



# Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 1 July 2006)

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I, NICK MINCHIN, Minister for Finance and Administration, make these Orders under subsection 48 (1) of the *Commonwealth Authorities and Companies Act 1997*.

Dated 19 December 2006

Nick Minchin

Minister for Finance and Administration

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## 1 Name of Orders

These Orders are the *Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 1 July 2006)*.

*Notes:*

- These Orders are in relation to preparation of financial statements.
- Other matters relating to Commonwealth Authorities are dealt with in other Orders made by the Minister under subsection 48 (1) of the *Commonwealth Authorities and Companies Act 1997*.

## 2 Commencement

These Orders commence on 1 July 2006.

## 3 Financial statements for reporting periods ending on or after 1 July 2006

Schedule 1 sets out the requirements for the preparation of annual financial statements for the reporting periods ending on or after 1 July 2006 for:

- (a) sub item 2(1) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997*;

- (b) subsection 19(3) of the *Anglo-Australian Telescope Agreement Act 1970*;
- (c) subsection 47(1) of the *High Court of Australia Act 1979*;
- (d) subsection 43(3) of the *Natural Heritage Trust of Australia Act 1997*; and
- (e) subsection 32(a) of the *Albury-Wodonga Development Act 1973*;

*Note:*

- Schedule 1 is identical to Schedule 1 to the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2006)*. The purpose of having identical requirements is to achieve uniformity in financial reporting across the Australian Government public sector which will assist in the preparation of annual financial statements in relation to the Australian Government by the Finance Minister under section 55 of the *Financial Management and Accountability Act 1997*. Accordingly, certain terms, requirements and references contained in Schedule 1 to these Orders apply to Commonwealth Authorities and not to Agencies while other terms, requirements and references apply to Agencies and not to Commonwealth Authorities.

## **Schedule 1      Requirements for the preparation of Financial Statements for reporting periods ending on or after 1 July 2006.**

# Requirements and Guidance for the Preparation of Financial Reports



**Australian Government**

**Department of Finance and Administration**

## **REQUIREMENTS AND GUIDANCE FOR THE PREPARATION OF FINANCIAL REPORTS OF AUSTRALIAN GOVERNMENT ENTITIES**

**FOR REPORTING PERIODS ENDING ON OR AFTER 1 JULY 2006**

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ACCOUNTING POLICY BRANCH  
FINANCIAL REPORTING AND CASH MANAGEMENT DIVISION  
FINANCIAL MANAGEMENT GROUP

# Requirements and Guidance for the Preparation of Financial Reports

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## Part A INTRODUCTION

### 1 *Legislative Authority*

This document is relevant to all reporting Entities covered by:

- s49 of the *Financial Management and Accountability Act 1997*; or
- Clause 2 of Schedule 1, to the *Commonwealth Authorities and Companies Act 1997*.

The Schedule, policy and guidance contained in this document apply to all financial reporting periods ending on or after 1 July 2006, until withdrawn or replaced.

The Minister for Finance and Administration (Finance Minister) makes:

- the *Financial Management and Accountability Orders 2005* under subsection 63(1) of the *Financial Management and Accountability Act 1997* (FMA Act); and
- the *Commonwealth Authorities and Companies Orders (Financial Statements for periods ended on or after 1 July 2006)* under subsection 48(1) of the *Commonwealth Authorities and Companies Act 1997* (CAC Act).

These Orders include a Schedule 1, which sets out the actual reporting requirements, part of the applicable Financial Reporting Framework for Australian Government Reporting Entities. Schedule 1 comprises the black letter of this document.

The applicable Financial Reporting Framework for Australian Government Reporting Entities also comprises and requires Entities to:

(a) comply with:

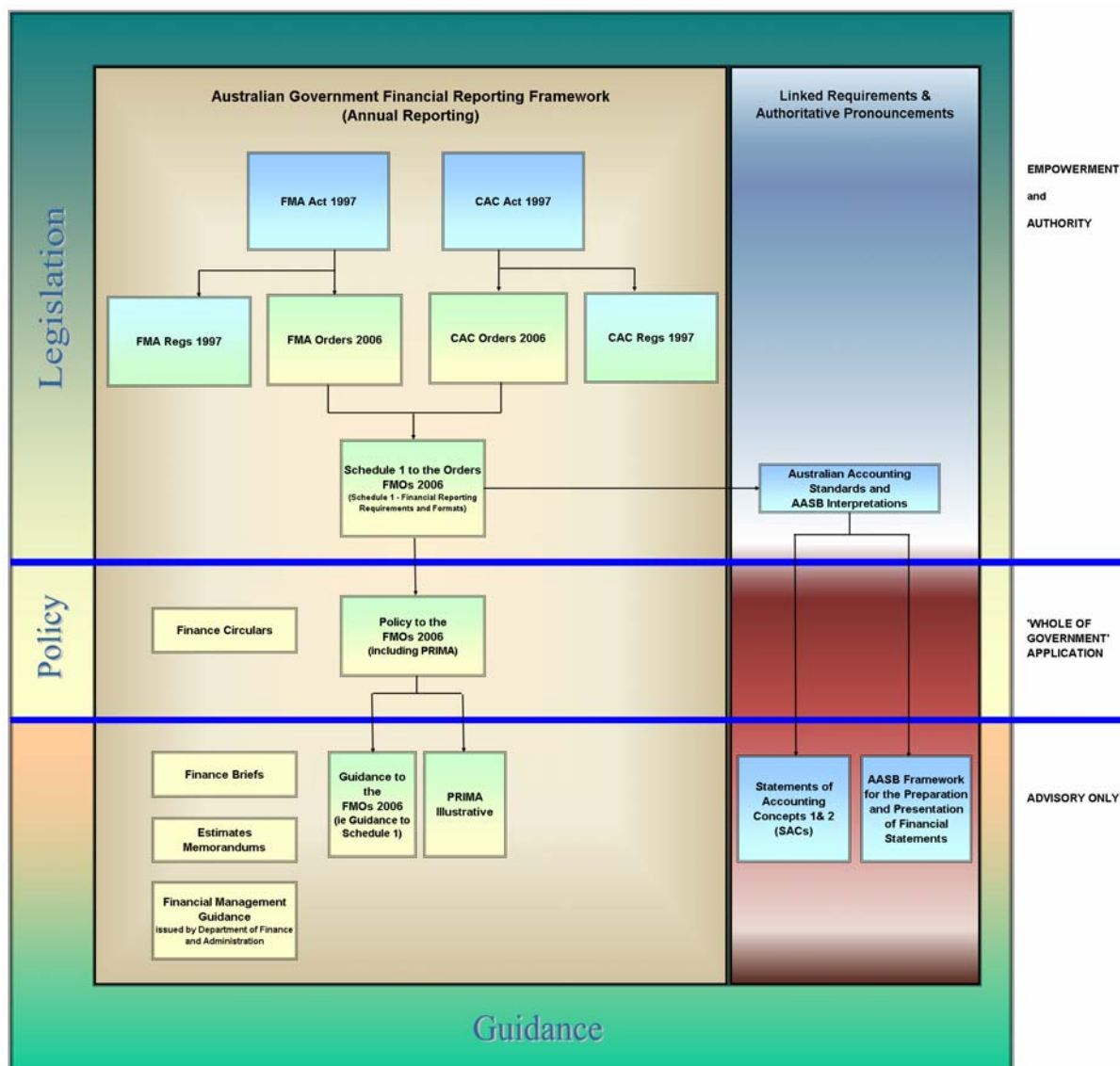
- (i) applicable accounting standards and accounting interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period;
- (ii) policies issued by the Department of Finance and Administration;
- (iii) *Commonwealth Authorities and Companies (Report of Operations) Orders 2005* (does not apply to FMA Agencies); and

(b) have regard to:

- (i) guidance to Schedule 1 and Annexure A;
- (ii) the Statements of Accounting Concepts 1 and 2 (SACs);
- (iii) the AASB *Framework for the Preparation and Presentation of Financial Statements*; and

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- (iv) Estimates Memorandums, Finance Briefs, Finance Circulars, Financial Management Guidance series and other guidance issued by the Department of Finance and Administration.



Where a choice of accounting policy is required to be made that is not covered by these Finance Minister's Orders, Australian Accounting Standards, AASB Interpretations or other Framework documents, the treatment under Government Finance Statistics (GFS) must be considered.

The purpose of having identical requirements for Government Entities is to achieve uniformity in financial reporting and assist in the preparation of the Australian Government Consolidated Financial Statements as required under s55 of the *FMA Act*.

The Department of Finance and Administration (Finance) publishes this document, *Requirements and Guidance for the Preparation of Financial Reports of Australian Government Entities*, which includes the 'Finance Minister's Orders' for reporting periods ending on or after 1 July 2006, commonly known as the FMOs (ie Schedule 1 to the Orders above), related policy and guidance. These



*Finance Minister's Orders* replace previously published Finance Minister's Orders.

## 2 Structure

In this document the black letter legislation (i.e. text in bold):

- constitutes Schedule 1 to the Orders made under the respective FMA and CAC legislation;
- are mandatory principles, bases or rules made by the Finance Minister for preparing and presenting general-purpose Financial Reports of Australian Government Entities;
- clarify accounting treatments in Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board or legislation applicable to Whole-of-Government application; and
- specify the accounting treatments to be applied when the Accounting Standards or legislation permit choice.

The policies including Annexure A (PRIMA) (ie text in grey letter):

- are prescriptive principles, bases or rules that support the subordinate legislation (ie in the black letter) made by the Finance Minister for preparing and presenting general-purpose Financial Reports of Australian Government Entities; and
- do not form part of Schedule 1.

The guidance (i.e. text that appears within boxes with green background):

- provides explanatory guidance which does not form part of Schedule 1;
- is intended to assist in interpretation of the black letter and policy; and
- may be modified from time to time by Finance as the need arises (for example, in response to requests by Entities for further clarification of particular black letter or policy clauses).

SAMPLE TEXT SCHEMATIC	
<b>Black Letter Legislation</b>	<b>The requirements of this Schedule apply</b> <b>The requirements of this Schedule apply</b>
Grey Letter Policy* (Prescriptive)	<div style="border: 3px double black; padding: 5px; width: fit-content; margin: 0 auto;">                     The requirements of the Schedule apply                 </div>
Guidance* (Non-Prescriptive)	<div style="border: 2px solid black; background-color: #e0ffe0; padding: 5px; width: fit-content; margin: 0 auto;">                     The requirements of the Schedule apply                 </div>
* Also Applicable to PRIMA financial statements, notes, tables and schedules.	

## Requirements and Guidance for the Preparation of Financial Reports

**Policies and Guidance to this Schedule are subject to change by the Department of Finance and Administration as and when these changes are required.**

**The following numbering conventions are used within this document:**

**Major sections are parts, denoted by an upper case letter, eg A, B, C.**

**Other sections are divisions, noted by a number, commencing at 1. Divisions are not always numbered consecutively, to allow for additional divisions at a future date.**

**Paragraphs of black letter (in each division) commence at .1**

**Paragraphs of policy commence at .51 followed by uppercase letter 'P'.**

**Paragraphs of guidance commence at .71 followed by uppercase letter 'G'.**

**Paragraphs are referred to as 'Sections'.**

### **3 *Further Information***

**(Schedule 1 contains no black letter requirements in this Division)**

## Part B DEFINITIONS AND ABBREVIATIONS

### 4 Dictionary

<b>Active Market</b>	<p><b>A market where all the following conditions exist:</b></p> <ul style="list-style-type: none"> <li>(a) items traded within the market are homogenous;</li> <li>(b) willing buyers and sellers can normally be found at any time; and</li> <li>(c) the prices are available to the public.</li> </ul> <p>(AASB 138 para. 8, AASB 136 para. 6, AASB 141 para. 8)</p>
<b>Administrative Arrangements Order (AAO)</b>	<p>The functions and activities of the Government are administered in accordance with the AAOs, issued from time to time by the Government and signed by the Governor-General. The AAOs establish the principal matters or Government outcomes to be dealt with by each Department of State, and the Acts of Parliament to be administered by each portfolio Minister.</p>
<b>Administered Investments</b>	<p>Investment by the Australian Government in a subsidiary, associate or joint venture that is managed by an Entity on behalf of the Australian Government.</p>
<b>Administered Items</b>	<p>Those items that an Entity does not control but over which it has management responsibility on behalf of the Government and which are subject to prescriptive rules or conditions established by legislation, or Australian Government Policy, in order to achieve Australian Government outcomes. Refer to Division 15 for classification decision-points.</p>
<b>AEIFRS</b>	<p>Australian Equivalents to International Financial Reporting Standards (Australian Accounting Standards and AASB Interpretations).</p>
<b>Agency</b>	<p>An Agency is as defined in s5 of the <i>Financial Management and Accountability Act 1997</i>. Briefly, “Agency” means:</p> <ul style="list-style-type: none"> <li>(a) Department of State (but not including any part of the Department that is a prescribed Agency);</li> <li>(b) Department of the Parliament; or</li> <li>(c) an Agency prescribed under Regulations to the <i>FMA Act</i>. Regulation 5 and its related Schedule list the prescribed Agencies.</li> </ul>
<b>Amortisation/ Depreciation</b>	<p>The systematic allocation of the depreciable amount of an asset, over its useful life.</p> <p>(AASB 138 para. 8, AASB 136 para. 6)</p>
<b>Appropriations</b>	<p>An authority under any Act or law to draw money from the Consolidated Revenue Fund, whether or not the law concerned used the word “appropriation” or “appropriated”.</p>

## Requirements and Guidance for the Preparation of Financial Reports

<b>Asset</b>	<p><b>Is a resource:</b></p> <p>(a) controlled by an Entity as a result of past events; and</p> <p>(b) from which future economic benefits are expected to flow to the Entity; economic benefits being synonymous with service potential.</p> <p>(AASB 138 para. 8, AAS 29 para. 17, <i>Framework for the Preparation and Presentation of Financial Statements Aus 49.1</i>)</p>
<b>Australian Government</b>	<p>All bodies that comprise the public sector at the national level. This includes the Commonwealth, office holders, statutory corporations and their subsidiaries.</p>
<b>Australian Accounting Standards</b>	<p>AAS and AASB Standards released by the Australian Accounting Standards Board. Refer to AEIFRS.</p>
<b>Authority</b>	<p>A Commonwealth authority as defined in s7 of the <i>Commonwealth Authorities and Companies Act 1997</i>. Also referred to in these Finance Minister's Orders as 'CAC Entity'.</p>
<b>Business Activity/ies</b>	<p>Refer to Business Operation/s.</p>
<b>Business Operation/s</b>	<p>Function or functions within an Agency that have been determined to be a Business Operation pursuant to 6.2.1 of the <i>Financial Management and Accountability Orders 2005</i>. They generally produce goods and services for persons or other Entities at market prices and are not 'primarily' funded by appropriations.</p>
<b>Carrying Amount</b>	<p>The amount at which an asset or liability is recognised after deducting any accumulated depreciation (or amortisation) and accumulated impairment losses.</p> <p>(AASB 116 para. 6, AASB 136 para. 6, AASB 138 para. 8)</p>
<b>Cash-Generating Unit</b>	<p>The smallest identifiable group of assets that generates cash inflows that is largely independent of the cash inflows from other assets or groups of assets.</p> <p>(AASB 5 Appendix A, AASB 136 para. 6)</p>
<b>Commonwealth</b>	<p>The legal Entity of the Commonwealth of Australia, created by the Australian Constitution.</p>
<b>Australian Government Consolidated Financial Statements (CFS)</b>	<p>The Australian Government's Consolidated Financial Statements (CFS) is the annual, end-of-year Financial Report prepared under s55 of the <i>Financial Management and Accountability Act 1997</i>, and in accordance with Australian Accounting Standards, including AAS 31 <i>Financial Reporting by Governments</i>. The CFS shows the consolidated results for the Australian Government as well as disaggregated information on the various sectors of Government (General</p>

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	<b>Government Sector, Public Non-financial Corporations and Public Financial Corporations).</b>
<b>Contingent Assets</b>	<p><b>A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity.</b></p> <p><b>(AASB 137 para. 10)</b></p>
<b>Contingent Liability</b>	<p><b>(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity; or</b></p> <p><b>(b) a present obligation that arises from past events but is not recognised because:</b></p> <p style="padding-left: 20px;"><b>(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or</b></p> <p style="padding-left: 20px;"><b>(ii) the amount of the obligation cannot be measured with sufficient reliability.</b></p> <p><b>(AASB 137 para. 10)</b></p>
<b>Cost</b>	<p><b>The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.</b></p> <p><b>(AASB 116 para. 6, AASB 138 para. 8, AASB 140 para. 5)</b></p>
<b>Cost Recoveries</b>	<p><b>Revenues recovered directly from the provision of goods and services, including user charges. Cost recoveries do not include intra/inter-Government charging, charges by Government business enterprises, competitively neutral commercial charging arrangements, general taxation, repayment of loans to the Australian Government, receipts from asset sales, including sales and licensing of patents or intellectual property, rental of property, royalties or other property related incomes, fines and penalties, payments by customers to non-Australian Government Entities where Commonwealth policies may affect prices, receipts from one-off specific policy measures, charges relating to industry-Government partnerships, statutory marketing levies, and fees charged by courts and tribunals.</b></p>
<b>Costs to sell</b>	<p><b>The incremental costs directly attributable to the disposal of an asset (or disposal group) excluding finance costs and income tax expense.</b></p> <p><b>(AASB 5 Appendix A)</b></p>

## Requirements and Guidance for the Preparation of Financial Reports

<b>Departmental Items</b>	<p>Those items which the Entity controls that are used in the operational activities of the Entity. Refer to <b>Division 15</b> for classification decision points.</p>
<b>Depreciable Amount</b>	<p>The cost of an asset, or other amount substituted for cost, less its residual value.</p> <p>(AASB 116 para. 6, AASB 138 para. 8, AASB 136 para. 6)</p>
<b>Depreciated Replacement Cost</b>	<p>The current cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.</p> <p>(AASB 136 para. 6)</p>
<b>Depreciation/Amortisation</b>	<p>The systematic allocation of the depreciable amount of an asset over its useful life.</p> <p>(AASB 116 para. 6, AASB 136 para. 6)</p>
<b>Draw Down</b>	<p>An authorised transmission (draw down) of funds from the <b>Official Public Account (OPA)</b> to either the respective Agency's <b>Official Administered Payments</b> account or <b>Official Departmental</b> account.</p>
<b>Employee</b>	<p>An individual who renders personal services to an Entity and is either regarded as an employee for legal or tax purposes, works for an Entity under the direction of the Entity in the same way as an individual who is regarded as an employee for legal or tax purposes, or renders services in a similar way to individuals regarded as employees for legal or tax purposes.</p> <p>(AASB 2 Appendix A)</p>
<b>Employee Benefits</b>	<p>All forms of consideration given by an Entity in exchange for services rendered by employees.</p> <p>(AASB 119 para. 7)</p>
<b>Employee Entitlements</b>	<p>Refer to <b>Employee Benefits</b>.</p>
<b>Entity</b>	<p>Refers to <b>Agency and Authority and the economic Entity, comprising the Agency or Authority and its subsidiaries; and each activity or activities of an Agency which is/are determined to be a Business Operation.</b></p>

## Requirements and Guidance for the Preparation of Financial Reports

<b>Equity</b>	<p>The residual interest in the assets of the Entity after deducting all its liabilities.</p> <p><i>(Framework for the Preparation and Presentation of Financial Statements para. 49)</i></p>
<b>Expenses</b>	<p>Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.</p> <p><i>(Framework for the Preparation and Presentation of Financial Statements para. 70)</i></p>
<b>External Revenues</b>	<p>Revenues not recovered directly from the provision of goods and services, attributed directly to Outcomes.</p>
<b>Fair Value</b>	<p>The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.</p> <p><i>(AASB 116 para. 6, AASB 119 para. 7, AASB 132 para. 11, AASB 138 para. 8, AASB 139 para. 9)</i></p>
<b>Finance Briefs</b>	<p>Provide clarification and guidance on the Government's accounting and financial reporting policies as required throughout the year and are prepared by the Department of Finance and Administration.</p>
<b>Finance Chief Executive</b>	<p>Secretary to the Department of Finance and Administration.</p>
<b>Finance Lease</b>	<p>A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.</p> <p><i>(AASB 117 para. 4)</i></p>
<b>Financial Instrument</b>	<p>Any contract that gives rise to a financial asset of one Entity and a financial liability or equity instrument of another Entity.</p> <p><i>(AASB 132 para. 11)</i></p>
<b>Financial Report</b>	<p><b>Includes:</b></p> <ul style="list-style-type: none"> <li>(a) the statements, schedules and notes required by this Schedule; and</li> <li>(b) any other certificates, reports and notes (other than the auditor's report and annual report) attached to or intended to be read with the statements and notes required by (a); prepared in relation to: <ul style="list-style-type: none"> <li>- the Agency or Authority; and</li> <li>- where the Agency or Authority is a parent Entity, the</li> </ul> </li> </ul>

## Requirements and Guidance for the Preparation of Financial Reports

	<p style="text-align: center;"><b>economic Entity comprising the Agency or Authority and its subsidiaries.</b></p> <p><b>‘Financial Report’ as used in this Schedule and the Policy and Guidance to the Schedule must be taken to have the same meaning as the term ‘financial statements’ applied in the <i>FMA Act</i> and <i>CAC Act</i>.</b></p>
<b>Financial Statements</b>	<b>Other than for the purposes of the <i>FMA Act</i> and <i>CAC Act</i> where ‘financial statements’ is used to mean ‘Financial Report’, for the purposes of these FMOs ‘financial statements’ has the meaning of the primary (financial) statements defined in this Schedule.</b>
<b>For-Profit Entities</b>	<b>Any Entity that does not meet the definition of a not-for-profit Entity.</b>
<b>General Government Sector (GGS)</b>	<p><b>Institutional sector comprising all government units and non-profit institutions controlled and mainly financed by government.</b></p> <p><i>(Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005, Glossary)</i></p>
<b>Government</b>	<b>Refer Australian Government.</b>
<b>Government Business Enterprises (GBE)</b>	<b>A Commonwealth authority or Commonwealth company that is prescribed as a GBE in regulations under the <i>Commonwealth Authorities and Companies Regulations 1997</i>.</b>
<b>Grants</b>	<b>Contributions of Government funds to or from a unit of Government for specific or general purposes where there is no expectation that the amount will be repaid in equal value. Grants can take the form of money, property or technical assistance and subsidies.</b>
<b>Held for Sale</b>	<p><b>An Entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.</b></p> <p><b>(AASB 5, para. 6)</b></p>
<b>Impairment Loss</b>	<p><b>The amount by which the carrying amount of an asset exceeds its recoverable amount.</b></p> <p><b>(AASB 116 para. 6, AASB 136 para. 6, AASB 138 para. 8)</b></p>
<b>Income</b>	<p><b>Increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.</b></p> <p><i>(Framework for the Preparation and Presentation of Financial Statements para. 70 (a))</i></p>



## Requirements and Guidance for the Preparation of Financial Reports

<b>Indefinite Useful Life</b>	<p>Where there is no foreseeable end to the period over which future economic benefits are expected to be generated by the asset for the Entity. This does not mean the asset has an infinite useful life merely that the Entity has the ability and intention to maintain the asset indefinitely in its present state.</p>
<b>Intangible Asset</b>	<p>An identifiable non-monetary asset without physical substance.</p> <p>(AASB 138 para. 8)</p>
<b>Liability</b>	<p>A present obligation of the Entity arising from past events, the settlement of which is expect to result in an outflow from the Entity of resources embodying economic benefits.</p> <p>(AASB 137 para. 10)</p>
<b>Material</b>	<p>Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the Financial Report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size and nature of the item, or a combination of both could be the determining factor. Refer to Section 12.1.</p> <p>(AASB 101 para. 11, AASB 108 para. 5, AASB 1031 Appendix)</p>
<b>Not-For-Profit Entities</b>	<p>An Entity whose principal objective is not the generation of profit. A not-for-profit Entity can be a single Entity or a group of Entities comprising the parent and each of the Entities that it controls.</p> <p>(AASB 116 para. AUS 6.1)</p>
<b>Operating Lease</b>	<p>A lease that does not transfer substantially all the risks and rewards incidental to ownership of the leased asset.</p> <p>(AASB 117 para. 8)</p>
<b>Outcomes</b>	<p>The results, impacts or consequences of actions by the Australian Government on the Australian community. Outcomes are the results or impacts that the Government wishes to achieve. Actual outcomes are the results or impacts actually achieved. Where an outcome is long-term in nature, identifying intermediate outcomes (shorter-term impacts) will assist focus and measurability.</p>
<b>Outputs</b>	<p>The goods and services produced by Entities on behalf of Government for external organisations or individuals. Outputs include goods and services produced for other areas of Government external to the Entity.</p>

## Requirements and Guidance for the Preparation of Financial Reports

<b>Personal Benefit Payments</b>	<b>Current transfers for the benefit of individuals or households (for example, child care and family tax benefits) that do not require any economic benefit to flow back to Government.</b>
<b>Portfolio Budget Statements</b>	<b>The aggregation of Agency Budget Statements by Portfolio.</b>
<b>Preservation</b>	<b>Work performed to maintain an item in its existing state.</b>
<b>Provision</b>	<b>A liability of uncertain timing or amount.</b>  <b>(AASB 137 para. 10)</b>
<b>Recoverable Amount</b>	<b>Means the higher of an asset's fair value less costs to sell and its value in use.</b>  <b>(AASB 5 Appendix A, AASB 136 para. 6)</b>
<b>Redundancy</b>	<b>Termination of employment which is not a result of any personal act or fault of individual employees nor of any characteristic peculiar to them. Their employment is terminated because the employer no longer requires their jobs to be filled by anyone.</b>
<b>Related Entity Transactions</b>	<b>For the purposes of the budget estimates, monthly reports and the Final Budget Outcome report, this term relates to any transactions between Agencies in the General Government Sector.</b>  <b>For the purposes of the cash-generating units, this term relates to any transactions between Agencies in the public sector.</b>
<b>Reimbursement</b>	<b>To make repayment to a party for expense or loss incurred.</b>
<b>Remote</b>	<b>Very unlikely.</b>
<b>Remuneration</b>	<b>Refer to Employee Benefits.</b>  <b>(AASB 119 para. 7)</b>
<b>Reserves</b>	<b>Are equity items and include:</b> <ul style="list-style-type: none"> <li><b>a) amounts set aside out of profits; or</b></li> <li><b>b) other gains or increments not reflected in the profit or loss (or surplus or deficit) (such as gains on revaluation of assets).</b></li> </ul>
<b>Resources Received Free of Charge</b>	<b>Services received for no or nominal consideration that would have been purchased if they had not been donated, and that can be reliably measured.</b>
<b>Revaluation</b>	<b>The act of recognising a reassessment of the carrying amount of a non-current asset to its fair value as at a particular date, but excludes recoverable amount write-downs and "impairment losses."</b>

## Requirements and Guidance for the Preparation of Financial Reports

<b>Revenue</b>	<p>The gross inflow of economic benefits during the period arising in the course of the ordinary activities of an Entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.</p> <p>(AASB 118 para. 7)</p>
<b>Special Account</b>	<p>Essentially a ledger entry within the Consolidated Revenue Fund (CRF) which is supported by standing appropriations (<i>FMA Act</i> s20 and s21). Special accounts allow money in the CRF to be set aside (hypothecated) for a particular purpose.</p>
<b>Special Appropriations</b>	<p>Monies appropriated under a specific Act of Parliament for a specific purpose that do not require annual authorisation by the Parliament as they do not lapse at the end of the financial year.</p>
<b>Special Public Money</b>	<p>Public money that is not held on account of the Commonwealth or for the benefit of the Commonwealth (<i>FMA Act</i> s16). It includes:</p> <ul style="list-style-type: none"> <li>a) money held by the Australian Government in a trustee capacity;</li> <li>b) is money in the custody of the Australian Government and is ‘public money’ for the purposes of the <i>FMA Act</i>;</li> <li>c) is ordinarily held in Special Accounts established by legislation or Finance Minister Determinations.</li> </ul>
<b>Subsidy</b>	<p>A grant made that supplements the cost of a good or service.</p>
<b>Useful Life</b>	<ul style="list-style-type: none"> <li>a) the period over which an asset is expected to be available for use/used by the Entity; or</li> <li>b) the number of production or similar units expected to be obtained from the asset by the Entity.</li> </ul> <p>(AASB 116 para. 6, AASB 117 para. 4, AASB 136 para. 6)</p>
<b>Value in Use</b>	<p>The present value of the future cash flows expected to be derived from an asset or cash-generating unit.</p> <p>In respect of not-for-profit Entities, value in use is depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset’s ability to generate net cash inflows and where the Entity would, if deprived of the asset, replace its remaining future economic benefits.</p> <p>(AASB 5 Appendix A, AASB 136 para. 6 and Aus 32.1)</p>

## 5 Abbreviations

<b>AAO</b>	<b>Administrative Arrangements Order</b>
<b>AAS</b>	<i>Australian Accounting Standards</i> issued by the AASB or its predecessor bodies
<b>AASB</b>	<b>The Australian Accounting Standards Board established under the <i>Australian Securities and Investments Commission Act 2001</i>, or the Accounting Standards issued by the Board, as the case requires</b>
<b>AEIFRS</b>	<b>Australian Equivalents to International Financial Reporting Standards issued by the AASB</b>
<b>ANAO</b>	<b>Australian National Audit Office</b>
<b>ATO</b>	<b>Australian Taxation Office</b>
<b>Aus</b>	<b>Paragraphs in the Australian Accounting Standards or AASB Interpretations that do not appear in the text of the IASB Framework or Standards are identified with the prefix “Aus”, followed by the number of the relevant AASB paragraph</b>
<b>CAC Act</b>	<b>The <i>Commonwealth Authorities and Companies Act 1997</i></b>
<b>CFO</b>	<b>Chief Financial Officer</b>
<b>CN</b>	<b>Competitive Neutrality</b>
<b>CRF</b>	<b>Consolidated Revenue Fund</b>
<b>ED</b>	<b>Exposure draft for a proposed Accounting Standard issued by the AASB</b>
<b>Finance</b>	<b>Department of Finance and Administration</b>
<b>FMA Act</b>	<b>The <i>Financial Management and Accountability Act 1997</i>.</b>
<b>FMOs</b>	<b>The <i>Financial Management and Accountability Orders (Financial Statements for reporting periods ended on or after 1 July 2006)</i>, this Schedule 1 to the <i>Financial Management and Accountability Orders 2005</i>, made by the Finance Minister under the authority of s63 of the <i>Financial Management and Accountability Act 1997</i> and this Schedule 1 to the <i>Commonwealth Authorities and Companies Orders (Financial Statements for periods ended on or after 1 July 2006)</i>, made by the Finance Minister under the authority of s48 of the <i>Commonwealth Authorities and Companies Act 1997</i></b>
<b>FRC</b>	<b>Financial Reporting Council</b>
<b>GBE</b>	<b>Government Business Enterprise</b>
<b>GFS</b>	<b>Government Finance Statistics</b>
<b>GGS</b>	<b>General Government Sector</b>
<b>IASB</b>	<b>International Accounting Standards Board</b>
<b>IFRSs</b>	<b>International Financial Reporting Standards issued by the IASB</b>
<b>Int</b>	<b>AASB Interpretations (previously issued by the Urgent Issues Group or</b>

## Requirements and Guidance for the Preparation of Financial Reports

	<b>UIG)</b>
<b>OPA</b>	<b>Official Public Account</b>
<b>PFC</b>	<b>Public Financial Corporation</b>
<b>PNFC</b>	<b>Public Non-Financial Corporation</b>
<b>PRIMA</b>	<b>Primary Reporting and Information Management Aid (Annexure A to this Schedule)</b>
<b>PS Act</b>	<i>Public Service Act 1999</i>
<b>SAC</b>	<i>Statements of Accounting Concepts issued by the AASB (or predecessor)</i>
<b>TER</b>	<b>Tax Equivalent Regime</b>
<b>UIG</b>	<b>Refer 'Int'</b>

## **Part C APPLICATION AND PRESENTATION OF FINANCIAL REPORTS**

### **6 Commencement**

- 6.1** Subject to Section 6.2, the requirements of this Schedule and policies to the Schedule, including PRIMA Annexure, apply to Financial Reports prepared for reporting periods ending on or after 1 July 2006. These requirements replace the *Finance Minister's Orders for financial statements for reporting periods ending on or after 1 July 2005* and other previously published Finance Minister's Orders.
- 6.2** For Entities that cease to exist on or after 1 July 2006, the financial reporting requirements set out in this Schedule shall apply.

### **7 Applicable Entities**

- 7.1** Financial Reports must be prepared for the following Entities:
- (a) each Agency and Authority;
  - (b) the economic Entity, comprising the Agency or Authority and its subsidiaries; and
  - (c) each activity or activities of an Agency which is/are determined to be a Business Operation.

### **8 Authoritative Requirements**

- 8.1** Where there is a conflict between this Schedule and any other named authoritative requirement in Section 8.2, Entities are to apply the provisions in this Schedule.
- 8.2** Subject to Section 8.1, the Financial Report of each Entity must comply with the applicable Financial Reporting Framework for Australian Government Entities. This Framework comprises and requires Entities to:
- (a) comply with:
    - (i) all applicable requirements of this Schedule 1 to the *Financial Management and Accountability Orders 2005* and *Commonwealth Authorities and Companies Orders (Financial Statements for periods ended on or after 1 July 2006)* comprising the black letter, as well as supporting policies including the Primary Reporting and Information Management Aid (PRIMA) and other policies issued by the Department of Finance and Administration;

- (ii) applicable accounting standards and accounting interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
  - (iii) *Commonwealth Authorities and Companies (Report of Operations) Orders 2005* (does not apply to FMA Agencies); and
- (b) have regard to:
- (i) guidance to this Schedule 1 and Annexure A;
  - (ii) the Statements of Accounting Concepts 1 and 2 (SACs);
  - (iii) the AASB *Framework for the Preparation and Presentation of Financial Statements*; and
  - (iv) Estimates Memorandums, Finance Briefs, Finance Circulars, Financial Management Guidance series and other guidance issued by the Department of Finance and Administration.

## **9 Financial Reporting Structure and Form**

**9.1** The Financial Report of each Entity must be presented in the following order:

- (a) statement required by Sections 14.2 or 14.3 of this Schedule;
- (b) primary Financial Statements (Income Statement, Balance Sheet, Statement of Changes in Equity or Statement of Recognised Income and Expense and Cash Flow Statement); and
- (c) schedules and notes to the Financial Statements.

**9.2** The Financial Report of each Entity must include:

- (a) the primary statements, schedules and notes in the form prescribed in Annexure A (PRIMA) to this Schedule; and
- (b) all note disclosures specified by black letter in this Schedule and outlined in Annexure A (PRIMA) to this Schedule; and
- (c) be presented in the English language and Australian dollars.

**9.3** Unless specifically otherwise stated as not required in this Schedule or in an accounting standard, comparative information must be disclosed in the financial statements and notes in compliance with the requirements of this Schedule.

**9.4** This Schedule and supporting policy and guidance apply to departmental as well as administered items unless otherwise specified.

**9.5** Entities must include sub-total columns in Annexure A (PRIMA) tables as required to reconcile to line items on the face of the Balance Sheet. Additional total and sub-total rows and columns may be included to present information required by Australian Accounting Standards or improve the understandability of the Financial Report.

**9.6** Where zero balances occur, the line item may be omitted, except for balances that relate to the following items:

- **Appropriations under Part I;**
- **Special Accounts under Division 120;**
- **Compensation and Debt Relief disclosures under Division 122; and**
- **Remuneration of Auditors under Division 23.**

## **10 *Simplified Reporting***

**10.1** Entities may adopt the simplified reporting provisions set out in Sections 10.2 to 10.6 having regard to Section 8.2 and the order of information outlined in Annexure A (PRIMA).

### **10A PRESENTATION OF PRIMARY FINANCIAL STATEMENTS**

**10.2** Where an Entity's net surplus/deficit is solely attributable to the Australian Government in both the current and immediately preceding reporting periods, the Income Statement line items 'Surplus (deficit) attributable to the Australian Government' and 'Surplus (deficit) attributable to minority interest' may be omitted.

**10.3** Where an amount is disclosed on the face of a primary statement, it is not necessary to repeat this information in the notes to the financial statements, unless this is required in conjunction with the presentation of other information.

### **10B NOTES TO THE FINANCIAL STATEMENTS**

**10.4** Where the fair value of each class of an Entity's financial assets and financial liabilities equals its carrying amount in both the current and immediately preceding reporting periods, Entities may state this fact rather than disclosing these amounts.

**10.5** In relation to Division 122 of this Schedule, an Entity that has no transactions in either the current reporting or any comparative period, must disclose by way of a note that there were no such transactions or balances.

**10.6** Where there are no commitments or contingencies in either the current or the immediately preceding reporting periods, it is not necessary to include a schedule for such items. Instead, the fact that there are no such items must be disclosed in the notes to the financial statements.

## **11 *Early Adoption of Accounting Pronouncements***

**11.1** If an Entity wishes to adopt a new accounting standard or AASB Interpretation earlier than its effective date of application, other than as



permitted or required by this Schedule, it must seek approval from the Finance Chief Executive.

## **12 *Materiality and Information Disclosure***

- 12.1** The requirements of this Schedule apply where information resulting from their application is material, or as specifically stated within the Schedule.
- 12.2** Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to:
- (a)** influence the economic decisions of users taken on the basis of the Financial Report; or
  - (b)** affect the discharge of accountability by management or the governing body of the Entity.
- 12.3** Entities must prepare financial statements and notes to reflect materiality of information pursuant to this Schedule at the individual Entity level.
- 12.4** Entities must maintain proper accounting records to support all disclosures required by this Schedule and the supporting policy.
- 12.5** If there is more than one change in the application of accounting policies for departmental or administered items defined in Division 15, Entities are required to make a separate disclosure for each accounting policy application.

## **13 *Rounding Off***

- 13.1** Unless otherwise provided in this Schedule, amounts in the financial statements and notes may be rounded off to the nearest dollar, or where applicable as follows:
- (a)** where a reporting Entity has assets, liabilities, expenses, income, commitments or contingencies in excess of \$10 million — it may round an amount to the nearest \$1,000, unless that amount is \$500 or less, in which case the amount should be rounded to zero; and
  - (b)** where a reporting Entity has assets, liabilities, expenses, income, commitments or contingencies in excess of \$1 billion — it may round an amount to the nearest \$1 million, unless that amount is \$500,000 or less, in which case the amount should be rounded to zero.
- 13.2** Amounts reported in the notes to the financial statements for appropriations, Special Accounts and outcomes are to be rounded to the nearest dollar, or \$1,000 where the Entity meets the requirements of 13.1(a).
- 13.3** Rounding may be applied differently between Departmental and Administered reporting. However, with the exception of appropriations,

outcomes and Special Accounts disclosures, rounding must be applied consistently within Departmental items and within Administered items respectively.

- 13.4 **Materiality must be considered prior to rounding generally, to ensure rounding does not affect overall materiality of disclosure.**

## **14 Certificates**

- 14.1 **The signed audit opinion on the Financial Report must be attached to the Financial Report.**

- 14.2 **Each economic Entity, comprising an Authority or an Authority and its subsidiaries' Financial Reports as applicable, must present a statement signed by the Chair of the Board (or a Director) in accordance with a resolution of the Board and the Chief Executive Officer, stating:**

- (a) whether the financial statements and notes, in their opinion, give a true and fair view of the matters required by this Schedule;**
- (b) whether the financial statements and notes, in their opinion, have been prepared based on properly maintained financial records;**
- (c) for Entities other than financial institutions which apply AASB 130 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* whether, in their opinion, there are, when the statement is made, reasonable grounds to believe that the Entity will be able to pay its debts as and when they fall due;**
- (d) when additional information is included in the notes to give a true and fair view and/or to satisfy Section 16.3 where applicable, then the reasons for forming this view and the location of the additional notes in the Financial Report.**
- (e) that the statement has been made in accordance with a resolution of the Directors; and**
- (f) the date on which the statement is made.**

- 14.3 **Each other Entity identified in Section 7.1 required to prepare a Financial Report must include a statement signed by the Chief Executive Officer stating:**

- (a) whether the financial statements and notes, in their opinion, give a true and fair view of the matters required by this Schedule;**
- (b) whether the financial statements and notes, in their opinion, have been prepared based on properly maintained financial records;**
- (c) when additional information is included in the notes to give a true and fair view and/or to satisfy Section 16.3 as applicable, then the reasons for forming this view and the location of the additional notes in the Financial Report; and**
- (d) the date on which the statement is made.**

## **15 *Departmental and Administered Items: Classification and Reporting***

- 15.1** With the exception of items covered under Division 38, Entities must classify and distinguish items as ‘departmental’ or ‘administered’ in the Financial Report for all disclosures outlined in this Schedule.
- 15.2** Subject to a reclassification by the Finance Minister of an item, an amount explicitly described in an Act (including an annual *Appropriation Act*) as being ‘departmental’ or ‘administered’, is classified for the purposes of the Financial Report as described in the Act.
- 15.3** All amounts appropriated as State, ACT, NT and local government items (Specific Payments to the States and Territories) in the annual *Appropriation Acts* are to be classified as administered items for reporting purposes in the Financial Report.
- 15.4** Other than as provided in Sections 15.2 and 15.3, all items will be classified as ‘departmental’ or ‘administered’ according to the following rules:
- (a) ‘departmental items’ are those which the Entity controls that are applied to the production of the Entity’s own outputs; and
  - (b) ‘Administered items’ are those that the Entity does not control and which are subject to prescriptive rules or conditions established by legislation or Australian Government Policy, in order to achieve Australian Government outcomes.
- 15.5** Trust money is neither departmental nor administered. Specific reporting requirements apply in relation to trust moneys (refer to Division 38 of this Schedule).

## **16 *Exemptions from this Schedule***

- 16.1** The Finance Minister may grant a written exemption to the Chief Executive Officer of an Agency, or Directors of an Authority, from any specified requirements of this Schedule.
- 16.2** An exemption granted under Section 16.1 may be granted subject to conditions, including a requirement for alternative forms of disclosure.
- 16.3** The Chief Executive Officer or Directors must disclose the particulars of any exemption granted under this Schedule and applied by the Entity in the Financial Report.

## **17 *Approved Exemptions***

## Requirements and Guidance for the Preparation of Financial Reports

- 17.1** Certain limited exemptions apply to Entities as specified in Sections in this Schedule. These limited exemptions are summarised in Sections 17.2 to 17.8.
- 17.2** Section 33.7 constitutes an approved exemption for a for-profit Entity or an Authority, that is a university to elect not to apply the requirements at Sections 33.2, 33.3, 33.7 and 33.8 relating to valuation of non-financial assets.
- 17.3** Section 22.1 approves an exemption to for-profit Entities from making disclosures under Division 22, however these Entities are required to make the necessary disclosures in accordance with AASB 124 *Related Party Disclosures*.
- 17.4** Public Financial Corporations (PFCs), Government Business Enterprises (GBEs) and Air Services Australia can only apply either the direct to equity or direct to income approach outlined in AASB 119 *Employee Benefits* to recognise actuarial gains and losses for defined benefit plans. All other Entities are to apply the “direct to retained earnings” option of recognising actuarial gains and losses for defined benefit plans. This is applicable to departmental items only.
- 17.5** The Australian Office of Financial Management (AOFM) is excluded from the requirement to present a ‘Schedule of Income Administered on Behalf of Government’, a ‘Schedule of Expenses Administered on Behalf of Government’ and associated disclosures in Annexure A (PRIMA) in accordance with Section 85.2 of this Schedule. However, AOFM must instead adhere to the Income Statement reporting requirements of AASB 101 *Presentation of Financial Statements*.
- 17.6** In accordance with Section 38.5, Intelligence and Security Agencies, Defence Agencies and Prescribed Law Enforcement Agencies are exempt from making disclosures under Division 38 of this Schedule.
- 17.7** The Reserve Bank of Australia is not required to prepare a Financial Report in the format prescribed by Annexure A (PRIMA) to this Schedule. The Reserve Bank of Australia may instead comply with AASB 130 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* in preparing Financial Reports.
- 17.8** The Future Fund Management Agency and Board of Guardians (also known as the Future Fund) is allowed to present within its Financial Report a combined Income Statement and Balance Sheet representing its administered and departmental items for the period. The Future Fund may also present additional Statements and/or notes on the same basis within its Financial Report. Inter-entity transactions between its administered and departmental accounts are to be eliminated in the combined Statements and other necessary adjustments to align accounting policies are to be made. Where this option is employed the Future Fund must continue to present the Financial Statements required by these FMOs in addition to the combined disclosure.

**Part D SPECIFIC REPORTING REQUIREMENTS –  
INCOME STATEMENT  
(Excluding Appropriations)**

**18 *Income – General Information (excluding Appropriations)***

- 18.1 Subject to Section 18.2, Entities must recognise income in compliance with Australian Accounting Standards.
- 18.2 Appropriations disclosures must be made in accordance with Sections 104.1 to 104.26 of this Schedule.

**19 *Expenses – General Information***

- 19.1 Entities must recognise expenses in compliance with Australian Accounting Standards and the requirements of this Schedule.

**20 *Borrowing Costs***

- 20.1 Borrowing costs are to be expensed as incurred. The alternative treatment allowed under AASB 123 *Borrowing Costs* is not to be adopted.

**21 *Operating Leases***

- 21.1 Entities must recognise minimum operating lease payments as expenses on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.
- 21.2 Contingent operating lease rentals cannot be recognised on a straight-line basis but must be recognised by Entities as expenses in the period in which they are incurred.

## **22 Director/Executive Remuneration**

- 22.1 Not-for-profit Entities must disclose Directors' and Executive Remuneration in compliance with this Section. For-profit Entities are exempt from making these disclosures where they make disclosures required by AASB 124 *Related Party Disclosures*.**
- 22.2 Subject to Section 22.11, the following information must be disclosed in the notes to the financial statements in regard to the remuneration of Senior Executives of an Agency or Authority:**
- (a) the aggregate remuneration of all Senior Executives of the Entity whose remuneration for the financial year is \$130,000 or more respectively including remuneration of Senior Executives seconded to the Entity; and**
  - (b) the number of managers of the Entity whose total remuneration respectively for the financial year falls within each successive \$15,000 band, commencing at \$130,000;**
- being remuneration received or due and receivable, directly or indirectly, from the Entity or any related party of the Entity in connection with the management of the affairs of the Entity or any of its subsidiaries, whether as a Senior Executive or otherwise.**
- 22.3 Subject to Section 22.11, the following must be disclosed in the notes to the financial statements of an Authority:**
- (a) the number of Directors of the Authority including those seconded to the Authority, whose total remuneration derived from the Authority respectively for the financial year in connection with the management of the affairs of the Entity or its subsidiaries, whether as a Director or otherwise, falls within each band of \$15,000;**
  - (b) the total of the remuneration referred to in paragraph (a) of all Directors referred to in that paragraph; and**
  - (c) the Consolidated Financial Statements must include in a note the total of the remuneration of all Directors of each Entity in the economic Entity, comprising the Authority and its subsidiaries, for the financial year.**
- 22.4 Subject to Section 22.11, the following information must be disclosed in the notes to the financial statements of an economic Entity where an Agency or Authority is the parent Entity of the economic Entity:**
- (a) the aggregate remuneration of all Senior Executives and Directors of the economic Entity whose remuneration for the financial year is \$130,000 or more respectively including those seconded to the Entity ; and**
  - (b) the number of Senior Executives or Directors of the economic Entity undertaking key management roles whose total remuneration respectively for the financial year falls within each successive \$15,000 band, commencing at \$130,000;**

## Requirements and Guidance for the Preparation of Financial Reports

**This is to include remuneration received, or due and receivable, directly or indirectly in connection with the management of the affairs of an Entity forming part of the overall economic Entity.**

- 22.5 Where a Director of an Authority is also a Senior Executive, remuneration is to be disclosed for the individual as if they were a Director only, for the period of Directorship.**
- 22.6 Individuals who work only part of the year and for a period less than 6 months contiguously as Senior Executives are not to be included if they do not reach the \$130,000 limit despite their annual remuneration being greater than \$130,000. Directors' remuneration is only to be included for the period of directorship.**
- 22.7 With regard to Sections 22.2, 22.3, and 22.5, individuals who are promoted to the position of a Senior Executive or Director of an Entity within a financial year are only to be included in the Entity's Executive Remuneration disclosure where the aggregate amount of the individual's remuneration as a Senior Executive or Director is equal to, or in excess of \$130,000. All other remuneration paid to the individual prior to their promotion to the position of Senior Executive or appointment as a Director of the Entity must not be incorporated into remuneration calculations for the purpose of Executive Remuneration disclosure.**
- 22.8 The aggregate amount of separation and redundancy expenses for Senior Executives must be disclosed separately from other remuneration benefits.**
- 22.9 With regard to Sections 22.2 to 22.6 of this Schedule, both the Entity directly employing the Senior Executive or Director, and the Entity to whom the Senior Executive or Director is seconded must disclose the amount of remuneration of the Senior Executive or Director who is the subject of the secondment arrangement. This is regardless of whether the remuneration is paid by the recipient Entity, or otherwise received as resources free of charge by the recipient Entity. Entities benefiting from the receipt of a resources free of charge arrangement must, as applicable, make a statement to the effect that amounts disclosed are included as receipt of goods or services from another Government Entity.**
- 22.10 The remuneration of Star ranked military officers must be disclosed, including any period of secondment or deployment domestically or overseas, so as to comply with Sections 22.2, 22.4, 22.6, 22.7, 22.8 and 22.9.**
- 22.11 Subject to Section 22.9, an Entity that is party to a fee for services contract with a second Australian Government Entity and is not the direct employer of the Senior Executive or Director subject to the contract, is exempt from making remuneration disclosures under Division 22.**
- 22.12 Where an Entity engages a Senior Executive or Director on a fee for services arrangement as set out in Section 22.11, and then provides the services of the Senior Executive or Director to a third party agency on a**

**Resources Received Free of Charge basis, the recipient Entity must disclose the benefit received as Resources Received Free of Charge.**

## **23 *Remuneration of Auditors***

- 23.1 The Financial Report of an Entity must include a note giving particulars of amounts treated as expenses in the Financial Report in relation to auditors' services, regardless of whether the amounts are considered immaterial, for:**
- (a) auditing the financial statements for the reporting period; and**
  - (b) any other services provided during the reporting period.**
- 23.2 The fair value of any of the services provided free of charge by the Auditor-General must be shown in the notes to the financial statements. For the purpose of this Section, performance audits are not taken to be services provided to an Entity.**
- 23.3 Authorities must disclose the extent to which auditors' remuneration is paid to an auditor other than the Auditor-General.**

## **24 *Competitive Neutrality***

- 24.1 Entities that are required to make competitive neutrality (CN) payments under the *Commonwealth Competitive Neutrality Policy Statement – June 1996*, must explain and disclose the amount of each of the following:**
- (a) CN – Regulatory Neutrality Expense**
  - (b) CN – Debt Neutrality Expense**
  - (c) CN – State Tax Equivalent Expense**
  - (d) CN – Commonwealth Tax Equivalent Expense**
  - (e) CN – Other Expense.**



## **Part E            SPECIFIC REPORTING REQUIREMENTS – BALANCE SHEET**

### **30    *Financial Assets – General Information***

- 30.1** Entities must recognise financial assets in compliance with Division 45 and other requirements of this Schedule.
- 30.2** Appropriations receivable are not financial instruments under AASB 139 *Financial Instruments: Recognition and Measurement* and thus must not be discounted in accordance with that Standard.

### **31    *Receivables for Statutory Charges***

- 31.1** Receivables for statutory charges are to be assessed for impairment under AASB 136 *Impairment of Assets*.

### **32    *Investment of Surplus Money by Authorities***

- 32.1** The Financial Report of an Authority must include a note giving particulars of any investments held that are not covered by paragraphs 18(3)(a)-(c) of the *CAC Act*.
- 32.2** Details should include the statutory basis for holding additional investments outside those allowed under paragraphs 18(3)(a)-(c) of the *CAC Act*, including whether an approval has been received by the Authority under paragraph 18(3)(d) of the *CAC Act*.

### **33    *Valuation of Non-Financial Assets***

- 33.1** Non-financial assets must be initially recognised as outlined in the relevant Australian Accounting Standard.
- 33.2** Subject to Sections 33.7 and 33.5, subsequent to initial recognition Entities must measure every class of departmental and administered assets listed below at fair value in accordance with AASB 116 *Property, Plant and Equipment* or AASB 140 *Investment Property* as applicable, or where not listed, in accordance with Sections 33.3, 33.4 or 33.6, as applicable:
- (a) land;
  - (b) buildings;
  - (c) infrastructure, plant and equipment;
  - (d) heritage and cultural assets (where not intangible assets); and

- (e) investment properties.
- 33.3 Intangible assets must be valued by class, at:
  - (a) cost, in the absence of an active market; or
  - (b) fair value, where an active market exists.
- 33.4 Inventories must be revalued in accordance with AASB 102 *Inventories*. Inventories held for sale are not subject to Section 33.5.
- 33.5 Non-current assets that are 'held for sale' as defined in AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* must be recorded in accordance with AASB 5.
- 33.6 The cost basis must be applied to Specialist Military Equipment.
- 33.7 Subject to Section 33.5, non-financial assets as listed in Section 33.2 or recognised in compliance with Section 33.3(b), other than investment property, must be subject to formal revaluations at least once every five years. These assets must be assessed by Entities each year to ensure that the carrying amount of each asset does not differ materially from fair value as at reporting date. An assessment does not necessarily have to be a formal valuation process.
- 33.8 Investment property must be formally revalued annually in compliance with AASB 140.
- 33.9 A for-profit Entity or an Authority, that is a university may elect not to apply the requirements of Sections 33.2, 33.3, 33.7 and 33.8.

## **34 Impairment of Non-Financial Assets**

- 34.1 Entities must assess assets for indications of impairment at least annually. Where there is indication that an asset may be impaired, the Entity must test the individual asset for impairment. In testing an asset for impairment, an Entity must assess the recoverable amount of the asset in accordance with AASB 136 *Impairment of Assets*. Aus 32.1 is to be complied with in respect of non-cash generating assets. AASB 136 allows impairment testing of 'cash generating units' where it is not possible to estimate the recoverable amount of the individual assets.
- 34.2 Entities, or parts of Entities, other than those whose predominant purpose is to generate net cash inflows, are not cash-generating units for the purpose of AASB 136.
- 34.3 For the purposes of AASB 136, parts of Entities are not cash-generating units where they are primarily dependent on funding from appropriations (other than *FMA Act s31* appropriations).
- 34.4 Impairment losses on assets for the period must be reported in the Financial Report.

## **35 Analysis of Non-Financial Assets**

**35.1** Notes to the financial statements must include the following listed Tables in Annexure A (PRIMA), where applicable:

**Table A:** Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment;

**Table B:** Reconciliation of the Opening and Closing Balances of Investment Property; and

**Table C:** Reconciliation of the Opening and Closing Balances of Intangibles.

Entities may combine Tables where it is considered appropriate to simplify disclosure. Sufficient information and sub-total columns must be disclosed to enable reconciliation of amounts to the corresponding line items disclosed on the Balance Sheet.

## **36 Restricted Assets**

**36.1** Where the use of a departmental or administered asset is restricted, wholly or in part of, by regulations or other externally-imposed requirements, and information about those restrictions is relevant to assessing the performance or financial position of the Entity, the Entity must disclose in the notes to the financial statements:

- (a) the identity and carrying amount of the assets; and
- (b) the nature of the restrictions.

**36.2** Where the use or holding of an asset is subject to restrictions, the fair value ascribed to that asset must reflect those restrictions.

## **37 Heritage and Cultural Assets**

**37.1** Departmental and administered heritage and cultural items must only be recognised as assets where they meet the asset definition and recognition criteria set out in the *AASB Framework for Preparation and Presentation of Financial Statements*.

**37.2** Heritage and cultural assets having an indefinite useful life, must not be depreciated. A useful life exceeding 200 years is deemed to be indefinite.

**37.3** When an Entity controls or administers heritage and cultural items that are not recognised as assets, the notes to the financial statements must disclose:

- (a) a description of those items;
- (b) the reason for non-recognition of those items;
- (c) the amount expended to acquire such items during the financial year; and

- (d) the amount of proceeds from the disposal of such items during the financial year.

## **38 *Assets Held in Trust***

- 38.1** Financial Reports of Entities must include a note giving particulars of assets held in trust when the Entity is a Trustee in a legal trust arrangement. A legal Trustee relationship may occur through formal appointment or otherwise.
- 38.2** *Assets held in Trust* are not Restricted Assets as referred to in Division 36.
- 38.3** The note referred to in Section 38.1 must contain:
- (a) a summary of the categories of assets held in trust at the end of the reporting period and the purpose for which they are being held in trust;
  - (b) In relation to monetary assets held in trust, an Entity is required to disclose:
    - (i) total amount held at the beginning of the reporting period;
    - (ii) total receipts during the reporting period;
    - (iii) total payments during the reporting period; and
    - (iv) total amount held at the end of the reporting period; and
  - (c) In relation to non-monetary assets held in trust, an Entity is required to disclose the:
    - (i) estimated value at the beginning of the reporting period;
    - (ii) estimated value of assets obtained during the reporting period;
    - (ii) estimated value of assets disposed of during the reporting period; and
    - (iii) estimated value of assets at the end of the reporting period.
- 38.4** Where an estimated value cannot be assigned to a non-monetary asset, either because it is uneconomical or impractical to do so, the details in Section 38.3(c) do not need to be disclosed. A statement from the Entity asserting that it is uneconomical or impractical is taken to be sufficient evidence. However, an Entity must provide additional disclosure stating why estimated values have not been used.
- 38.5** Intelligence and Security Agencies, Defence Agencies and Prescribed Law Enforcement Agencies are exempt from the disclosure requirements under Division 38.

## **40 *Liabilities – General Information***

- 40.1** Entities must disclose financial liabilities in compliance with Division 45 of this Schedule.

## **41 *Liabilities Relating to Dividends***

- 41.1** Where legislation provides that a Minister(s) may determine the amount to be paid as a dividend or similar distribution, the Entity must recognise a liability for any dividend or distribution determined by a Minister(s) at the date of the Ministerial determination.
- 41.2** Where a wholly-owned Australian Government Entity is required to pay its profit for the year to the Australian Government, a liability must be recognised for an amount equal to profit for the current year as at the Entity's reporting date.
- 41.3** Where any Entity is required to pay its profit for the year to the Australian Government after the deduction of certain amounts, a liability for dividend must be recognised if those amounts are known before the date of completion of the Financial Report. If these amounts are not known before this date, the Entity should instead disclose a contingent liability.
- 41.4** Entities must account for a return of capital through non-reciprocal payments in accordance with Section 101.15 of this Schedule and recognise a reduction in equity in the Financial Report in compliance with Section 101.16.

## **42 *Provisions***

(Schedule 1 contains no black letter requirements in this Division)

## **43 *Employee Benefits***

### **43A EMPLOYEE BENEFITS DISCLOSURES**

- 43.1** Entities must report employee benefits as required in AASB 119 *Employee Benefits* compliant with Sections 43.2 to 43.4 of this Schedule. To comply with AASB 119, employee leave liabilities are to be discounted on the basis of when leave is expected to be taken.

## **43B ANNUAL AND LONG SERVICE LEAVE**

### *Annual Leave*

- 43.2 Entities must identify any annual leave that is not expected to be consumed within twelve months after the reporting date and ensure it is discounted in accordance with other long term employee benefits under AASB 119.**

### *Long Service Leave*

- 43.3 Entities with less than 1,000 full-time equivalent employees (FTE) may continue to use the shorthand method when calculating their long-service leave liability.**
- 43.4 Entities with more than 1,000 FTE are to undertake their own assessments to estimate the liability for long service leave. The method of doing this would be one of the following:**
- (a) If an Entity's employee profile is demonstrably not materially different from the Australian Government's standard profile, Entities may use the shorthand method;**
  - (b) Undertake an actuarial assessment ; or**
  - (c) Use a detailed calculation basis (eg. employee by employee).**

## **44 Measurement and Disclosure of Post Employment Plans**

- 44.1 Entities as agents collecting contributions from employees for the Public Sector Superannuation Scheme (PSS), Commonwealth Superannuation Scheme (CSS) and military superannuation Schemes (including the Military Superannuation and Benefits Scheme (MSBS) must account for, and make the required disclosures in accordance with AASB 119 as if they were contributing to defined contribution plans. In addition, the following must be disclosed:**
- (a) that the Entity is accounting for the Scheme as a defined contribution plan;**
  - (b) that at the Whole-of-Government level the Scheme is a defined benefit plan and is accounted for as such; and**
  - (c) a reference to the Financial Report in which the defined benefit disclosures have been or will be made.**
- 44.2 Entities participating in the PSS and CSS Schemes must reference the administered disclosures made in the Department of Finance and Administration (Finance) Annual Financial Report for these Schemes. The Finance Financial Report does not need to be published for these references to be made.**

- 44.3 Public Financial Corporations (PFCs), Government Business Enterprises (GBEs) and Air Services Australia can only apply either the direct to equity or direct to income approach for actuarial gains and losses for defined benefit plans as outlined in AASB 119. All other Entities are to apply the ‘direct to retained profit’ option of recognising actuarial gains and losses for defined benefit plans as outlined in AASB 119. This Section is applicable to departmental and administered items.**
- 44.4 Plans where the actuarial risk (shortfall risk) falls on the Entity must be accounted for as defined benefit plans.**
- 44.5 The market yield on long-term Government bonds must be referenced when determining a discount rate for discounting in compliance with AASB 119.**

## **45 *Financial Instruments***

- 45.1 Entities must classify and record all financial instruments in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* pursuant to the definition in that Standard when the Entity becomes a party to the enforceable provisions of the financial instrument in accordance with AASB 139 Appendix A paragraph AG35.**
- 45.2 Where an active market exists for a financial asset (for example a listed share) an Entity shall classify the instrument as either ‘at fair value through profit or loss’ or ‘available for sale’, unless it is unable to do so under AASB 139.**
- 45.3 After initial measurement an Entity must measure all financial instruments at fair value.**
- 45.4 For ‘regular way purchase or sale’, ‘trade date’ accounting must be applied.**
- 45.5 Entities must recognise all impairment losses on financial instruments under AASB 139 in an allowance account where permitted, rather than adjusting these losses directly against the carrying amount of the related assets. A separate account must be maintained for each class of financial asset.**
- 45.6 Where AASB 139 allows Entities to choose between:**
- (a) capitalising gains and losses on hedges into the carrying amount of the underlying assets; and**
  - (b) progressively transferring such gains and losses from equity to income or expense,**
- Entities must adopt (a) in all cases.**
- 45.7 Where an Entity has held derivative financial instruments that are not part of a qualifying hedging arrangement, at any time during the period, it shall disclose:**

- (a) management's objectives for holding or issuing those derivatives;
- (b) the context needed to understand those objectives; and
- (c) the strategies for achieving those objectives.

## **Part F SPECIFIC REPORTING REQUIREMENTS – OTHER FACE STATEMENTS AND SCHEDULES**

### **50 *Statement of Changes in Equity***

- 50.1** Entities must prepare a Statement of Changes in Equity or Statement of Recognised Income and Expense in compliance with AASB 101 *Presentation of Financial Statements*.
- 50.2** A Statement of Changes in Equity or Statement of Recognised Income and Expense is not required for administered items.

### **60 *Cash Flow Statement***

- 60.1** Entities must prepare a Cash Flow Statement in compliance with AASB 107 *Cash Flow Statements*.

### **75 *Schedule of Administered Items***

- 75.1** Entities must prepare a Schedule of Administered items in compliance with Division 85 of this Schedule.

### **80 *Contingencies***

#### **80A SCHEDULE OF CONTINGENCIES**

- 80.1** Contingent liabilities and contingent assets that are able to be reliably measured must be classified in accordance with the categories in the Schedule of Contingencies in Annexure A (PRIMA); where applicable, new classes can be added.
- 80.2** Unquantifiable contingent liabilities and contingent assets that are not included in the Schedule of Contingencies but may have an impact on the operations of the Entity must be explained in a note to the financial statements.
- 80.3** Where there are no contingencies in either the current or the immediately preceding reporting periods, it is not necessary for an Entity to include a



schedule for such items. Instead, the fact that there are no such items should be disclosed in the notes to the financial statements.

- 80.4** Contingent liabilities and contingent assets are not required to be disclosed where it is expected that disclosure would seriously prejudice the Commonwealth. In these extremely rare cases, it is recommended that Entities apply paragraph 92 of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

## **80B** CONTINGENT LIABILITIES

- 80.5** Entities must disclose departmental contingent liabilities that can be reliably measured (quantifiable) in the Schedule of Contingencies, in accordance with Annexure A (PRIMA) to this Schedule, except where the probability of a liability being recognised in the future is remote. Equivalent disclosure for administered contingent liabilities must be included in the Schedule of Administered Items.

## **80C** CONTINGENT ASSETS

- 80.6** Entities must disclose departmental contingent assets that can be reliably measured (quantifiable) in the Schedule of Contingencies, in accordance with Annexure A (PRIMA) to this Schedule, except where it is less than probable that an asset will be recognised in the future. Equivalent disclosure for administered contingent assets must be included in the Schedule of Administered Items.

## **81** *Commitments*

- 81.1** Entities must disclose the nature, and where quantifiable, the amount of each category of departmental commitments in a Schedule of Commitments in accordance with the tables in Annexure A (PRIMA) and in compliance with Australian Accounting Standards. Equivalent disclosure for administered commitments must be included in the Schedule of Administered Items.
- 81.2** Where there are no commitments in either the current or the immediately preceding reporting periods, it is not necessary to include a schedule for such items. Instead, the fact that there are no such items should be disclosed in the notes to the financial statements.
- 81.3** Commitments receivable must be disclosed where the inflow of resources is probable.
- 81.4** The amounts reported as commitments payable will include GST where applicable. A corresponding commitment receivable must be recorded for GST amounts recoverable from the Australian Taxation Office.

## **Part G SPECIFIC FINANCIAL REPORTING REQUIREMENTS – ADMINISTERED REPORTING**

### **85 Administered Reporting – General Information**

- 85.1** Entities must disclose Administered items as defined in Division 15 in compliance with this Schedule unless stated otherwise.
- 85.2** The Financial Report of an Entity, that administers activities for the Australian Government must include a Schedule of Administered Items and associated Administered Notes, other than the Australian Office of Financial Management (AOFM) which must still report in compliance with AASB 101 *Presentation of Financial Statements*.
- 85.3** The Schedule of Administered Items and associated Administered Notes must:
- (a) include administered items as defined in Division 15 of this Schedule;
  - (b) be presented in the form prescribed by Annexure A (PRIMA) to this Schedule;
  - (c) include the Administered Reconciliation Table in accordance with Section 85.6 of this Schedule;
  - (d) include disclosures in relation to accounting policies and financial instruments in accordance with the relevant accounting standards, and
  - (e) use background shading for the Schedule of Administered items and Administered Notes.
- 85.4** The Schedule of Administered Items and Administered Notes must:
- (a) to the extent that it is applicable, comply with Part C of this Schedule;
  - (b) comply with all applicable requirements of this Schedule and supporting policy; and
  - (c) provide in the heading of, or as a footnote to the Schedule of Administered Items, a brief description of the activities being administered on behalf of the Australian Government.
- 85.5** A Statement of Changes in Equity or Statement of Recognised Income and Expense is not required for administered items.
- 85.6** The Administered Reconciliation Table must include the following line items:

<b>(a) Opening administered assets less administered liabilities at 1 July</b>
<b>(b) (Plus) Administered income</b>

<b>(c) (Less) Administered expenses</b>
<b>(d) Administered transfers to/from Australian Government:</b>
<b>(i) Appropriation Transfers from OPA:</b>
• Annual Appropriations Administered expenses
• Administered assets and liabilities Appropriations
• Special Appropriations (limited)
• Special Appropriations (unlimited)
<b>(ii) Transfers to OPA</b>
<b>(iii) Restructuring</b>
<b>(e) Transfers to other Entities (Finance – Whole-of-Government)</b>
<b>(f) Transfers from other Entities (Finance – Whole-of-Government)</b>
<b>(g) Administered revaluations taken to/from reserves</b>
<b>(h) Currency translation gain/loss</b>
<b>(i) Changes in accounting policies</b>
<b>(j) Closing administered assets less administered liabilities</b>

**85.7** Administered transfers must be recognised and reported in compliance with Section 92.2 of this Schedule.

## **86** *Income and Expenses Administered On Behalf of Government*

**86.1** Administered transfers between wholly owned Australian Government Entities are not to be recorded as administered income and expenses.

## **87** *Administered Investments*

**87.1** Administered investments must be disclosed in the Financial Report by all Entities.

**87.2** Administered investments, other than those held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, must be measured at fair value.

**87.3** Administered investments are not considered controlled by the Agency reporting them.

**87.4** Administered investments must not be consolidated on a line by line basis into an Agency's Financial Report without approval from the Finance Chief Executive.

## **88 Administered Investments Held for Sale**

- 88.1** Entities must disclose administered investments as ‘held for sale’ when they meet the requirements of *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*. Immediately prior to being classified as ‘held for sale’ the administered investments must be revalued in accordance with the applicable accounting standard. The measurement provisions of AASB 5 do not apply to administered investments, as they are exempt financial assets under AASB 5.
- 88.2** Where a decision to transfer an administered investment asset to another Entity for sale has been taken, however the transfer date is not specified, the asset is assumed to have been transferred on the date of the decision to sell the asset.
- 88.3** Transfers of administered investments held for sale must be transferred at net book value and accounted for in accordance with Division 45 of this Schedule.
- 88.4** The costs of sale of an administered investment are expensed as incurred, regardless of whether the investment meets the criteria to be ‘held for sale’ in AASB 5. Costs of sale are not added to the carrying amount of administered investments but the total selling cost must be disclosed in a note to the financial statements where the selling costs are expensed across a number of financial years.
- 88.5** The following particulars must be disclosed in the administered notes for each sale of an administered investment:
- (a) proceeds from sale;
  - (b) written down value of the asset sold;
  - (c) recognised gain or loss on sale;
  - (d) selling costs incurred; and
  - (e) the net gain or loss after deducting selling costs incurred.

## **89 Impairment of Administered Assets**

- 89.1** Entities must apply the impairment provisions under *AASB 139 Financial Instruments: Recognition and Measurement* to administered investments.
- 89.2** The cash generating unit provisions of AASB 136 will only apply to administered assets (excluding administered investments) where these assets are used to generate cash inflows primarily from outside the Australian Government.

## **90 *Liabilities Administered on Behalf of the Government***

- 90.1** The Australian Government has a legal liability to meet the deficits of the PSS, CSS and military superannuation Schemes, and as such these Schemes are reported in the administered Financial Report of the Department of Finance and Administration (PSS and CSS) and the Department of Defence (military superannuation Schemes) on behalf of the Australian Government.

## **Part H SPECIFIC REPORTING REQUIREMENTS – RESTRUCTURES**

### **92 *Restructures***

- 92.1** Where restructures have occurred during the reporting period, the financial statements of Entities must include a note giving particulars of the restructure. Separate disclosure must be made for administered and departmental items. Entries need not physically have been processed by the date of transfer for an Entity to make the required note disclosure.
- 92.2** Non-reciprocal transfers of assets and liabilities resulting from a restructure between:
- (a) wholly owned Australian Government Entities; and/or
  - (b) departmental and administered classifications
- due to:
- (i) an Australian Government decision;
  - (ii) an *Administrative Arrangements Order* (AAO);
  - (iii) an Act of Parliament or a Regulation under an Act; and/or
  - (iv) a Written Agreement between the relevant Portfolio Minister(s) and the Finance Minister or the Prime Minister, as appropriate;
- are to be treated as contributions by, or distributions to, owners and must be recognised as direct adjustments to ‘Equity’ (Restructuring) at their net book value (less any token consideration) immediately prior to transfer. For the purposes of Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*, the cases represented by 92.2(b)(i) to (iv) above are formal designations of transfers as contributions by or distributions to owners.
- Transfer of assets as part of, or consequent to, the process of selling an asset are restructures as long as the asset sale is approved by Government.

- 92.3** The transferee must account for the transfer as a contribution by owners. The transferor must account for the transfer as a distribution to owners.
- 92.4** Paragraphs 7.4 and 10.6 – 10.9 of AAS 29 *Financial Reporting by Government Departments* must be complied with by all Australian Government Entities.
- 92.5** All other transfers of assets and liabilities from one Entity to another must be treated as giving rise to income or expenses in the financial period the transfer occurs.

## **Part I SPECIFIC REPORTING REQUIREMENTS – APPROPRIATIONS**

### **100 Recognition of Appropriations – General Information**

- 100.1** Appropriations, including Special Appropriations, are to be recognised and disclosed, in accordance with this Schedule, regardless of whether the relevant amounts are considered to be material in accordance with Section 12.2.
- 100.2** Amounts reported in the notes to the financial statements for appropriations are to be rounded to the nearest \$1,000, unless that amount is \$500 or less, in which case the amount must be rounded to zero.

### **101 Recognition of Appropriations - Departmental**

- 101.1** Agencies must recognise all departmental appropriations as outlined in Section 101.3.
- 101.2** ‘Departmental outputs’ and ‘Departmental non-operating appropriations’ with the exception of loan appropriations are non-reciprocal transactions for the purposes of revenue recognition.
- 101.3** Subject to Section 101.10, the earliest point of recognition for a departmental appropriation by an Agency is when the Agency gains control of the appropriation for accounting purposes as follows, for:
- (a) ‘Departmental outputs’ and ‘departmental non-operating appropriations’ (excluding loans) specified in the *Appropriation Acts* at the later of:
    - i. Date of royal assent of the *Appropriation Act*; or
    - ii. The commencement of the financial period the appropriation relates to. That is, when the appropriation is effective (normally *Appropriation Acts No. 1 and No. 2 and Appropriation*

*(Parliamentary Departments) Act No. 1* are effective from 1 July);

- (b) 'Loans' specified in the *Appropriation Acts*, when drawn down from the Official Public Account for the amount to be received;
- (c) 'Departmental Special Appropriations', when the obligation for which the Special Appropriation exists is incurred to the amount of the obligation;
- (d) 's31 of the *FMA Act*', for the increased appropriation provided by amounts received that are eligible s31 receipts, as the income is earned (ie on an accrual basis);
- (e) 'departmental items – adjustments' specified in the *Appropriation Acts*. The date of application is to be used for disclosure. Where the date is unknown at the time of reporting, the date of determination is to be used; and
- (f) 'Advance to the Finance Minister' (for Parliamentary Departments, the Presiding Officer) specified in the *Appropriation Acts*, the date of the determination or the date applicable as stated in the determination.

**101.4** Each Agency must ensure they have a valid appropriation for all amounts drawn from the Official Public Account for refunds (including repayments) required or permitted by law. These refunds, which include repayments made under s28 of the *FMA Act*, must be recognised and/or disclosed under their valid appropriation, and as required by Table D in Annexure A (PRIMA) to this Schedule.

## **101A MEASUREMENT**

**101.5** For 'departmental output appropriations' specified in the *Appropriation Acts* (Part 2), the full amount appropriated is to be recognised as income in the year of appropriation, adjusted only by applicable current year formal additions and reductions listed at Section 101.13.

### *Departmental Non-Operating Appropriations Specified in Appropriation Acts*

**101.6** Subject to Section 101.8, departmental non-operating appropriations must be recognised and disclosed at the amounts in the *Appropriation Acts*, adjusted, where applicable, in accordance with Section 101.13.

**101.7** 'Equity injections', 'loans' and 'previous years' outputs' must be recognised in compliance with the following Sections for each item. These entries must be adjusted only by applicable current year formal additions and reductions listed at Section 101.13.

**101.8** Equity Injections must be recognised as a contribution by owners, increasing 'Contributed Equity' in full from the commencement of the financial year to which the appropriation applies irrespective of when drawn down. Appropriations for equity in Acts passed after the commencement of the period for which the appropriation applies will be recognised from the date of royal assent.

- 101.9** Loan appropriations must be recognised as increases in borrowings. They are not revenue.
- 101.10** Previous years' outputs, where additional work is requested by Government with funding to follow in the subsequent period, as 'previous years' outputs', the Agency may book a revenue and an appropriation receivable in the year of agreement for the amount agreed so long as the transaction is appropriately evidenced. Evidence will include at a minimum, written ministerial agreement. The subsequent appropriation for previous years' outputs will reduce the appropriation receivable.
- 101.11** When an Agency transfers cash to the Official Public Account (OPA) in the nature of repayments of amounts drawn down but does not relinquish the right to redraw those amounts, the Agency must account for this by increasing 'Appropriations Receivable'.

*Adjustments to current Year Departmental Appropriations*

- 101.12** Formal additions or reductions to recognition of departmental appropriations as outlined in Section 101.13, occur when an Entity has gained or lost the capacity to control the appropriation. Formal additions or reductions necessitate adjustments to recognition and/or disclosure of appropriations to the extent they have not already resulted in adjustments in previous years.
- 101.13** Departmental appropriations for the current year may only be adjusted by formal additions or reductions in the current year in relation to the appropriations. To be a formal addition or reduction, the gain or loss of control event, as outlined below, must be evidenced in writing from the appropriate authority. Formal additions and reductions are as follows:
- (a) appropriations under s31 of the *FMA Act*;
  - (b) transfers of appropriation under s32 of the *FMA Act*;
  - (c) other amounts (excluding s31 of the *FMA Act*) determined by the Finance Minister (or delegate) or an Agency Minister or Presiding Officer under Part 3 Additions to basic appropriations of *Appropriation Acts*;
  - (d) determination of reductions in accordance with the *Appropriation Acts*;
  - (e) adjustments as stipulated by any agreement that provides for additional revenue for over-delivery or a reduction of revenue for under-delivery, such as purchasing, workload or other agreements;
  - (f) adjustments made as a result of a decision by the Government, for an Entity to provide additional outputs during the current financial period that will be provided for in the subsequent financial period or to provide fewer outputs where savings are to be returned to the Budget; and/or
  - (g) all other adjustments (including savings approved during the year), made as a consequence of a policy of the Government, evidenced by a decision of the Cabinet or the Prime Minister.



**101.14** The agreements referred to in Section 101.13 must:

- (a) set out one or more quantifiable deliverable(s) and/or a specific amount of appropriation relating to each; and
- (b) be approved by, or arise from, Ministerial or cabinet decisions prior to the funding being given.

## **101B EQUITY RETURNS AND ADJUSTMENTS**

**101.15** Departmental equity returns must be recognised as a return of capital by adjusting ‘Contributed Equity’ and not as a reduction in, or refund of, revenue. Departmental equity returns occur where an Entity relinquishes control of funds which had been appropriation revenue in a previous financial year, by making a non-reciprocal payment to the Official Public Account other than as a dividend referred to in Division 41 of this Schedule. Entities shall account for these payments as a reduction in ‘Contributed equity’ from the time the return of capital is paid.

**101.16** Reductions in ‘Contributed Equity’ under Section 101.15 of this Schedule are recognised in the financial statements of the Entity:

- (a) at the date of effect of a Ministerial direction;
- (b) at the date the appropriation amount is reduced as a consequence of Government policy;
- (c) at the date of the determination of reduction for a departmental appropriation in accordance with *Appropriation Acts*; or
- (d) at the date that payment is made in all other cases.

## **101C INVESTMENT OF PUBLIC MONEY**

**101.17** Each Entity must recognise and/or disclose all public money invested in authorised investments under s39 of the *FMA Act* or surplus funds under s18 and s19 of the *CAC Act* in Table E in Annexure A (PRIMA) to this Schedule. All money invested under a Special Account must also be disclosed in accordance with Division 120 of this Schedule.

## **102 Recognition of Appropriations - Administered**

**102.1** Agencies must recognise all administered appropriations as outlined below, in the ‘Administered Reconciliation Table’ (refer Section 85.6 of this Schedule), but not as revenue, except for eligible *FMA Act* s31 administered receipts which are recognised as income in the Schedule of ‘Income Administered on Behalf of Government’ when earned (ie accrual basis). This Section also applies to appropriations for administered items that are assets and liabilities.

**102.2** Internal transactions (within the administered Entity) must not be reported in the Schedule of Administered Income, Expense, Assets and Liabilities but are otherwise disclosed in the administered items.

- 102.3** The earliest point of recognition for an administered appropriation by an Agency for accounting purposes is as follows, for:
- (a) ‘Administered items – basic appropriations’ and ‘State, ACT, NT and local government items’ appropriated under Part 2 of *Appropriation Acts*, when drawn down for the amount to be received or drawn against the appropriation;
  - (b) Administered Special Appropriations, when it is drawn down for the amount to be received or adjusted against the appropriation.
  - (c) Administered s31 receipts, that is, the increased appropriation provided by amounts received that are eligible s31 receipts, as the income is earned; and
  - (d) The funding for State, ACT, NT and local government items (Specific Purpose Payments to the States and Territories), when drawn down for the amount to be received or drawn against the appropriation; and
  - (e) other amounts determined by the Finance Minister (or delegate) or an Agency Minister or Presiding Officer under ‘Part 2 – Basic appropriation’ or ‘Part 3 Additions to basic appropriations’ of *Appropriation Acts*, the date of the determination or the date applicable as stated in the determination.
- 102.4** Adjustments to the current year can be made where an eligible s31 receipt was incorrectly raised.
- 102.5** Each Agency must ensure they have a valid appropriation for all amounts drawn from the Official Public Account for refunds (including repayments) required or permitted by law. These refunds, which include repayments made under s28 of the *FMA Act*, must be recognised and/or disclosed under their valid appropriation, and as required by Table D in Annexure A (PRIMA) to this Schedule.

### **103 Recognition of Appropriations – CAC Entities**

- 103.1** CAC Entities (Authorities) are required to report amounts appropriated by Parliament to them through annual or Special Appropriations even where it is determined that the amount may not legally be classified as an appropriation. Amounts must be reported in line with the treatment identified for Agencies as set out in Divisions 101 and 102 where Authorities receive funding under the *Appropriation Acts*.
- 103.2** Authorities shall modify the revenues from Government disclosures as required in Divisions 101 and 102 to exclude items not applicable (for example appropriations under the *FMA Act*).
- 103.3** Where an Authority makes a repayment to the OPA, the amount of the repayment is automatically relinquished.

- 103.4** Each Entity must recognise all authorised investments under s18 and s19 of the *CAC Act* or other relevant legislation in Table E in Annexure A (PRIMA) to this Schedule.

## **104 Disclosure of Appropriations**

### **104A DISCLOSURE - GENERAL**

- 104.1** Entities must make the disclosures in tabular form in the notes to the financial statements required for all appropriations identified in Section 101.3, applying to departmental and administered items, pursuant to Tables A to G in Annexure A (PRIMA) to this Schedule.’
- 104.2** Where the ‘responsible Entity’ for the appropriation provides drawing rights to another Entity (the agent) to act on its behalf to expend the appropriation, the agent Entity will disclose the information required by Table G in Annexure A (PRIMA) to this Schedule.
- 104.3** For Special Appropriations, a table must be prepared by Entities for each *Appropriation Act* in accordance with Annexure A (PRIMA) or alternatively an Entity can present each Special Appropriation as an additional column to the table in PRIMA.
- 104.4** For Special Appropriations, where an appropriation has not been drawn on in the current and the previous year, in place of completing the tables in Annexure A (PRIMA), an Entity may elect to make an abbreviated disclosure that includes all of the following:
- (a) whether the Special Appropriation is administered or departmental;
  - (b) the legislative provision that provides the authority for the Special Appropriation;
  - (c) the outcomes it is associated with;
  - (d) the fact that the Special Appropriation was not drawn on in the current or previous year; and
  - (e) for limited Special Appropriations, the balance available.
- 104.5** The ‘responsible Entity’ is to include the relevant details of its Special Appropriations in the following elements of its financial statements:
- (a) For administered Special Appropriations:
    - (i) administered expenses as part of the Schedule of Administered Items in accordance with Annexure A (PRIMA) to this Schedule;
    - (ii) administered assets and liabilities as part of the Schedule of Administered Items in accordance with Annexure A (PRIMA) to this Schedule;
    - (iii) administered cash flows as part of the Schedule of Administered Items in accordance with Annexure A (PRIMA) to this Schedule;

## Requirements and Guidance for the Preparation of Financial Reports

- (iv) administered reconciliation table in Annexure A (PRIMA) in accordance with Section 85.6 of this Schedule;
- (v) appropriation Tables C, D, E and F in Annexure A (PRIMA) related to Division 104 of this Schedule (as appropriate); and
- (vi) where applicable, full disclosure of the relationship between the 'responsible Entity' and the Entity paying moneys from the CRF.

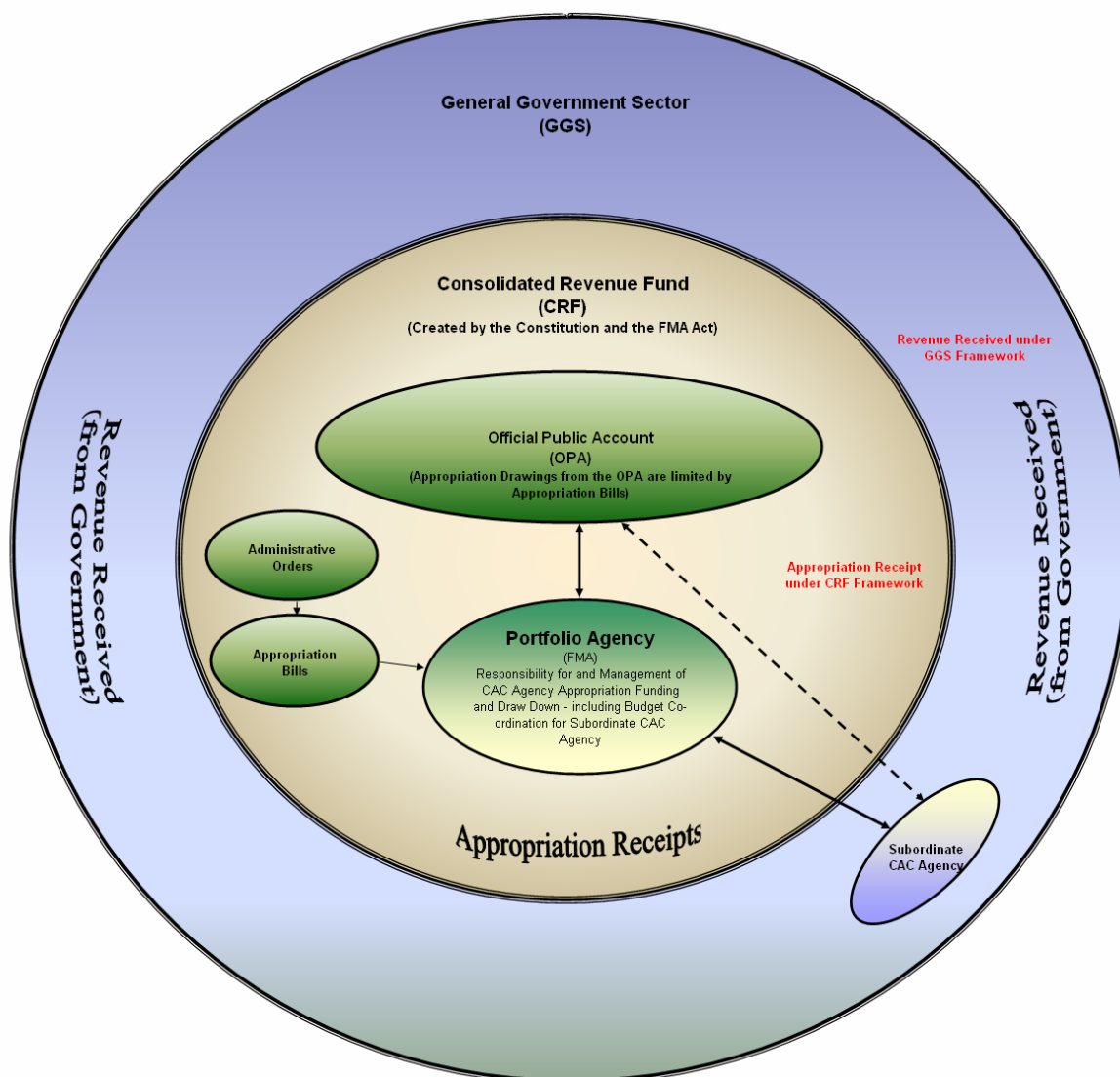
**(b) For departmental Special Appropriations:**

- (i) departmental revenues and expenses as part of the Income Statement in accordance with Annexure A (PRIMA) to this Schedule;
- (ii) departmental assets and liabilities as part of the Balance Sheet in accordance with Annexure A (PRIMA) to this Schedule;
- (iii) departmental cash flows as part of the Cash Flow Statement in accordance with Annexure A (PRIMA) to this Schedule;
- (iv) appropriation Tables C, D, E and F in Annexure A (PRIMA) related to Division 104 of this Schedule (as appropriate); and
- (v) where applicable, full disclosure of the relationship between the 'responsible Entity' and the Entity paying moneys from the CRF.

**104.6** The amounts shown in the lines of the table for the annual *Appropriation Acts* in Annexure A (PRIMA) (and limited Special Appropriations legislation) must be the same as the amounts set out in those Acts and the Entity's latest published budget statements for that year.

# Requirements and Guidance for the Preparation of Financial Reports

## Appropriation Draw Down Model (Disclosure Clarification)



**104.7** Where there are material variances between the cash payments for the reporting period and the amount appropriated, otherwise authorised or estimated through Budget Estimates, Entities must provide an explanation of those variances below the relevant Table in Annexure A (PRIMA).

**104.8** The amounts shown in the lines for the Budget Estimates for unlimited Special Appropriations legislation must use the latest estimates from the following year's budget papers, and be based on an Entity's estimate of payments where eligibility is established.

**104.9** Special Appropriations under s28 and s39 of the *FMA Act* are to be reported by the Entity making the payment from the CRF. Additional disclosure is required by Tables D and E in Annexure A (PRIMA) to this Schedule.

## Requirements and Guidance for the Preparation of Financial Reports

**104.10** Where an Agency, that is not the ‘responsible Entity’, has paid money out of the Consolidated Revenue Fund (CRF) from a Special Appropriation:

- (a) the ‘responsible Entity’ must disclose the name of the Entity to which it has given authority to act as its agent and apply the reporting requirements outlined at Section 104.5; and
- (b) the Entity that has paid money out of the CRF against a Special Appropriation must disclose the name of the ‘responsible Entity’ and apply the reporting requirements outlined at Section 104.11.

**104.11** An Agency paying moneys out of the CRF on behalf of a ‘responsible Entity’ against a Special Appropriation must include relevant details of the Special Appropriation as a separate note in its financial statements as follows:

- (a) full disclosure of the relationship between the Entity paying from the CRF and each ‘responsible Entity’; and
- (b) for each Special Appropriation, the amount of receipts, subsequent payments from the CRF and the resulting balance of any moneys held using Table G in Annexure A (PRIMA) to this Schedule.

**104.12** Where an agent pays money out of the CRF on behalf of the ‘responsible Entity’, the ‘responsible Entity’ must ensure that systems and processes are in place to enable appropriate reporting of the Special Appropriation.

**104.13** Special Accounts must be reported in accordance with Section 103.2 of this Schedule, not Section 104.11.

**104.14** The availability of any un-drawn non-operating appropriations must be disclosed in the notes to the financial statements.

### **104B APPROPRIATIONS TABLES**

**104.15** The following information must be recorded on a cash basis, except for items marked with an asterisk (\*) which must be reported on an accrual basis, for administered expenses and departmental outputs and outcomes related to appropriations, as specified in Annexure A (PRIMA) Table A *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations*:

(a) Balance carried from previous period <i>Appropriation Acts</i>
(b) <i>Appropriation Act</i> (No. 1)
(c) <i>Appropriation Act</i> (No. 3)
(d) Reduction in appropriations
(e) Departmental adjustments by the Finance Minister ( <i>Appropriation Acts</i> ) and borrowings
(f) Comcover receipts ( <i>Appropriation Act</i> No. 1 s13)
(g) Advance to the Finance Minister ( <i>FMA Act</i> )
(h) Refunds credited ( <i>FMA Act</i> s30)
(i) Appropriations to take account of recoverable GST ( <i>FMA Act</i> s30A)
(j) Annotations to ‘net appropriations’ ( <i>FMA Act</i> s31)

## Requirements and Guidance for the Preparation of Financial Reports

<b>(k) Adjustment of appropriations on change of Entity function (<i>FMA Act s32</i>)</b>
<b>(l) Total appropriation available for payments</b>
<b>(m) Cash payments made during the year (GST inclusive)</b>
<b>(n) Appropriations credited to Special Accounts (excluding GST)</b>
<b>(o) Balance of authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:</b>
<b>(i) Cash at bank and on hand</b>
<b>(ii) *Departmental appropriations receivable</b>
<b>(iii) Undrawn, unlapsd administered appropriations</b>
<b>(p) Total</b>

**104.16** The following information must be recorded on a cash basis, except for items marked with an asterisk (\*) which must be reported on an accrual basis, State, ACT, NT and local government items and New Administered Expenses related to each Outcome, and Non-Operating equity, loans, previous years' outputs and administered assets and liabilities, relating to appropriations, as specified in Annexure A (PRIMA) Table B *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations*:

<b>(a) Balance carried from previous period (<i>Appropriation Acts</i>)</b>
<b>(b) Reduction of appropriations (prior years)</b>
<b>(c) Adjusted balance carried from previous period</b>
<b>(d) <i>Appropriation Act</i> (No.2)</b>
<b>(e) <i>Appropriation Act</i> (No.4)</b>
<b>(f) Reduction in appropriations</b>
<b>(g) Departmental adjustments and borrowings</b>
<b>(h) Advance to the Finance Minister (<i>FMA Act</i>)</b>
<b>(i) Refunds credited (<i>FMA Act s30</i>)</b>
<b>(j) Appropriations to take account of recoverable GST (<i>FMA Act s30A</i>)</b>
<b>(k) Adjustment of appropriations on change of Entity function (<i>FMA Act s32</i>)</b>
<b>(l) Total appropriations available for payments</b>
<b>(m) Cash payments made during the year (GST inclusive)</b>
<b>(n) Appropriations credited to Special Accounts (GST exclusive)</b>
<b>(o) Balance of authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations and as represented by:</b>
<b>(i) Cash at bank and on hand</b>
<b>(ii) *Appropriation receivable</b>
<b>(iii) Undrawn, unlapsd administered appropriations</b>
<b>(p) Total</b>

**104.17** The following information must be reported, as specified in Annexure A (PRIMA) Table C *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)*:

<p>(a) Particulars of legislation providing appropriation (including purpose):</p> <p>(i) Cash payments made during the year</p> <p>(ii) Appropriations credited to Special Accounts</p> <p>(iii) Refunds credited (net) (<i>FMA Act s30</i>)</p> <p>(iv) Total charged to appropriation</p> <p>(v) Estimated actual</p>
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**104.18** The following information must be reported, as specified in Annexure A (PRIMA) Table D *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Refund Provisions)*:

<p>(a) Particulars of legislation providing appropriation (including purpose):</p> <p>(i) Cash payments made during the year</p> <p>(ii) Appropriations credited to Special Accounts</p> <p>(iii) Refunds received (net) (<i>FMA Act s30</i>)</p> <p>(iv) Total charged to Special Appropriation</p> <p>(v) Budget Estimate (listing each other legislative provision that refunds have been made under)</p> <p>(vi) Budget Estimate (<i>FMA Act s28</i>)</p>
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**104.19** The following information must be reported, as specified in Annexure A (PRIMA) Table E *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (s39 FMA Act)*:

(a) Amount invested carried from previous period
(b) Prior year investments redeemed in current year
(c) Investments made during the year (gross)
(d) Redemptions of current year investments (gross)
(e) Amount invested carried to the next period (sum of above)
(f) Budget Estimate

**104.20** The following information must be reported on a cash basis, except for items marked with an asterisk (\*) which must be reported on an accrual basis, by Appropriation type, as specified in Annexure A (PRIMA) Table F *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)*:

<p>(a) Particulars of legislation providing appropriation (including purpose):</p> <p>(i) Amount available carried from previous period</p> <p>(ii) Appropriation for reporting period</p> <p>(iii) Appropriations to take account of recoverable GST (<i>FMA Act s30A</i>)</p>
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- (iv) Available for payments
- (v) Cash payments made during the year (GST inclusive)
- (vi) Appropriations credited to Special Accounts
- (vii) Appropriations lapsed
- (viii) Amount available carried to the next period and as represented by:
  - Cash
  - \*Departmental appropriation receivable
  - \*Undrawn, unlapsd administered appropriations
- (ix) Total

**104.21** The following information must be reported, as specified in Annexure A (PRIMA) Table G *Disclosure by agent in relation to Special Appropriations* for departmental and administered items by responsible Agency:

- (a) Name of legislation providing the appropriation:
  - (i) Total receipts
  - (ii) Total payments
  - (iii) Balance of receipts and payments for departmental, and for administered, for each responsible Agency

**104.22** Entities must prepare a separate Table C *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriations (Unlimited Amount)* from Annexure A (PRIMA) for each Appropriation Act, current as at reporting date. In the heading of each table, Entities must:

- (a) identify whether the Special Appropriation is administered or departmental; and
- (b) disclose the outcome it is associated with.

Entities must disclose all unlimited Special Appropriations in this format, excluding those unlimited Special Appropriations required to be disclosed under Tables D and E in Annexure A (PRIMA) to this Schedule.

**104.23** Where an Agency has not used s28 of the *FMA Act* or any other legislative provision allowing for refunds to be paid, that Entity may make the following statement in the notes to their financial statements, in place of disclosing Table D *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriations (Refund Provisions)* in Annexure A (PRIMA) : “For the periods 2005-06 and 2006-07, (Entity) has not used s28 of the *FMA Act* or any other legislative provision allowing for refunds to be paid.”

**104.24** If the Agency has made repayments using s28 of the *FMA Act* or any other legislative provision for repayments required or permitted under law, the Entity must disclose the aggregate of all those transactions in Table D *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriations (Refund Provisions)* in Annexure A (PRIMA).

- 104.25** Where an Agency has a delegation but has not used s39 of the *FMA Act*, that Agency may make the following statement in place of disclosing Table E *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriations of Annexure A (PRIMA)*: “For the periods 2005-06 and 2006-07, (Entity) has not used s39 of the *FMA Act*.”
- 104.26** For cross-referencing purposes, where an Entity makes disclosures in Table F *Acquittal of authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriation (Limited Amount) in Annexure A (PRIMA)* and at least one other Entity has drawn from the same Special Appropriation, the Entity making disclosures in this Table must name those other Entities by making the following statement: “(Other Entity/Entities) also drew from (Special Appropriation provision/s).”

## **Part J      SPECIFIC REPORTING REQUIREMENTS – OTHER DISCLOSURES**

### **120    *Special Accounts***

- 120.1** Entities must disclose information on Special Accounts in accordance with this Schedule for departmental and administered items, regardless of whether the relevant amounts are considered to be immaterial.
- 120.2** Amounts reported in the notes to the Financial Statements for Special Accounts are to be rounded to the nearest \$1,000, unless that amount is \$500 or less, in which case the amount must be rounded to zero.
- 120.3** The Consolidated Revenue Fund is appropriated to the balance of the Special Account.
- 120.4** Amounts deposited in a Special Account from external Entities must be recognised when the Special Account controls the funding as income /assets (as per *FMA Act* s31). The Special Account is also reflected in the Entity’s departmental or administered financial statements as appropriate.
- 120.5** Transfers of departmental appropriations to a departmental Special Account, or administered appropriation to an administered Special Account are not income recognised/disclosed in the Financial Report, but are an internal transfer.
- 120.6** Entities must make the Special Account disclosures as required in Annexure A (PRIMA) to this Schedule on a cash basis. Entities can disclose each Special Account in a separate Table or each as a new column to Table A.

## Requirements and Guidance for the Preparation of Financial Reports

**120.7** The following information must be recorded for Special Accounts as specified in Annexure A (PRIMA) Table A *Special Accounts*:

(a) Balance carried from previous period
(b) Appropriation for reporting period
(c) Costs recovered
(d) GST credits ( <i>FMA Act s30A</i> )
(e) Realised investments
(f) Other receipts
(g) Total Credits
(h) Available for payments
(i) Payments made
(j) Repayments debited from the Special Account ( <i>FMA Act s28</i> )
(k) Investments debited from the Special Account ( <i>FMA Act s39</i> )
(l) Total Debits
(m) Balance carried to the next period (excluding investment balances – refer Table B) and as represented by: (i) Cash – transferred to the Official Public Account (ii) Cash – held by the Entity; and record
(n) Total balance carried to the next period

**120.8** The following information must be recorded for Special Accounts as specified in Annexure A (PRIMA) Table B *Special Accounts Investment of Public Money*:

(a) Full official title of Special Account: Investment of Public Money under s39 of the <i>FMA Act</i>
(b) Opening balance
(c) Investments made
(d) Interest earned
(e) Transaction charges
(f) Investments realised
(g) Closing Balance

**120.9** Special Accounts may not have a debit balance (on a cash basis) at any point. The balance represents the amount held in the Consolidated Revenue Fund (CRF). Investments made through the Special Account are external to the CRF and while the amounts stand to the credit of the Special Account, they are not included in the balance for the purposes of disclosing in Table A in Annexure A (PRIMA) to the Schedule.

**120.10** Special Accounts that have been determined as Business Operations pursuant to Order 6.2.1 of the *Financial Management and Accountability Orders 1997* are required to comply with Section 7.1 of this Schedule and prepare separate Financial Reports.

**120.11** Entities that have Special Accounts that have not been used during the current year and comparative year, regardless of whether they have a nil or positive balances, may make the following disclosures in the notes to the financial statements instead of preparing Tables A & B in Annexure A (PRIMA) to this Schedule:

## Requirements and Guidance for the Preparation of Financial Reports

- (a) the Special Accounts's title;
- (b) whether the account is administered, departmental or Special Public Money in nature;
- (c) the purpose of the Special Accounts;
- (d) the authority under which the Special Account was established;
- (e) a statement noting the Special Account has not been used during the current year and comparative year; and
- (f) the Special Account's balance.

**120.12** Entities that invest amounts standing to the credit of a Special Account must include details of the investment policy used.

**120.13** Where investments are made under an Act of Parliament other than s39 of the *FMA Act*, the same format as Table B in Annexure A (PRIMA) should be followed. The name of the relevant Act and section under which the investment is made must be noted.

**120.14** Entities must report moneys subject to trust law that stand to the credit of a Special Account in the notes to the financial statements for Special Accounts. Assets held in trust as defined in Division 38 of this Schedule that stand to the credit of a Special Account must be reported in compliance with Policy 38.56P to this Schedule.

**120.15** Unclaimed moneys are an asset Held in Trust and must be disclosed in compliance with Division 38, these moneys must be credited to a suitable Special Account and this account is to be reported in compliance with this Division of the FMOs (Division 120).

## **21 Reporting of Outcomes and Outputs**

**121.1** Entities in the General Government Sector must disclose outcomes and outputs related to departmental and administered items in accordance with this Schedule, as outlined in Annexure A (PRIMA).

**121.2** Amounts reported in the notes to the financial statements for outcomes and outputs are to be rounded to the nearest \$1,000, unless that amount is \$500 or less, in which case the amount must be rounded to zero.

**121.3** Outcome and output amounts disclosed must be net of refunds and adjustments.

**121.4** The following information must be disclosed by Entities in the General Government Sector by Outcome and Year, for departmental and administered items, as specified in Table A *Net Cost of Outcome Delivery* in Annexure A (PRIMA):

(a) Expenses
(b) Total expenses and total expenses for administered and departmental items respectively

## Requirements and Guidance for the Preparation of Financial Reports

(c) Costs recovered
(d) Total costs recovered and total costs recovered for administered and departmental items respectively
(e) Other external income
(f) Total other external income and total other external income for administered and departmental items respectively
(g) Net cost/(contribution) of outcome and net cost/(contribution) for administered and departmental item respectively

**121.5** The following information must be disclosed by Entities in the General Government Sector by Output, Group and Outcome by Year, as specified in Annexure A (PRIMA) Table B *Major Departmental Income and Expenses by Output Groups and Outputs*:

(a) Departmental expenses
(b) Show each relevant major class
(c) Total departmental expenses

As funded by:

(d) Show each relevant major class of income
(e) Total departmental income

**121.6** The following information must be disclosed by Entities in the General Government Sector by Outcome and Year, as specified in Annexure A (PRIMA) Table C *Major Classes of Administered Income and Expenses by Outcome*:

(a) Income
(b) Show each relevant major class
(c) Expenses
(d) Show each relevant major class

**121.7** Entities must attribute shared items using a basis that most accurately allocates the total cost or income to each output or outcome. If this basis differs from that used in preparing the Budget, additional disclosure must be included to explain the variation.

**121.8** The attribution method used to apportion shared items must be reliable and must be disclosed in the text accompanying the tables (see AAS 29 paragraph 12.7).

**121.9** Where an output or outcome changes during the year, Entities must:

- (a) match the changed output or outcome to accord with the adjusted output or outcome arrangements approved through the portfolio additional estimates process and published in an *Appropriation Act*; and
- (b) apportion the amounts disclosed between the new and former outputs or outcomes, based on the date that the *Appropriation Act* notifying the change received Royal Assent, so that Entities report against the original outputs or outcomes up to the date of the change and against the revised outputs or outcomes after that date.

- 121.10** Outcomes are to be as specified in the *Appropriation Acts* relevant to the Entity.
- 121.11** The amounts in the total column for departmental items in Table A *Net Cost of Outcome Delivery* in Annexure A (PRIMA) must agree to the Entity's Income Statement and the amounts in the total column for administered items must agree to the Entity's totals in the Schedule of Administered Items for all relevant Tables in Annexure A (PRIMA).
- 121.12** Entities must disclose the nature of other external income in Table A *Net Cost of Outcome Delivery* in Annexure A (PRIMA) by major class. Where these include intra- or inter- Government charges, such charges must be shown separately.

## **122 Compensation and Debt Relief in Special Circumstances**

- 122.1** The Financial Report must include a note to the financial statements showing departmental and administered expenses and/or liabilities regardless of the amounts involved, as relevant to the Entity, in relation to each of the following:
- (a) Act of Grace payments made under subsection 33(1) of the *Financial Management and Accountability Act 1997 (FMA Act)* as approved by the Minister for Finance and Administration (or delegate);
  - (b) waivers of amounts owing to the Australian Government, (being amounts that the Entity would, but for the waiver, have been entitled to receive on behalf of the Australian Government);
    - (i) pursuant to subsection 34(1) of the *FMA Act*; and
    - (ii) pursuant to other legislation, which must be specified;
  - (c) payments made under the *Compensation for Detriment caused by Defective Administration (CDDA) Scheme*;
  - (d) payments made under approved ex-gratia programmes, the nature of which must be identified; and
  - (e) payments made in special circumstances relating to APS employment pursuant to s73 of the *Public Service Act 1999 (PS Act)*.

The note must disclose:

- (a) the number of cases and total amount expensed during the reporting period under each of these mechanisms specified. In addition, where any of the Act of Grace cases expensed during the reporting period include periodical payments for specified periods (paragraph 33(1)(b) of the *FMA Act* refers), the note must separately identify the number of such cases and the total amount expensed in relation to those cases.
- (b) the number and aggregate present value amount of those cases relating to any provisions at the end of the reporting period under

## Requirements and Guidance for the Preparation of Financial Reports

**each of these mechanisms specified. This requirement is particularly relevant where cases under the Act of Grace mechanism include periodical payments for specified periods past the reporting date, but may also apply to any of the other mechanisms in particular circumstances.**

## **ANNEXURE A – PRIMA**

### ***Introduction***

**A.1 PRIMA sets out the prescriptive content, layout, and formatting requirements for all Australian Government Entities in compiling and presenting their 2006-07 annual Financial Reports in compliance with the 2006-07 FMOs and the Australian Accounting Standards and associated authoritative requirements. PRIMA has been designed to meet common disclosure requirements of Agencies and Authorities respectively and therefore does not address all disclosure requirements.**

### ***Application***

- A.2 Australian Government Entities are required to present all disclosures necessary to give a true and fair view of their results and financial position. Entities are permitted:**
- (a) to include further disclosures as they deem appropriate to meet their stakeholders' information needs and be reflective of their business operations including those that are required by Accounting Standards addressed in A.3 as applicable;**
  - (b) not to include components of PRIMA that are not relevant to their business operations or where no activity, including comparative activity from the previous financial year has taken place. This applies primarily to notes as set out in PRIMA;**
  - (c) to alter or amend the numbering of notes but not their sequencing within the presentation of the Financial Report as set out within PRIMA except where amendments permitted under (a), and (b) above require such components of PRIMA to be inserted, deleted or added, and to ensure the contextual and logical flow of information for stakeholders.; and**
  - (d) to amend disclosures such that they reflect the nature of the Entity, its activities, financial results and position as at the reporting date. This includes amending Note 1, such that it presents true and fair disclosures of the Entity's accounting policies.**
- A.3 Entities should be aware that disclosure requirements for the following Standards, legislation and reporting requirements have not been incorporated into PRIMA and where relevant must be included in the Financial Report of the Entity.**

**Standards, legislation and reporting requirements not addressed include:**

- *Corporations Act 2001***



## Requirements and Guidance for the Preparation of Financial Reports

- *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards*
- *AASB 2 Share-based payment*
- *AASB 3 Business Combinations*
- *AASB 4 Insurance contracts*
- *AASB 6 Exploration for and Evaluation of Mineral Resources*
- *AASB 7 Financial Instruments: Disclosures*
- *AASB 114 Segment reporting*
- *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance*
- *AASB 124 Related parties*
- *AASB 129 Financial Reporting in Hyperinflationary Economies*
- *AASB 130 Disclosures in the Financial Statements of Banks and Similar Financial Institutions*
- *AASB 133 Earnings per Share*
- *AASB 134 Interim Financial Reporting*
- *AASB 1023 General Insurance Contracts*
- *AASB 1038 Life Insurance Contracts*
- *AASB 1039 Concise Financial Reports*
- *AASB 1045 Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A*
- *AAS 25 Financial Reporting by Superannuation Plans*
- *AAS 27 Financial Reporting by Local Governments and amendments*
- *AAS 31 Financial Reporting by Governments and amendments*
- *Hedge Accounting under AASB 139 Financial Instruments: Presentation and Disclosure*
- *Tax effect accounting under AASB 112 Income Taxes*

**This listing is not exhaustive. Compliance with these additional disclosures is required where appropriate to present a true and fair view.**