieve its goals, it must include a period of analysis of financial statements for several consecutive years since financial statements for one year may not be sufficient to obtain information through which the analyst can judge its capabilities and possibilities of the client.

3. Identify the information needed by the analyst to reach his goals:

4. Selecting appropriate analysis tool and method to study problem: many analysis tools used in methods such as vertical and horizontal analysis method and analysis ratios and analysis 5-use information Available to the analyst to make appropriate decisions.

6. Select the appropriate standard of financial analysis criteria used to measure results.

7. Determine the degree of deviation from the standard used in the measurement.

8. Examine and analyze the causes of delinquency.

9. Develop recommendations in the report which is before the analyst at the end of the analysis.

...Philosophy of institutional performance measurement units:

Outline the philosophy underpinning the performance measurement, which follows up with accessing work objects in terms of application as follows: (Mekhemar *et al.*, 1999)

a. State Corporation goals: as a founder of a number of the goals you want to achieve, the selection is chiming him these objectives through the formulation of strategic objectives in several main objectives and sub-main activity specific for each subunit.

b. Select detailed plans for the work of the Foundation: where divides time programmes objectives are implemented during the periods of time specified, divides these programs to activities or performance units, these detailed plans for resources and governmental budget allocated appropriations, either they observe how to use these resources to achieve specific goals.

c. Determine the administrative responsibility centers: where are the ideals have a responsibility towards assistance centers specializes in a particular activity and fully specified and has a power to take decisions to implement this activity within the possibilities and provisions at their disposal.

d. Define indicators for measuring performance: can be divided into four basic groups: effectiveness indicators achieve goals which the Government machinery to fold, and stop that group of indicators on the nature of the activity and its objectives. Indicators are attached to the efficiency of resource use efficiency additionally every government unit, where this group includes total costs to some specific outputs provided by the government unit. This reflects mainly the cost of the service provided by this unit. Indicators are concerned with producing objects Productivity government units that through the relationship between inputs and outputs, everybody agrees that with both partial productivity and overall productivity.

6.3. Analytical metrics for fiscal policy

as already noted that government finance statistics system is designed to provide policymakers and analysts enables statistics of examining developments in financial operations, financial status, and liquidity position in general government sector or public sector Consistent and systematic. Had the government finance statistics system directory lists that Governments should offer through its operations, such as directory listings (IMF, 2001) as follows:

a. Statement of government operations it is aimed at showing net operating balance and is one of the most important analytical figures.

b. Statement of sources and uses of cash it shows cash flows from operating activities, investing and financing.

c. Other economic flows statement it aims to appear gains and the changes in non-financial assets and financial liabilities.

d. Balance sheet It shows the balances of assets and liabilities at the end of the accounting period.

We can use the horizontal and vertical analysis also can use financial ratios, and the following indicators can be derived, for example:

1) The net operating balance equals revenues minus expenses. And the proportion can be derived as follows:

Operating efficiency ratio = net operating balance/revenues

2) Net lending (borrowing) is a net operating balance – net acquisition of non-financial assets, the following can be devised for measuring efficiency financing: net operating balance/net non-financial assets
As many financial indicators can be derived from the fact of previous data.

6.4. Applied study

to achieve the objectives of the study will address the following lists obtained from the website of the Ministry of Finance of the Republic of the Sudan for several periods of 2012, 2013 (full years) and government operations has been prepared, and balance sheet, as data were obtained The years 2015, 2016, 2017 (first quarter of each year) and just statement of government operations has been prepared, since the information concerning those periods are about quarter to explain how the comparison is made using ratios. Table 1 shows statement of government operations from 2012 till 31-12-2013.

Table 1. Statement of government operations for the period 2012-2013

Declaration	2012	2013
Revenues	19352.6	25211
Expenses	(26229)	(30822.3)
Net Operating Balance	(6876.4)	(5611.3)
Net acquisition of non-financial assets	2512.4	4181.6
Net lending/borrowing	(9388.8)	(9792.9)
Net financial assets	189.6	254.4
Bearing net liabilities (deficit financing)	9199.2	10047.3

Source: Prepared by researcher from Ministry of Finance – Republic of Sudan- data 2013

Table 2 is showing the Government's balance sheet for the period ending in 31-12-2013 under the foregoing as follows:

Table 2. The Government's balance sheet for the period ending in 31-12-2013

Declaration	2012	2013
Non-financial assets	2512.4	4181.6
Financial assets	(189.6)	254.4
Total Asset	2322.8	4436.1
Total Liabilities	9199.2	10047.4
Net value	(6876.4)	(5611.3)
Total	2322.8	4436.1

Source: Prepared by researcher from Ministry of Finance – Republic of Sudan- data 2013

Table 3 shows government operations statement for the first quarter for the years 2015, 2016, 2017 m respectively.

Table 3. Statement of government operations for the period 2015-2017

Declaration	2015	2016	2017
Revenues	15772	21720	77710
Expenses	(13628)	(19622)	(83793)
Net Operating Balance	2144	2099	(6083)
Net acquisition of non-financial assets	(1197)	(2527)	(12417)
Net lending/borrowing	947	(428)	(18500)

Source: Prepared by researcher from Ministry of Finance – Republic of Sudan- data 2015 -2017

6.5. Analytical procedures

We will use the following methods to conduct financial analysis:

1. Vertical and Horizontal analysis;
2. Ratios analysis.

Vertical and Horizontal analysis

It is a traditional analysis depends on selecting one of the items on the statement of operations of the Government or balance sheet as a basis, then other items components are measured, for example, taking as a basis revenue percentage each item statement government operations as follows:

Table 4. Vertical analysis of the statement of government operations for years 2015 -2017 (quarters)

Declaration	2015	%	2016	%	2017	%
Revenues	15772	%100	21720	%100	77710	%100
Expenses	(13628)	(%86.4)	(19622)	(%90.3)	(83793)	(%107.8)
Net Operating Balance	2144	%13.6	2099	%9.7	(6083)	(%7.83)
Net acquisition of non-financial assets	(1197)	(%7.6)	(2527)	(%11.6)	(12417)	(%15.98)
Net lending/borrowing	947	%6	(428)	(%1.97)	(18500)	(%23.81)

Source: Prepared by researcher from Ministry of Finance – Republic of Sudan- data 2015 -2017

From the table of 4 and take any year as a base year changes can be measured. And a quick read of the net operating balance notices that there are a decline and deterioration in net operating balance number which means unity government borrowing to finance non-financial asset, especially in the year 2107. Comparison between horizontal analysis models is to identify the direction of the financial performance of the governmental unit. Notes from the data provided in table 1 that the net balance of minus operating (6876.4) for the year 2012 and 2013 (5611.3) so that a sign of the inability of the Government Unit to achieve a positive balance of its operations, which means their dependence on loans from other government units.

Analysis using ratios

The researcher proposes using the following proportions as a model for application in practice and which can guide when conducting a financial analysis of financial statements, we will rely on analyzing the year 2015 as an example:

1. Operational capacity measurement rate:

Is the ratio measures the ability of governmental unity to achieve positive net operating balance and can be measured for the following:

$$\text{NET operating balance /Revenues} \quad (1)$$

We find that for the year 2015 = $2144/15772 = 13.6\%$ relative to suggest that behind every government unit investigating revenue £ 13.6 PTS can contribute to the financing of the acquisition of non-financial assets.

2. Financing efficiency ratio

This ratio measures the ability of the Government to finance unit acquisitions of non-financial assets and measured as follows:

$$\text{Net acquisition of non-financial assets/net operating balance} \quad (2)$$

We find for the year 2015 = $1197/2144 = 55.8\%$ and indicate that every pound of net operating balance contribute 55.8 cents in non financial assets Fund, the inverse ratio measures the appropriateness of governmental unity so that the inverse ratio equal to 1.79 and refers to the capacity of the unit cover is Will non-financial assets 1.79 times.

3. Lending ratio (borrowing)

It measures the extent to which governmental unit in lending or borrowing from other government units also measured as follows:

$$\text{Net lending (borrowing)/net operating balance} \quad (3)$$

We find for the year 2015 = $947/2144 = 0.44$ which every credit investigator pounds run net government unit can be disposed to lend to others 44 PTS, inverse this ratio measures the ability of lending, where we find the inverse ratio 2.26. We also can follow the same method of analysis of other years and that provide financial ratios can be compared to different years vertical analysis method.

7. Results, conclusions and recommendations

7.1. Results and conclusions

1. In the application of the system of government finance statistics financial analysis can be used to provide quantitative financial indicators. That there is the possibility to apply the methods of financial analysis in the government units' government finance statistics system.

2. The financial analysis in developing financial indicators contributes to taking fiscal policy decisions regarding lending and borrowing.

3. Financial analysis of government financial statements provides indicators to measure the operational and financial efficiency of the unit.

4. You can use financial ratios in analyzing financial statements imposed by the International Monetary Fund under the Government Finance Statistics Manual, issued in 2001.

5. Transition to accrual basis contributed to the development of the financial information displayed in the units.

6. The net balance is the most important operating financial indicators provided by government financial statements.

7.2. Recommendations

1. The researcher recommends using different methods of financial analysis of government financial statements because it provides more information for fiscal policy planning purposes.

2. Need for accounting staff qualification and training in financial analysis as an important source of information.

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Study abbreviation

SAN: system of National accounts; GDP: Gross Domestic Production;

GFS: Governmental Financial Statistics; IMF: International Monetary Fund.