HOW TO ACCOUNT FOR THE MOBILE COMMUNICATION SERVICES IN YOUR BOOKS

Accounting Guideline

Legislation specifies the accounting reporting framework that each organ of state has to apply. Departments' accounting reporting framework is the Modified Cash Standard (MCS). The MCS's application guidance is in the Accounting Manuals for Departments (AMDs). The MCS and the AMDs can be accessed from the Office of the Accountant-General website.

Although MCS and AMD chapters should not be read in isolation, the most relevant MCS and AMD chapters addressing recognition, recording and presentation of mobile communication services are Concepts and Principles, Financial Statement Presentation, Expenditure, General Departmental Assets and Liabilities, Capital Assets and Leases.

Accounting Guideline

In the AMD on Leases, guidance is provided on determining if an arrangement is a lease. Furthermore, specific comprehensive examples on cell phones are provided.

The AMDs do not cover standard operating procedures as the AMDs are accounting related.

Accounting Guideline

It is apparent that indeed participating agreements are extensively customised for each State Institution. This means developing a “one-size-fits-all” accounting guidance would not be an appropriate option.

Accounting Guideline

State Institutions should apply the principles in the MCS and the guidance provided in the AMDs to their circumstances. In the event that the State Institution still has uncertainties after applying the principles and available guidance, they may contact the OAG's Accounting Support and Reporting (ASR) Chief Directorate for clarity and are required to provide ASR with all the necessary information to enable them to provide appropriate guidance.

In summary, accounting guidance on mobile communication services will be provided on a case-by case basis.