The Impact and Effects of Financial Reporting in the Public Accounting Econometric Analysis Model: Revenue and Expenditures for Period 2007-2017

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Abstract

This scientific paper it aims to look at the importance and effects of financial reporting in public accounting by analyzing incomes (receipts) and expenditures (payments) in the money cash during the period 2007-2017. The impact and effects of globalization and the numerous changes in various economic activities, in particular financial reforms in transition countries with particular emphasis on the state of Kosovo, added the need for application and harmonization of accounting standards and financial reporting standards. The importance of applying these standards is to increase the importance and effects on financial reforms by applying a set of uniform and rigorous rules for financial reporting in the annual, nine-month, six-month, quarterly, and monthly financial statements. Thus, the purpose of this scientific paper is the ecometric analysis of financial statements for receipts and payments based in the cash money ,which include public revenue and public expenditures during the 10 year period ,using statistical analysis and tests such as: regression, anova, t-test, intercept, degree of freedom, multiple R, square R, F, and others models that coincide this research for each variable, proving hypotheses or not, how important and what have been the effects on financial reforms during 2007-2017. Findings from this research will be help the state of the Kosovo look at financial reforms and comparability between the years for each variable.

Keywords: Financial reporting, accounting standards, financial reporting standards, revenue (receipts), expenditures (payments), public accounting, financial reforms etc.

I. Introduction

The primary legislation in Kosovo's jurisdiction that regulates financial management and reporting in relation to the Kosovo budget is the law on public financial management and accountability, together with the administrative financial guidelines or Financial Rules that are subsequently issued**.** The financial administrative Instruction No. 2005/15 is of special importance, which states that the financial statements will be prepared in accordance with international accounting standards for the public sector for reporting based on the cash basis. The financial statements are those statements that aims to meet the needs of general purpose users who are not in the position to require special reports for their particular needs. General purpose financial statements include those disclosed separately or within another public document such as an annual report or a prospectus. This Standard does not apply to the structure and content of the abbreviated financial statements prepared in accordance with IAS[1]. The financial statements are a structured presentation of the financial position and financial performance of an entity. The objective of the financial statements for general purposes is to provide information about the financial position, financial performance and cash flow of an entity that is useful to a wide range of users in making economic decisions. The financial statements also show the management results related to the management of the resources entrusted to them. To achieve this objective, the financial statements provide information about these entities: assets, obligations, net equity, income and expense, including gains and losses, other changes in equity, and cash flows.

II. Purpose of Research

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[1] IAS-34 Intermediate Financial Reporting.

The purpose of this research is to look at the impact and effects of financial reporting in public accounting. The other purpose of this research, are financial reforms and the relationship between variables during period 2007-2017 .Which have been years and financial items with the most significant financial effect, based on the annual financial reports and financial statements based on cash (receipts and payments). Based on these purposes, will analyzing the raised hypotheses, and it will be provide recommendations for the coming years.

III. Methodology

The empirical study or the model of econometric analysis is realized in public accounting, concretely in the revenues and public expenditures for the period 2007-2017 based on the annual financial statements, to see how financial reforms have affected the country's economic development from year to year. The data from the annual financial statements are processed through econometric and statistical models with SPSS and R program. The test and methods that are used are (annual financial statements correlation, multiple R, F, anova, degree of freedom, intercept, least squares regression equation predicted values, regression statistics for variables square ,residuals output, trend analysis and growth rates of receipts in cash, trend analysis and growth rates of payments in cash, periods 2007-2017 etc.).

IV. The Hypotheses

4.1. The main hypothesis:

H0: There is an important relationship between financial reporting and public accounting (revenues -receipts and expenditures - payments)?

4.2. Auxiliary hypotheses:

H0$_1$: There is significant relationship between taxes, self-incomes, grants and other revenues to growth general incomes?

H0$_2$: There is significant relationship between operations, transfers, capital expenditures and other payments to growth general expenditures and economic development?

V. Literature Review

5.1. Financial Reporting and Public Accounting Theories

Financial reporting and public accounting is intended to manage and protect public money and to hold responsibility and accountability. Modern leadership for financial reporting in relative and absolute aspect. More money requires more financial accounting to improve economic development.[1] Accounting principles allow a budget organization, whether state or private, to recognize revenue only on the basis of negotiated and conditional services. The government offers general goods and services, which are funded through taxes. Public services are consumed collectively and non-payers cannot be excluded by requiring them to pay taxes. These features spoil the relationship between revenue recognition and service delivery, making it impossible to match revenue and expenses.[2] International Public Sector Accounting Standards (IPSAS) are used by public institutions around the world to compile financial statements. These standards are based on the International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB).[3] Between IPSAS and International Financial Reporting Standards (IFRS), there is a close connection to the fact that IPSAS standards are based primarily on IFRS principles in order to ensure comparability between private and public sector reporting, when similar transactions are accounted.[4] Accounting and financial reporting standards should be relevant to users of public sector financial statements. The financial statements prepared in accordance with IPSAS should adequately present the financial performance, financial position and cash flows of an institution to enable the users of financial statements to report accurately and timely.[5] The adoption of the IPSAS opens the way for the full disclosure of financial information that serves the needs of different users.[6] Public accounting with particular emphasis, public spending to be implemented with

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[1] World Bank 1997.

[2] Sunder, 1997

[3] Accounting Standards and financial statement, book 2015.

[4] Ibid.

[5] Ijeoma and Oghoghomeh, 2014.

[6] Ozugbo, 2009

administrative honesty and fiscal responsibility. Thus, the fiscal responsibility act should be improved so that public spending is not only transparent but also efficient and effective.[1]

5.2. Financial Statements for State of the Kosovo -According to International Public Sector Accounting Standards,Based on Cash Money

5.2.1. Basis of preparation

The financial statements have been prepared in accordance with LPFMA no. 03 / L-048, as amended by Law 03 / L-221, Law 04 / L-116, Law 04 / L / 194, Law 05 / L-063 and Law no. 05 / L-007 as IPSAS based on cash.[2] Financial Reporting according the accounting principles based on the cash. The notes to the financial statements form an integral part of the meaning of the statements and should be read together and in relation to the statements.[3]

5.2.2. Accounting Policies

The basis of accounting and reporting in the Government of the Republic of the Kosovo according the LPFMA is the cash basis. On this basis, the information presented in these financial statements presents cash receipts and payments and the cash flow movement.[4] Money management is organized in form of single account of Treasury. The single account of Treasury is a system of banking account which is used to collect incomes and realization of expenses, which are supervised by single institution–Treasury Department.[5] Receptions (incomes) are acknowledged only when are under Government control. This means money which is transferred into Treasury account at CBK[6], money which stands by on commercial banks to be transferred to Treasury account in CBK and collected money from an official of budgetary organization standing by to be transferred to Treasury account in CBK.[7] Payments (expenses) are acknowledged when are paid by single account of Treasury and expenses of tiny money are acknowledged when justifying account of tiny money[8] Transactions between budgetary organizations so called "Inter-parliamentary transactions" aren't consolidated into these financial clearances, aiming to save information consistence reported by individual financial clearances of budgetary organizations.[9]The expenses are categorized according to economic classification which reflects Financial Government Statistics of IMF, which are modified version of SQF, based on cash money of 1986 including elements of SQF 2001.[10] Accounting policies are applied continuously during whole period.[11]

5.2.3. Reporting subject

The financial statements present the financial activity of the Government of the Republic of Kosovo as specified in Law no.03/L-048, as amended by Law 03/L-221, Law 04/L-116, Law 04/L/194, Law 05/L-063 and Law no. 05/L-007, which includes all budget organizations that consolidated and reported from treasury at the level of the general government.[12]

5.2.4. Payments made by third parties

Payments made by third parties are not considered receipts or payments in cash, but are benefits of the Government. These payments are disclosed in the payments by third parties section of the consolidated statement of cash receipts and payments.[13]

5.2.5. Money Cash

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[1] Piancastelli and Boueri, 2005.

[2] Annual financial report ,2007

[3] Annual financial report, 2008.

[4] Annual financial report, 2009.

[5] Annual financial report, 2010.

[6] Central bank of the Kosovo.

[7] Annual financial report, 2008.

[8] Ibid.

[9] Annual financial report, 2011.

[10] Annual financial report, 2012.

[11] Annual financial report, 2012.

[12] Annual financial report, 2017.

[13] Annual financial report, 2013.

Cash is comprised of funds held at the Central Bank of Kosovo, commercial banks, and as the coffers of budgetary organizations and money cash equivalents.[1]

5.2.6. Reimbursement of expenditures (payments) from previous year Payments returned to BRK from previous years in the current year are evidenced as revenue.[2]

5.2.7. Reporting currency

The reporting currency is Euro (€) and while the state debt is disclosed in SDR.[3]

5.2.8. Reporting amount

Reporting amounts are per units `000 (thousand) Euro (€).[4]

5.2.9. Date of authorization

The authorization is valid on date of signing of statement about Financial Report by Minister of Finance and Treasury Director.[5]

5.3. Identification of Financial Statements

The financial statements should be clearly identified and distinguished from other information in the same published document. The IFRS-s apply only to the financial statements, and not to any other information presented in the annual report or other document. It is therefore important that users can distinguish the information prepared using IFRSs from other information that may be useful to users.[6]

5.4. International Accounting Standard

5.4.1. Public incomes

During preparation and presentation of financial statements, incomes is determined as an increase in the economic benefits during the accounting period in the form of inflows or increases in assets or decreases in liabilities that result in an increase in net equity, other than those related to contributions from participants in net equity.[7]

5.4.2. Public expenditures

Public spending indicates amounts spent for different purposes by public authorities as state and local governments as capital goods, consumption goods and personnel expenditure etc.[8]

VI. ECONOMETRIC ANALYSIS MODEL: REVENUE AND EXPENDITURES FOR PERIOD 2007-2017

In this scientific paper, becomes combination of statistical analysis, tests and econometric models in financial statements based in money cash for the period 2007-2017. Based on the hypotheses raised will be used tests and analyzes through the SPSS and R program.

$$Y = \beta_{01} + \beta_1 x_1 + \beta_2 x_2 + \ldots \ldots \beta_p x_p + e \ldots \ldots \ldots \ldots (I)$$

$$TRevCach = \beta_0 + \beta_1 TAX + \beta_2 SINC + \beta_3 GRA + \beta_4 CAP.AD + \beta_5 OR + e \ldots \ldots \ldots (II)$$

Where:

- TrevCash - Total revenue (receipts) in cash

- Tax - Taxes

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[1] Annual financial report, 2014.

[2] Annual financial report, 2015.

[3] Annual financial report 2017.

[4] Ibid.

[5] Annual financial report 2015.

[6] International Accounting Standard 1 - Presentation of Financial Statements-Ministry of Finance.

[7] International Accounting Standard 18 – Income.

[8] Hyman 2014, Paine 2001.

ISSN 2411-9571 (Print)
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European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

- Sinc – Self-incomes

- Gra - Grants and assistances

- Cap.ad- Capital admissions

- Or - Other reception

- e – Error term

$$n= N/1+N\ (e)^2\ \ldots\ldots\ldots\ldots\ldots..\ (III)$$

Where:

- n- Sample size (period 2007-2017) , n=.091

- N- Financial reporting in public accounting (revenue-receipts)

- e – Error limit (0.05 on the basis of 95% confidence level).

6.1. **Financial Statements of Receipts Based in Money Cash**

YEARS	X1-Tax[1] '000 €	X2-Self incomes[2] '000 €	X3- Grants and assistances[3] '000 €	X4-Capital admissions(receipts) ,Other ,Borrowing[4] '000 €	X5-Other reception[5] '000 €	Y-Total receipts in cash '000 €
2007	714,133	54,961	11,643	255,484	134,145	1,170,366
2008	805,030	71,850	12,845	5,823	93,578	989,126
2009	815,805	77,950	13,880	3,425	249,637	1,160,697
2010	893,603	100,480	45,342	24,451	130,632	1,194,508
2011	1,057,952	115,534	28,208	5,076	106,483	1,313,253
2012	1,093,939	120,531	48,738	166,990	120,417	1,550,615
2013	1,104,843	94,953	12,588	83,835	148,947	1,445,166
2014	1,141,157	99,746	12,092	113,836	95,748	1,462,579
2015	1,248,937	112,703	13,310	166,719	165,704	1,707,373
2016	1,459,513	136,962	163,147	9,018	9,268	1,777,908
2017	1,553,270	128,298	220,246	21,221	326	1,923,361

Tab.1. Statement of cash receipts[6]

Based on table no.1. Financial statements of receipts in money cash for the period 2007-2017. In this table we can see all the variables of the receipts. These variables are divided in dependent variables or total receipts, and independent variables that effect the dependent variable, such as: taxes, self-incomes, grants and assistances, capital admissions (receipts), other reception. During the 10-year period, we see that the largest receipts are: from taxes in 2015 (1,553,270), from self-income in 2016 (136,962), from grants and assistance in 2017 (220,246), capital admissions (receipts), other, borrowing in 2007 (255,484), from other reception in 2009 (249,637). The highest total receipts are in 2017 (1,923,361), while with the lowest values are in 2008 (989,126).[7]

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[1] Tax (Tax administration state of the Kosovo, customs).

[2] Self-incomes (municipalities, the central budget organizations).

[3] Grants and assistances (donor grants, budget support grants).

[4] Capital admissions (receipts), Other, Borrowing (domestic borrowing and external borrowing. Explanation: in some years there is no borrowing

[5] Other receipts-revenue (deposit fund, fines and fees, bank interest, dividends, immediate financing of the KPA, return of lending, others).

[6] Author, with SPSS program.

[7] Explanation for all variables for cash receipts in money cash.

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European Journal of Economics
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January - April 2019
Volume 5, Issue 1
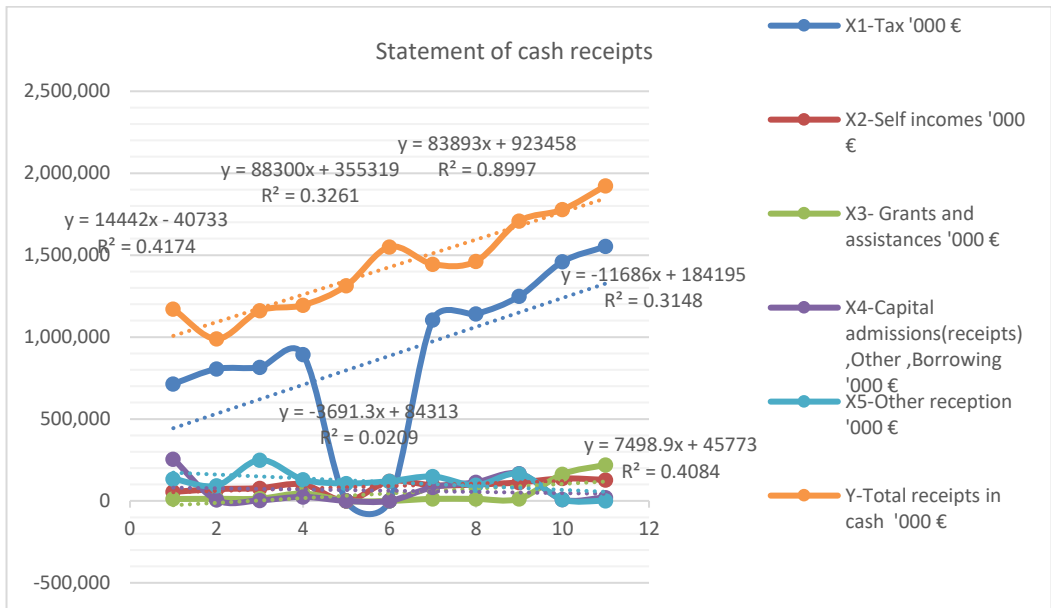
Graf.1. Statement of cash receipts for all variables[1]

6.1.1. Linear Regression For Variable X1- Tax

YEARS	X1-Tax '000 €	Y-Total receipts in cash '000 €	Least squares regression equation predicted $\hat{y}$ values y		
			y=1.0485x+293658	Residual $\hat{y}$-y	$(y-\hat{y})^2$
2007	714133	1170366	1042426.5	127939.5	163685283
2008	805030	989126	1137732.0	-148606.0	220837298
2009	815805	1160697	1149029.5	11667.5	136129564
2010	893603	1194508	1230600.7	-36092.7	130268627
2011	1057952	1313253	1402920.7	-89667.7	804029140
2012	1093939	1550615	1440653.0	109962.0	120916323
2013	1104843	1445166	1452085.9	-6919.9	47884815.0
2014	1141157	1462579	1490161.1	-27582.1	760773040
2015	1248937	1707373	1603168.4	104204.6	108585893
2016	1459513	1777908	1823957.4	-46049.4	212054544
2017	1553270	1923361	1922261.6	1099.4	1208691.35
				Sum of Squared Residuals	**73811999127**

Tab.2. Least regression predicted[2]

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[1] Author, with R program.
[2] Author with SPSS program.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.956149483							
R Square	0.914221835							
Adjusted R Square	0.904690927							
Standard Error	90561.21253							
Observations	11							
ANOVA								

	df	SS	MS	F	Significance F			
Regression	1	7.86687E+11	7.86687E+11	95.92181	4.2541E-06			
Residual	9	73811998936	8201333215					
Total	10	8.60499E+11						

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	293657.8009	118877.7632	2.47025005 3	0.03555 6	24737.6173 5	562578	24737.6 2	562578
X1-Tax '000 €	1.048496414	0.10705532 6	9.79396781 8	4.25E-06	0.80632044 2	1.29067 2	0.80632	1.29067 2

Tab.3.Regression Statistics for tax[1]

Table no.3. Regression statistics for tax. In this table we can see that the t-test (9.79) is a significant variable, which means that taxes have an important role and represent a relevant influence within the overall public revenue. R.Sq is 0.91 or 91% is statistically acceptable. So, taxes have impact on revenue growth of about 91%.[2]

y = 1.0485x + 293658
R² = 0.9142
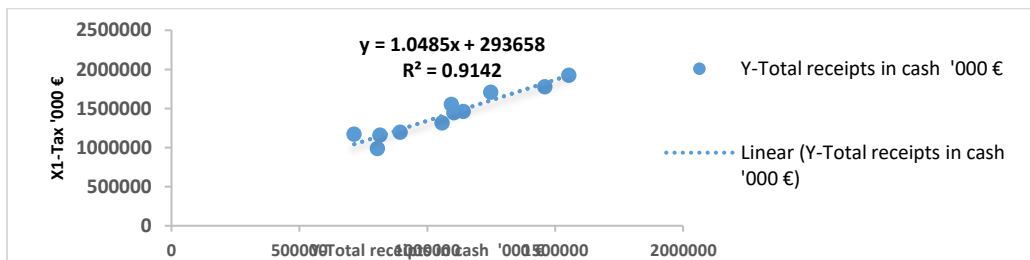
Graf.2.Linerar regression for Tax[3]

6.1.2.   Linear Regression for Variable X2- Self Income

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.82665463 9
R Square	0.68335789 3

[1] Author with SPSS program.

[2] 91% is statistically acceptable.
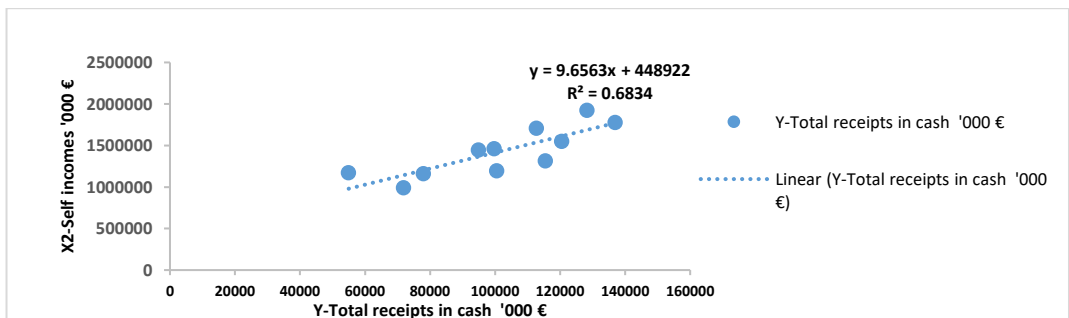
[3] Author with R program.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

Adjusted R Square	0.648175436				
Standard Error	173995.5677				
Observations	11				

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	5.88029E+11	5.88E+11	19.42326	0.001702537
Residual	9	2.7247E+11	3.03E+10		
Total	10	8.60499E+11			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	448921.5288	228003.5993	1.968923	0.080481	-66858.44656	964701.5041	-66858.44656	964701.5041
X2-Self incomes '000 €	9.656305373	2.191038268	4.407182	0.001703	4.699832466	14.61277829	4.699832466	14.61277829

Tab.4. Regression Statistics for self-incomes[1]

Table no.4. Regression statistics for self-incomes. In this table we can see that the t-test (4.407) is a significant variable, which means that self- incomes have an important role and represent a relevant influence within the overall public revenue. R.Sq is 0.68 or 68 % is statistically acceptable. So, self – incomes have impact on revenue growth of about 68%.[2]

y = 9.6563x + 448922
R² = 0.6834

Y-Total receipts in cash '000 €

Linear (Y-Total receipts in cash '000 €)

X2-Self incomes '000 €

Y-Total receipts in cash '000 €

Graf.3.Linear regression for Self-incomes[3]

6.1.3. Linear Regression for Variable X3- Grants and Assistances

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.72432
R Square	0.524639
Adjusted R Square	0.471821
Standard Error	213189.5
Observations	11

[1] Author with SPSS program, tab5.
[2] 68 % is statistically acceptable.
[3] Author with R program.

ISSN 2411-9571 (Print)
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European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

ANOVA

	df	SS	MS	F	Significance F		
Regression	1	4.51E+11	4.51E+11	9.9329 72	0.011706		
Residual	9	4.09E+11	4.54E+10				
Total	10	8.6E+11					

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1268656	81547.87	15.5572	8.21E-08	1084182	1453130	1084182	1453130
X3- Grants and assistances '000 €	2.989031	0.948399	3.151662	0.0117 06	0.843605	5.134458	0.843605	5.134458

Tab.5. Regression Statistics for grants and assistances[1]

Table no.5. Regression statistics for grants and assistances. In this table we can see that the t-test (3.151) is a significant variable, which means that grants and assistances have an important role and represent a relevant influence within the overall public revenue. R.Sq is 0.52 or 52 % is statistically acceptable. So, grants and assistances have impact on revenue growth of about 52%.[2]

$$y = 2.989x + 1E+06$$
$$R^2 = 0.5246$$
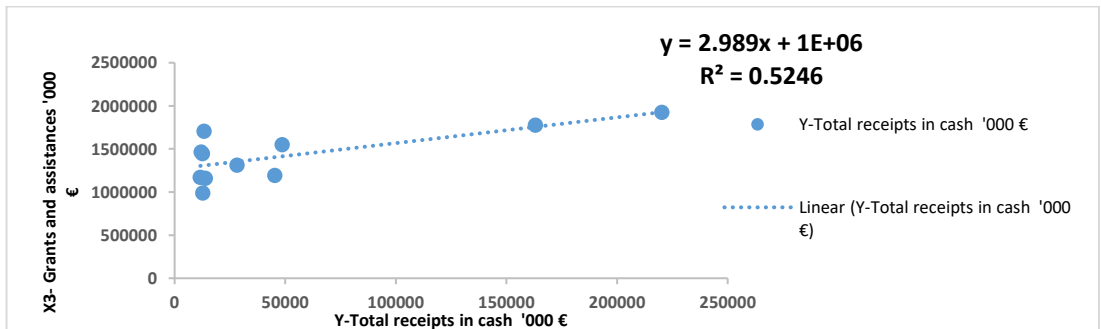
Graf.4.Linear regression for grants and assistances[3]

6.1.4. Linear Regression for Variable X4-Capital Admissions (Receipts), Other, Borrowing

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.0452075 36
R Square	0.0020437 21
Adjusted R Square	- 0.1088403 1
Standard Error	308894.09 73
Observations	11
ANOVA	

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[1] Author for variable x3.

[2] 52 % is statistically acceptable.

[3] Author with R program.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

	df	SS	MS	F	Significance F				
Regression	1	1758619499	1758619499	0.01843116	0.894997961				
Residual	9	8.5874E+11	954155633 17						
Total	10	8.60499E+11							
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%	
Intercept	1414942.601	127750.557	11.075823 34	1.5193E-06	1125950.763	1703934.44	1125950.76	1703934.44	
X4-Capital admissions(recei pts) ,Other ,Borrowing '000 €	0.152572437	1.123827744	0.1357614 08	0.894997 96	-2.3897025 4	2.694847 42	-2.389702 5	2.694847 42	

Tab.6. Regression Statistics for Capital admissions (receipts), Other, Borrowing[1]

Table no.6. Regression statistics for capital admissions, other, borrowing. In this table we can see that the t-test (0.002) is not an important variable, which means that capital admissions, borrowing do not play an important role in increasing revenue.[2]
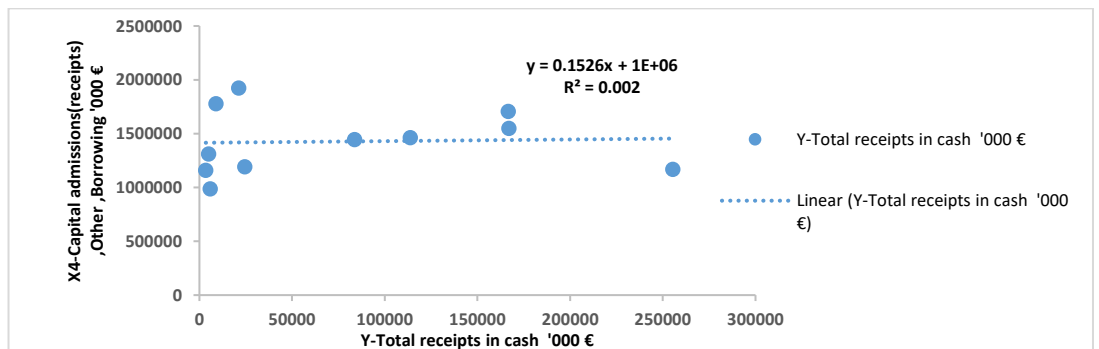
Graf.5.Linear regression for Capital admissions (receipts), Other, Borrowing[3]

6.1.4.1. Linear Regression for Variable X5-Other Receipts

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.558960 73
R Square	0.312437 1
Adjusted R Square	0.236041 22
Standard Error	256395.3 06
Observations	11
ANOVA	

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[1] Regression linear for x4.

[2] 2 % is statistically acceptable.

[3] Author with R program.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

	df	SS	MS	F	Significance F
Regression	1	2.68852E+11	2.68852E+11	4.08971142	0.07384681
Residual	9	5.91647E+11	657385531 22		
Total	10	8.60499E+11			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1697614.74	154620.05 09	10.979266 47	1.6357E-06	1347839.88	2047389.6	1347839.88	2047389.6
X5-Other receipts '000 €	-2.3737714	1.1737958 31	-2.0223034 9	0.07384681	-5.029082 1	0.281539 24	-5.029082 1	0.281539 24

Tab.7. Regression Statistics for other receipts[1]

Table no.7. Regression statistics for other receipts. In this table we can see that the t is a significant variable, but not very important R.Sq is 0.31 or 31 % is statistically acceptable but not very important. So, other receipts have impact on revenue growth of about 31%.[2]
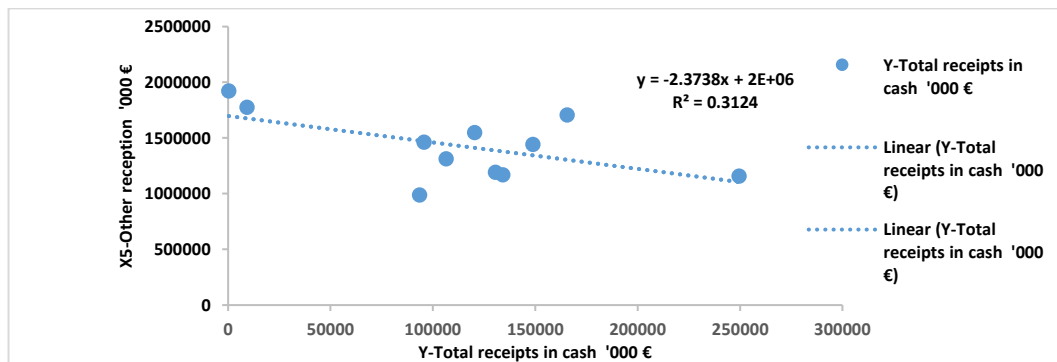
Graf.6.Linear regression for other receipts [3]

6.2.   Financial Statements of Payments Based in Money Cash

$$Y = \beta01 + \beta_1x_1 + \beta_2x_2 + ……….. \beta_p x_p + e …………………. (I)$$

$$TPaymCach = \beta_0 + \beta_1OPE + \beta_2TRANS + \beta_3CAPEX + \beta_4CAP.AD + \beta_5OP + e …………………. (II)$$

Where:

✓ TPaymCash - Total payment (expenditures) in cash

✓ Ope - Operations

✓ Trans – Transfers

✓ Capex - Capital expenses

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[1] Regression linear for x5.
[2] 31 % is statistically acceptable.
[3] Author with R program.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

✓ Cap.ad- Capital admissions

✓ Op - Other payments

✓ e – Error term

$$n = N/1 + N\ (e)^2 \ \ldots\ldots\ldots\ldots\ldots..(III)$$

Where:

✓ n- Sample size (period 2007-2017), n=.087.

✓ N- Financial reporting in public accounting (expenditures-payments)

✓ e – Error limit (0.05 on the basis of 95% confidence level).

YEARS	X1-Operations[1] '000 €	X2-Transfers[2] '000 €	X3-Capital expenses[3] '000 €	X4-Other payments[4] '000 €	Y-Total of payments '000 €
2007	359,703	154,552	159,208	128,487	801,950
2008	391,131	210,006	351,651	10,596	963,384
2009	442,898	257,767	406,382	145,301	1,252,348
2010	502,884	253,484	459,272	71,884	1,287,524
2011	570,282	256,476	531,290	42,413	1,400,461
2012	603,287	280,317	554,813	37,656	1,476,073
2013	635,574	315,619	534,690	25,675	1,511,558
2014	696,824	364,526	412,920	36,587	1,510,857
2015	735,305	422,099	407,926	49,008	1,614,338
2016	751,242	475,103	449,147	87,751	1,763,243
2017	779,068	508,316	471,098	78,322	1,836,804

Tab. 8. Statement of payments in cash[5]

Based on the table no.8.Financial cash payments financial statements for the period 2007-2017. In this table, we can see all payments variables. These variables are divided into: variables dependent or total payments and independent variables such as: operations, transfers, capital expenditures, other payments. During the period of 10 years, the largest payments were made: from operations 2017 (779,068), from transfers 2017 (508,316), from capital expenditures 2012 (554,813), from other payments 2009 (145,301). The highest payments from their total are in 2017 (1,836,804), while the lowest payments are in 2007 (801,950).[6]

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[1] Operations (wages and salaries, commodities and services, municipal services).
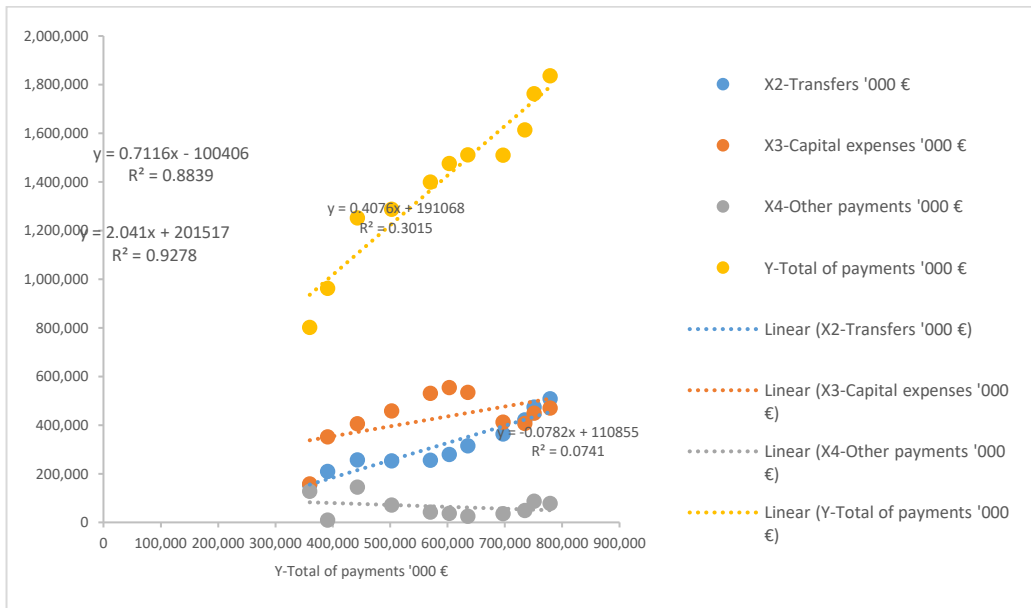
[2] Transfers (subsidies and transfers).

[3] Capital expenses (properties, plants, equipment).

[4] Other payments (returns from deposit funds, privatization fund, others).

[5] Author with SPPS program for payments.

[6] Explain for all variables.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

Graf.7. Statement of payments in cash for all variables[1]

6.2.1. Linear Regression for Variable X1-Operations

SUMMARY OUTPUT					
Regression Statistics					
Multiple R	0.96320907				
R Square	0.92777172				
Adjusted R Square	0.91974635				
Standard Error	88771.0365				
Observations	11				
ANOVA					
	df	SS	MS	F	Significance F
Regression	1	9.11001E+11	9.11001E+11	115.604926	1.9508E-06
Residual	9	70922672292	7880296921		
Total	10	9.81924E+11			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%

---

[1] Author with R program.

Intercept	201517.388	114787.1797	1.755573997	0.11304753	-58149.253	461184.029	-58149.253	461184.029
X1-Operations '000 €	2.04103967	0.189829313	10.75197312	1.9508E-06	1.61161593	2.47046341	1.61161593	2.47046341

Tab.9. Regression Statistics for operations[1]

Table 9. Regression statistics for operations. In this table we can see that t-test (10.751) is an important variable, which means that payments from operations have an important role in public expenditures. R.Sq. 0.92 or 92% is statistically acceptable. So, payments from operations have an impact on public expenditures about 92%. The Government realizes all payments when performing services at the operations variable.[2]

$y = 2.041x + 201517$
$R^2 = 0.9278$
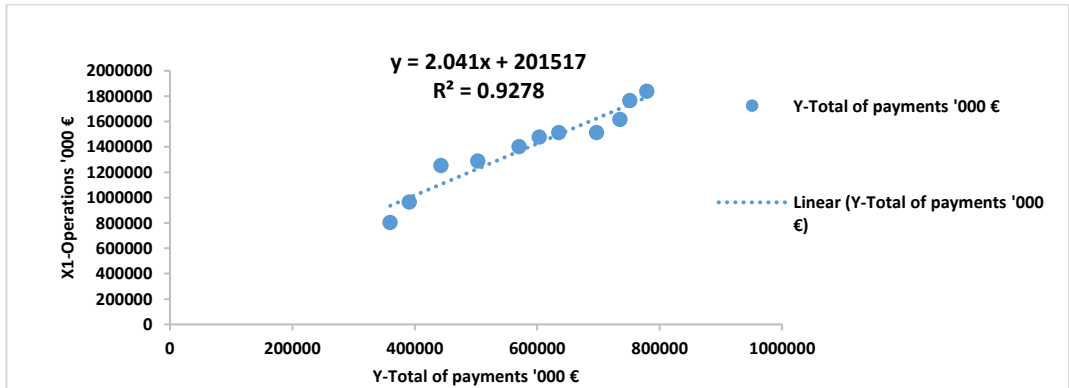
Graf.8.Regresion statistics for operations[3]

6.2.2.   Linear Regression for X2-Transfers

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.92820888
R Square	0.86157172
Adjusted R Square	0.8461908
Standard Error	122893.824
Observations	11

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	8.45998E+11	8.45998E+11	56.0156157	3.75389E-05
Residual	9	1.35926E+11	15102891875		

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[1] Author with SPSS program.
[2] 92 % is statistically acceptable.
[3] Author with R program.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

Total	10	9.81924E+11							
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%	
Intercept	575266.314	116470.8464	4.939144273	0.00080318	311790.945	838741.673	311790.955	838741.673	
X2-Transfers '000 €	2.59860547	0.347204856	7.484358071	3.7539E-05	1.813173513	3.38403742	1.81317351	3.38403742	

Tab.10. Regression Statistics for transfers[1]

Table 10. Regression statistics for transfers. In this table we can see that t-test (7.48) is an important variable, which means that payments from transfers have an important role in public expenditures. R.Sq. 0.86 or 86% is statistically acceptable. So, payments from transfers have an impact on public expenditures about 86%. The Government realizes all payments when performing services at the transfer's variable.[2]
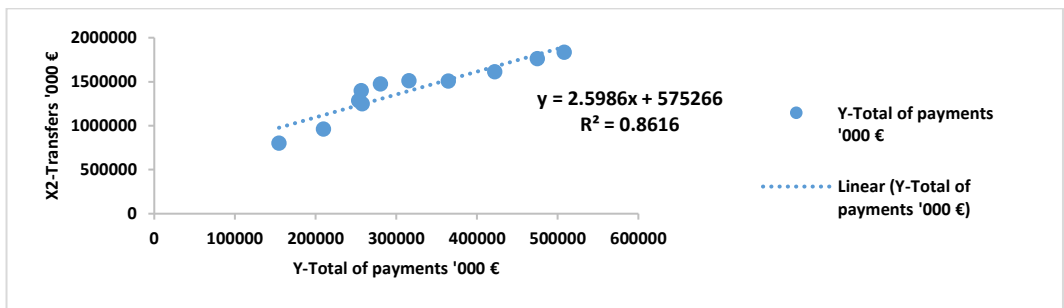
Graf.9.Regresion statistics for operations[3]

6.2.3. Linear Regression for X3-Capital Expenditures

SUMMARY OUTPUT					
Regression Statistics					
Multiple R	0.68559743				
R Square	0.47004384				
Adjusted R Square	0.41115982				
Standard Error	240457.106				
Observations	11				
ANOVA					
	df	SS	MS	F	Significance F
Regression	1	4.61547E+11	4.61547E+11	7.98253667	0.019873054

---

[1] Regresion for x-2.
[2] 86 % is statistically acceptable
[3] Author with R program.

						Upper	Lower	Upper
Residual	9	5.20377E+11	578196198 84					
Total	10	9.81924E+11						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	558662.45 9	307061.306 9	1.81938409 9	0.1022030 5	-135958.475 6	1253283.3 9	-135958.48	1253283.3 9
X3-Capital expenses '000 €	1.9570443 2	0.69267609 6	2.82533832 8	0.0198730 5	0.39010213 1	3.5239865 2	0.3901021 3	3.5239865 2

Tab.11. Regression Statistics for capital expenditures[1]

 Table 11. Regression statistics for capital expenditures. In this table we can see that t-test (2.82) is an important variable, which means that payments from capital expenditures have an important role in public expenditures. R.Sq. 0.47 or 47% is statistically acceptable. So, payments from transfers have an impact on public expenditures about 47%. The Government realizes all payments when performing services in this variable.[2]
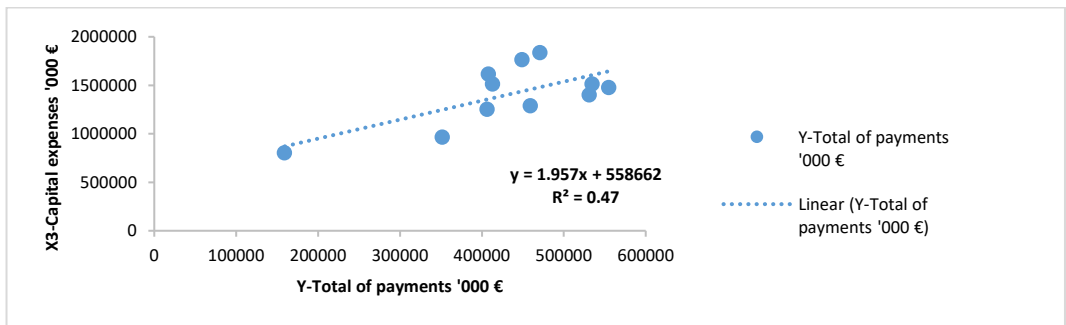
Graf.10.Regresion statistics for transfers[3]

6.2.4. Linear Regression for X4-for Other Payments

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.1939180 6
R Square	0.0376042 1
Adjusted R Square	-0.0693287
Standard Error	324036.92 2
Observations	11
ANOVA	

	df	SS	MS	F	Significance F

[1] Regression for x-3.
[2] 47 % is statistically acceptable
[3] Author with R program.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

Regression	1	369244735 06	3.6924E+1 0	0.3516619	0.5677742 1			
Residual	9	9.44999E+1 1	1.05E+11					
Total	10	9.81924E+1 1						
	Coefficient s	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1494485.7 9	184484.692 3	8.1008661	2.0024E- 05	1077152.4 2	1911819.1 6	1077152.4 2	1911819.1 6
X4-Other payments '000 €	- 1.4303381	2.41199302 8	- 0.5930109	0.5677742 1	- 6.8866454	4.0259692 1	- 6.8866454	4.0259692 1

Tab.12. Regression Statistics for Other Payments[1]

Explanation: Table 11. Regression statistics for other payments. This table is not very important. So it's not significant.[2]

$y = -1.4303x + 1E+06$
$R^2 = 0.0376$
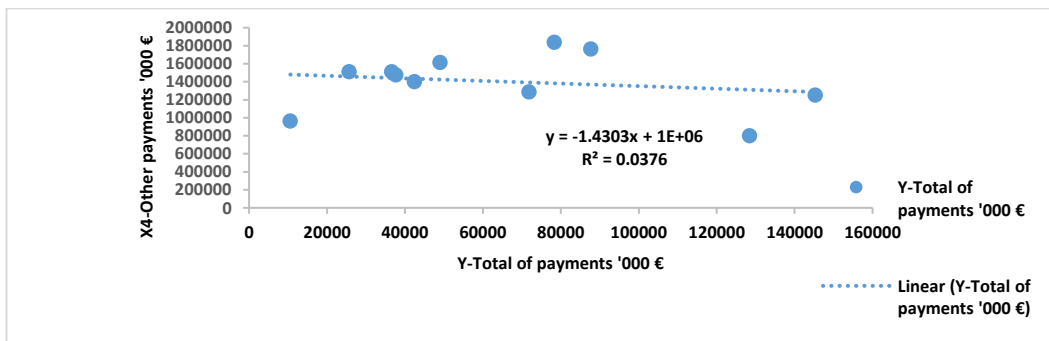
Graf.11.Regression statistics for other payments [3]

6.3.   Trend Analysis and Growth Rates of Receipts in Cash the for Periods 2007-2017

YEARS	Y-Total receipts in cash '000 €	Trend	Growth	Percentage Growth	YEARS	Y-Total receipts in cash '000 €	Trend	Growth	Percentage Growth
2007	1170366	1007351	1042072		2013	1445166	1408934	1417921	-7%
2008	989126	1026037	1055219	-18%	2014	1462579	1499873	1502082	-5%
2009	1160697	1137203	1160924	15%	2015	1707373	1694887	1696550	14%
2010	1194508	1217140	1234472	3%	2016	1777908	1777908	1777908	4%
2011	1313253	1324274	1337440	9%	2017	1923361	1923361	1923361	8%
2012	1550615	1422590	1432657	15%					

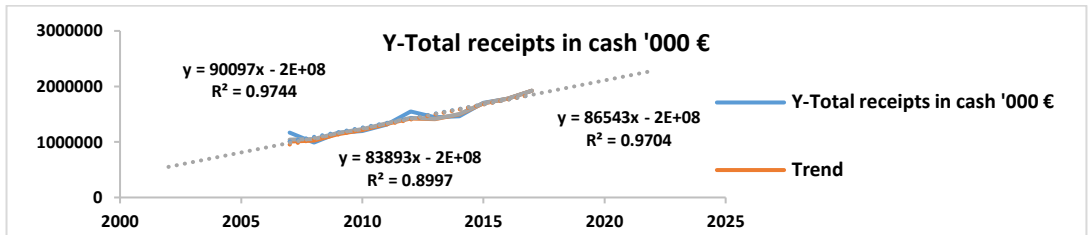**Tab.13. Trend analysis and growth rates[4]**

Explanation: The years that have had increased in receipts (revenue) from money cash are: 2009,2012,2014,2017
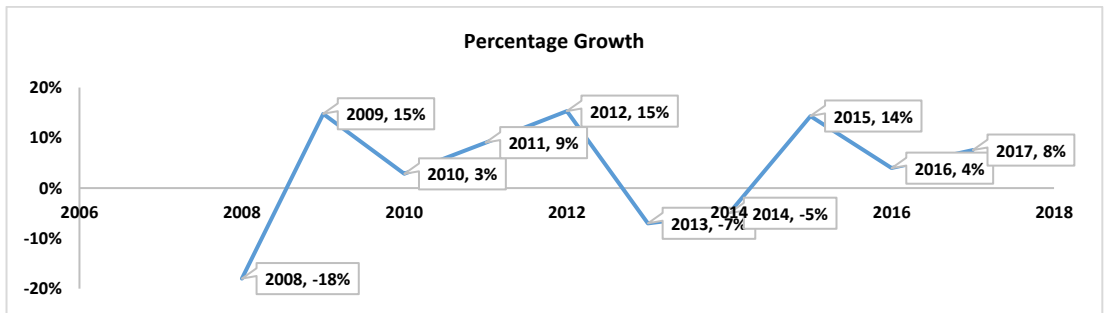
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[1] Regression for x-4
[2] It's not significant.
[3] Author with R program.
[4] Trend analysis and growth rates for receipts in money cash.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

Graf.12.Trend analysis and growth rates for period's 07-17 according linear regression [1]

Graf.13.Percentage growth. [2]

6.4. Trend Analysis and Growth Rates of the Total Payments for Periods 2007-2017

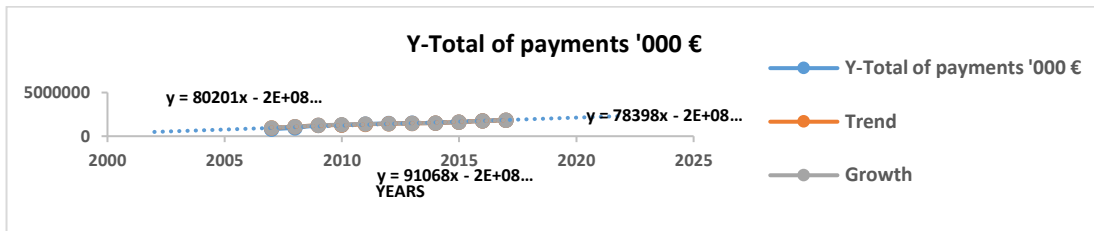| YEARS	Y-Total of payments '000 €	Trend	Growth	Percentage Growth	YEARS	Y-Total of payments '000 €	Trend	Growth	Percentage Growth
2007	801950	946347.3	961322.5		2013	1511558	1466784	1472755	2%
2008	963384	1095174	1108754	17%	2014	1510857	1512299	1515210	-5%
2009	1252348	1235188	1250811	23%	2015	1614338	1626895	1627130	6%
2010	1287524	1297067	1309388	3%	2016	1763243	1763243	1763243	8%
2011	1400461	1374817	1384992	8%	2017	1836804	1836804	1836804	4%
2012	**1476073**	**1428656**	**1436769**	**5%**					

Tab.14.Trend analysis and growth rates [3]

Explanation: The years that have had increased in payments (expenses) from money cash are: 2008, 2009.
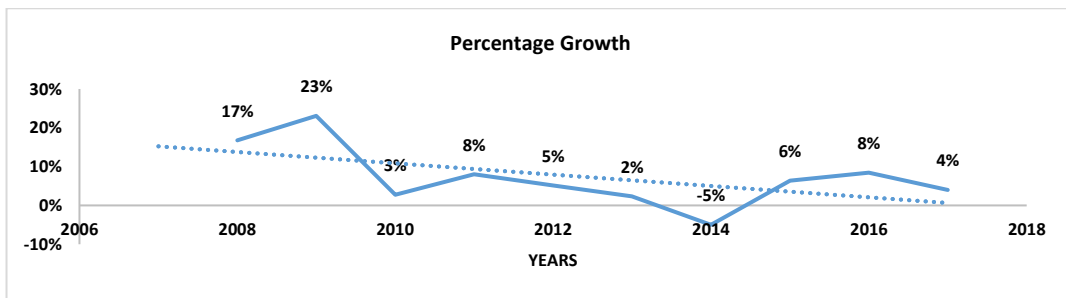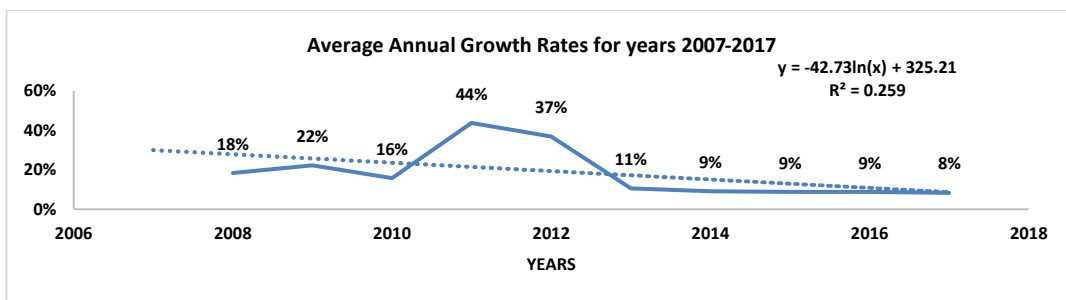
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[1] Author with R program.
[2] Author with R program.
[3] Trend analysis and growth rates for payments in money cash.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (online)

European Journal of Economics
and Business Studies

January - April 2019
Volume 5, Issue 1

Graf.14.Trend analysis and growth rates for period's 07-17 according linear regression[1]

Graf.15.Percentage growth.[2]

Graf.16. Average annual growth rates for years 07-17 according logarithms regression.[3]

VII.   Conclusions and Recommendations

The financial statements have been prepared in accordance with LPFMA no. 03 / L-048, as amended by Law 03 / L-221, Law 04 / L-116, Law 04 / L / 194, Law 05 / L-063 and Law no. 05 / L-007 as IPSAS based on cash. Financial Reporting according the accounting principles based on the cash.

The notes to the financial statements form an integral part of the meaning of the statements and should be read together and in relation to the statements.

The basis of accounting and reporting in the Government of the Republic of the Kosovo according the LPFMA is the cash basis. On this basis, the information presented in these financial statements presents cash receipts and payments and the cash flow movement. Money management is organized in form of single account of Treasury. The single account of Treasury is a system of banking account which is used to collect incomes and realization of expenses, which are supervised by single institution–Treasury Department.

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[1] Author with R program.
[2] Author with R program.
[3] Author with R program.

Cash is comprised of funds held at the Central Bank of Kosovo, commercial banks, and as the coffers of budgetary organizations and money cash equivalents.

The financial statements should be clearly identified and distinguished from other information in the same published document. The IFRS-s apply only to the financial statements, and not to any other information presented in the annual report or other document. It is therefore important that users can distinguish the information prepared using IFRSs from other information that may be useful to users.

The first and the main hypothesis is verified on the basis of the analysis of the data on the annual financial reports for the period 2007-2017. There is significant relationship between revenue and public expenditures. Because without revenues cannot be realized payments, projects, financing etc.

Auxiliary hypothesis is confirmed. Taxes have correlation positive with total revenue (receipts) of about 91%. Self-incomes have an important relationship with total revenue of about 68%. Grants and assistances have significant relationship with total revenue of about 52%. Borrowing has no major connection with the general revenue. Other revenues have an important relationship with total revenue of about 31%. In this hypothesis it can be noted that taxes (TAK and customs) realize the largest percentage of total revenues for the period 2007-2017.

Auxiliary hypothesis is confirmed. Operations have correlation positive with total expenses (payments) of about 92%. Transfers have an important relationship with total expenses of about 86%. Capital expenses have significant relationship with total expenses of about 47%. Other payments has no major connection with the general payments. In this hypothesis it can be noted that operations (wages and salaries, goods and services, communal services) realize the largest percentage of total expenditures for the period 2007-2017.

This research recommends that financial reporting officers impose concrete measures, to ensure that financial reports are timely executed and made public for different users of accounting information in order to make useful economic decisions.

This research recommends funding useful projects for society without government distinctions.

This research recommends making proper planning for public spending at the country level.

This research recommends that accurate financial reporting enhances the country's welfare and economic development.

This research recommends that all financial statements be accurately analyzed and to improve the findings in the coming years.

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