

## EXPLANATORY STATEMENT

Issued by the authority of the Minister for Finance and Administration

### ***Financial Management and Accountability Act 1997***

*Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*

### ***Commonwealth Authorities and Companies Act 1997***

*Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*

#### ***Financial Management and Accountability Act 1997 (FMA Act)***

Subsection 63(1) of the FMA Act provides that Orders may be made on any matter on which the FMA Act requires or permits Orders to be made and on any matter on which regulations under the FMA Act may be made. Section 49 of the FMA Act provides that the Chief Executive of an Australian Government Agency must prepare financial statements in accordance with Finance Minister's Orders. These requirements are currently specified in Schedule 1 to the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*.

The Financial Management and Accountability Orders set out the financial statement reporting requirements for Australian Government Agencies for reporting periods ending on or after 1 July 2005. Details of the main changes to reporting requirements for the reporting periods ending on or after 1 July 2005, as compared to the requirements that were previously in force are provided in Attachment A. The introduction of Australian Equivalents to International Financial Reporting Standards from 1 July 2005 (or 1 January 2005 for entities with balance dates ending 31 December 2005) has resulted in significant changes to the Orders.

Specifics in relation to the Orders are as follows:

*Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*

Clause 1 of the Orders deals with naming of the Orders.

Clause 2 of the Orders deals with commencement of the Orders.

Clause 3 inserts Schedule 1, which sets out requirements for the preparation of annual financial statements for reporting periods ending on or after 1 July 2005. It also notes that this Schedule 1 is identical to Schedule 1 to the *Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*.

#### ***Commonwealth Authorities and Companies Act 1997 (CAC Act)***

Subsection 48(1) of the CAC Act provides that Orders may be made on any matter on which the CAC Act requires or permits Orders to be made. Section 9 of the CAC Act requires the directors of a Commonwealth Authority to prepare an annual report in accordance with Schedule 1 to the CAC Act. Part 1 of Schedule 1 to the CAC Act provides that the annual report must include financial statements prepared by the directors in accordance with the Finance Minister's Orders. These requirements are currently specified in Schedule 1 to the

*Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 1 July 2005).*

The Commonwealth Authorities and Companies Orders set out the financial statement reporting requirements for the reporting periods ending on or after 1 July 2005. Details of the main changes to the requirements for reporting periods that were previously in force are provided in Attachment A. The introduction of Australian Equivalents to International Financial Reporting Standards from 1 July 2005 (or 1 January 2005 for entities with balance dates ending 31 December 2005) has resulted in significant changes to the Orders.

The form and content of the Schedule 1 financial reporting requirements for a particular year is the same for both the abovementioned Orders.

Specifics in relation to the Orders are as follows:

*Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*

Clause 1 deals with the naming of the Orders.

Clause 2 deals with the commencement of the Orders.

Clause 3 inserts Schedule 1, which sets out requirements for the preparation of annual financial statements for reporting periods ending on or after 1 July 2005. It also notes that this Schedule 1 is identical to Schedule 1 to the *Financial Management and Accountability Orders (Financial Statements for reporting periods on or after 1 July 2005)*.

## **Consultation**

All Commonwealth entities required to apply the Orders have been consulted, with the opportunity to provide comments on the draft version, in their preparation. The Australian National Audit Office has been consulted and provided detailed comments on the Orders. All feedback has been considered and amendments made where appropriate.

## **Attachment A to the Explanatory Statement**

This attachment summarises the main changes in relation to the Finance Minister's Orders requiring the preparation of financial statements for reporting periods ending on or after 1 July 2005 for:

- (a) each Australian Government Agency and Commonwealth Authority;
- (b) each economic entity, comprising the Australian Government Agency or Commonwealth Authority and its subsidiaries;
- (c) the activity or activities of an Australian Government Agency which is/are determined to be a Business Operation pursuant to *Financial Management and Accountability Orders 6.2.1*.

The policies in relation to financial statements for reporting periods ending on or after 1 July 2005 have been altered by:

- (a) the addition of three new policies (refer heading 1);
- (b) the deletion of two existing policies (refer to heading 2); and
- (c) amendments to existing policies (refer heading 3).

In addition, minor editorial amendments that do not change the effect of the policy were also made but are not further noted in this document. The majority of changes result from the introduction of Australian Equivalents to International Financial Reporting Standards (AEIFRS) which are applicable from 1 July 2005 (or 1 January 2005 for entities with balance dates ending 31 December 2005).

## 1 NEW POLICIES ADDED

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### (a) Policy 4C Employee Entitlements

This policy provides guidance on leave entitlements and employee benefits. It also outlines the requirements of AASB 119 *Employee Benefits*. This information had previously been available to Commonwealth entities via a separate guidance document issued by Finance.

The text of the new policy is as follows:

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#### 4C Employee Entitlements (New Policy)

##### Policy

- 4C.1 This Policy is based on the requirements of AASB 119 Employee Benefits as issued in July 2004. Early adoption of AASB 119 as issued in December 2004 is only permitted by entities that are prescribed as Government Business Enterprises (GBEs) and Air Services Australia.*
- 4C.2 Entities must identify any annual leave that is not expected to be consumed within twelve months after the end of the period in which the employees render the related service and ensure it is discounted in accordance with AASB 119.*
- 4C.3 Entities with less than 1000 full-time equivalent employees (FTE) may continue to use the shorthand method when calculating long-service leave liability.*
- 4C.4 Agencies with more than 1000 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 the agency's employee profile is, demonstrably, not materially different than the Australian Government's standard profile use the shorthand method;*
  - (b) undertake an actuarial assessment ; or use a detailed calculation basis (eg. employee by employee).*
- 4C.5 All entities other than GBEs must recognise actuarial gains or losses on superannuation immediately in the Income Statement, GBEs that early adopt the December 2004 version of AASB 119 may alternatively recognise these gains and losses immediately in a Statement of Recognised Income and Expense.*
- 4C.6 Superannuation plans where the actuarial and investment risk falls to other parties are considered defined contribution plans. Whilst the CSS, PSS Defined Benefit Plans and MSBS are defined benefit plans at the whole-of-government level, agencies contributing to these schemes should account for these contributions under AASB 119 as if they were defined contribution plans.*
- 4C.7 Agencies that have been advised by Finance that they will have an additional employer lump sum contribution should show a liability for this amount at balance date.*
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- 4C.8 *The new PSS Accumulation Plan is considered a Defined Contribution Plan from the point of view of both agencies and at the whole-of-government level.*
- 4C.9 *Plans where the actuarial risk falls on the agency must be accounted for as defined benefit plans.*
- 4C.10 *The market yield on long-term government bonds must be referenced when determining a discount rate for discounting purposes.*
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**(b) Policy 7D Investment of Surplus Money by Authorities**

This policy outlines the requirements and provides guidance on disclosing investments by CAC authorities.

The text of the new policy is as follows:

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**7D *Investment of Surplus Money by Authorities (New Policy)***

***Policy***

- 7D.1 *The financial statements 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 Commonwealth Authorities and Companies Act 1997 (CAC Act).*
- 7D.2 *Details should include the statutory basis for holding additional investment(s) outside of those allowed under paragraphs 18 (3)(a)-(c) of the CAC Act, including whether an approval has been received by the statutory authority under paragraph 18(3)(d) of the CAC Act.*

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**(c) Policy 8A Financial Instruments**

This policy provides guidance on the requirements on the new accounting standard AASB 139 *Financial Instruments: Recognition and Measurement*.

The text of the new policy is as follows:

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8A Financial Instruments (New Policy)

Policy

8A.1 *Comparative information on financial instruments in the first AEIFRS financial report should not be restated to align with the recognition and measurement requirements of AASB 139. Instead, entities should disclose the information required by paragraph 36A of AASB 1 First Time Adoption of International Financial Reporting Standards.*

8A.2 *On initial adoption of AEIFRS, an entity must classify all financial instruments that are traded in markets as either:*

(a) *available-for-sale financial instruments; or*

(b) *held at fair value through profit and loss,*

*where these classifications are permitted by AASB 139 Financial Instruments: Recognition and Measurement, unless it is a financial liability resulting from the issue or reissue of Australian currency notes, in which case it should be classified in accordance with AASB 139. Where an accounting standard or other financial framework document requires an entity to make a designation to adopt a particular accounting treatment, a designation made during the 2005-06 financial year is deemed to be effective on 1 July 2005 unless stated otherwise or could not be effective on that date in the particular circumstances. The designation of financial instruments by agencies will have the affect of designating those instruments in the consolidated whole of government accounts.*

8A.3 *Where an entity first recognises, after the beginning of the first AEIFRS reporting period, a financial instrument that is traded in a market, the entity must classify it as set out in clause 8A.2 of this Policy.*

8A.4 *All impairment losses on financial instruments under AASB 139 should be debited to a separate account, rather than being debited directly against the carrying amount of assets. A separate account must be maintained for each class of financial asset.*

8A.5 *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 should adopt the former treatment in all cases.*

8A.6 *Where an entity has held derivative financial instruments at any time during the period, it shall disclose:*

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

*Note: Entities' ability to enter into hedging or derivative arrangements is bound by their legislative framework and relevant government policies.*

## **2 EXISTING POLICIES DELETED**

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### **1G Materiality**

This policy is no longer needed. In line with AEIFRS, there is a new specific standard, AASB 1031 *Materiality* that Agencies are required to use.

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### **3A Receivables**

This policy has been moved to Appendix A.

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### 3 AMENDMENTS TO EXISTING POLICIES

#### (a) Policy 1A Commencement

The main changes to this policy are:

- to amend the date to which the Orders apply; and
- to state that the financial reporting requirements set out in this schedule apply to entities that cease to exist during the year.

Previous Clause 1A.1

*1A.1 Subject to Clause 1A.2 of this Policy, the requirements set out in this Schedule shall apply to financial statements prepared for reporting periods ending on or after 30 June 2004, unless amended.*

*1A.2 For entities that cease to exist during a year:*

- (a) the financial reporting requirements set out in this Schedule shall apply if the date of cessation of activity is on or after the date of gazettal of this Schedule;  
or*
- (b) the financial reporting requirements set out in the previous Schedule shall apply if the date of cessation of activity is prior to the date of gazettal of this Schedule.*

Has been amended to read:

*1A.1 Subject to Clause 1A.2 of this Policy, the requirements of this Schedule apply to financial statements prepared for reporting periods ending on or after 1 July 2005.*

*1A.2 For entities that cease to exist on or after 1 July 2005, the financial reporting requirements set out in this Schedule shall apply.*

**(b) Policy 1B Application**

The main changes to this policy are:

- to specify in Clause 1B.6 that it is the Finance Chief Executive who approves early adoption of accounting standards;
- the addition of Clauses 1B.8 and 1B.9; and
- the re-wording of clauses to improve clarity.

Previous Clauses 1B.2 to 1B.4

*1B.2 The financial statements of each entity must comply with all applicable requirements of this Schedule and:*

- (a) *include the primary statements, schedules and notes in the form prescribed in Appendix A of this Schedule, and a statement as required by Clause 1C.2 or 1C.3 of this Schedule;*
- (b) *include all note disclosures specified in the Policies of this Schedule;*
- (c) *comply with accounting standards and accounting interpretations that apply for the reporting period issued by:*
  - (i) *the Australian Accounting Standards Board (established under section 226 of the Australian Securities and Investment Commission Act 2001); and*
  - (ii) *the former Public Sector Accounting Standards Board, unless superseded by standards and interpretations of the Australian Accounting Standards Board;*
- (d) *have regard to the Explanatory Notes to this Schedule;*
- (e) *have regard to the Statements of Accounting Concepts (SACs);*
- (f) *comply with Consensus Views issued by the Urgent Issues Group (UIG) that apply for the reporting period;*
- (g) *where competitive neutrality (CN) payments are required under the Commonwealth Competitive Neutrality Policy Statement - June 1996, entities must separately report an explanation for CN payments, and the breakdown of these payments into:*

*CN - Regulatory Neutrality Payment*

*CN - Debt Neutrality Payment*

*CN - State Tax Equivalent Payment*

*CN - Commonwealth Tax Equivalent Payment*

*CN - Other Payment; and*

- (h) *have regard to Estimates Memorandums, Finance Briefs, Finance Circulars, Financial Management Guidances and other guidance/policies issued by the Department of Finance and Administration.*

*1B.3 The financial statements must be presented in the following order:*

- (a) *Statement by the Chair of the Board, or Directors, Chief Executive and Chief Financial Officer as required by Clause 1C.2 or 1C.3 of this Schedule;*
- (b) *primary statements (Statements of Financial Performance, Financial Position and Cash Flows);*
- (c) *Schedules of Contingencies and Commitments;*
- (d) *Schedule of Administered Items; and*
- (e) *Notes to the Financial Statements, including Administered Notes.*

*1B.4 Requirements in this Schedule should only be applied in the financial statements of the entity to the extent that they are relevant or applicable to a reporting period or comparative reporting period.*

Have been amended to read:

*1B.2 The financial statements of each entity must be presented in the following order:*

- (a) *statement required by Clause 1C.2 or 1C.3 of this Schedule;*
- (b) *primary statements (Income Statement, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity or Statement of Recognised Income and Expenditure); and*
- (c) *Schedules and Notes to the Financial Statements.*

*1B.3 The financial statements of each entity must:*

- (a) *include*
  - (i) *the primary statements, schedules and notes in the form prescribed in Appendix A of this Schedule; and*
  - (ii) *all note disclosures specified by Policies in this Schedule; and*
- (b) *comply with:*
  - (i) *all applicable requirements of this Schedule;*
  - (ii) *applicable accounting standards and accounting interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and*
  - (iii) *interpretations issued by the Urgent Issues Group (UIG) that apply for the reporting period; and*

- (c) *have regard to:*
- (i) *the Explanatory Notes to this Schedule;*
  - (ii) *the Statements of Accounting Concepts (SACs);*
  - (iii) *the AASB Framework for the Preparation and Presentation of Financial Statements; and*
  - (iv) *Estimates Memorandums, Finance Briefs, Finance Circulars, Financial Management Guidances and other guidance/policies issued by the Department of Finance and Administration; and*
- (d) *be presented in the English language and Australian dollars.*

*1B.4 Where competitive neutrality (CN) payments are required under the Commonwealth Competitive Neutrality Policy Statement - June 1996, entities must explain and disclose the amount of each of the following:*

*CN - Regulatory Neutrality Expense*

*CN - Debt Neutrality Expense*

*CN - State Tax Equivalent Expense*

*CN - Commonwealth Tax Equivalent Expense*

*CN - Other Expense*

Previous Clause 1B.6:

*1B.6 If an entity wishes to early adopt a new accounting standard it must seek approval from the Department of Finance and Administration due to the potential effect on the preparation of the Consolidated Financial Statements.*

Has been amended to read:

*1B.6 If an entity wishes to early adopt a new accounting standard other than permitted or required by this schedule, it must seek approval from the Chief Executive of the Department of Finance and Administration due to the potential effect on the preparation of the Consolidated Financial Statements.*

Clause 1B.8 (New Clause)

*1B.8 Comparative information presented on the financial statements and notes is to comply with the requirements of this Schedule.*

**(c) Policy 1C Certification**

Minor changes to policy to:

- change the reference to new AEIFRS accounting standard; and
- the re-wording of clauses to improve clarity.

Previous Clause 1C.2 (c)

- (c) *whether or not, 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 other than financial institutions which apply AAS 32 Specific Disclosures by Financial Institutions; and*

Has been amended to read:

- (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) Policy 1E Rounding Off**

The main changes to this policy are:

- the addition of “commitments and contingencies” in Clause 1E.1;
- the previous Clause 1E.2 has been deleted; and
- the re-wording of clauses to improve clarity.

Previous Clause 1E.1

*1E.1 Unless otherwise provided by this Policy, amounts in the financial statements may be rounded off as follows:*

- (a) where a reporting entity has assets, liabilities, expenses or revenues in excess of \$10 million — it may disclose, in substitution for an amount required or permitted to be disclosed, that amount rounded off 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 or revenues in excess of \$1 billion — it may disclose in substitution for an amount required or permitted to be disclosed, that amount rounded off to the nearest \$1 million, unless that amount is \$500,000 or less, in which case the amount should be rounded to zero.*

Has been amended to read:

*1E.1 Unless otherwise provided in this schedule, amounts in the financial statements may be rounded off 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.*

Previous Clause 1E.3

*1E.3 Rounding off must be applied consistently throughout the financial statements and the level of rounding of must be clearly indicated where it is applied.*

Has been amended to read:

*1E.2 Rounding off must be applied consistently throughout the financial statements.*

### **(e) Policy 1F Simplified Reporting**

The main changes to this policy are:

- the deletion of previous Clauses 1F.5 to 1F.9 of notes to financial statements where disclosure is not required; and
- the inclusion of reference to new AIEFRS accounting standards.

Previous Clause 1F.10

*1F.10 Where the net fair value of each class of an entity's financial asset and liability equals its carrying amount in both the current and immediately preceding reporting periods, and none of these financial assets or liabilities are readily traded on organised markets in a standardised form, entities may state this fact, instead of disclosing these amounts as per sub-paragraph 5.6(a) of AAS 33 Presentation and Disclosure of Financial Instruments.*

Has been amended to read:

*1F.5 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, instead of disclosing these amounts in accordance with paragraph 86 of AASB 132 Financial Instruments: Presentation and Disclosure.*

## **(f) Policy 2A Recognition of Appropriations**

The main changes to this policy are:

- extensive changes to special appropriation reporting requirements;
- the clarification of the recognition rules for appropriations including the addition of recognition rules for other amounts determined by the Finance Minister;
- references to other policies have been deleted;
- addition of a new Clause 2A.22 on exceptions and Clause 2A.23 on special accounts; and
- the re-wording of clauses to improve clarity.

Previous Clauses 2A.1-2A.3:

*2A.1 The earliest point of recognition and/or disclosure for appropriations is as follows:*

- (a) for Appropriation Act (No. 1) and (No. 2) and Appropriation (Parliamentary Departments) Act (No. 1) —the commencement of the financial period (e.g. 1 July);*
- (b) for special appropriations—when drawn down;*
- (c) for all other Appropriation Acts—the date of royal assent; and/or*
- (d) for other amounts determined by the Finance Minister (or his delegate) the date of determination.*

*2A.2 All appropriations must be disclosed in accordance with Policy 2C of this Schedule.*

*2A.3 For Commonwealth Authorities, moneys received from the Australian Government, excluding grants, are to be recognised and/or disclosed as revenue in accordance with this Policy, as if they were appropriations.*

Have been amended to read:

*2A.1 The earliest point of recognition and/or disclosure for appropriations is as follows:*

- (a) for Appropriation Acts (No. 1) and (No. 2) and Appropriation (Parliamentary Departments) Act (No. 1) — the commencement of the financial period (e.g. 1 July);*
- (b) for departmental special appropriations — when the obligation for which the special appropriation exists is incurred;*
- (c) for administered special appropriations – when appropriation funds are transferred into an agency’s administered bank account.*
- (d) for all other Appropriation Acts (except loan appropriations)— the date of royal assent;*
- (e) for the increased appropriation provided by amounts received that are eligible section 31 receipts — as the revenue is earned; and*



- (f) *for other amounts determined by the Finance Minister (or delegate) or an Agency Minister or Presiding Officer under Part 3 Additions to basic appropriations of Appropriation Acts — the date of the determination or the date applicable as stated in the determination.*

2A.2 *For Authorities, all moneys received from the Commonwealth, excluding grants and non-operating annual appropriations are to be recognised as revenue. Additional disclosure in accordance with this Policy and Policy 2C of this Schedule is required as if they drew the funds from the Consolidated Revenue Fund.*

Previous Clause 2A.6

2A.6 *Departmental equity injection appropriations must be recognised as a contribution by owners, and not as revenue. This will directly increase ‘Contributed Equity’ from the commencement of the period to which the appropriation applies, irrespective of when drawn down.*

Has been amended to read:

2A.5 *Departmental equity injection appropriations must be recognised as a contribution by owners, increasing ‘Contributed Equity’ from the commencement of the period to which the appropriation applies, irrespective of when drawn down. Equity injections for appropriations in Acts passed after the commencement of the period for which the appropriation applies will be recognised from the date of royal assent.*

Previous Clauses 2A.20-2A.21

2A.20 *Entities must report the full amounts appropriated, for limited and unlimited special appropriations for which they are responsible (except where Clause 2A.21 applies), for the current year, as follows for:*

- (a) *departmental special appropriations, recognise when drawn down the full amount appropriated as revenue in the financial statements and where applicable, adjusted by all current year addition and reduction provisions listed at Clause 2A.15 of this Policy; and*
- (b) *administered special appropriations, disclose the full amount appropriated when drawn down and where applicable, adjusted by all current year addition and reduction in the ‘Administered Reconciliation Table’ (in accordance with Clause 6A.3 of this Schedule).*

2A.21 *Where the entity that has drawn against the special appropriation is not the entity responsible for the special appropriation:*

- (a) *the responsible entity must disclose the name of the entity to which it has given drawing rights; and*
- (b) *the entity that has drawn against the special appropriation must recognise and disclose in its financial statements the amount that it has drawn against the special appropriation and disclose the name of the responsible entity.*

Have been amended to read:

2A.17 *Agencies must report the amounts appropriated in the current year, under limited and unlimited special appropriations for which they are responsible as follows:*

- (a) *for departmental special appropriations, recognise and disclose the amount appropriated as revenue when the obligation for which the special appropriation exists is incurred; and*

- (b) *for administered special appropriations, disclose in the 'Administered Reconciliation Table' the amount appropriated when it is transferred into an agency's administered bank account.*
- 2A.18 *Where an Agency has paid money out of the CRF from a special appropriation that is not the 'responsible entity':*
- (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 Clause 2A.19 of this Policy; 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 Clause 2A.20 of this Policy.*
- 2A.19 *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 Appendix A of this Schedule;*
    - (ii) *administered assets and liabilities as part of the Schedule of Administered Items in accordance with Appendix A of this Schedule;*
    - (iii) *administered cash flows as part of the Schedule of Administered Items in accordance with Appendix A of this Schedule;*
    - (iv) *administered reconciliation table in accordance with Clause 6A.3 of this Schedule;*
    - (v) *appropriation Tables C, D, E and F of Policy 2C 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 Appendix A of this Schedule;*
    - (ii) *departmental assets and liabilities as part of the Balance Sheet in accordance with Appendix A of this Schedule;*
    - (iii) *departmental cash flows as part of the Cash Flow Statement in accordance with Appendix A of this Schedule;*
    - (iv) *appropriation Tables C, D, E and F of Policy 2C 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.*

2A.20 *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 of Policy 2C of this Schedule.*

2A.21 *Where an agent pays money out of the CRF on behalf of the ‘responsible agency’, the ‘responsible agency’ must ensure that systems and processes are in place to enable appropriate reporting of the special appropriation.*

Clause 2A.22 (New Clause)

*Exceptions*

2A.22 *Special appropriations under sections 28 and 39 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 of Policy 2C of this Schedule.*

Clause 2A.23 (New Clause)

*Special Accounts*

2A.23 *Special Accounts should be reported in accordance with Policy 2E of this Schedule rather than the requirements of Clause 2A.20.*

**(g) Policy 2C Disclosure of Appropriations**

Changes to this policy are:

- the disclosure tables have been changed to reflect the enhanced disclosure requirements introduced for 2004-05 (previous comparatives have been deleted);
- the addition of a new table for special appropriation disclosure, Table G;
- updating of references to 2005-06; and
- the deletion of references to other policies.

Previous Policy:

**2C.1 Entities must make the disclosures in tabular form required by this Policy for all appropriations, including all special appropriations, in the notes to the financial statements.**

**Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations<sup>1,14</sup>**

Particulars	Administered Expenses		Departmental Outputs	Total
	Outcome 1	Outcome ... 'n'		
<b>2004-05 (Current period)</b>				
Balance carried from previous period				
Reductions of appropriations (prior years) <sup>2</sup>				
Adjusted balance carried from previous period [A]				
Appropriation Act (No.1) 2004-2005 <sup>3</sup>				
Appropriation Act (No.3) 2004-2005 <sup>4</sup>				
Departmental adjustments by the Finance Minister (Appropriation Acts) <sup>5</sup>				
Comcover receipts (Appropriation Act s13)				
Advance to the Finance Minister <sup>6</sup>				
Adjustment of appropriations on change of entity function (FMA s 32)				
Refunds credited (net) (FMA s 30)				
Appropriation reduced by section 9 determinations (current year) <sup>7</sup>				
Sub-total 2004-05 Annual Appropriation [B]				
Appropriations to take account of recoverable GST (FMA s 30A) <sup>8</sup> [C]				
Annotations to 'net appropriations' (FMA s 31) [D]				
Total appropriation available for payments [A+B+C+D]				
Cash payments made during the year (GST inclusive) [E]				
Appropriations credited to Special Accounts (excluding GST) [F]				
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations <sup>13</sup> [A+B+C+D+E+F]				
<i>Represented by:</i>				
Cash at bank and on hand				
Departmental appropriations receivable* <sup>1,9</sup>				
GST receivable from the ATO* <sup>1</sup>				
Departmental appropriations receivable – drawing rights withheld by the Finance Minister (FMA s27(4))* <sup>1,9</sup>				
Formal reductions of appropriation* <sup>1,10</sup>				
Departmental appropriation receivable (appropriation for additional outputs)* <sup>1,11</sup>				
Undrawn, unexpired administered appropriations				
<b>Total</b>				

Particulars	Administered Expenses		Departmental Outputs	Total
	Outcome 1	Outcome ... 'n'		
<b>2003-04 (Comparative period)</b> <sup>12</sup>				
Balance carried from previous period				
Appropriation Act (No.1) 2003-2004				
Appropriation Act (No.3) 2003-2004				
Departmental adjustments by the Finance Minister (Appropriation Acts)				
Advance to the Finance Minister				
Refunds credited (FMA s30)				
Appropriations to take account of recoverable GST (FMA s30A) <sup>8</sup>				
Annotations to 'net appropriations' (FMA s31)				
Other cash adjustments ( <i>please describe</i> )				
Adjustment of appropriations on change of entity function (FMA s32)				
Appropriation lapsed <sup>7</sup>				
<b>Total appropriations available for payments</b>				
Payments made during the year (GST inclusive)				
Appropriations credited to Special Accounts				
Balance carried to the next period				

- 1 The amounts recorded in this table are primarily on a cash basis. However where indicated by an asterisk (\*) the amount recorded should be an accrual amount.
- 2 Entities must distinguish between “reductions for prior years” through section 8 and 9 determinations relating to previous years, and “appropriation that was reduced by a section 9 determination for the current year”, and disclose the former for this item. In determining the amount to be disclosed for section 8 determinations, entities must disclose the amount the appropriation was reduced by (e.g. annual appropriation, less all adjustments such as section 32, less section 8 determination amount equals the amount of appropriation reduced by the section 8 determination).
- 3 As per Appropriation Act (No. 1) 2004-2005, and where appropriate, Appropriation (Parliamentary Departments) Act (No.1) 2004-2005.
- 4 This item must be as per Appropriation Act (No. 3) 2004-2005, and where appropriate, Appropriation (Parliamentary Departments) Act (No.2) 2004-2005.
- 5 Section 11 Appropriation Acts (No. 1) and (No. 3) 2004-2005 or section 13 of Appropriation (Parliamentary Departments) Acts (No.1) and (No.2) 2004-2005.
- 6 Section 12 Appropriation Acts (No. 1) and (No. 3) 2004-2005 or section 14 of Appropriation (Parliamentary Departments) Acts (No.1) and (No.2) 2004-2005.
- 7 This amount will be the current year amount of appropriation for departmental and/or administered items that was reduced by a section 9 for Act 1 and equivalent for Act 3 determinations by the Finance Minister before 30 June.
- 8 The amount recorded will be the amounts of GST appropriated during the reporting period (i.e. cash paid basis), but will need to exclude GST appropriated for payments to Special Accounts. This will allow for comparability between appropriation disclosure under this Policy and the disclosure of special accounts under Policy 2E of this Schedule.
- 9 Entities must disclose the appropriation receivable net of that amount for which the Finance Minister “withheld the drawing right” and separately disclose the amount of appropriation receivable whose drawing rights have been withheld.
- 10 Where an adjustment meets the recognition criteria of a formal reduction to an appropriation, in accordance with Clause 2A.15 of this Schedule, but at law the appropriation has not been reduced, the entity must disclose those amounts as an aggregate.
- 11 This item must equal the amount of appropriation promised to an entity to provide additional outputs in the current year with appropriation to be provided in the following year.
- 12 If an entity prefers, the comparative year information may be shown to the right of the current year columns. If this approach is taken, the more extensive current year disclosure requirements must be used for both years.
- 13 This table refers to the long title of Appropriation Acts 1 and 3, which is “An Act to appropriate money out of the Consolidated Revenue Fund for the ordinary annual services of the Government,

and for related purposes”. This table includes *Appropriation (Parliamentary Departments) (No. 1) Act*.

- 14 The “Represented by” lines in Table A and related footnotes 9-11 are intended to report a reconciliation between the balance of each appropriation legally available as at 30 June each year and the balances of cash and appropriations receivables for departmental items and the balance of cash in an agency’s administered bank accounts for administered items. Entities should report any other reconciling items if applicable.

**Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations<sup>1, 15</sup>**

Particulars	Operating				Non – operating				Total
	Outcome 1		Outcome... 'n'		Equity	Loans	Previous Years' Outputs	Admin assets and liabilities	
	SPPs <sup>2</sup>	NAE <sup>3</sup>	SPPs <sup>2</sup>	NAE <sup>3</sup>					
<b>2004-05 (Current period)</b>									
Balance carried from previous period									
Reduction of appropriations (prior years) <sup>4</sup>									
Adjusted balance carried from previous period [A]									
Appropriation Act (No.2) 2004-2005 <sup>5</sup>									
Appropriation Act (No.4) 2004-2005 <sup>6</sup>									
Departmental Adjustments and Borrowings <sup>7</sup>									
Advance to the Finance Minister <sup>8</sup>									
Adjustment of appropriations on change of entity function (FMA s32)									
Refunds credited (net) (FMA s30)									
Appropriation reduced by a section 11 determination (current year) <sup>11</sup>									
Sub-total 2004-05 Annual Appropriation [B]									
Appropriations to take account of recoverable GST (FMA s30A) <sup>9</sup> [C]									
Total appropriations available for payments[A+B+C]									
Cash payments made during the year (GST inclusive) [D]									
Appropriations credited to Special Accounts (GST exclusive) [E]									
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations <sup>15</sup> [A+B+C+D+E]									
<i>Represented by:</i>									
Cash at bank and on hand									
Departmental appropriation receivable* <sup>1, 11</sup>									
GST receivable from the ATO* <sup>1</sup>									
Departmental appropriation receivable – Drawing rights withheld by the Finance Minister (FMA s27(4)) * <sup>1, 11</sup>									
Formal reductions of appropriation revenue* <sup>12</sup>									
Departmental appropriation receivable (appropriation for additional outputs)* <sup>13</sup>									
Undrawn, unexpired administered appropriations									
<b>Total</b>									



Particulars	Operating				Non – operating				Total
	Outcome 1	Outcome... 'n'							
<b>2003–04 (Comparative period)</b> <sup>14</sup>									
Balance carried from previous period									
Appropriation Act (No.2) 2003-2004									
Appropriation Act (No.4) 2003-2004									
Adjustments by the Finance Minister									
Advance to the Finance Minister									
Refunds credited (FMA s30)									
Appropriations to take account of recoverable GST (FMA s30A)									
Annotations to 'net appropriations' (FMA s31)									
Other cash adjustments ( <i>please describe</i> )									
Adjustment of appropriations on change of entity function (FMA s 32)									
Appropriation lapsed <sup>10</sup>									
<b>Total appropriations available for payments</b>									
Cash payments made during the year (GST inclusive)									
Appropriations credited to Special Accounts									
Balance carried to the next period									

- 1 The amounts recorded in this table are primarily on a cash basis. However, where indicated by an asterisk (\*) the amount recorded should be an accrual amount.
- 2 State payment items (Specific Payments to the States and Territories) (refer Budget Papers).
- 3 New Administered Expenses.
- 4 For this item, entities must distinguish between “reductions for prior years” through section 7, 8 and 11 determinations made during the current year that relate to previous years, and “appropriation that was reduced by a section 11 determination for the current year”, and disclose the former. In determining the amount to be disclosed for section 8 determinations, entities must disclose the amount the appropriation was reduced by (i.e. annual appropriation, less all adjustments such as section 32, less section 8 determination amount equals the amount of appropriation reduced by the section 8 determination).
- 5 As per Appropriation Act (No. 2) 2004-2005, and where appropriate, Appropriation (Parliamentary Departments) Act (No.1) 2004-2005.
- 6 This item must be as per Appropriation Act (No. 4) 2004-2005, and where appropriate, Appropriation (Parliamentary Departments) Act (No.1) and (No. 2) 2004-2005.
- 7 Section 12 Appropriation Act (No. 2) and (No.4) 2004-2005 and section 13 of Appropriation (Parliamentary Departments) Acts (No.1) and (No.2) 2004-2005.
- 8 Section 13 Appropriation Act (No. 2) and (No.4) 2004-2005 and section 14 of Appropriation (Parliamentary Departments) Acts (No.1) and (No.2) 2004-2005.
- 9 The amount recorded will be the amounts of GST appropriated immediately before payments are made (i.e. cash paid basis), but will need to exclude GST appropriated for payments from Special Accounts. This will allow for comparability between appropriation disclosure under this Policy and the disclosure of special accounts under Policy 2E of this Schedule.
- 10 This amount will be the current year amount of appropriation for departmental and/or administered items that was reduced by a section 11 for Act 1 and equivalent for Act 4 determinations by the Finance Minister before 30 June.
- 11 Entities must disclose the appropriation receivable net of that amount for which the Finance Minister “withheld the drawing right” and separately disclose the amount of appropriation receivable whose drawing rights have been withheld.
- 12 Where an adjustment meets the recognition criteria of a formal reduction to an appropriation, in accordance with Clause 2A.15 of this Schedule, but at law the appropriation has not been reduced, the entity must disclose those amounts as an aggregate.
- 13 This item must equal the amount of appropriation promised to an entity to provide additional outputs in the current year with appropriation to be provided in the following year.

- 14 If an entity prefers, the comparative year information may be shown to the right of the current year columns. If this approach is taken, the more extensive current year disclosure requirements must be used for both years.
- 15 To distinguish between appropriations in Table A, for Appropriation Act 1, 3 and Parliamentary Departments 1, this Table B refers to “Other than Ordinary Annual Services Appropriations”. (Refer to note 13, Table A of this Policy.)
- 16 The “Represented by” lines in Table B and related footnotes 12-13 are intended to report a reconciliation between the balance of each appropriation legally available as at 30 June each year and the balances of cash and appropriations receivables for departmental items and the balance of cash in an agency’s administered bank accounts for administered items. Entities should report any other reconciling items if applicable.

Has been amended to read:

**2C.1 Entities must make the disclosures in tabular form in the notes to the financial statements required by this Policy for all appropriations.**

**Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations<sup>1, 14</sup>**

Particulars	Administered Expenses				Departmental Outputs		Total	
	Outcome 1		Outcome ...'n'		2006	2005	2006	2005
	2006	2005	2006	2005				
Balance carried from previous period								
Reductions of appropriations (prior years) <sup>2</sup>								
Adjusted balance carried from previous period [A]								
Appropriation Act (No.1) <sup>3</sup>								
Appropriation Act (No.3) <sup>4</sup>								
Departmental adjustments by the Finance Minister (Appropriation Acts) <sup>5</sup>								
Comcover receipts (Appropriation Act s13)								
Advance to the Finance Minister <sup>6</sup>								
Adjustment of appropriations on change of entity function (FMA s 32)								
Refunds credited (net) (FMA s 30)								
Appropriation reduced by section 9 determinations (current year) <sup>7</sup>								
Sub-total Annual Appropriation [B]								
Appropriations to take account of recoverable GST (FMA s 30A) <sup>8</sup> [C]								
Annotations to 'net appropriations' (FMA s 31) [D]								
Total appropriation available for payments [A+B+C+D]								
Cash payments made during the year (GST inclusive) [E]								
Appropriations credited to Special Accounts (excluding GST) [F]								
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations <sup>13</sup> [A+B+C+D+E+F]								
<i>Represented by:</i>								
Cash at bank and on hand								
Departmental appropriations receivable* <sup>1, 9</sup>								
GST receivable from the ATO* <sup>1</sup>								
Departmental appropriations receivable – drawing rights withheld by the Finance Minister (FMA s27(4))* <sup>1, 9</sup>								
Formal reductions of appropriation* <sup>1, 10</sup>								
Departmental appropriation receivable (appropriation for additional outputs)* <sup>1, 11</sup>								
Undrawn, unexpired administered appropriations								
<b>Total</b>								

15 The amounts recorded in this table are primarily on a cash basis. However where indicated by an asterisk (\*) the amount recorded should be an accrual amount.

16 Entities must distinguish between “reductions for prior years” through section 8 and 9 determinations relating to previous years, and “appropriation that was reduced by a section 9 determination for the current year”, and disclose the former here. In determining the amount to be disclosed for section 8 determinations, entities must disclose the amount the appropriation was reduced by (e.g. annual appropriation, less all adjustments such as section 32, less section 8

- determination amount equals the amount of appropriation reduced by the section 8 determination).
- 17 As per Appropriation Act (No.1) 2005-2006, and where appropriate, Appropriation (Parliamentary Departments) Act (No.1) 2005-2006.
  - 18 This item must be as per Appropriation Act (No.3) 2005-2006, and where appropriate, Appropriation (Parliamentary Departments) Act (No.2) 2005-2006.
  - 19 Section 11 Appropriation Acts (No.1) and (No.3) 2005-2006 or section 13 of Appropriation (Parliamentary Departments) Acts (No.1) and (No.2) 2005-2006.
  - 20 Section 12 Appropriation Acts (No.1) and (No.3) 2005-2006 or section 14 of Appropriation (Parliamentary Departments) Acts (No.1) and (No.2) 2005-2006.
  - 21 This amount will be the current year amount of appropriation for departmental and/or administered items that was reduced by a section 9 for Act 1 and equivalent for Act 3 determinations by the Finance Minister before 30 June.
  - 22 The amount recorded will be the amounts of GST appropriated during the reporting period (i.e. cash paid basis), but will need to exclude GST appropriated for payments to Special Accounts. This will allow for comparability between appropriation disclosure under this Policy and the disclosure of special accounts under Policy 2E of this Schedule.
  - 23 Entities must disclose the appropriation receivable net of that amount for which the Finance Minister “withheld the drawing right” and separately disclose the amount of appropriation receivable whose drawing rights have been withheld.
  - 24 Where an adjustment meets the recognition criteria of a formal reduction to an appropriation, in accordance with Clause 2A.15 of this Schedule, but at law the appropriation has not been reduced, the entity must disclose those amounts as an aggregate.
  - 25 This item must equal the amount of appropriation promised to an entity to provide additional outputs in the current year with appropriation to be provided in the following year.
  - 26 If an entity prefers, the comparative year information may be shown to the right of the current year columns. If this approach is taken, the more extensive current year disclosure requirements must be used for both years.
  - 27 This table refers to the long title of Appropriation Acts 1 and 3, which is “An Act to appropriate money out of the Consolidated Revenue Fund for the ordinary annual services of the Government, and for related purposes”. This table includes *Appropriation (Parliamentary Departments) (No. 1) Act*.
  - 28 The “Represented by” lines in Table A and related footnotes 9-11 are intended to report a reconciliation between the balance of each appropriation legally available as at 30 June each year and the balances of cash and appropriations receivables for departmental items and the balance of cash in an agency’s administered bank accounts for administered items. Entities should report any other reconciling items if applicable.

**Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations<sup>1,15</sup>**

Particulars	Operating								Non – operating								Total	
	Outcome 1				Outcome... 'n'								Previous Years' Outputs				Admin assets and liabilities	
	SPPs <sup>2</sup>		NAE <sup>3</sup>		SPPs <sup>2</sup>		NAE <sup>3</sup>		Equity		Loans							
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Balance carried from previous period																		
Reduction of appropriations (prior years) <sup>4</sup>																		
Adjusted balance carried from previous period [A]																		
Appropriation Act (No.2) <sup>5</sup>																		
Appropriation Act (No.4) <sup>6</sup>																		
Departmental Adjustments and Borrowings <sup>7</sup>																		
Advance to the Finance Minister <sup>8</sup>																		
Adjustment of appropriations on change of entity function (FMA s32)																		
Refunds credited (net) (FMA s30)																		
Appropriation reduced by a section 11 determination (current year) <sup>11</sup>																		
Sub-total Annual Appropriation [B]																		
Appropriations to take account of recoverable GST (FMA s30A) <sup>9</sup> [C]																		
Total appropriations available for payments[A+B+C]																		
Cash payments made during the year (GST inclusive) [D]																		
Appropriations credited to Special Accounts (GST exclusive) [E]																		
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations <sup>15</sup> [A+B+C+D+E]																		
<i>Represented by:</i>																		
Cash at bank and on hand																		
Appropriation receivable* <sup>1,11</sup>																		
GST receivable from the ATO* <sup>1</sup>																		
Departmental appropriation receivable – Drawing rights withheld by the Finance Minister (FMA s27(4)) <sup>*1,11</sup>																		
Formal reductions of appropriation revenue* <sup>12</sup>																		
Departmental appropriation receivable (appropriation for additional outputs)* <sup>13</sup>																		
Undrawn, unexpired administered appropriations																		
<b>Total</b>																		

- 1 The amounts recorded in this table are primarily on a cash basis. However, where indicated by an asterisk (\*) the amount recorded should be an accrual amount.
- 2 State payment items (Specific Payments to the States and Territories) (refer Budget Papers).
- 3 New Administered Expenses.
- 4 For this item, entities must distinguish between “reductions for prior years” through section 7, 8 and 11 determinations made during the current year that relate to previous years, and “appropriation that was reduced by a section 11 determination for the current year”, and disclose the former. In determining the amount to be disclosed for section 8 determinations, entities must disclose the amount the appropriation was reduced by (i.e. annual appropriation, less all adjustments such as section 32, less section 8 determination amount equals the amount of appropriation reduced by the section 8 determination).
- 5 As per Appropriation Act (No.2) 2005-2006, and where appropriate, Appropriation (Parliamentary Departments) Act (No.1) 2005-2006.
- 6 This item must be as per Appropriation Act (No.4) 2005-2006, and where appropriate, Appropriation (Parliamentary Departments) Act (No.1) and (No. 2) 2005-2006.
- 7 Section 12 Appropriation Act (No.2) and (No.4) 2005-2006 and section 13 of Appropriation (Parliamentary Departments) Acts (No.1) and (No.2) 2005-2006.
- 8 Section 13 Appropriation Act (No.2) and (No.4) 2005-2006 and section 14 of Appropriation (Parliamentary Departments) Acts (No.1) and (No.2) 2005-2006.
- 9 The amount recorded will be the amounts of GST appropriated immediately before payments are made (i.e. cash paid basis), but will need to exclude GST appropriated for payments from Special Accounts. This will allow for comparability between appropriation disclosure under this Policy and the disclosure of special accounts under Policy 2E of this Schedule.
- 10 This amount will be the current year amount of appropriation for departmental and/or administered items that was reduced by a section 9 for Act 1 and equivalent for Act 4 determinations by the Finance Minister before 30 June.
- 11 Entities must disclose the appropriation receivable net of that amount for which the Finance Minister “withheld the drawing right” and separately disclose the amount of appropriation receivable whose drawing rights have been withheld.
- 12 Where an adjustment meets the recognition criteria of a formal reduction to an appropriation, in accordance with Clause 2A.15 of this Schedule, but at law the appropriation has not been reduced, the entity must disclose those amounts as an aggregate.
- 13 This item must equal the amount of appropriation promised to an entity to provide additional outputs in the current year with appropriation to be provided in the following year.
- 14 If an entity prefers, the comparative year information may be shown to the right of the current year columns. If this approach is taken, the more extensive current year disclosure requirements must be used for both years.
- 15 To distinguish between appropriations in Table A, for Appropriation Act 1, 3 and Parliamentary Departments 1, this Table B refers to “Other than Ordinary Annual Services Appropriations”. (Refer to note 13, Table A of this Policy.)

TableG (New table)

**Table G: Disclosure by agent in relation to special appropriations**

Name of legislation providing the appropriation	Responsible Agency 1		Responsible Agency 2... 'n'		Total	
	Departmental	Administered	Departmental	Administered	Departmental	Administered
Total receipts						
Total payments						
<b>Balance</b>						

**(h) Policy 2E Special Accounts**

Changes to this policy are:

- Table A: Special Accounts, has been amended to make reference to Table B and insert a 'Total Credits' total line.

Previous Table A: Special Accounts

**Table A: Special Accounts**

<b>Full official title (eg account name)<sup>1,2</sup></b>	<b>2005</b>	<b>2004</b>
Balance carried from previous period *		
Appropriation for reporting period <sup>3</sup>		
Costs recovered		
GST credits (FMA s30A)		
Realised investments		
Other receipts ( <i>Show each major class</i> ) <sup>4</sup>		
Available for payments		
Payments made ( <i>Show each major class</i> ) <sup>4</sup>		
Repayments debited from the Special Account (s 28) <sup>5</sup>		
Investments debited from the Special Account (FMA s39)		
Balance carried to the next period *		
<i>Represented by:</i>		
Cash – transferred to the Official Public Account		
Cash – held by the entity		
Total balance carried to the next period		



Has been amended to:

**Table A: Special Accounts**

<b>Special Account information (eg account name)<sup>1,2</sup></b>	<b>2006</b>	<b>2005</b>
Balance carried from previous period * (including investments)		
Appropriation for reporting period <sup>3</sup>		
Costs recovered		
GST credits (FMA s30A)		
Realised investments		
Other receipts ( <i>Show each major class</i> ) <sup>4</sup>		
<b>Total Credits</b>		
Available for payments		
Payments made ( <i>Show each major class</i> ) <sup>4</sup>		
Repayments debited from the Special Account (s 28)		
Investments debited from the special account (FMA s39)		
<b>Total Debits</b>		
Balance carried to the next period * (excluding investment balances – refer Table B)		
<i>Represented by:</i>		
Cash – transferred to the Official Public Account		
Cash – held by the entity		
<b>Total balance carried to the next period</b>		

## Chapter 3 Assets

- (i) **Policies 3A Non-Financial Assets, 3B Restricted Assets, 3C Assets Held in Trust, 3D Heritage and Cultural Assets (previously 3A Receivables, 3B Internal Use Software, 3C Non-Current Assets, 3D Impairment of Non-Financial Assets, 3E Analysis of Property, Plant and Equipment and Intangibles, 3F Restricted Assets, 3G Assets Held in Trust, 3H Sale of Administered Investments, 3I Heritage and Cultural Assets)**

The key changes to this policy have been:

- the restructure of Chapter 3 Assets with the removal of information covered in the new (AEIFRS) accounting standards;
- the deletion of tables duplicated in Appendix A; and
- the policy has been made compatible with AEIFRS.

Previous Policy 3A Receivables (deleted)

Previous Policy 3B, Internal Use Software

*3B.1 This Policy applies to software held for internal entity use, whether internally developed or externally acquired. It does not apply to software held for sale or software that is an integral part of hardware.*

*3B.2 Internally developed and externally acquired computer software for internal use must initially be recognised and, where applicable, capitalised at the cost of development or acquisition.*

*3B.3 After initial recognition, internal use software should be carried at its cost less any accumulated amortisation and any accumulated write downs.*

*3B.4 The carrying amount of internal use software must be amortised or depreciated over the useful life of the software.*

*3B.5 This Policy applies to both entity and administered assets.*

Previous Policy 3C, Non-Current Assets

*3C.1 Entities must revalue every class of assets that include assets of the types listed below, on the fair value basis (or other valuation basis permitted by the transitional provisions of AASB 1041 Revaluation of Non-Current Assets):*

- land;*
- buildings;*
- subject to Clause 3C.2 of this Policy, infrastructure, plant and equipment;*
- heritage and cultural assets;*
- investment properties; and*
- investments that are financial assets of Public Financial Corporations that are measured at market value with any changes in value recognised in net surplus/deficit in the reporting period in which the change occurs.*

*All the above asset classes must be valued at their fair value at the end of the first reporting period beginning after 30 June 2004.*

*3C.2 The cost basis must be applied to:*

- *specialist military equipment assets;*
- *intangible assets; and*
- *investments, except for investments that are required to be accounted for in accordance with the equity method of accounting under an Australian Accounting Standard and those investments referred to at Clause 3C.1(f) of this Policy.*

*3C.3 Assets included in a class referred to in Clause 3C.1 of this Policy must be the subject of a formal valuation at least once every five years. A formal valuation is one:*

- (a) carried out by an independent qualified expert; or*
- (b) carried out in accordance with a methodology approved by an independent qualified expert.*

*3C.4 This Policy applies to both entity and administered assets.*

**Previous Policy 3D, Impairment of Non-Current Assets**

*3D.1 This Policy applies to:*

- (a) non-current assets of non-commercial entities where the future economic benefits comprising those assets are not primarily dependent on the asset's ability to generate net cash inflows; and*
- (b) entity and administered assets, except for administered investments in separate legal entities.*

*3D.2 This Policy does not apply to:*

- (a) non current assets of commercial entities; and*
- (b) non-current assets of non-commercial entities where the future economic benefits comprising those assets are primarily dependent on the asset's ability to generate net cash inflows.*

*Such assets are subject instead to AAS 10 Recoverable Amount of Non-Current Assets if held at cost or deprival value or AASB 1041 Revaluation of Non-Current Assets if held at fair value.*

3D.3 *Budget-funded appropriations are not cash inflows generated by an entity's non-current assets. Entities, or parts of entities, other than those whose predominant purpose is to generate net cash inflows, are not cash generating operations for the purpose of AASB 1041.*

#### *Impairment losses*

3D.4 *At each reporting date, entities must assess whether there is any indication that assets to which this Policy applies may be impaired.*

3D.5 *Where an asset is assessed as being impaired, the entity must estimate the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount must be reduced to the recoverable amount. That reduction is an impairment loss.*

3D.6 *An impairment loss in respect of an asset measured on the cost basis must be recognised immediately as an expense. An impairment loss in respect of an asset measured at deprival value must be accounted for as a revaluation decrement in accordance with paragraphs 5.4 and 5.5 of AASB 1041.*

3D.7 *The recoverable amount of an asset is defined as the higher of its net selling price and its written-down current cost. Where an entity would not replace the remaining future economic benefits of an asset the written down current cost is zero.*

#### *Reversal of Impairment Losses*

3D.8 *An entity shall assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased.*

3D.9 *If any indication referred to in Clause 3D.7 of this Policy exists, the entity must estimate the recoverable amount of the asset. If the recoverable amount is greater than the carrying amount of the asset, the carrying amount shall be increased to the recoverable amount. However, if the recoverable amount is greater than the carrying amount that would have been determined had no impairment loss been recognised, the asset must instead be restated at that latter amount. An increase in carrying amount under this paragraph is a reversal of an impairment loss.*

3D.10 *A reversal of an impairment loss in respect of an asset measured on the cost basis must be recognised immediately as revenue. A reversal of an impairment loss in respect of an asset measured at deprival value must be accounted for as a revaluation increment in accordance with paragraphs 5.4 and 5.5 of AASB 1041.*

#### *Disclosure*

3D.11 *In the notes to the financial statements, an entity must disclose:*

- (a) *for each class of assets:*
  - (i) *the amount of impairment losses recognised as expense during the period; and*
  - (ii) *the amount of reversals of impairment losses recognised as revenue during the period.*
- (b) *for each material impairment loss or reversal recognised in the period:*

- (i) *the events and circumstances that lead to the recognition or reversal of the impairment loss;*
- (ii) *the amount of the impairment loss recognised or reversed;*
- (iii) *the nature of the asset;*
- (iv) *whether the recoverable amount of the asset is its net selling price or its value in use; and*
- (v) *if recoverable amount is the net selling price, the basis used to determine net selling price (such as whether selling price was determined with reference to an active market or in some other way).*

Previous Policy 3E, Analysis of Property, Plant and Equipment, and Intangibles

*3E.1 The notes to the financial statements must include tables A, B, C and D below.*

*3E.2 This Policy applies to entity and administered items.*

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

Item	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure, plant and equipment	Heritage and cultural assets	Computer software	Other intangibles
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>As at 1 July (previous year)</b>								
Gross book value								
Accumulated depreciation								
<b>Opening Net book value</b>								
Additions:								
by purchase								
by finance lease								
from acquisitions of entities or operations (including restructuring)								
Net revaluation increment/decrement								
Reclassifications								
Depreciation/amortisation expense								
Recoverable amount write-downs								
Other movements (give details below)								
Disposals:								
from disposal of entities or operations (including restructuring)								
other disposals								
<b>As at 30 June (current year)</b>								
Gross Book Value								
Accumulated depreciation								
<b>Closing Net Book Value</b>								

**Table B: Property, Plant and Equipment and Intangibles at Valuation.**

Item	Land (\$'000)	Investment property (\$'000)	Buildings (\$'000)	Specialist military equipment (\$'000)	Other infra- structure, plant and equipment (\$'000)	Heritage and cultural assets (\$'000)	Computer software (\$'000)	Other intangibles (\$'000)
<b>As at 30 June (current year)</b>								
Gross value								
Accumulated depreciation/amortisation								
<b>Closing Net book value</b>								
<b>As at 30 June (previous year)</b>								
Gross value								
Accumulated depreciation/amortisation								
<b>Closing Net book value</b>								

**Table C: Property, Plant and Equipment and Intangibles Held under Finance Lease.**

Item	Land (\$'000)	Investment property (\$'000)	Buildings (\$'000)	Specialist military equipment (\$'000)	Other infra- structure, plant and equipment (\$'000)	Heritage and cultural assets (\$'000)	Computer software (\$'000)	Other intangibles (\$'000)
<b>As at 30 June (current year)</b>								
Gross value								
Accumulated depreciation/amortisation								
<b>Closing Net book value</b>								
<b>As at 30 June (previous year)</b>								
Gross value								
Accumulated depreciation/amortisation								
<b>Closing Net book value</b>								

**Table D: Property, Plant and Equipment and Intangibles under Construction.**

Item	Buildings (\$'000)	Specialist military equipment (\$'000)	Other infra- structure, plant and equipment (\$'000)	Computer software (\$'000)	Other intangibles (\$'000)
Gross value at 30 June (current year)					
Gross value at 30 June (previous year)					



#### Previous Policy 3F, Restricted Assets

*3F.1 Where the use of an asset that is recognised in the Statement of Financial Position and/or Schedule of Administered Items 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 following must be disclosed:*

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

*3F.2 The Policy applies to both entity and administered items.*

#### Previous Policy 3G, Assets Held in Trust

*3G.1 The financial statements of entities must include a note giving particulars of assets, cash and non-cash, held in trust.*

*3G.2 In relation to assets held in trust, the particulars required by Clause 3G.1 of this Policy must be provided as a summary of the categories of assets held at the end of the reporting period and the purpose for which they are being held.*

*3G.3 In relation to cash held in trust, the particulars required by Clause 3G.1 of this Policy must include, for each significant category of trust, the:*

- (a) total amount held at the beginning of the reporting period;*
- (b) total receipts during the reporting period;*
- (c) total payments during the reporting period; and*
- (d) total amount held at the end of the reporting period:*
  - (i) by the entity; and*
  - (ii) in the Official Public Account on behalf of the entity as a receivable.*

*3G.4 In relation to non-cash assets held in trust, the particulars required by Clause 3G.1 of this Policy must include, for each significant category of trust, except for assets held by intelligence and security entities:*

- (a) a short description of each non-cash asset;*
- (b) the value of assets acquired or disposed of during the reporting period; and*
- (c) the value of assets at the end of the reporting period.*

## Previous Policy 3H, Sale of Administered Investments

*3H.1 This Policy applies to administered investments measured on the cost basis and held for sale.*

*3H.2 Administered investments are held for sale when a person or persons with the power to do so has made a formal, documented decision that the assets will be sold.*

### *Measurement at the time of the decision to sell*

*3H.3 The recoverable amount test in AAS 10 Recoverable Amount of Non-Current Assets is to be applied to all administered investment assets held for sale. The recoverable amount test must be initially applied as at the date of the decision to sell referred to in Clause 3H.2 of this Policy.*

*3H.4 In calculating the recoverable amount under AAS 10, cash flows should be discounted to their net present value.*

*3H.5 Immediately following the initial application of the recoverable amount test, an administered investment asset held for sale is classified as current or non-current based on the timing of the expected cash flows.*

### *Subsequent Measurement*

*3H.6 Directly attributable selling costs incurred after the date of classifying an administered investment asset as held for sale are added to the cost of that asset as they are incurred. Where selling costs are directly attributable to a group of administered investment assets held for sale, but not to a single such asset, they should be recorded as a separate administered asset. All selling costs capitalised in accordance with this Policy must be allocated to administered investment assets held for sale at the end of each reporting period for the purposes of applying the AAS 10 recoverable amount test. Selling costs incurred before the date of the decision to sell are expensed.*

*3H.7 The AAS 10 recoverable amount test is applied to current and non-current administered investment assets held for sale at the end of each reporting period until the asset is sold, otherwise disposed of, or the decision to sell the asset is revoked. If the decision to sell the asset is revoked, the asset is no longer classified as held for sale and is restated on the cost basis. The amount of any restatement is recorded as 'Administered Revenue – Reversal of Recoverable Amount Write-down'.*

*3H.8 Where directly attributable selling costs are controlled expenses of a Department, an amount equal to the portion incurred after the date of the decision to sell should be capitalised as part of the administered investment. The increase in the carrying amount of the administered investment is matched by an equivalent credit to 'Administered revaluations taken to/from reserves'.*

### *Transfer of Administered Investment Assets*

*3H.9 Where a decision to transfer an administered investment asset to another entity for sale has been taken, but it is not clear at what date that responsibility for the asset transferred, the asset is assumed to have transferred at the date of the decision to sell the asset.*

*3H.10 The initial application of the recoverable amount test referred to at Clause 3H.3 of this Policy is performed by the transferring Department, and any resultant write-down of the asset is recognised in that Department's administered expenses.*

*3H.11 Transfers of administered investments held for sale must always be accounted for in accordance with Policy 5A of this Schedule.*

#### *Disclosures*

*3H.12 The following particulars must be disclosed in the administered notes for each asset sale:*

- (a) proceeds from sale;*
- (b) written-down value of assets sold, excluding capitalised selling costs attributable to the assets sold;*
- (c) capitalised selling costs; and*
- (d) net gain or loss on sale.*

#### *Previous Policy 3I, Heritage And Cultural Assets*

*3I.1 Heritage and cultural items should only be recognised as assets where they meet the definition and recognition criteria for an asset set out in Statement of Accounting Concepts 4 (SAC 4) Definition and Recognition of the Elements of Financial Statements.*

*3I.2 Where the use or holding of heritage and cultural assets are subject to restrictions, the fair value ascribed to those assets should reflect those restrictions.*

*3I.3 Heritage and cultural assets should not be depreciated if there is no foreseeable limit to the period over which they will be held and used.*

*3I.4 When an entity controls or administers heritage and cultural items that are not recognised as assets, the notes to the financial statements must include the following:*

- (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.*

*3I.5 This Policy also applies to those components of buildings that have heritage or cultural value, where these can be separately identified from, and are material in relation to, the building as a whole.*

*3I.6 This Policy applies to both entity and administered items.*

Has been amended and merged into new policies to read:

#### New Policy 3A, Non-Financial Assets

- 3A.1 *Subject to 3A.7, entities must revalue every class of assets that include assets of the types listed below, on the fair value basis ie the revaluation method under AASB 116 Property, Plant and Equipment, or the fair value model under AASB 140 Investment Property, as appropriate:*
- (a) *land;*
  - (b) *land and buildings;*
  - (c) *infrastructure, plant and equipment;*
  - (d) *heritage and cultural assets; and*
  - (e) *investment properties.*
- 3A.2 *In the absence of an active market the cost basis must be applied to intangible assets. Intangibles shall be carried at fair value where an active market exists.*
- 3A.3 *The cost basis must be applied to Specialist Military Equipment, subject to satisfactory compliance with the transitional provisions of AASB 1.*
- 3A.4 *Revaluations must be made with sufficient regularity to ensure that the carrying amount of assets does not differ materially from fair value as at reporting date. The frequency of valuations will depend on the significance and volatility in changes to the fair value of the relevant assets.*
- 3A.5 *Non-financial assets may be revalued progressively.*
- 3A.6 *This Policy applies to both entity and administered assets.*
- 3A.7 *A for-profit entity or an Authority that is a university may elect not to apply the requirements at Policies 3A.1 to 3A.5.*

#### *Impairment of Non Financial Assets*

- 3A.8 *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 Impairment of Assets.*

#### *Analysis of Property, Plant and Equipment, and Intangibles*

- 3A.9 *Notes to the financial statements must include the following listed tables, where applicable, in accordance with Appendix A:*

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

*Table B: Property, Plant and Equipment Held under Finance Lease;*

*Table C: Property, Plant and Equipment under Construction;*

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

*Table E: Reconciliation of the Opening and Closing Balances of Intangibles; and*

*Table F: Intangibles under Construction.*

## *Borrowing Costs*

*3A.10 Borrowing costs are to be expensed as incurred. The Alternative Treatment allowed under AASB 123 is not to be adopted.*

## *New Policy 3B, Restricted Assets*

*3B.1 Where the use of an asset that is recognised in the Balance Sheet and/or Schedule of Administered Items 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 following must be disclosed:*

- (c) the identity and carrying amount of the assets; and*
- (d) the nature of the restrictions.*

*3B.2 Where the use or holding of an asset is subject to restrictions, the fair value ascribed to that asset should reflect those restrictions.*

*3B.3 This Policy applies to both entity and administered assets.*

## *New Policy 3C, Assets Held in Trust*

*3C.1 The financial statements of entities must include a note giving particulars of assets, cash and non-cash, held in trust but not controlled by the entity nor managed on behalf of the Australian Government.*

*3C.2 A summary of the categories of assets held at the end of the reporting period and the purpose for which they are being held must be disclosed for assets referred to in Clause 3C.1.*

*3C.3 In relation to cash assets, there must be disclosed, for each significant category, the:*

- (a) total amount held at the beginning of the reporting period;*
- (b) total receipts during the reporting period;*
- (c) total payments during the reporting period; and*
- (d) total amount held at the end of the reporting period:*
  - (i) by the entity; and*
  - (ii) in the Official Public Account.*

*3C.4 In relation to non-cash assets, there must be disclosed, for each significant category:*

- (d) a short description of each category;*
- (e) the value of assets acquired or disposed of during the reporting period; and*
- (f) the value of assets at the end of the reporting period.*

## New Policy 3D, Heritage and Cultural Assets

- 3D.1 Heritage and cultural items should 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 (Framework).*
- 3D.2 Heritage and cultural assets should be depreciated over the period they will be held and used. Heritage and cultural assets should not be depreciated if there is no foreseeable limit to the period over which they are held and used.*
- 3D.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:*
- (e) a description of those items;*
  - (f) the reason for non-recognition of those items;*
  - (g) the amount expended to acquire such items during the financial year; and*
  - (h) the amount of proceeds from the disposal of such items during the financial year.*
- 3D.4 This Policy also applies to those components of assets that have heritage or cultural value, where these can be separately identified from, and are material in relation to, the asset as a whole.*
- 3D.5 This Policy applies to both entity and administered items where applicable.*

**(j) Policy 4A Contingent Liabilities and Contingent Assets**

The minor changes to this policy are:

- the inclusion of reference to the new AEIFRS standards; and
- the deletion of description of requirement in table.

Previous Clauses 4A.2 – 4A.4

*4A.2 Contingent liabilities and contingent assets must be classified in accordance with the categories in the Schedule of Contingencies.*

*4A.3 A note to the financial statements titled ‘Contingent Liabilities and Contingent Assets’:*

- must be included in each entity’s financial report;*
- a separate note must be included for administered contingent liabilities and administered contingent assets;*
- the note titles in both these cases need not refer to contingent assets if none exist;*
- must include the information required by paragraph 14.6 of AASB 1044 Provisions, Contingent Liabilities and Contingent Assets;*
- must include the information referred to at (d) above, in respect of any material remote contingencies; and*
- must present separately information on non-remote and material remote contingencies*

*in the format of the Schedule of Contingencies in Appendix A.*

*4A.4 The reference in paragraph 14.8 of AASB 1044 to ‘entity’ must be read as ‘the entity, another Australian Government entity or the Australian Government as a whole’.*

Have been amended to read:

*4A.2 Contingent liabilities and contingent assets must be classified in accordance with the categories in the Schedule of Contingencies. Material remote contingent liabilities and contingent assets must be explained in a note to the financial statements that includes the information referred to in paragraphs 86 and 89 of AASB 137 Provisions, Contingent Liabilities and Contingent Assets.*

*4A.3 The reference in paragraph 92 of AASB 137 to ‘entity’ must be read as ‘the entity, another Australian Government entity or the Australian Government as a whole’.*

## **(k) Policy 4B Commitments**

The changes to this policy are:

- the inclusion of reference to the new AEIFRS standard; and
- the addition of a new Clause 4B.3 to add clarity.

Previous Policy

*4B.1 Commitments are:*

- (a) intentions to create liabilities, as evidenced by undertakings or agreements, to make future payments to other entities; and*
- (b) unrecognised liabilities that are Agreements Equally Proportionately Unperformed (AEPU) except where the AEPU is an onerous contract as defined in AASB 1044 Provisions, Contingent Liabilities and Contingent Assets.*

Has been amended to read:

*4B.1 Commitments are:*

- (a) intentions to create liabilities, as evidenced by undertakings or agreements to make future payments to other entities; and*
- (b) unrecognised liabilities that are obligations contained in a contract, agreement or undertaking that are equally proportionately unperformed, except where the obligation is an onerous contract as defined in AASB 137 Provisions, Contingent Liabilities and Contingent Assets.*

Clause 4B.3 (New Clause)

*4B.3 Commitments may be capital, non-capital, payable or receivable.*



**(1) Policy 5B Equity (previously Analysis of Equity)**

The major change to this policy is:

- the replacement of the old table with a new Statement of Changes in Equity in Appendix A. This reflects new AEIFRS disclosure requirements.

**(m) Policy 6A Administered Reporting**

The changes to this policy are:

- the inclusion of a new clause excluding the AOFM from reporting two of the schedules set by the 05-06 FMOs, instead requesting the AOFM reports according to the requirements of AASB101; and
- the deletion of references to requirements outlined elsewhere in the Schedule.

Previous Clause 6A.1

*6A.1 The financial statements of an entity, which administers activities for the Australian Government, must include a Schedule of Administered Items and associated Administered Notes:*

- in the form prescribed in Appendix A Section 3 of this Schedule;*
- including the Administered Reconciliation Table in accordance with Clause 6A.3 of this Policy;*
- including disclosures in relation to accounting policies and financial instruments in accordance with the relevant accounting standards, and*
- with background shading for the Schedule of Administered items and Administered Notes.*

Has been amended to

*6A.1 The financial statements of an entity which administers activities for the Australian Government must include a Schedule of Administered Items and associated Administered Notes:*

- is in the form prescribed in Appendix A Section 3 of this Schedule;*
- includes the Administered Reconciliation Table in accordance with Clause 6A.3 of this Policy;*
- includes disclosures in relation to accounting policies and financial instruments in accordance with the relevant accounting standards, and*
- uses background shading for the Schedule of Administered items and Administered Notes.*

*The Australian Office of Financial Management (AOFM) is excluded from the requirement to present a 'Schedule of Income Administered on Behalf of Government' and a 'Schedule of Expenses Administered on Behalf of Government' and associated disclosures as presented in Appendix A, Section 3. AOFM should instead adhere to the income statement reporting requirements contained in AASB 101 Presentation of Financial Statements.*

Previous Clause 6A.2

*6A.2 The Schedule of Administered Items and Administered Notes must:*

- to the extent that they are applicable, comply with sub-Clauses 1B.2(c) to 1B.2(h) of this Schedule;*
- comply with all requirements of this Schedule that apply to those items including Policies 2A and 2C in relation to reporting of appropriations;*

- (c) *show the amounts and particulars of the classes of revenues, expenses, assets, liabilities and cash flows administered on behalf of the Australian Government specified in Appendix A Section 3;*
- (d) *disclose any material classes of revenues, expenses, assets, liabilities and cash flows administered on behalf of the Australian Government, not specified in Appendix A Section 3, under the heading to which they relate or create a new heading to suit the individual circumstances (eg rental income, audit fees);*
- (e) *disclose any immaterial classes of revenues, expenses, assets, liabilities and cash flows administered on behalf of the Australian Government, not specified in Appendix A Section 3, in a class described as 'other' under the heading to which they relate;*
- (f) *include in the line item for 'Other' under revenues, expenses, assets, liabilities, commitments and contingencies administered on behalf of the Australian Government amounts not exceeding 10% of the total value of the respective category; and*
- (g) *state in the heading or as a footnote in the Schedule of Administered Items a brief description of the activities being administered on behalf of the Australian Government.*

Has been amended to

6A.2 *The Schedule of Administered Items and Administered Notes must:*

- (a) *to the extent that it is applicable, comply with Policy 1B of this Schedule;*
- (b) *comply with all applicable requirements of this Schedule; and*
- (c) *state 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.*

**(n) Policy 6B Administered Investments**

The major changes to this policy are:

- incorporates some aspects of old Policy 3H *Sale of Administered Investments*; and
- reflects the measurement requirements of the new AEIFRS accounting standards.

Previous policy

*6B.1 The total amount of the Australian Government's investment in each separate legal entity for which the Portfolio Minister is responsible must be disclosed in the Schedule of Administered Items. Details of the investments must be disclosed in the related Administered Notes.*

*6B.2 Administered investments, other than those required to be equity accounted for in accordance with 6B.5, are to be recognised on the cost basis. Administered investments measured on the cost basis and held for sale are subject to the recoverable amount test under AAS 10 Recoverable Amount of Non-Current Assets and Policy 3H Sale of Administered Investments of this Schedule.*

*(NB: This Clause is a simplified statement continuing past FMO requirements. In prior years, the FMOs required interests held as at 30 June 1997 which had been revalued before that date to be carried at their 30 June 1997 amount, and all other investments, other than those that were required to be equity accounted, to be carried at cost. Adjustments to these amounts were to be made as required by the (continuing) current Clause 6B.3 of this Policy. These policies effectively required administered investments on hand as at 30 June 2002 would be carried at cost or at deemed cost in accordance with the introduction of accounting standard AAS 38 Revaluation of Non-Current Assets in 2000-01 and its replacement AASB 1041 Revaluation of Non-Current Assets introduced in 2001-02).*

*6B.3 The carrying amount of the administered investments referred to in Clause 6B.2 of this Policy must not be adjusted except where required by:*

- Clause 6B.4 of this Policy;*
- another Policy of this Schedule; and/or*
- an applicable Accounting Standard.*

*6B.4 Capital injections and withdrawals, and contributions by, or distributions to, owners, must be reflected in the carrying amount of administered investments.*

*6B.5 Administered investments that are required by an accounting standard to be equity accounted must be recognised in accordance with that accounting standard.*

Has been replaced by

*6B.1 “Administered investment” is defined for the purpose of this Policy as an investment by the Australian Government in a subsidiary, associate or joint venture that is managed by an entity on behalf of the Australian Government.*

*6B.2 Administered investments, other than those held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations, should be measured at fair value. If it is necessary to use cost or deemed cost, in accordance with paragraph 19 of AASB 1, the fair value approximation of cost to be used is fair value at 30 June 2005 as adjusted for known changes, such as changes in equity, during the year ended 30 June 2006. For the purposes of paragraph 19 of AASB 1, the transition to AEIFRS and the changes in valuation requirements are considered to be a significant event.*

#### *Impairment*

*6B.3 Administered investments, other than those held for sale or carried at fair value, are subject to impairment under AASB 136 Impairment of Assets.*

*6B.4 For the purposes of AASB 136, the depreciated replacement cost of an administered investment is equal to the Commonwealth’s share of the net assets of the investee measured in accordance with the Australian Accounting Standards applicable to the investee.*

#### *Administered Investments Held for Sale*

*6B.5 Administered investments are subject to the measurement provisions of AASB 5 when they become held for sale as defined in that Standard.*

*6B.6 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.*

*6B.7 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.*

**(o) Policy 7B Director/Executive Remuneration**

The major changes to this policy are:

- for-profit entities are exempt from this policy as they are required to comply with AASB 124 *Related Party Disclosures* which requires information about directors and key management personnel;
- the minimum level of manager remuneration reporting has been increased from \$100,000 to \$130,000 reflecting movements in remuneration since the policy was introduced;
- each band has been changed from \$10,000 to \$15,000; and
- the term 'senior executives' has replaced the word managers.

Previous Policy 7B:

*7B.1 Disclosures are required to be made in accordance with this Policy regardless of whether the relevant amounts are considered to be material.*

*7B.2 The following information must be disclosed in the notes to the financial statements in regard to the remuneration of Directors of a Commonwealth authority:*

- (a) the number of Directors of the Commonwealth authority whose total remuneration for the financial year derived from the Commonwealth authority 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 \$10,000; and*
- (b) the total of the remuneration referred to in paragraph (a) of all Directors referred to in that paragraph.*

*7B.3 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 Commonwealth authority and its subsidiaries, for the financial year.*

*7B.4 The following information must be disclosed in the notes to the financial statements in regard to the remuneration of managers:*

- (a) the aggregate remuneration of all managers of the entity whose remuneration for the financial year is \$100,000 or more; and*
- (b) the number of managers of the entity whose total remuneration for the financial year falls within each successive \$10,000 band, commencing at \$100,000;*

*being remuneration received or due and receivable, directly or indirectly, from the entity or any related party in connection with the management of the affairs of the entity or any of its subsidiaries, whether as a manager or otherwise.*

*7B.5 The following information must be disclosed in the notes to the financial statements of an economic entity where an Agency or Commonwealth authority is the parent entity in the economic entity:*

- (a) the aggregate remuneration of all managers of the economic entity whose remuneration for the financial year is \$100,000 or more; and*

- (b) *the number of managers of the economic entity whose total remuneration for the financial year falls within each successive \$10,000 band, commencing at \$100,000;*

*being remuneration received or due and receivable, directly or indirectly, from the entities in the economic entity or a related party in connection with the management of the affairs of the entities in the economic entity, whether as a manager or otherwise.*

- 7B.6 *In addition to all other requirements of this Policy, the aggregate amount of separation and redundancy expenses for managers should be disclosed separately.*

Has been amended to read:

- 7B.1 *Disclosures under this Policy must be made by Australian Government entities. For-profit entities are exempt from this Policy, as they are already required to disclose information in accordance with AASB 124 Related Party Disclosures.*

- 7B.2 *The following must be disclosed in the notes to the financial statements of an Authority:*

- (a) *the number of Directors of the Authority whose total remuneration for the financial year derived from the Authority 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.*

- 7B.3 *The following information must be disclosed in the notes to the financial statements in regard to the remuneration of senior executives:*

- (a) *the aggregate remuneration of all senior executives of the entity whose remuneration for the financial year is \$130,000 or more; and*

- (b) *the number of managers of the entity whose total remuneration 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 in connection with the management of the affairs of the entity or any of its subsidiaries, whether as a senior executive or otherwise.*

- 7B.4 *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 in the economic entity:*

- (a) *the aggregate remuneration of all senior executives of the economic entity whose remuneration for the financial year is \$130,000 or more; and*

- (b) *the number of managers of the economic entity whose total remuneration 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 entities in the economic entity or a related party in connection with the management of the affairs of the entities in the economic entity, whether as a senior executive or otherwise.*

*7B.5 In addition to all other requirements of this Policy, the aggregate amount of separation and redundancy expenses for senior executives should be disclosed separately.*



**(p) Appendix A: Forms of Financial Statements, Schedules and Notes**

Appendix A contains the forms of the relevant financial statements and accompanying notes, and the mandatory disclosures that are required to be made. The changes mainly relate to those required under the new accounting standards (AEIFRS) applicable from 1 July 2005 (or 1 January 2005 for entities with balance dates ending 31 December 2005).

As the numerous changes reflect the requirements of the new accounting standards, the individual changes are not disclosed.

Key Changes include:

- the titles and format of the statements have been changed to reflect requirements under AEIFRS;
- addition of a new Statement of Changes in Equity as required under AEIFRS;
- notes to financial statements reflect changes in primary statements as required under AEIFRS;
- the titles for Appendix A, Section 1, have been amended from the previous 'For Commercial Reporting Entities' to read 'For Profit Reporting Entities';
- the titles for Appendix A, Section 2, have been amended from the previous 'Non-Commercial Reporting Entities' to read 'Not-For-Profit Reporting Entities';
- tables 2C.A to 2E.B have been amended and moved from Appendix A, Section 2, to Chapter 2, 2C Disclosures of Appropriations; and
- Table 5B: Analysis of Equity (Departmental) has been deleted from Appendix A, Section 2 as this information is now disclosed in the face statements (Statement of Changes in Equity) as required under AEIFRS.