



**TREASURY**  
**Accrual & Prepayment Rules**

**Annex I**

SN	Expenditure	Expense Classification	Accrual Rule	Prepayment Rule
4	Social contributions: - <i>Contribution to the "National Savings Fund"</i> - <i>Contribution to "Defined Contribution Pension Scheme"</i> - <i>Civil Service Family Protection Scheme</i>	21210001  21210002  21210003	Social contributions in respect of a month are normally paid in the following month.  <b>Rule:</b> Any expenditure relating to the period prior to 01 July 2017 but not yet paid as at 30 June 2017, shall be treated as accrual as at 30 June 2017.	N/A
5	Cost of utilities  Fuel and oil	22010  22020	<b>Rule:</b> Any expenditure relating wholly or partly to the period prior to 01 July 2017 but not yet paid as at 30 June 2017, shall be treated as accrual as at 30 June 2017.	N/A
6	Rent	22030	<b>Rule:</b> Where lease agreement allows for payment of rental in arrears, payment shall be allocated to the financial year in which it becomes due and payable (as per lease agreement or other documents).	<b>Rule:</b> Where lease agreement requires payment of rental in advance, that part of any payment made before 01 July 2017 which relates to the financial year 2017/18 shall be treated as a prepayment as at 30 June 2017.
7	Office equipment and furniture  Medical supplies , drugs and equipment  Scientific and laboratory equipment and supplies	22040  22140  22150	<b>Rule:</b> Payment shall be allocated to the financial year in which goods are received (as per GF1) or ownership transferred to the Ministry/Department (as per contract or other documents).	<b>Rule:</b> Where advance payments are required as per contract or other documents, any payment made before 01 July 2017 in respect of goods to be received on or after 1 <sup>st</sup> July 2017 shall be treated as a prepayment as at 30 June 2017.

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8	Office expenses Publications and stationery	22050 22100	<b>Rule:</b> Expenses shall be recognised when the payment is made.	N/A
9	Maintenance  Cleaning services  Security	22060  22070  22090	<p><b>Rule:</b> Where a maintenance contract or any other agreement allows payment in respect of maintenance services to be effected after the services are rendered:</p> <p><b>(i) Under contract</b>– That part of any any expenditure relating to the period prior to 01 July 2017 but not yet paid as at 30 June 2017, shall be treated as accrual as at 30 June 2017.</p> <p><b>(ii) Other (Ad hoc maintenance works)</b> – That part (being not less than Rs 100,000) of any expenditure which relates to services rendered in the period prior to 01 July 2017 but not yet paid as at 30 June 2017, shall be treated as accrual as at 30 June 2017.</p>	<p><b>Rule:</b> Where a maintenance contract or any other agreement requires payment in respect of maintenance services to be effected before the services are rendered:</p> <p><b>(i) Under contract</b> - That part of any payment made before 01 July 2017 which relates to the financial year 2017/18 shall be treated as a prepayment as at 30 June 2017.</p> <p><b>(ii) Other (Ad hoc maintenance works)</b>– That part (being not less than Rs 100,000) of any payment effected before 01 July 2017 which relates to services to be rendered in the financial year 2017/18 shall be treated as a prepayment as at 30 June 2017.</p>
10	Mission expenses of Ministers and Delegates	22110	<b>Rule:</b> Any expenditure relating to a mission which took place prior to 01 July 2017 but not yet paid as at 30 June 2017, shall be treated as accrual as at 30 June 2017.	<b>Rule:</b> Any payment made before 01 July 2017 relating to a mission which will take place in the financial year 2017/18 shall be treated as a prepayment as at 30 June 2017.

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11	Fees  Studies and Surveys	22120  22130	<b>Rule:</b> Payment shall be allocated to the financial year in which it becomes due and payable (as per contract or other documents). Where a contract or any other document does not stipulate when a payment of fees becomes due and payable, such payment shall be allocated to the period in which the services are rendered.	
12	Overseas training  Travelling within the Republic  Overseas travel (mission)  Overseas travel (capacity building)  Overseas travel - treatment & incoming medical teams	22160  22170  22180  22180  22200	<b>Rule:</b> Any expenditure relating to an overseas training/ a trip/ a mission/ a capacity building event which took place prior to 01 July 2017 but not yet paid as at 30 June 2017, shall be treated as an accrual as at 30 June 2017.	<b>Rule:</b> Any payment made before 01 July 2017 in respect of an overseas training/ a trip/ a mission/ a capacity building event which will take place in the financial year 2017/18 shall be treated as a prepayment as at 30 June 2017.
13	Overseas Travel - Staff posted in Embassies	22190	<b>Rule:</b> Any expenditure relating to the period prior to 01 July 2017 but not yet paid as at 30 June 2017, shall be treated as accrual as at 30 June 2017.	N/A
14	Other Goods and Services	22900	<b>Rule:</b> Payment shall be allocated to the financial year in which goods are received (as per GF1) or services are rendered.	N/A
15	Interest on Borrowings	24	<b>Rule:</b> Interest on borrowings are generally accrued at each year end on a time basis. <i>(See Note 2)</i>	N/A

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16	Subsidies To Non-Financial Public Corporations  Subsidies to Financial Public Corporations  Subsidies to Non-Financial Private Enterprises  Donation to International Organisations	25110  25120  25210  26211	<b>Rule:</b> Expenses shall be recognised when payment is made.	
17	Current Grant To Other General Government Units  Current Grant to Local Authorities, RRA and Extra Budgetary Units  Capital Grant to Local Authorities, RRA and Extra Budgetary Units	26310  26311, 26312 & 26313  26321, 26322 & 26323	<b>Rule:</b> Expenses shall be recognised when payment is made.	
18	Social Assistance Benefits in cash – Social Aid, etc.  Social Assistance Benefits in kind	27210  27220	<b>Rule:</b> Social Assistance Benefits payable in 2016/2017 but not yet paid as at 30 June 2017 shall be treated as an accrual as at 30 June 2017.	N/A

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19	Employer Social Benefits in cash – Public Service Benefits	27310	<i>(See Note 2)</i>	
20	Current Transfers To Non Profit Institutions	28211	<b>Rule:</b> Expenses shall be recognised when the payment is made.	
	Current Transfers to Households	28212		
	Current Transfers to Non-Financial Public Corporations	28213		
	Current Transfers to Private Enterprises	28215		
	Capital Transfers To Non-Profit Institutions	28221		
	Capital Transfers to Households	28222		
	Capital Transfers to Non-Financial Public Corporations	28223		
	Capital Transfers to Private Enterprises	28225		

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21	Current Grant to International Organisations  Current Transfers to Regional/International Organisation	26210  28216	<b>Rule:</b> Any expenditure relating wholly or partly to the period prior to 01 July 2017 but not yet paid as at 30 June 2017, shall be treated as an accrual as at 30 June 2017.	<b>Rule:</b> Any payment made before 01 July 2017 relating wholly or partly, to the financial year 2017/18 shall be treated as a prepayment as at 30 June 2017.
22	Other Expenses - Insurance	28217001	N/A	<b>Rule:</b> Any payment made before 01 July 2017 relating wholly or partly, to the financial year 2017/18 shall be treated as a prepayment as at 30 June 2017.
23	Other Expenses - Compensation arising out of Government Liability	28217002	<b>Rule:</b> Payment shall be allocated to the financial year in which it becomes due and payable (as per Court Order or other Authority). <i>(See Note 2)</i>	N/A
24	Acquisition of Non-Financial Assets (NFA) – Acquisition, Construction and Upgrading	31	<b>Rule:</b> a) Capital expenditure carried over under the Carry-Over rule ( <i>FI No 1 of 2016 – ‘Carry-Over of Capital Expenditure’</i> ) shall be accrued ( <i>See Note 2</i> ); or b) Notwithstanding (a) above-  (i) Retention Money: All monies retained on expenditure made prior to 01 July 2017 shall be treated as an accrual as at 30 June 2017.	<b>Rule:</b> Any advance payment will be treated as prepayment.

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			<p>(ii) Any expenditure relating to the period prior to 01 July 2017 but not yet paid as at 30 June 2017, in respect of NFA acquired as at 30 June 2017, shall be treated as an accrual as at 30 June 2017. For the purposes of determining whether expenditure should be accrued, ‘acquired’ means –</p> <ul style="list-style-type: none"> <li>• In respect of the purchase of immovable physical assets (land and buildings)- when transfer of ownership has materialised;</li> <li>• In respect of movable physical assets- when transfer of ownership has materialised, after commissioning, registration (in respect of motor vehicles), or otherwise;</li> <li>• In respect of works (construction, upgrading or other works)- when the work completed as at</li> </ul>	

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			<p>30 June 2017 has been duly certified for payment;</p> <ul style="list-style-type: none"> <li>• In respect of intangible assets- when transfer of ownership has occurred, after commissioning or otherwise.</li> </ul>	
25	Acquisition of financial assets – Acquisition of shares and other equity participation	32	<p><b>Rule:</b> Expenses shall be recognised when payment is made. (See Note 2)</p>	

**Note 1:** Where material arrears or prepayments exist in respect of any item not included in the above expense classification, such arrears or prepayments should be reported to the Treasury and will be accounted for accordingly.

**Note 2:** Accrual/Prepayment in respect of these items shall be dealt with at the level of MOFED/Treasury.

**Note 3:** The following will be determined at the level of the Treasury on the basis of returns submitted by Ministries/Departments as per *Treasury Circular No 14 of 2017*:-

- a) liability in respect of *Passage Benefits*; and
- b) liability in respect of *Accumulated Sick Leave (bank)* and expense in respect of *Cash in lieu of leave (on retirement)* .

As regards unutilized sick leaves payable annually, the expense will be recognised when payment is made.