



# AAGP 204 – ACT ACCOUNTING GUIDANCE PAPER ON COVID-19 DISCLOSURES AND WORKPAPERS

Chief Minister, Treasury and Economic  
Development Directorate

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# TABLE OF CONTENTS

|       |   |   |
|-------|---|---|
| 1.    | INTRODUCTION .....  | 3 |
| 1.1   | APPLICATION .....   | 3 |
| 1.1.1 | Background.....   | 3 |
| 1.1.2 | Agencies Covered by this Policy .....   | 3 |
| 1.1.3 | Contact .....   | 3 |
| 2.    | DOCUMENTATION OF COVID-19 ASSESSMENT AND WORKING PAPERS .....                   | 4 |
| 3.    | ADDITIONAL DISCLOSURE GUIDANCE .....  | 5 |
|       | ATTACHMENT B – 2020-21 MODEL FINANCIAL STATEMENT DISCLOSURES FOR COVID-19 ..... | 6 |

# 1. INTRODUCTION

## 1.1 APPLICATION

### 1.1.1 Background

This Guidance paper has been produced and released to assist ACT Government agencies in improving and standardising financial statement disclosures and supporting workpapers regarding the COVID-19 pandemic.

In order to assist agencies in producing both their 2020-21 financial statement COVID-19 disclosures and COVID-19 working papers, this paper is divided into two parts:

- Documentation of COVID-19 Assessment and Working Papers (Refer to Section 2).

This section of the Paper aims to provide practical guidance around how Finance Teams within agencies obtain information regarding COVID-19 and how this is shown in their financial statement workpapers. To assist agencies in undertaking an assessment of the COVID-19 impact a template has been included at **Attachment A**.

- Additional Disclosure Guidance (Refer to Section 3).

This section of the paper highlights some COVID-19 disclosures that agencies can use as a guide when preparing their 2020-21 financial statements. These disclosures are in addition to those already outlined in the 2019-20 Model Financial Statements. The additional Model Financial Statement Disclosures are included in **Attachment B** to this Paper. Note that a COVID-19 disclosure only needs to be included in an agency's financial statements where it is material.

The intention is that, where relevant, these additional disclosures will be included in the 2021-22 update to the Model Financial Statements.

### 1.1.2 Agencies Covered by this Policy

This guidance paper applies to ACT Government Agencies, that is directorates and territory authorities.

### 1.1.3 Contact

If you have any questions regarding this Policy, please contact the Financial Reporting and Framework (FRF) Branch to provide further clarification. Contact details are listed on the website: <https://apps.treasury.act.gov.au/accounting/>.

## 2. DOCUMENTATION OF COVID-19 ASSESSMENT AND WORKING PAPERS

When an ACT Government Agency is preparing their financial statements, it is important that they consider the impact of COVID-19 and the risks that COVID-19 presents. This assessment should have occurred last financial year (ie in 2019-20) and should occur again for the 2020-21 financial year. In undertaking this assessment in 2020-21 agencies should review each statement and note in their financial statements. To assist agencies in undertaking an assessment of any COVID-19 impacts and to demonstrate to the ACT Audit Office that the agency has undertaken this assessment, it is recommended that agencies complete the template included at **Attachment A**. Note the template will need to be adapted for the notes contained in the agency's own financial statements.

In order to make it easy to track revenue and expenses related to COVID-19 it is suggested that agencies create a separate project code in Oracle. This will greatly assist when completing their COVID-19 template.

While all items in an agency's financial statements should be assessed, examples of things that an agency might specifically consider when undertaking their COVID-19 assessment are as follows:

- budget initiatives and additional appropriation related to COVID-19;
- Commonwealth grants related to COVID-19;
- reassess variable considerations, including refund liabilities in revenue contracts due to COVID-19;
- increases in expenses related to COVID-19 for example;
  - Employee expenses;
  - Supplies and services (contractors, cleaning services etc);
- change in the fair value of assets related to COVID-19;
- impairment of assets related to COVID-19;
- events after balance date related to COVID-19;
- significant accounting policies related to COVID-19;
- going Concern considerations due to COVID-19;
- expected credit losses for loans and other financial assets due to COVID-19; and
- judgement relating to making significant accounting estimates and related disclosures due to COVID-19.

For further guidance in relation to the impact of COVID-19 on financial reporting please see the AASB/AUSB's COVID guidance paper from last year at [AASB19009 COVID19 FA.pdf \(auasb.gov.au\)](#).

### 3. ADDITIONAL DISCLOSURE GUIDANCE

Agencies should only make COVID-19 disclosures in their financial statements if they are material<sup>1</sup>. Where there is a material amount relating to COVID-19 included in a 2020-21 line item balance or total, agencies should include a disclosure in their financial statements outlining this fact and providing relevant details. For example, where an agency received \$6 million in COVID-19 related appropriation in 2020-21 and they received a total appropriation in 2020-21 of \$75 million, then details of the COVID-19 related appropriation should be separately disclosed in the financial statements. Also, agencies need to disclose a variance explanation where the COVID-19 pandemic has caused a material variance in a line item between the 2020-21 financial year and the 2019-20 financial year. Similar to all other variance explanations included in the financial statements, any COVID-19 related variance explanations will need to be independently verifiable for audit purposes. Agencies should therefore ensure they have workpapers supporting how the related amounts have been calculated and how they are attributable to COVID-19.

Any COVID-19 related item that is immaterial does not require separate disclosure in an agency's financial statements. For example, an agency may have received a Commonwealth Grant relating to COVID-19 for \$20,000, however if the total Commonwealth Grants received by the agency is \$10 million then the COVID-19 related Commonwealth Grant would not need to be separately disclosed.

Where an agency has one or more COVID-19 related disclosures to make, the agency can choose to either make those disclosures in the note to which the item relates or in a separate COVID-19 note. For example, where an agency has received a material amount of appropriation to employ additional staff due to COVID-19, the agency could disclose this separately in their 'Statement of Appropriation' and in their 'Employee Expenses' note or they could disclose information about both these amounts in a separate COVID-19 note.

Although agencies do have the choice, it is recommended that the COVID-19 disclosures be made in the note to which they relate rather than in a separate note. A couple of COVID-19 example disclosures have been included in **Attachment B** in order to give agencies an idea of the length of the disclosure and the types of information that could be included. Where a specific COVID-19 example disclosure has been included and it happens that this example specifically relates to a particular agency, then it is not anticipated that the example disclosure must be followed word for word. For example, the paper includes a disclosure regarding the impact of COVID-19 on Fare revenue in Note 5. So, if it is the case that an agency (eg Transport Canberra Operations) also has a material decrease in fare revenue due to COVID-19, it is not expected that they will necessarily copy the model disclosure word for word but will use the example disclosure as a guide as to the type and length of information to include.

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<sup>1</sup> For assistance in determining whether an item is material, agencies can look at AASB Practice Statement 2 *Making Materiality Judgements* and the 2019-20 Model Financial Statements Section 1.2.

## ATTACHMENT B – 2020-21 MODEL FINANCIAL STATEMENT DISCLOSURES FOR COVID-19

The Financial Reporting and Framework (FRF) Branch has developed some Model Financial Statement disclosures regarding COVID-19 to assist agencies with the production of their 2020-21 Financial Statements. These disclosures have been provided in light of the fact the FRF Branch will not be producing a 2020-21 Model Set of Financial Statements.

The below disclosures have been taken from the 2019-20 Model and additional text has been added in **orange** text to assist agencies with their COVID-19 disclosures in their 2020-21 Financial Statements. Any deleted text is shown in **orange-strikethrough**. The disclosures provide examples of the type of disclosures an agency could make where there is a material impact from COVID-19.

Where an agency has no material COVID-19 related items then it does not need to make any COVID-19 disclosures in their financial statements. However, it is recommended that this be documented in a financial statement workpaper including an assessment of the key areas considered.

The tables below show the sort of Statement and Note disclosures that an agency could use if it is determined that there is a material impact on an agency's financial statements due to the COVID-19 pandemic. **It is important to note that agencies need to assess their own disclosure requirements as these Model COVID-19 disclosures are indicative only and agencies need to make their own assessment.** Model COVID-19 disclosures should only be included in an agency's financial statements if they are applicable and material. For example, Employee Expenses have been included in this Model disclosure, however where an agency does not have any specific COVID-19 employee expenses this type of COVID-19 disclosure should not be included in the agency's financial statement disclosures. These Model disclosures are fictitious and have only been used for the purposes of illustrating the financial reporting requirements for ACT Government agencies.

It is anticipated that relevant disclosures will be incorporated into the ACT 2021-22 Model Financial Statements.

### Controlled Statements

| Statement                  |
|----------------------------|
| Statement of Appropriation |

### Controlled Notes

| Note No.   | Note Name   |
|------------|---|
| Note 5     | Sales of Goods and Services from Contracts with Customers |
| Note 11    | Employee Expenses   |
| Note 18    | Waivers, Impairment Losses and Write-Offs                 |
| Note 46    | Events after the Reporting Period                         |
| Appendix A | Basis of Preparation of the Financial Statements          |
| Appendix B | Significant Accounting Policies                           |

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

# ‘Example Agency’

## Controlled Statement of Appropriation

### For the Year Ended 30 June 2021

| Reference                      | Original<br>Budget<br>2021<br>\$'000      | Total<br>Appropriated<br>2021<br>\$'000 | Appropriation<br>Drawn<br>2021<br>\$'000 | Appropriation<br>Drawn<br>2020<br>\$'000 |
|--------------------------------|---|---|--|--|
|                                | <b>Controlled</b>                         |   |  |  |
| AASB 1004.64(a)<br>1058.26 (c) | Controlled Recurrent<br>Payments          |   |  |  |
| AASB 1004.64(a), 48            | Capital Injections                        |   |  |  |
|                                | <b>Total Controlled<br/>Appropriation</b> |   |  |  |

The above Controlled Statement of Appropriation should be read in conjunction with the accompanying notes.

#### COVID-19 Disclosure

In response to the COVID-19 pandemic, ‘Example Agency’ received additional appropriation funding through a number of budget initiatives to support the local economy. This additional appropriation was material as outlined below:

- *Phase 2 of the Fast Tracked Suburban Infrastructure Program* (‘Screwdriver 2’ ready projects). As part of the ACT Government’s economic package, the second phase of the Fast-Track program has played an important role in Canberra’s Recovery Plan. Similar to Phase 1, Phase 2 of this project has been designed to stimulate the ACT economy and renew local infrastructure across Canberra by providing more jobs and supporting more businesses. ‘Example Agency’ has received \$2.1 million in funding for upgrades to public buildings, various maintenance works and urban renewal projects;
- *Jobs for Canberra* - The ACT Government established a ‘Jobs for Canberrans’ fund to allow ACT Government Directorates to provide secure work opportunities for Canberrans who have relied on casual work and are not eligible for the Australian Government’s wage subsidy scheme. Throughout 2020-21, the Directorate had 27 staff employed under the ‘Jobs for Canberrans’ program and received \$2.3 million in funding.
- *‘Improving the Look and Feel of the City’* - Canberra’s public spaces and recreation areas were upgraded through the ACT Governments second stimulus package titled ‘Improving the Look and Feel of the City’. This broad package of work is designed to improve Canberra’s public spaces, and to create employment within the ACT due to the economic impact of the COVID-19 pandemic. ‘Example Agency’ received \$4.5 million through this package to undertake refresh works to local shopping centres and the city centre, new public toilets and increased maintenance activities.

#### Column Heading Explanations:

The Original Budget column shows the amounts that appear in the Statement of Cash Flows in the Budget Papers. This amount also appears in the Statement of Cash Flows.

The Total Appropriated column is inclusive of all appropriation variations occurring after the Original Budget.

The Appropriation Drawn is the total amount of appropriation received by the Agency during the year. This amount appears in the Statement of Cash Flows.

Variances between ‘Original Budget’, ‘Total Appropriated’ and ‘Appropriation Drawn ‘.

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

| Reconciliation of Appropriation for 2020-21                  | Controlled Recurrent<br>Payments<br>\$'000 | Capital<br>Injections<br>\$'000 |
|--|--|---------------------------------|
| Original Appropriation                                       |  |                                 |
| Supplementary Appropriation (FMA s.13)                       |  |                                 |
| Administrative Arrangements Transfer (FMA s.16) <sup>2</sup> |  |                                 |
| Rollover of Undisbursed Appropriation (FMA s.16B)            |  |                                 |
| Treasurer's Advance (FMA s.18)                               |  |                                 |
| Total Appropriated   |  |                                 |
| Budget Rollovers <sup>3</sup>                                |  |                                 |
| Controlled Appropriation Drawn                               |  |                                 |

1. The difference between the Original Budget and the Total Appropriated is mainly due to an Administrative Arrangement that occurred on 7 January 20XX, where the Agency gained the Heritage and Environment Division from the ABC Directorate.

The heritage function is responsible for the development of heritage policy as well as the maintenance of a number of large heritage assets.

The environment function is responsible for the development of policy frameworks and providing advice on the management and protection of the environment. For further details see Note 39 *Restructure of Administrative Arrangements*.

2. The difference between the Total Appropriated and the Appropriation Drawn down is largely due to design delays associated with a major project scheduled to commence in 20XX. Appropriation was not drawn down for this project and has been rolled over to the following reporting period. ‘Project X’ (\$0,000,000) was due to start in February 20XX, however, it is expected that it will not commence until August 20XX. This project has both recurrent and capital injection elements.



**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Reference

## NOTE 5. SALES OF GOODS AND SERVICES FROM CONTRACTS WITH CUSTOMERS

### COVID-19 Disclosures

Since the commencement of the COVID-19 pandemic ‘Example Agency’ has lost a material amount of public transport fare revenue. Bus and light rail patronage decreased to an estimated 2% of pre COVID-19 levels in April 2020 but has since slowly recovered and is now estimated to be at 90% of pre COVID-19 levels. The reduction in patronage over this period of time has resulted in lost fare revenue of approximately \$8 million.

|  | 2021<br>\$'000 | 2020<br>\$'000 |
|--|----------------|----------------|
| <b>ACT Government Customers</b>  |                |                |
| User Charges – ACT Government <sup>a</sup>                             |                |                |
| <b>Total Sales of goods and Services from ACT Government Customers</b> |                |                |
| <b>Non–ACT Government Customers</b>                                    |                |                |
| Sale of Goods <sup>b</sup>   |                |                |
| Service Revenue <sup>c</sup>   |                |                |
| Fare Revenue <sup>d</sup>  |                |                |
| Other  |                |                |
| <b>Sales of Goods and Services from Non–ACT Government Customers</b>   |                |                |
| <b>Total Sales of Goods and Services from Contacts with Customers</b>  |                |                |

User charges revenue is derived by providing goods and services to other ACT Government agencies and to the public. User charges revenue is legally retained by the agency and driven by consumer demand.

- a) User Charges – ACT Government primarily relates to the performance obligation of property management where control is transferred on a systematic basis as the services as being provided and therefore the revenue is recognised over time. The increase largely reflects the rise in rental prices in the ACT and the property management fees are charged as a percentage of the rent.
- b) The performance obligation in the sale of goods is the supply of the goods to the customer and revenue is recognised on transfer of physical possession to the customer.
- c) Service Revenue (Non-ACT Government) relates to facilities management for private sector clients. The increase is largely due to an increase in the amount being charged for providing this service to the private sector. The majority of work is billed on an at-cost basis. This is a total charge determined by the recovery rates of the labour, materials and tools used to accomplish the work. Control of the performance obligation is transferred at a point in time when the work is complete.

d) The decrease in Fare Revenue is mainly due to a lower level of public transport patronage in 2020-21 when compared to 2019-20 due to the COVID-19 Pandemic.

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Reference

## NOTE 11. EMPLOYEE EXPENSES

### COVID-19 Disclosure

As part of the ACT Government’s response to the COVID-19 pandemic a ‘Jobs for Canberrans’ program was established to provide secure work opportunities for Canberrans who have relied on casual work and are not eligible for the Australian Government’s wage subsidy scheme. This program has had a material impact on employee expenses with an additional 27 staff being employed throughout 2020-21 under this program at a cost of \$2.3 million.

|  | 2021<br>\$’000 | 2020<br>\$’000 |
|--|----------------|----------------|
| Wages and Salaries                           |                |                |
| Annual Leave Expense                         |                |                |
| Long Service Leave Expense                   |                |                |
| Workers’ Compensation Insurance Premium      |                |                |
| Termination Expense                          |                |                |
| Other Employee Benefits and On-Costs         |                |                |
| <b>Total Employee Expenses<sup>(a)</sup></b> |                |                |

(a) The increase in employee expenses is mainly due to additional staff employed by ‘Example Agency’ under the ‘Jobs for Canberrans’ program and less leave being taken by employees due to the COVID-19 pandemic in 2020-21 when compared to 2019-20.

### Commentary – Note 11: Employee Expenses

AASB 119.5

Employee benefits include:

- short-term employee benefits, such as wages, salaries, annual leave loading and non-monetary benefits(e.g. vehicles), if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services;
- post employment benefits (e.g. pensions and post employment life insurance);other long-term employee benefits (e.g. annual leave, long service leave, sabbatical leave, long-term disability benefits and deferred compensation); and
- termination benefits.

AASB 119.11

Where an employee has rendered services to the agency during a reporting period, the agency must recognise as an expense (and a liability) the undiscounted amount of short-term employee benefits, including non-monetary benefits, expected to be settled in exchange for that service. Wages and salaries include the cost of any components of a wage or salary package and related Fringe Benefits Tax.

Termination expense represents the movement in the provision for termination benefits outlined in Note 36 Employee Benefits. This provision relates solely to redundancies paid to employees as a result of positions being abolished due to a restructuring of the agency.

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

|                        |   |                |     |                |
|------------------------|---|----------------|-----|----------------|
| Reference              | <b>NOTE 18. WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS</b>   |                |     |                |
| FMA Section 131 (1)(a) | <p>Under Section 131 of the <i>Financial Management Act 1996</i>, the Treasurer may in writing, waive the right to payment of an amount payable to the Territory. The Treasurer waived loans owing to the Agency from third parties.</p> <p>The waivers, impairment losses and write-offs listed below have occurred during the reporting period for the Agency.</p> <p><b>COVID-19 Disclosure</b></p> <p>The ‘Stimulus Waivers’ relate to the waiver of sports ground hire fees as part of the ACT Government’s economic survival package to support the Territory’s economy during the COVID-19 pandemic. The amount of these Waivers was \$0.500 million in 2020-21 making it material in comparison to total waivers provided by ‘Example Agency’ of \$0.750 million.</p> |                |     |                |
|                        | No.   | 2021<br>\$’000 | No. | 2020<br>\$’000 |
|                        | <b>Waivers</b>  |                |     |                |
|                        | Stimulus Waivers  |                |     |                |
|                        | Other Waivers   |                |     |                |
|                        | <b>Total Waivers</b>  |                |     |                |
|                        | <b>Impairment Losses</b>  |                |     |                |
|                        | <i>Impairment Loss from Receivables</i>   |                |     |                |
| AASB 7.20(a)(vi)       | Expected Credit Loss Expense  |                |     |                |
|                        | <i>Total Impairment Loss from Receivables</i>   |                |     |                |
|                        | <i>Impairment Loss from Property, Plant and Equipment</i>   |                |     |                |
| AASB 136.126(a)        | Plant and Equipment   |                |     |                |
|                        | <i>Total Impairment Loss from Property, Plant and Equipment</i>   |                |     |                |
|                        | <b>Total Impairment Losses</b>  |                |     |                |
|                        | <b>Write-offs</b>   |                |     |                |
| ACT Disclosure Policy  | Losses or Deficiencies in Public Monies   |                |     |                |
| ACT Disclosure Policy  | Irrecoverable Debts   |                |     |                |
| ACT Disclosure Policy  | Obsolete Stock  |                |     |                |
|                        | <b>Total Write-offs</b>   |                |     |                |
|                        | <b>Total Waivers, Impairment Losses and Write-offs</b>  |                |     |                |

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**Reference**

## **NOTE 46. EVENTS AFTER THE REPORTING PERIOD**

### **Administrative Arrangement After the Reporting Period**

AASB 110.21(a)

On 1 July 2020, the Executive approved an administrative arrangement that involved restructuring the Agency by moving its land and planning division to ‘Receiving Directorate’. The movement of the land and planning division was undertaken because it was considered that this function was more closely aligned with the existing functions of ‘Receiving Directorate’. The financial effect of the administrative arrangement is not reflected in the financial statements.

AASB 110.21(b)

The total value of net assets transferred between the Agency and ‘Receiving Directorate’ after the reporting period was \$XXX.

### **COVID-19 Events After the Reporting Period**

In mid-July 2021 it was discovered that two families from Sydney were COVID-19 positive and had travelled to and visited several sites within Canberra. This led to 23 locally acquired cases in Canberra and resulted in the ACT Government deciding to cease operating public transport for a six-week period at the end of July. This resulted in ‘Example Agency’ having to suspend bus and light rail services during that time. It is estimated that this will result in a material loss of own source revenue of approximately \$4 million.

### **Commentary – Note 46: Events after the Reporting Period**

AASB 110.3

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (*adjusting events after the reporting period*); and
- those that are indicative of conditions that arose after the reporting period (*non-adjusting events after the reporting period*).

AASB 110.8 & 9

**Adjusting events after the reporting period** – involve an agency adjusting the amounts recognised in its financial statements for that adjusting event. An example of an adjusting event is the settlement after the reporting period of a court case that confirms the agency had a present obligation at the end of the reporting period. The agency would therefore have to make the appropriate adjustment in its financial statements for the result of the court case.

AASB 110.10 & 11

**Non-adjusting events after the reporting period** – involve the disclosure of the event; however, no adjustment is made to amounts recognised in the financial report. An example of a non-adjusting event is a decline in market value of investments between the end of the reporting period and the date when the financial report is authorised for issue. The decline in market value does not normally relate to the condition of the investments at the end of the reporting period, but reflects circumstances that have arisen subsequently.

AASB 110.19

If an agency receives information after the reporting period about conditions that existed at the end of the reporting period, disclosures relating to those conditions should be updated in light of the new information.

AASB 110.21

AASB 110 *Events after the Reporting Period* requires the following information to be disclosed for each material category of non-adjusting event after the reporting period:

- the nature of the event; and
- an estimate of its financial effect or a statement that such an estimate cannot be made.

If an agency does not have any material events occurring after the reporting period, then this note can be excluded.

## Appendix A - Basis of Preparation of the Financial Statements

### LEGISLATIVE REQUIREMENT

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government agencies. The FMA and the *Financial Management Guidelines* issued under the Act, requires an agency's financial statements to include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet at the end of the year;
- (iii) a Statement of Changes in Equity for the year;
- (iv) a Statement of Cash Flows for the year;
- (v) a Statement of Appropriation for the year;
- (vi) an Operating Statement for each class of output for the year;
- (vii) the significant accounting policies adopted for the year; and
- (viii) other statements as necessary to fairly reflect the financial operations of the agency during the year and its financial position at the end of the year.

**Reference:** AASB 101.10(e), FMA 27(1) & (3), FMA 63(1) & (3), Financial Management (Periodic & Annual Financial Statements) Guidelines 2017

These general purpose financial statements have been prepared in accordance with:

- (i) Australian Accounting Standards (as required by the FMA); and
- (ii) ACT Accounting and Disclosure Policies.

**Reference:** AASB 101.10(e), AASB 1054.7 & 9, FMA 27(2) & 63(2)

### ACCRUAL ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The financial statements are prepared according to historical cost convention, except for non-current assets held for sale, property, plant and equipment and financial instruments which are valued at fair value in accordance with (re)valuation policies applicable to the Agency during the reporting period

**Reference:** AASB 101.27, AASB 101.17(a)

### CURRENCY

These financial statements are presented in Australian dollars, which is the Agency's functional currency.

**Reference:** AASB 101.51(d)

### INDIVIDUAL NOT-FOR- PROFIT REPORTING ENTITY

Example Agency is an individual not-for-profit reporting entity.

**Reference:** AASB 101.51(b), AASB 1054.8(b)

## CONTROLLED AND TERRITORIAL ITEMS

The Agency produces Controlled and Territorial financial statements. The Controlled financial statements include income, expenses, assets and liabilities over which the Agency has control. The Territorial financial statements include income, expenses, assets and liabilities that the Agency administers on behalf of the ACT Government but does not control.

The purpose of the distinction between Controlled and Territorial is to enable an assessment of the Agency's performance against the decisions it has made in relation to the resources it controls, while maintaining accountability for all resources under its responsibility.

The basis of preparation described applies to both Controlled and Territorial financial statements except where specified otherwise.

## REPORTING PERIOD

These financial statements state the financial performance, changes in equity and cash flows of the Agency for the year ended 30 June 2020 together with the financial position of the Agency as at 30 June 2020.

**Reference:** AASB 101.51(c)

## COMPARATIVE FIGURES

### BUDGET FIGURES

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2020-21 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Papers.

**Reference:** FMA 27(2) & 63(2)

### PRIOR YEAR COMPARATIVES

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

**Reference:** AASB 101.38

Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

**Reference:** AASB 101.41

### ROUNDING

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of "-" represents zero amounts or amounts rounded down to zero.

**Reference:** AASB 101.51(e) & 53

## GOING CONCERN

As at 30 June 2020, 'Example Agency's current liabilities (\$xxx) exceed its current assets (\$xxx) by \$xxx. However, this is not considered a liquidity risk as its cash needs are funded through appropriation by the ACT Government on a cash-needs basis. This is consistent with the whole-of-Government cash management regime, which requires excess cash balances to be held centrally rather than within individual agency bank accounts

The 2020-21 financial statements have been prepared on a going concern basis as 'Example Agency' has been funded in 2021-22 under section 7 of the *Financial Management Act 1996* pending funding in the 2021-22 Budget and the 2021-22 Budget Papers ~~include~~ including forward estimates for 'Example Agency'. The 2021-22 Budget will be presented to the Legislative Assembly subsequent to the signing of 'Example Agency's' 2020-21 financial statements.

**Reference:** ACT Treasury Directorate Finance Memorandum 2006/11  
AASB 101.25-26

## IMPACT OF COVID-19

'Example Agency' has assessed the impact of the COVID-19 pandemic on its financial statements. From this assessment 'Example Agency' has concluded that COVID-19 has had a material impact on certain aspects of its operations. 'Example Agency' has received additional appropriation through budget initiatives to fund additional employees and capital projects. 'Example Agency's' own source revenue has been negatively impacted with the amount of public transport fare revenue much lower than pre pandemic levels. 'Example Agency' has also waived amounts owing to it and has had an event which has occurred after balance date. All material COVID-19 disclosures are included in the note to which they relate.

These impacts are expected to continue in the foreseeable future with the continuation of restrictions caused by the pandemic.

## Appendix B – Significant Accounting Policies

Appendix B – Significant Accounting Policies applies to both the Controlled and Territorial financial statements. Accounting policies specific to the Territorial Financial Statements are listed below under the heading Territorial – Significant Accounting Policies.

### SIGNIFICANT ACCOUNTING POLICIES – INCOME

#### REVENUE RECOGNITION

Revenue is recognised in accordance with AASB 15 Revenue from Contracts with Customers where the contract is enforceable and contains sufficiently specific performance obligations, otherwise revenue is in the scope of AASB 1058 Income of not-for-Profit Entities.

##### AASB 15

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. identify the contract with the customer;
2. identify the performance obligations;
3. determine the transaction price;
4. allocate the transaction price; and
5. recognise revenue as or when control of the performance obligation is transferred to the customer.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Agency have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations

##### AASB 1058

Where revenue streams are in the scope of AASB 1058, the Agency recognises the asset received (generally cash or other financial asset) at fair value, recognises any related amount (e.g. liability or equity) in accordance with an accounting standard and recognises revenue as the residual between the fair value of the asset and the related amount on receipt of the asset.

### NOTE 4 – CONTROLLED RECURRENT PAYMENTS

Controlled Recurrent Payments are recognised as revenue when the Agency gains control over the funding. Control over appropriated funds is obtained upon receipt of cash.

Reference: AASB 1058.10

#### IMPAIRMENT OF ASSETS - CONTINUED

Impairment losses for plant and equipment, leasehold improvements and intangible assets are recognised in the Operating Statement (see Model Financial Statements - Note 18 Waivers, Impairment Losses and Write-offs), as plant and equipment and intangibles are carried at cost, and leasehold improvements are



## APPENDIX B – SIGNIFICANT ACCOUNTING POLICIES

carried at fair value, but do not have an Asset Revaluation Surplus attached to them. The carrying amount of the asset is reduced to its recoverable amount.

Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

### NOTE 28 – INVESTMENT PROPERTIES

Investment properties are measured at fair value. They are valued annually as at the end of the reporting period. Changes in fair values are recorded in the Operating Statement (see Model Financial Statements – Note 17 Other Expenses or Note 9 Gains from Disposals, Derecognition and Remeasurement of Assets). Investment properties are not depreciated.

**Reference:** AASB 140.75(a) & (e), AASB 13.15

### NOTE 29 – INTANGIBLE ASSETS

The Agency's intangible assets are comprised of internally generated and externally acquired software for internal use. Externally acquired software is recognised and capitalised when:

- (a) it is probable that the expected future economic benefits attributable to the software will flow to the Agency;
- (b) the cost of the software can be measured reliably; and
- (c) the acquisition cost is equal to or exceeds \$50,000.

**Reference:** AASB 138.21 & 57, Model Financial Statements Guidelines: 1.6 Application – ACT Disclosure Policy

Internally generated software is recognised when it meets the general recognition criteria outlined above and where it also meets the specific recognition criteria relating to intangible assets arising from the development phase of an internal project.

**Reference:** AASB 138.118(a) & (b), Model Financial Statement Guidelines - 1.6 Application – ACT Disclosure Policy

Capitalised software has a finite useful life. Software is amortised on a straight-line basis over its useful life, over a period not exceeding 5 years.

Intangible Assets are measured at cost.

## SIGNIFICANT ACCOUNTING POLICIES – LIABILITIES

### LIABILITIES – CURRENT AND NON-CURRENT

Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Agency does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Liabilities, which do not fall within the current classification, are classified as non-current. **Reference:** AASB 101.60 & 69

### NOTE 32 – PAYABLES

Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating

## APPENDIX B – SIGNIFICANT ACCOUNTING POLICIES

Statement. All amounts are now normally settled within <3014 days> after the invoice date given the ACT Government accelerated the payments of invoices for local enterprises recognising the importance of cash flow to small and medium enterprises given the COVID-19 pandemic.

**Reference:** AASB 7.21

Payables include Trade Payables, Accrued Expenses and Other Payables.



Chief Minister, Treasury and Economic  
Development Directorate

June 2021