



**MODEL FINANCIAL STATEMENTS  
FOR  
DIRECTORATES  
&  
TERRITORY AUTHORITIES  
FOR THE REPORTING PERIOD  
ENDED 30 JUNE 2020**

**ISSUED JUNE 2020**

**'EXAMPLE AGENCY'**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Produced by:  
Financial Reporting & Framework (FR&F)  
ACT Chief Minister, Treasury and Economic Development Directorate (CMTEDD)

Contact:  
FR&F  
Email: [geoff.britt@act.gov.au](mailto:geoff.britt@act.gov.au)  
Telephone: +61 2 6207 0259

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

## Table of Contents

<b>Table of Contents .....</b>	<b>iii</b>
<b>Financial Statement Guidelines for Agencies .....</b>	<b>1</b>
1.1 Preface .....	1
1.2 Materiality Guidance .....	1
1.2.1 Benefits of Streamlined Financial Reporting .....	1
1.2.2 General Guidance .....	2
1.2.3 Requirement for Separate Line Items on the Face of the Financial Statements .....	2
1.2.4 Requirement for Separate Note Disclosures .....	2
1.2.5 Detail in Separate Note Disclosures .....	3
1.2.6 Variance Explanations between Current and Prior Year Figures .....	3
1.2.7 Exceptions to the Simplification Guidance Rules .....	3
1.2.8 Consultation with Audit Committee and the Audit Office .....	3
1.2.9 Impact of the COVID-19 Pandemic .....	4
1.3 What’s New .....	4
1.3.1 Changes to the Model Resulting from Accounting Standard Changes .....	4
1.3.2 Changes to the Model resulting from ACT Accounting and Disclosure Policies issued since the last Model .....	6
1.3.3 Other Changes to the Model not resulting from changes to Accounting Standards or ACT Accounting and Disclosure Policies .....	6
1.4 Additional Sections .....	7
1.4.1 Territory Authority Section (TAS) .....	7
1.4.2 Model Supplement .....	7
1.5 Reporting Requirements .....	7
1.6 Application .....	8
1.7 Accounting Standards and Guidance Releases .....	8
1.8 Adapting the Model to Individual Agency Requirements .....	8
1.8.1 Decluttering Financial Statements .....	8
1.8.2 Presentation .....	8
1.8.3 Operating Statement .....	9
1.8.4 Output Classes .....	9
1.8.5 Note Disclosures .....	9
1.8.6 Concise Explanations of Major Variations .....	9
1.8.7 Comparative Figures for New Agencies .....	10
1.9 Financial Statement Requirements .....	10
1.9.1 Currency, Language and Comparative Amounts .....	10
1.9.2 Consolidation .....	10
1.10 Certification .....	11
1.10.1 Independent Audit Report .....	11
1.10.2 Statement by Director-General/Chief Executive Officer (or Chair Person) .....	11
1.10.3 Statement by the Chief Finance Officer .....	11

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

1.11	Submission Date for Financial Statements.....	11
<b>MODEL FINANCIAL STATEMENTS .....</b>		<b>12</b>
<b>Independent Audit Report.....</b>		<b>13</b>
<b>Statement of Responsibility.....</b>		<b>14</b>
<b>Statement by the Chief Finance Officer .....</b>		<b>15</b>
<b>CONTROLLED FINANCIAL STATEMENTS .....</b>		<b>16</b>
<b>Operating Statement.....</b>		<b>17</b>
<b>Balance Sheet .....</b>		<b>24</b>
<b>Statement of Changes in Equity .....</b>		<b>28</b>
<b>Statement of Cash Flows .....</b>		<b>31</b>
<b>Statement of Cash Flows – Continued .....</b>		<b>32</b>
<b>Controlled Statement of Appropriation .....</b>		<b>35</b>
<b>Summary of Agency Output Classes.....</b>		<b>37</b>
<b>Operating Statement for Output Class 1 – Management of Land .....</b>		<b>38</b>
<b>Operating Statement for Output Class 2 – Municipal Services.....</b>		<b>39</b>
<b>Operating Statement for Output Class 3 – Environment and Heritage.....</b>		<b>40</b>
<b>Disaggregated Disclosure of Assets and Liabilities [Directorates Only] .....</b>		<b>42</b>
<b>CONTROLLED NOTE INDEX.....</b>		<b>46</b>
<b>Note 1. Objectives of ‘Example Agency’ .....</b>		<b>49</b>
<b>Note 2. Significant Accounting Policies .....</b>		<b>49</b>
<b>Note 3. Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error..</b>		<b>49</b>
<b>Note 4. Controlled Recurrent Payments .....</b>		<b>50</b>
<b>Note 5. Sales of Goods and Services from Contracts with Customers .....</b>		<b>51</b>
<b>Note 6. Grants and contributions .....</b>		<b>53</b>
<b>Note 7. Investment Revenue.....</b>		<b>54</b>
<b>Note 8. Other Revenue .....</b>		<b>55</b>
<b>Note 9. Gains from Disposals, DeRecognition and ReMeasurement of Assets.....</b>		<b>56</b>
<b>Note 10. Other Gains .....</b>		<b>58</b>
<b>Note 11. Employee Expenses .....</b>		<b>59</b>
<b>Note 12. Superannuation Expenses.....</b>		<b>59</b>
<b>Note 13. Supplies and Services.....</b>		<b>60</b>
<b>Note 14. Depreciation and Amortisation .....</b>		<b>61</b>
<b>Note 15. Grants and Purchased Services.....</b>		<b>62</b>
<b>Note 16. Borrowing Costs .....</b>		<b>63</b>
<b>Note 17. Other Expenses .....</b>		<b>63</b>
<b>Note 18. Waivers, Impairment Losses and Write-offs .....</b>		<b>65</b>
<b>Note 19. Act of Grace Payments.....</b>		<b>66</b>
<b>Note 20. Auditor’s Remuneration .....</b>		<b>67</b>
<b>Note 21. Cash and Cash Equivalents .....</b>		<b>68</b>
<b>Note 22. Investments .....</b>		<b>69</b>
<b>Note 23. Receivables .....</b>		<b>70</b>

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

<b>Note 24. Contract Assets .....</b>	<b>73</b>
<b>Note 25. Inventories .....</b>	<b>76</b>
<b>Note 26. Non–Current Assets Held For Sale .....</b>	<b>77</b>
<b>Note 27. Property, Plant and Equipment .....</b>	<b>78</b>
<b>Note 28. Investment Properties .....</b>	<b>89</b>
<b>Note 29. Intangible Assets .....</b>	<b>92</b>
<b>Note 30. Capital Works in Progress .....</b>	<b>94</b>
<b>Note 31. Other Assets.....</b>	<b>96</b>
<b>Note 32. Payables.....</b>	<b>96</b>
<b>Note 33. Contract Liabilities.....</b>	<b>98</b>
<b>Note 34. Interest–Bearing Liabilites .....</b>	<b>100</b>
<b>Note 35. Lease Liabilities – Agency as a Lessee .....</b>	<b>102</b>
<b>Note 36. Employee Benefits.....</b>	<b>107</b>
<b>Note 37. Other Provisions.....</b>	<b>109</b>
<b>Note 38. Other Liabilities .....</b>	<b>111</b>
<b>Note 39. Restructure of Administrative Arrangements [Directorates Only] .....</b>	<b>112</b>
<b>Note 40. Financial Instruments .....</b>	<b>115</b>
<b>Note 41. Capital and Other Expenditure Commitments .....</b>	<b>124</b>
<b>Note 42. Contingent Liabilities and Contingent Assets .....</b>	<b>126</b>
<b>Note 43. Interest in a Joint Venture .....</b>	<b>128</b>
<b>Note 44. Interest in A Joint Operation .....</b>	<b>131</b>
<b>Note 45. Cash Flow Reconciliation .....</b>	<b>133</b>
<b>Note 46. Events after the Reporting Period .....</b>	<b>134</b>
<b>Note 47. Third Party Monies .....</b>	<b>135</b>
<b>Note 48. Related Party Disclosures.....</b>	<b>136</b>
<b>Note 49. Budgetary Reporting.....</b>	<b>142</b>
<b>TERRITORIAL FINANCIAL STATEMENTS .....</b>	<b>146</b>
<b>Statement of Income and Expenses on Behalf of the Territory.....</b>	<b>147</b>
<b>Statement of Assets and Liabilities on Behalf of the Territory .....</b>	<b>148</b>
<b>Statement of Changes in Equity on Behalf of the Territory .....</b>	<b>149</b>
<b>Statement of Cash Flows on Behalf of the Territory.....</b>	<b>151</b>
<b>Territorial Statement of Appropriation .....</b>	<b>152</b>
<b>TERRITORIAL NOTE INDEX .....</b>	<b>153</b>
<b>Note 50. Significant Accounting Policies – Territorial .....</b>	<b>154</b>
<b>Note 51. Payment for Expenses on behalf of the Territory – Territorial .....</b>	<b>154</b>
<b>Note 52. Taxes, Licences, Fees and Fines – Territorial .....</b>	<b>154</b>
<b>Note 53. Grants and Purchased Services – Territorial.....</b>	<b>156</b>
<b>Note 54. Transfer to Government – Territorial.....</b>	<b>157</b>
<b>Note 55. Other Expenses – Territorial.....</b>	<b>157</b>
<b>Note 56. Waivers, Impairment Losses and Write-offs – Territorial.....</b>	<b>157</b>
<b>Note 57. Cash and Cash Equivalents – Territorial .....</b>	<b>158</b>

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

<b>Note 58. Receivables –Territorial .....</b>	<b>159</b>
<b>Note 59. Other Assets – Territorial.....</b>	<b>160</b>
<b>Note 60. Payables – Territorial.....</b>	<b>160</b>
<b>Note 61. Other Liabilities – Territorial .....</b>	<b>161</b>
<b>Note 62. Disaggregated Income and Expense – Territorial .....</b>	<b>162</b>
<b>Note 63. Restructure of Administrative Arrangements – Territorial.....</b>	<b>163</b>
<b>Note 64. Cash Flow Reconciliation – Territorial.....</b>	<b>164</b>
<b>Note 65. Financial Instruments – Territorial.....</b>	<b>165</b>
<b>Note 66. Commitments – Territorial.....</b>	<b>167</b>
<b>Note 67. Contingent Liabilities and Contingent Assets – Territorial .....</b>	<b>167</b>
<b>Note 68. Events after the Reporting Period – Territorial .....</b>	<b>168</b>
<b>Note 69. Related Party Disclosures – Territorial.....</b>	<b>168</b>
<b>Note 70. Budgetary Reporting – Territorial.....</b>	<b>168</b>
<b>Appendix A – Basis of Preparation of the Financial Statements.....</b>	<b>171</b>
<b>Appendix B – Significant Accounting Policies.....</b>	<b>175</b>
<b>Appendix C – Impact of Accounting Standards Issued But Yet to Be Applied .....</b>	<b>191</b>
<b>Appendix D – Change in Accounting Policy, Accounting Estimates, and Correction of a Prior Period Error</b>	
<b>193</b>	

# Financial Statement Guidelines for Agencies

## 1.1 PREFACE

The Model Financial Statements (Model) have been developed to assist agencies with the preparation of their annual financial statements.

The Model is designed to clearly explain presentational requirements within the current reporting framework of the Territory. Disclosures contained in the Model should only be included in an agency’s financial statements if they are applicable and material. For example, where an agency does not have any investment properties, the investment property note disclosure contained in the Model should not be included in the agency’s financial statements. Additional disclosure should also be included where the information is considered to enhance the comprehension of the financial statements and is of relevance to readers. The requirements in this Model are effective for the year ending 30 June 2020.

The Model ‘Example Agency’ is a fictitious agency and has only been used for the purposes of illustrating the financial reporting requirements for ACT Government agencies.

## 1.2 MATERIALITY GUIDANCE

Agencies are encouraged to consider materiality in preparing and streamlining their financial statements. AASB 101 defines information as material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The AASB Practice Statement 2 *Making Materiality Judgements* (December 2017) should be used by agencies in their assessment of materiality. Making materiality judgements involves both quantitative and qualitative considerations. A quantitative threshold - a specified level, rate or amount used in assessing size - can be a helpful tool in making a materiality judgement. However, a quantitative assessment alone is not always sufficient to conclude that an item of information is not material. The entity should further assess the presence of qualitative factors.

The Australian Accounting Standards Board (AASB) re-issued AASB 101 *Presentation of Financial Statements* to streamline and simplify financial statements. It clarified that entities should not disclose immaterial information in their financial statements and that the presentation of information in notes can and should be tailored to provide users with the clearest story of an entity’s financial performance and financial position. Agencies are strongly encouraged to undertake an annual assessment with the view to further simplify the presentation of their financial statements.

### 1.2.1 BENEFITS OF STREAMLINED FINANCIAL REPORTING

Benefits of financial statement simplification include:

- improving the readability of the financial statements by reducing the level of detail included in relation to immaterial balances in separate note disclosures that does not add value to the readers’ understanding of agencies’ financial results, in order to focus on material areas;
- reducing financial statement preparation time – due to the ability to use system solutions to assist with the identification of notes and line items that are material from those that may not be material, as well as reducing the size of the financial statements that need preparation and review; and
- reducing the level of unnecessary work required during the audit process.

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

### **1.2.2 GENERAL GUIDANCE**

Agencies need to exercise judgement when assessing whether information is material to the financial statements. The following quantitative and qualitative criteria may be applied in the assessment process:

- size or dollar amount of the item;
- nature of the item;
- whether the entity’s results cannot be understood without the specific disclosure;
- reporting requirement associated with the item (i.e. it needs to be disclosed to comply with a reporting requirement, regardless of the amount); and/or
- it is required to meet the needs of a key stakeholder.

The following generally accepted quantitative benchmarks may be applied by agencies in assessing materiality:

- below 5 per cent of the applicable benchmark is assumed to be immaterial, unless disclosure is required by legislation, policy or specific stakeholder requirement;
- between 5 per cent and 10 per cent of the applicable benchmark needs to be considered in the context of qualitative materiality criteria or specific stakeholder requirement; and
- over 10 per cent of the applicable benchmark is deemed material.

While there is no ‘one size fits all’ approach to streamlining financial statements, the following guidance should be considered, to determine when to:

- provide separate line items on the face of the financial statements (i.e. Operating Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows);
- provide separate note disclosures for a face statement line item;
- reduce immaterial detail provided in separate note disclosures; and
- provide explanations for variances between prior and current year actual figures.

As circumstances change over time, materiality judgements should be reassessed at each reporting date.

### **1.2.3 REQUIREMENT FOR SEPARATE LINE ITEMS ON THE FACE OF THE FINANCIAL STATEMENTS**

Face statement line items which are less than 10 per cent of the relevant category total (a category is for instance total Income, Expenses or Equity) maybe aggregated with other line items. An item that is not sufficiently material to warrant separate presentation on the face of the statements may still warrant separate presentation in the notes.

Agencies may also consider re-naming line items where it represents only one type of transaction (e.g. where ‘other assets’ only include prepayments; agencies may change the name of the line item to ‘prepayments’).

Agencies need to refer to the commentary in the Model for further guidance on aggregation of line items on the face of the financial statements.

### **1.2.4 REQUIREMENT FOR SEPARATE NOTE DISCLOSURES**

Face statement line items which are less than 10 per cent of that category’s total (a category is for instance total Income, Expenses or Equity), may not require separate note disclosure. The intention being that small value line items will be shown at the face statement level only. However, for these line items, if the variance between the current and prior year actual values is greater than the threshold for variance explanations (refer section on ‘*Variance explanations between Current and Prior Year Figures*’), a separate note with the variance explanation may be required.

A separate note is not required if the item is assessed as not material (following evaluation of quantitative and qualitative materiality factors) and/or note only restates the information on the face of the financial statements and does not provide any additional information.

These thresholds are a guide only and agencies need to determine the most appropriate thresholds specific to their financial statements.



**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

### **1.2.5 DETAIL IN SEPARATE NOTE DISCLOSURES**

Within notes, any line item less than 10 per cent of that note total, may be moved to another appropriate line and grouped and labelled accordingly. Where the line ‘Other’ is used, it should not represent any more than 10 per cent of the Note total. The intention is that line items in notes are reduced and material items remain visible.

Agencies may restate prior year line items within the notes to accommodate for this simplification (i.e. a higher level of aggregation), however, the totals in each note will remain the same as the published prior year amount.

### **1.2.6 VARIANCE EXPLANATIONS BETWEEN CURRENT AND PRIOR YEAR FIGURES**

Variances are considered to be major variances if both of the following criteria are met:

- the line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- the variances (original budget to actual) are greater than plus (+) or minus (-) 2.5% and \$500,000 of the budget for the financial statement line item for smaller agencies and greater than plus (+) or minus (-) 5% and \$15 million for large agencies.

Small agencies include Office of the Legislative Assembly, Auditor-General, Legal Aid, Public Trustee and Guardian, Cultural Facilities, ACT Public Cemeteries Authority, Gambling and Racing, Independent Competition and Regulatory Commission, Motor Accident Injuries, Electoral Commissioner and ACT Integrity Commission.

Large agencies include Chief Minister, Treasury and Economic Development, Canberra Health Services, Transport Canberra and City Services, Housing ACT, Justice and Community Safety, Education, Community Services, Transport Canberra Operations, Environment, Planning and Sustainable Development, Local Hospital Network, City Renewal Authority, Suburban Land Agency, Health and Public Sector Workers Compensation Fund.

These thresholds are indicative only and are included to assist agencies’ in making judgement on whether an explanation is required.

Where variance explanations are not required within separate note disclosures, agencies may still consider it necessary to apply the same degree of rigor in verifying the information to be used in contexts other than their financial statements, and variance related information retained in supporting documents. This additional information will allow information to be sourced quickly to respond to questions for further detail such as through the Legislative Assembly Annual Report Hearings process.

### **1.2.7 EXCEPTIONS TO THE SIMPLIFICATION GUIDANCE RULES**

As specified in the Model Financial Statements, some disclosures are required by the ACT disclosure policy regardless of the amount or the threshold for disclosure, such as waivers and compensation to key management personnel.

Exceptions may also need to be made despite the threshold tests to ensure the most appropriate information is presented in agencies financial statements for the benefit of users. However, this is a matter for agency judgement on specific disclosures.

### **1.2.8 CONSULTATION WITH AUDIT COMMITTEE AND THE AUDIT OFFICE**

Each agency will need to exercise judgement in determining appropriate thresholds for disclosures in their financial statements. Agencies are encouraged to agree their specific thresholds for disclosures along with exceptions with their Audit Committee and the Audit Office in the process of developing their financial statements.

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

### **1.2.9 IMPACT OF THE COVID-19 PANDEMIC**

The COVID-19 pandemic is likely to have an impact on agencies’ financial statements, including disclosures. In particular, agencies need to consider the impacts of specific actions undertaken by the ACT Government and Commonwealth in responding to COVID-19. For instance, determining the appropriate financial period in which to reflect the costs and liabilities associated with a policy intervention. Areas impacted could include expected credit losses on receivables, the fair value of assets and events after the reporting period. Agencies should seek guidance on specific financial reporting issues from the Financial Reporting and Framework branch as they arise.

## **1.3 WHAT’S NEW**

### **1.3.1 CHANGES TO THE MODEL RESULTING FROM ACCOUNTING STANDARD CHANGES**

#### **AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities**

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an agency expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 requires agencies to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the five-step model to contracts with their customers. The standard also has specific requirements for contract assets and contract liabilities and specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

AASB 1058 replaces most of the existing requirements in AASB 1004 *Contributions*. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government agencies assumed by other agencies. AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than the fair value principally to enable a not-for-profit agency to further its objectives and volunteer services. AASB 1058 adopts a residual approach, meaning that agencies first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16 *Leases*, AASB 9 *Financial Instruments*, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*) to a transaction before recognising income. Not-for-Profit agencies need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires the recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- when the obligations under the transfer are satisfied, for transfers to enable an agency to acquire or construct a recognisable non-financial asset that will be controlled by the agency;
- immediately, for all other income within the scope of AASB 1058.

Both AASB 15 and AASB 1058 have been adopted using the modified retrospective method, where the cumulative effect of initial application is recognised on 1 July 2019 and comparatives (2018-19) are not restated

## **1.3 WHAT’S NEW – CONTINUED**

### **1.3.1 CHANGES TO THE MODEL RESULTING FROM ACCOUNTING STANDARD CHANGES – CONTINUED**

#### **AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities – Continued**

Amendments are necessary to the presentation of line items in the Operating Statement as a result. A mapping of these amendments compared to 2018-19 is provided below:

<b>New Line</b>	<b>2018-19 Line / Note Disclosure</b>
Sales of Goods and Services from Contracts with Customers	User Charges Other Revenue – Sales of Goods
Grants and Contributions	Resources Received Free of Charge Other Gains: <ul style="list-style-type: none"> <li>• gains from the contributions of assets;</li> <li>• donations;</li> <li>• donations of property, plant and equipment; and</li> <li>• restructure fund receipts</li> </ul>
Investment Revenue	Interest Distribution from Investments with the Territory Banking Account Other Revenue – Dividends
Other Revenue	Other Revenue – Other Other Revenue – Rent* Other Gains – Sub-lease Rentals* * Separate into own line item if material
Gains from Disposal, Derecognition and Remeasurement of Assets	Gains on Investments Other Gains: <ul style="list-style-type: none"> <li>• gains from the sale of assets;</li> <li>• gains from the forgiveness of liabilities;</li> <li>• gains from the revaluation of investment property; and</li> <li>• reversal of the write down in inventory</li> </ul>

#### **AASB 16 Leases**

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

##### *Lessor Accounting*

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore AASB 16 does not have a significant impact where the agency is a lessor.

## 1.3 WHAT’S NEW – CONTINUED

### 1.3.1 CHANGES TO THE MODEL RESULTING FROM ACCOUNTING STANDARD CHANGES – CONTINUED

#### AASB 16 Leases – Continued

##### *Lessee Accounting*

AASB 16 requires agencies to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, an agency recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee’s incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

AASB 16 has been adopted using the modified retrospective method, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and comparatives (2018-19) are not restated.

##### ***Impact of Accounting Standards Issued but yet to be Applied***

Also included is an updated table listing the standards, which are applicable but yet to be applied as at 30 June 2020, in accounting policy Note 2 (see Appendix C). This includes brief commentary on the financial impact of these standards.

Agencies are required to disclose known or reasonably estimable information relevant to assessing the possible impact that the application of these standards will have on the agency’s financial statements in the period of initial application (AASB 108.30).

### 1.3.2 CHANGES TO THE MODEL RESULTING FROM ACT ACCOUNTING AND DISCLOSURE POLICIES ISSUED SINCE THE LAST MODEL.

Agencies should review the accounting policy on Treatment of AASB Standards issued which are not yet effective as at 30 June 2020 (to be issued in July 2020) when assessing the likely impact of those standards.

### 1.3.3 OTHER CHANGES TO THE MODEL NOT RESULTING FROM CHANGES TO ACCOUNTING STANDARDS OR ACT ACCOUNTING AND DISCLOSURE POLICIES

All changes to the Model are outlined in the “Addendum to the 2019-20 Model Financial Statements”. Please refer to instructions in the Addendum detailing the treatment of each coloured item located throughout the Addendum.

Due to the extent of changes to the Model in 2019-20, not all changes may be fully outlined in the “Addendum to the 2019-20 Model Financial Statements” for practical reasons. This is to ensure the document can still be read and understood. Numbers have also been removed in the Model in 2019-20 to enable the Model to be finalised in time for the preparation of 2019-20 financial statements.

## 1.4 ADDITIONAL SECTIONS

### 1.4.1 TERRITORY AUTHORITY SECTION (TAS)

This section details all of the changes from the main Model that a territory authority may need to consider/implement. As part of this section the following has been provided:

- An exhaustive table, detailing which notes are applicable to directorates and/or territory authorities, and which notes are treated differently by territory authorities. This table will act as a quick reference for authorities.
- **Red** coloured text, in the TAS section, highlights the areas that are different (i.e. additional text to that appearing in the main Model or deleted text from that already appearing in the main Model) for territory authorities.
- **Purple** coloured text, placed throughout the main Model, prompts users to be aware of when there is an alteration/consideration to be made by territory authorities, and where authorities can quickly locate details of that alteration in the TAS. For example a reference appearing at the start of the commentary to the operating statement states ‘**For additional information pertaining to territory authorities - please refer to TAS 2. Operating Statement**’. This reference indicates that for territory authorities there is something additional to implement/consider which could be an alteration to the actual statement (or note) and/or commentary to the statement (or note). For statements (or notes) that don’t have this reference line appearing at the start of the commentary, it means that there is no additional information required and that the content as appearing in the statement or note is applicable for territory authorities and directorates.
- **Blue** coloured text indicates text that was not in last year’s TAS.
- Notes appearing in the main Model that apply solely to directorates are labelled [Directorates Only] within the title of the note. Territory authorities may disregard the entire contents of these notes and any attached commentary in these instances.

### 1.4.2 MODEL SUPPLEMENT

A Supplement to the Model has been provided which will assist agencies in the treatment and presentation of instances where a restatement of comparatives is required. This Supplement deals with situations where an agency is required to restate their comparatives as a result of a change in accounting policy, correction of a prior period error or other reclassifications. Along with other associated changes, the Supplement incorporates the requirements contained in AASB 101 *Presentation of Financial Statements* to include an additional restated comparative year in the balance sheet. This Supplement, if required by an agency, may be downloaded directly from the Accounting website at [www.act.gov.au/accounting](http://www.act.gov.au/accounting).

## 1.5 REPORTING REQUIREMENTS

The Model illustrates the consistency and quality of financial information considered necessary to meet the information needs of users. The Model is a complete set of ‘general purpose financial statements’ which are concerned with providing information to meet the common needs of external users who rely on information communicated to them by an agency’s financial statements. The main user is considered to be the Legislative Assembly.

The Model is based on the following principles:

- |                 |   |
|-----------------|---|
| Accountability- | Directors-General are accountable for the efficient and effective use of resources for which they are responsible and the safekeeping of public monies. The financial statements are to disclose information relevant to assessing their performance in this respect. |
| Compliance -    | The financial statements must disclose the information required by legislation and the applicable accounting standards.   |
| Comparability-  | The financial statements are to provide operational information that is comparable between periods and between agencies.  |

## **1.6 APPLICATION**

Prescription of a common format for financial statements assists with the comparability of information across ACT Government agencies. The format and content prescribed in the Model is to be followed taking into account relevance and materiality considerations. It is recognised that disclosure of information in notes will need to be adapted to the specific needs of each agency; however, the content and format requirements are to be complied with, where applicable.

Section 27 and section 63 of the *Financial Management Act 1996* (FMA) requires directorates and territory authorities respectively to prepare their annual financial statements in accordance with Australian Accounting Standards. The Model is considered to meet the reporting requirements of the FMA.

Where the Model refers to an agency, this shall be taken to include directorates and territory authorities.

ACT Accounting Policies relating to recognition and measurement are incorporated in ACT Accounting Policy Papers, which are available on the Accounting website at [www.act.gov.au/accounting](http://www.act.gov.au/accounting). However, ACT Accounting Policies relating to disclosures are included in the Model; for instance, under Note 23 *Receivables*, ACT Accounting Policy dictates that the split between Government/Non-Government Receivables is to be shown separately as part of the financial statements. In these instances, the reference indicates that it is an ‘ACT Disclosure Policy’.

## **1.7 ACCOUNTING STANDARDS AND GUIDANCE RELEASES**

The Model incorporates, as appropriate, Australian Accounting Standards and Accounting Interpretations as prepared by the Australian Accounting Standards Board (AASB).

If an agency is of the view that the Model does not comply with the accounting standards, accounting interpretations, or the FMA, this should be brought to the attention of Financial Reporting and Framework in the Chief Minister and Treasury and Economic Development Directorate immediately.

## **1.8 ADAPTING THE MODEL TO INDIVIDUAL AGENCY REQUIREMENTS**

### **1.8.1 DECLUTTERING FINANCIAL STATEMENTS**

Agencies need to continue their efforts in further streamlining and decluttering their financial statements by removing immaterial, duplicate or irrelevant disclosures that have built up over time. Agencies need to apply judgement in determining which disclosures could be omitted. Agencies need to consider the Materiality Guidance at Section 1.2 in making this assessment.

### **1.8.2 PRESENTATION**

When an agency is formatting its financial statements, the ‘reference’ column on the left-hand side of the Model and the commentary notes are not to be included.

Where an accounting standard requires a line item to be included in the financial statements, but the agency does not have current year, prior year or original budget figures against this line item, the line item need not be disclosed in the financial statements. The exceptions to this are the net cash inflows / (outflows) sub-totals in the Statement of Cash Flows and where indicated in the commentary to a statement or note. For completeness, all 3 subtotals (for operating, investing and financing activities) should be displayed.

If an item is not material, it need not be shown as a separate line item in the statements.

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

### **1.8.3 OPERATING STATEMENT**

The Model Operating Statement reflects the wording ‘*Operating Deficit*’ or ‘*Operating Surplus*’. The use of ‘*Operating Surplus/(Deficit)*’ is required when budget, actual and prior year actual sub-totals reflect both surpluses and deficits. This wording is used in preference to ‘*Operating Result*’ as it assists the reader to easily interpret the result. In the event that the current year actual (i.e. the first column on the left) is a deficit, and the other columns are in surplus, the line should read as follows: ‘*Operating (Deficit)/Surplus*’.

Similarly, for Total Other Comprehensive Income and Total Comprehensive Income the terms ‘Income’/‘(Deficit)’ should be used as applicable.

### **1.8.4 OUTPUT CLASSES**

The output class information contained in the ‘*Summary of Agency Output Classes*’ is an example only. The Summary must be customised to reflect the number of output classes of the agency. Similarly, the output class names and descriptions used in the Operating Statement for each Output Class are examples only that also need to be tailored to the agency.

### **1.8.5 NOTE DISCLOSURES**

The primary purpose of these financial statements is to illustrate how the most commonly applicable disclosure requirements for ACT Government agencies can be met. The Model contains some disclosures that may not be overall material to ‘Example Agency’ but the disclosure is included because it may be material to an ACT Government agency (agencies). Agencies should consider their own specific circumstances when determining which disclosures to include.

Not all note disclosures in the Model will apply to every agency, so agencies must decide which notes are necessary. While the Model has been developed to be as inclusive as possible, not all situations that may be encountered by agencies have been addressed. Therefore, agencies must ensure that their financial statements meet the requirements outlined in the relevant accounting standards bearing in mind the materiality guidance in Section 1.2.

The notes contained in the Model are considered to be ‘best practice’. Agencies do have discretion to alter the Model notes to meet specific needs, so long as the applicable content requirements are still complied with. This is particularly the case with definitions and line item descriptions.

The breakdown of statement line items contained in various notes (e.g. Note 13 Supplies and Services and Note 17 Other Expenses) need to be tailored to the requirements of each agency. All material amounts are to be individually disclosed in these notes.

Throughout the notes in the Model, brackets have been used to prompt preparers to adopt agency specific policy. The following brackets < > have been used to highlight that the numbers in them are not specific accounting policy requirements and hence each agency needs to insert its applicable accounting policy. Agencies may adopt the number used in the brackets where it is appropriate to do so. An example of this is property, plant and equipment with a minimum value of <\$5,000> being capitalised. Agencies are required to substitute the \$5,000 amount if they use a different capitalisation threshold.

### **1.8.6 CONCISE EXPLANATIONS OF MAJOR VARIATIONS**

Agencies are to continue to include concise explanations of major variances between the current and prior year for significant amounts in the financial statements. The explanations are in addition to the Management Discussion and Analysis, which tends to be more strategic in nature.

The Model includes some examples of these variance explanations in the notes. The Model does not include variance explanations in every situation one may be required and as such agencies should not use the Model as a guide for determining when an explanation should be included based on the size of the variance.

Variance explanations included in the notes form part of the audited financial statements. Variance explanations must be able to be independently verified.

### **1.8.7 COMPARATIVE FIGURES FOR NEW AGENCIES**

Where an agency first commences activities in the current financial reporting period, that agency need not disclose comparative figures in its financial statements. Where a new agency has been created and other agencies have been merged or amalgamated into the new agency, advice regarding comparatives should be sought from Financial Reporting and Framework (FR&F) in the Chief Minister, Treasury and Economic Development Directorate (CMTEDD).

## **1.9 FINANCIAL STATEMENT REQUIREMENTS**

### **1.9.1 CURRENCY, LANGUAGE AND COMPARATIVE AMOUNTS**

There are a number of general requirements in relation to the presentation and disclosure of financial statements.

AASB 101 Presentation of Financial Statements requires the following:

- a) the reporting date or the period covered by the financial statements (AASB 101.51 (c));
- b) financial statements should be presented on an annual basis. However, where an agency’s reporting period changes and where the financial period for the current or prior year covered in the financial statements is less, or more, than 12 months, the agency must disclose the reason for a period other than 12 months being used and that comparative amounts are not entirely comparable (AASB 101.36);
- c) agencies must disclose comparative information for the preceding reporting period in the financial statements except where an Australian Accounting Standard permits or requires otherwise (AASB 101.38); and
- d) Presentation and classification of items is retained from one period to the next unless:
  - i. it is apparent, following a significant change in the nature of the operations of the agency, that another presentation or classification would be more appropriate (having regard to the requirement in AASB 108) (AASB 101.45 (a)); or
  - ii. a change in presentation or classification is required by Australian Accounting Standards (AASB 101.45 (b)).

ACT Disclosure Policy requires all agencies to use the English language and Australian currency in the presentation of their financial statements.

Amounts may be rounded to the nearest \$1,000 in the financial statements, provided:

- rounding is applied consistently; and
- the level of rounding is clearly indicated.

Rounding of amounts for financial statement purposes should not alter actual amounts in agencies’ financial systems.

Directorates and territory authorities must also prepare financial statements in a form that facilitates a comparison with the budget contained in the Budget Papers for directorates (section 27(2) of the FMA) and with the budget information contained in a Territory Authority’s Statement of Intent (section 63 (2) of the FMA) for authorities.

### **1.9.2 CONSOLIDATION**

Agencies with control over another entity must prepare consolidated financial statements in accordance with AASB 10 *Consolidated Financial Statements* for the agency and all entities it controls.

‘An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee’ (AASB 10.6).



## **1.10 CERTIFICATION**

### **1.10.1 INDEPENDENT AUDIT REPORT**

The independent audit report on an agency’s financial statements must be attached to the front of the statements, directly before the Statement of Responsibility by the Director-General/Chief Executive Officer or Chair Person.

### **1.10.2 STATEMENT BY DIRECTOR-GENERAL/CHIEF EXECUTIVE OFFICER (OR CHAIR PERSON)**

Section 28 of the FMA requires a Statement of Responsibility, which is signed by the responsible Director-General (D-G), to be attached to the financial statements. The FMA (section 64) also requires a ‘Statement of Responsibility’ to be attached to a territory authority’s financial statements. The statement is to be signed by the Chief Executive Officer (CEO) where the authority does not have a governing board. However, where the authority has a governing body the Chair of that board must sign the statement. The Statement of Responsibility is to be located directly after the independent audit report.

The statement must state whether, in the opinion of the responsible D-G/CEO (or Chair Person), the financial statements fairly reflect the financial operations of the agency during the reporting period and the financial position of the agency at the end of the reporting period. The name of the DG/CEO or Chair Person of the agency must be clearly printed on the statement.

### **1.10.3 STATEMENT BY THE CHIEF FINANCE OFFICER**

ACT Disclosure Policy requires Chief Finance Officers of agencies to sign a separate statement stating the following: In their opinion, the financial statements have been prepared in accordance with Australian Accounting Standards, are in agreement with the agency’s accounts and records, and fairly reflect the financial operations of the agency for the reporting period and the financial position of the agency at the reporting date. Note that this is not a requirement of the FMA.

## **1.11 SUBMISSION DATE FOR FINANCIAL STATEMENTS**

The Chief Minister’s Annual Report Directions requires agencies to submit their annual financial statements to the Auditor-General and CMTEDD no later than the dates specified in the timetable issued by CMTEDD, in order to meet the whole-of-government financial reporting deadline. Amendments to the FMA now allow the Statement of Responsibility to be signed by the D-G/CEO or Chair Person any time before the audit opinion, is provided by the Auditor-General. However, to ensure there is no loss of quality, the draft financial statements need to be reviewed by the relevant Internal Audit Committee and authorised for issue to the Auditor-General by the D-G/CEO or Chair Person.

CMTEDD has issued a timetable in a Memorandum 2020/03 *2019-20 Timetable for Agency Financial Statements and the Consolidated Financial Statements for the Territory* providing the dates when:

- agencies are to provide annual financial statements to the Audit Office; and
- the final audit report is issued.

**MODEL FINANCIAL STATEMENTS  
of  
‘Example Agency’**

**For the Year Ended  
30 June 2020**

# **Independent Audit Report**

[Insert the Report from the ACT Audit Office.]

# **‘Example Agency’ Financial Statements For the Year Ended 30 June 2020**

## **Statement of Responsibility**

In my opinion, the financial statements are in agreement with the Agency’s accounts and records and fairly reflect the financial operations of the Agency for the year ended 30 June 2020 and the financial position of the Agency on that date.

Chloe Smith  
Director-General  
‘Example Agency’  
August 2020

Reference	Commentary – Statement of Responsibility
FMA Section 28	<p><b>For additional information pertaining to territory authorities - please refer to TAS 1 <i>Statement of Responsibility</i>.</b></p> <p>The <i>Financial Management Act 1996</i> (FMA) requires the Director-General to attach a ‘Statement of Responsibility’ to the financial statements. The statement is to be signed by the Director-General and must state whether, in the opinion of the responsible Director-General, the financial statements fairly reflect the financial operations of the agency during the reporting period and the financial position of the agency at the end of the reporting period. The name of the Director-General of the agency must be clearly printed on the statement.</p>

**‘Example Agency’  
Financial Statements  
For the Year Ended 30 June 2020**

**Statement by the Chief Finance Officer**

In my opinion, the financial statements have been prepared in accordance with the Australian Accounting Standards, and are in agreement with the Agency’s accounts and records and fairly reflect the financial operations of the Agency for the year ended 30 June 2020 and the financial position of the Agency on that date.

Kimberley Wilson  
Chief Finance Officer  
‘Example Agency’  
August 2020

Reference	Commentary – Statement by the Chief Finance Officer
ACT Disclosure Policy	Although the FMA only requires that a Statement of Responsibility be provided by the Director-General, it is ACT Disclosure Policy that the Chief Finance Officer must also provide a statement. This statement should say that the financial statements have been prepared in accordance with Australian Accounting Standards, and are in agreement with the agency’s accounts and records and fairly reflect the financial operations of the agency. This statement is usually signed prior to the Director-General signing the Statement of Responsibility, and is to provide a level of assurance to the Director-General. The name of the Chief Finance Officer of the agency must be clearly printed on the statement.

**‘Example Agency’**  
**CONTROLLED FINANCIAL STATEMENTS**

**For the Year Ended**  
**30 June 2020**

Note: A ‘Controlled Financial Statements’ Title page is not required for ACT Territory Authorities

# ‘Example Agency’ Operating Statement For the Year Ended 30 June 2020

Reference		Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
AASB 101.85	<b>Income</b>				
AASB 101.82(a)	<i>Revenue</i>				
AASB 101.85 & AASB 1004.63(a) AASB 1058.26(c)	Controlled Recurrent Payments	4			
AASB 15.113(a)	Sales of Goods and Services from Contracts with Customers	5			
AASB 1058.26(a), (b)	Grants and Contributions	6			
AASB 118.35(b)(iii), 101.82(a))	Investment Revenue	7			
AASB 101.85	Other Revenue	8			
AASB 101.82(a)	<i>Total Revenue</i>				
AASB 101.85	<i>Gains</i>				
AASB 101.34(a) AASB 101.98(c),(d)	Gains from Disposal, Derecognition and Remeasurement of Assets	9			
AASB 101.85	Other Gains	10			
AASB 101.85	<i>Total Gains</i>				
AASB 101.85	<b>Total Income</b>				
AASB 101.85	<b>Expenses</b>				
AASB 101.85 & 102	Employee Expenses	11			
AASB 101.85 & 102	Superannuation Expenses	12			
AASB 101.85 & 102	Supplies and Services	13			
AASB 101.85 & 102	Depreciation and Amortisation	14			
AASB 101.85 & 102	Grants and Purchased Services	15			
AASB 101.82(b)	Borrowing Costs	16			
AASB 101.85 & 102	Other Expenses	17			
AASB 101.85	<b>Total Expenses</b>				
AASB 101.82(c)	Share of Operating Profit from Joint Venture accounted for using the Equity Method	43			
AASB 101. 81A(a)	<b>Operating (Deficit)/Surplus</b>				
AASB 101.85	<b>Other Comprehensive Income</b>				
	<i>Items that will not be reclassified subsequently to profit or loss</i>				
AASB 101.82A(a)(i)	Increase/(decrease) in the Asset Revaluation Surplus				
AASB 101.82A(b)(i)	Increase/(decrease) in the Asset Revaluation Surplus attributable to Joint Ventures				
AASB 101.-81A(b)	<b>Total Other Comprehensive Income</b>				
AASB 101.81A(c)	<b>Total Comprehensive Income</b>				
	The above Operating Statement should be read in conjunction with the accompanying notes.				

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Operating Statement
	<b>For additional information pertaining to territory authorities - please refer to TAS 2 Operating Statement.</b>
AASB 101.81A ACT Disclosure Policy	ACT Disclosure Policy requires an agency to include one Statement of Profit or Loss and Other Comprehensive Income in their financial statements. The Statement of Profit or Loss and Other Comprehensive may be called the Statement of Comprehensive Income.
ACT Disclosure Policy	ACT Disclosure Policy requires that the single Statement of Profit or Loss and Other Comprehensive Income be called an Operating Statement to maintain consistency and to reflect the fact that most agencies do not operate solely with the intention to generate a profit, but to provide services to the community in an efficient and effective manner. The Operating Statement discloses items of profit and loss as well as other comprehensive income as appropriate.
AASB 101.81A – 105	<b>Format</b> AASB 101 sets out the format for the Operating Statement, including certain line items that must be disclosed in the statement.
FMA Section 27(2) FMA Section 63(2)	The FMA requires that the annual financial statements of an agency be prepared in accordance with generally accepted accounting principles and in a form that facilitates a comparison between financial operations of the agency during the reporting period and the estimates of those operations contained in the budget for the agency for the reporting period.
ACT Disclosure Policy	Income and expenses are disaggregated in the Operating Statement.
AASB 101.82	AASB 101 requires that the total amounts of the following line items be disclosed in the Income or Expenses section of the Operating Statement: <ul style="list-style-type: none"> <li>• revenue;</li> <li>• finance costs;</li> <li>• share of profit or (loss) of joint ventures accounted for using the equity method; and</li> <li>• tax expense.</li> </ul>
AASB 101.82A	AASB 101 requires the other comprehensive income section to present line items for amounts of other comprehensive income classified by nature (including the share of the other comprehensive of associates and joint ventures accounted for using the equity method) and grouped into those that in accordance with other Australian Accounting Standards: <ul style="list-style-type: none"> <li>• will not be reclassified subsequently to profit or loss (income or expense); and</li> <li>• will be reclassified subsequently to profit or loss (income or expense) when specific conditions are met.</li> </ul>
AASB 101.96	Examples of other comprehensive income items that would never be reclassified to profit or loss are changes in the revaluation surplus recognised in accordance with AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets and actuarial gains and losses on defined benefit pension plans recognised in accordance with AASB 119 Employee Benefits. Examples of other comprehensive income items that may be reclassified subsequently to profit or loss are foreign currency differences on disposal of a foreign operation under AASB 121, The Effects of Changes in Foreign Exchange Rates and realised gains or losses on cash flow hedges of financial assets under AASB 9 <i>Financial Instruments</i> . It is unlikely that agencies would have items of other comprehensive income that may subsequently be reclassified to profit or loss.
AASB 101.95	



**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Operating Statement – Continued
AASB 101.85	AASB 101 requires additional line items (including by disaggregating the line items listed above), headings and sub-totals to be presented in the Operating Statement when such presentation is relevant to an understanding of the agency’s financial performance. These additional sub-totals must:
AASB 101.85A	<ul style="list-style-type: none"> <li>• be made up of items recognised and measured in accordance with Australian Accounting Standards;</li> <li>• be presented and labelled in a manner that makes the sub-totals clear and understandable and consistent from period to period; and</li> <li>• not be displayed with more prominence than the sub-totals and totals required in Australian Accounting Standards.</li> </ul>
AASB 101.85B	<p>An agency must present the line items in the Operating Statement that reconcile any sub-totals presented in accordance with AASB 101.85 with the sub-totals or totals required in Australian Accounting Standards for the Operating Statement.</p> <p>Note that where an agency has no amounts applicable to any individual line item, that line item should not be included in the Operating Statement.</p> <p>The use of the wording <i>Operating Surplus/(Deficit)</i> should reflect the order of the result in the columns. If the current year actual is a deficit and the other columns in surplus the line should be represented as <i>Operating (Deficit)/Surplus</i> as demonstrated in the Operating Statement above.</p>
AASB 101.51(c), 51(e) & 53	The reporting date and rounding used in the Operating Statement must be identified.
AASB 101.113	The Operating Statement must be cross-referenced to relevant notes included, based on materiality considerations.
FMA Section 27(2)	<p><b>Budget</b></p> <p>The budget numbers appearing in the Operating Statement are the numbers published in the 2019-20 Budget Papers.</p>
AASB Framework 74 & 76	<p><b>Income</b></p> <p>Income is comprised of revenue and gains. Gains are to be displayed separately to revenue in the Operating Statement as this separate identification is useful for the purpose of making economic decisions. Gains are often reported net of related expenses. Note that where a net loss occurs in relation to a particular transaction, it is disclosed as part of Other Expenses.</p>

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Operating Statement – Continued
	<p><b>Revenue</b></p> <p>Until 30 June 2019, income is recognised in accordance with AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions. From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities, dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers. Comments regarding the accounting policies for the recognition of income are discussed below.</p>
AASB 118.7 AASB.118.35	For not-for-profit agencies, revenue is defined as income that arises in the course of ordinary activities of an agency until 30 June 2019. AASB 118 para 35(b) requires separate disclosure of certain categories of revenue.
AASB 15.C1	AASB 15 Revenue from Contracts with Customers is effective for annual reporting periods beginning on or after 1 July 2018 and 1 July 2019 for for-profit entities and not-for-profit entities, respectively.
AASB 1058.C1	AASB 1058 Income of Not-for-Profit Entities is effective for annual reporting periods beginning on or after 1 July 2019 for not-for-profit entities.
AASB 15.114 AASB 1058.24	An agency shall disaggregate revenue recognised under AASB 15 and AASB 1058 into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.
	<b><i>AASB 15 Revenue from Contracts with Customers</i></b>
AASB 15.113(a)	Revenue from contracts with customers under AASB 15 must be disclosed separately from other sources of revenue.
AASB 15.B89	<p>Examples of categories of revenue within the scope of AASB 15 that might be appropriate include, but are not limited to, all of the following:</p> <ul style="list-style-type: none"> <li>• type of good or service (for example, major product lines);</li> <li>• geographical region (for example, country or region);</li> <li>• market or type of customer (for example, government and non-government customers);</li> <li>• type of contract (for example, fixed-price and time-and-materials contracts);</li> <li>• contract duration (for example, short-term and long-term contracts);</li> <li>• timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time); and</li> <li>• sales channels (for example, goods sold directly to consumers and goods sold through intermediaries).</li> </ul>
AASB 1058.26	<p>Examples of categories of income within the scope of AASB 1058 that might be appropriate include, but are not limited to, all of the following:</p> <ul style="list-style-type: none"> <li>• grants, bequests and donations of cash, other financial assets and goods;</li> <li>• recognised volunteer services; and</li> <li>• appropriation income.</li> </ul>
AASB 15.9 AASB 15.9Aus1	<p>A not-for-profit agency shall assess which revenue standard is applicable to its income streams. For a not-for-profit agency, the majority of income streams are likely to be under either AASB 15 or AASB 1058. Because AASB 1058 undertakes a residual approach, an agency should assess the applicability of AASB 15 before it considers the application of AASB 1058.</p> <p>AASB 15 applies to contracts with customers that are enforceable and sufficiently specific. If the contract does not meet these criteria, an agency shall consider the requirements of AASB 1058 in accounting for such contracts.</p>

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Operating Statement – Continued
	<b>Revenue – Continued</b>
AASB 15.31	According to AASB 15, revenue shall be recognised when the agency satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.:
AASB 15.32	<ul style="list-style-type: none"> <li>for each performance obligation identified in a contract, an agency shall determine at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time;</li> </ul>
AASB 15.35	<ul style="list-style-type: none"> <li>an agency transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the agency’s performance as the agency performs; (b) the agency’s performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or (c) the agency’s performance does not create an asset with an alternative use to the agency and the agency has an enforceable right to payment for performance completed to date;</li> </ul>
AASB 15.39	<ul style="list-style-type: none"> <li>for each performance obligation satisfied over time, an agency shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The objective when measuring progress is to depict an agency’s performance in transferring control of goods or services promised to a customer (i.e. the satisfaction of an agency’s performance obligation);</li> </ul>
AASB 15.40	<ul style="list-style-type: none"> <li>an agency shall apply a single method of measuring progress for each performance obligation satisfied over time and the agency shall apply that method consistently to similar performance obligations and in similar circumstances. At the end of each reporting period, an agency shall remeasure its progress towards complete satisfaction of a performance obligation satisfied over time;</li> </ul>
AASB 15.38	<ul style="list-style-type: none"> <li>if a performance obligation is not satisfied over time, an agency satisfies the performance obligation at a point in time. Revenue should be recognised at the point in time at which a customer obtains control of a promised asset and the agency satisfies a performance obligation.</li> </ul>
AASB 15.46 AASB 15.48	AASB 15 requires recognition of revenue at the amount of the transaction price that is allocated to the performance obligation(s). When determining the transaction price, an agency shall consider the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer
AASB 1058.1	<b>AASB 1058 Income of Not-for-Profit Entities</b>
AASB 1058.8 AASB 1058.9	AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit agency to further its objectives (i.e. transactions with a donation nature) and the receipt of volunteer services.
1058.10	According to AASB 1058, an agency shall apply the requirements of other Australian Accounting Standards (as relevant) to an asset arising from a transaction (e.g. AASB 9 <i>Financial Instruments</i> for cash received). On initial recognition of the asset, an agency shall recognise any related contributions by owners, increases in liabilities, decreases in assets (‘related amounts’), and revenue in accordance with other Australian Accounting Standards.
1058.15	For transactions within the scope of AASB 1058, an agency shall recognise income immediately in profit or loss for the excess of the initial carrying amount of an asset over the related amounts recognised in accordance with the other standards (referred to above).

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Operating Statement – Continued
1058.16	<p><b>Revenue – Continued</b></p> <p>There is an exception where a transfer of a financial asset is to enable an agency to acquire or construct a recognisable non-financial asset that will be controlled by the agency. This exception applies to a transfer that:</p> <ul style="list-style-type: none"> <li>• requires the agency to use that financial asset to acquire or construct a recognisable non-financial asset to identified specifications;</li> <li>• does not require the agency to transfer the non-financial asset to the transferor or other parties; and</li> <li>• occurs under an enforceable agreement.</li> </ul> <p>An agency shall recognise a liability for the excess of the initial carrying amount of a financial asset received in such a transfer over any related amounts recognised. The agency shall recognise income in profit or loss when the agency satisfies its obligations under the transfer.</p>
AASB 101.99	<p><b>Classification of Expenses</b></p> <p>Under AASB 101, expenses shall be classified by using either:</p> <ul style="list-style-type: none"> <li>• the nature of expenses method; or</li> <li>• the function of expenses method.</li> </ul>
AASB 101.100 ACT Disclosure Policy	<p>The standard encourages this classification to be disclosed in the Operating Statement. ACT Disclosure Policy requires agencies to classify expenses by their nature.</p>
Interpretation 1031.6	<p><b>Goods and Services Tax (GST)</b></p> <p>In accordance with Interpretation 1031 <i>Accounting for the Goods and Services Tax (GST)</i>, revenue and expenses must be recognised net of the GST except where the amount of GST incurred is not recoverable from the taxation authority. In this case, the GST must be recognised as part of the item of expense.</p>
AASB 101.30A	<p><b>Materiality and Aggregation</b></p> <p>Agencies need to consider the Materiality Guidance for Financial Statements Simplification under Section 1.2 Materiality Guidance. An agency should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the Operating Statement, which includes the notes. It must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.</p>
AASB 101.29 & 31	<p>The concept of materiality means that a specific disclosure requirement in an Australian Accounting Standard need not be satisfied if the information resulting from that disclosure is not material. This is the case even if the Australian Accounting Standard contains a list of specific requirements or describes them as minimum requirements. Alternatively, where an item is not specifically required to be disclosed by an Australian Accounting Standard but is material, it shall be disclosed in either the Operating Statement or in the notes to the financial statements, whichever one is appropriate to enable users of financial statements to understand the impact of particular transactions, other events and conditions.</p>

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Operating Statement – Continued
AASB 101.7 AASB108.5	An item of information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
Framework.25	Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.
AASB 101.97 & 98	Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. The <i>Framework for the Preparation and Presentation of Financial Statements</i> states in paragraph 25 that ‘users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with due diligence’. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.
AASB 101.98(a)	Where items of income and expense are material, their nature and amount shall be separately disclosed either in the Operating Statement or in the notes to the financial statements. Examples of circumstances that would give rise to separate income and expense items include:
AASB 101.98(b)	<ul style="list-style-type: none"> <li>• write down of inventories to net realisable value or property, plant and equipment to recoverable amount;</li> </ul>
AASB 101.98(c)	<ul style="list-style-type: none"> <li>• restructuring activities and reversals of provisions for the cost of restructuring;</li> </ul>
AASB 101.98(d)	<ul style="list-style-type: none"> <li>• disposals of items of property, plant and equipment;</li> </ul>
AASB 101.98(f)	<ul style="list-style-type: none"> <li>• disposals of investments;</li> </ul>
AASB 101.98(g)	<ul style="list-style-type: none"> <li>• litigation settlements; and</li> </ul>
AASB 101.30	<ul style="list-style-type: none"> <li>• other reversals of provisions.</li> </ul> <p>An item that is not sufficiently material to warrant separate presentation in the Operating Statement may nevertheless be sufficiently material for it to be presented separately in the notes to the financial statements.</p>
AASB 101.32 AASB 116.71	<p><b>Offset of Income and Expenses</b></p> <p>Income and expenses must not be offset unless required or permitted by an Australian Accounting Standard. For example, AASB 116 <i>Property, Plant and Equipment</i> allows the offset of the income and expense from de-recognition of an item of property, plant and equipment.</p>
AASB 101.87	<p><b>Extraordinary Items</b></p> <p>AASB 101 does not allow any items of income or expense to be classified as extraordinary either in the Operating Statement or in the notes to the financial statements.</p>

# ‘Example Agency’ Balance Sheet As at 30 June 2020

Reference		Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
AASB 101.60	<b>Current Assets</b>				
AASB 101.54(i)	Cash and Cash Equivalents	21			
AASB 101.54(d)	Investments	22			
AASB 101.54(h)	Receivables	23			
AASB 15.105	Contract Assets	24			
AASB 101.54(g)	Inventories	25			
AASB 101.54(j)	Non-Current Assets Held for Sale	26			
AASB 101.55	Other Assets	31			
AASB 101.55	<b>Total Current Assets</b>				
AASB 101.60	<b>Non-Current Assets</b>				
AASB 101.54(d)	Investments	22			
AASB 101.54(h)	Receivables	23			
AASB 15.105	Contract Assets	24			
AASB 101.54(e)	Investment – Joint Venture	43			
AASB 101.54(a)	Property, Plant and Equipment	27			
AASB 101.54(b)	Investment Properties	28			
AASB 101.54(c)	Intangible Assets	29			
AASB 101.55	Capital Works in Progress	30			
AASB 101.55	Other Assets	31			
AASB 101.55	<b>Total Non-Current Assets</b>				
AASB 101.55	<b>Total Assets</b>				
AASB 101.60	<b>Current Liabilities</b>				
AASB 101.54(k)	Payables	32			
AASB 101.55	Contract Liabilities	33			
AASB 101.54(m)	Interest-Bearing Liabilities	34			
AASB 101.54(m)	Finance Leases	34			
AASB 16.47(b)	Lease Liabilities	35			
AASB 101.54(l)	Employee Benefits	36			
AASB 101.54(l)	Other Provisions	37			
AASB 101.55	Other Liabilities	38			
AASB 101.55	<b>Total Current Liabilities</b>				
AASB 101.60	<b>Non-Current Liabilities</b>				
AASB 101.54(k)	Payables	32			
AASB 101.55	Contract Liabilities	33			
AASB 101.54(m)	Interest-Bearing Liabilities	34			
AASB 101.54(m)	Finance Leases	34			
AASB 16.47(b)	Lease Liabilities	35			
AASB 101.54(l)	Employee Benefits	36			
AASB 101.54(l)	Other Provisions	37			
AASB 101.55	Other Liabilities	38			
AASB 101.55	<b>Total Non-Current Liabilities</b>				
AASB 101.55	<b>Total Liabilities</b>				
	<b>Net Assets</b>				
AASB 101.55	<b>Equity</b>				
	Accumulated Funds				
	Asset Revaluation Surplus	37			
	Other Reserves				
	<b>Total Equity</b>				
	The above Balance Sheet is to be read in conjunction with the accompanying notes.				

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Balance Sheet
	<b>For additional information pertaining to territory authorities - please refer to TAS 3 Balance Sheet.</b>
	<b>Format</b>
AASB 101.54 - 80 AASB 101.5 ACT Disclosure Policy	AASB 101 <i>Presentation of Financial Statements</i> states that a Statement of Financial Position is to be included in the financial statements. However, AASB 101 allows not-for-profit agencies to change the title of their financial statements. It is ACT Disclosure policy that the Statement of Financial Position be called the Balance Sheet to maintain consistency. AASB 101 sets out the format for the Balance Sheet, including certain line items that must be disclosed in the statement.
AASB 101.60	AASB 101 requires all assets and all liabilities to be presented as current or non-current except where a presentation based on liquidity provides information that is more relevant and reliable. Current assets should be presented separately from non-current assets and current liabilities should be presented separately from non-current liabilities in the Balance Sheet.
AASB 101.54	AASB 101 requires the following items be disclosed separately in the Balance Sheet:  Assets: <ul style="list-style-type: none"> <li>• cash and cash equivalents;</li> <li>• trade and other receivables;</li> <li>• inventories;</li> <li>• assets held for sale and assets included in disposal groups classified as held for sale;</li> <li>• investment property;</li> <li>• biological assets;</li> <li>• investments accounted for using the equity method;</li> <li>• current tax assets;</li> <li>• deferred tax assets;</li> <li>• financial assets (excluding cash and cash equivalents, trade and other receivables, and investments accounted for using the equity method);</li> <li>• property, plant and equipment; and</li> <li>• intangible assets.</li> </ul>
AASB 16.47	Right-of use assets are disclosed in Note 27 <i>Property, Plant and Equipment</i> under the relevant class of asset.  Liabilities: <ul style="list-style-type: none"> <li>• trade and other payables;</li> <li>• liabilities included in a disposal group classified as held for sale;</li> <li>• current tax liabilities;</li> <li>• deferred tax liabilities;</li> <li>• financial liabilities (excluding trade and other payables, and provisions); and</li> <li>• provisions.</li> </ul>
AASB 101.55	Additional line items (including by disaggregating the line items listed above), headings and sub-totals shall be presented in the Balance Sheet when their presentation is relevant to the understanding of the agency's financial position. These additional sub-totals must:
AASB 101.55A	<ul style="list-style-type: none"> <li>• be made up of items recognised and measured in accordance with Australian Accounting Standards;</li> <li>• be presented and labelled in a manner that makes the sub-totals clear and understandable and consistent from period to period; and</li> <li>• not be displayed with more prominence than the sub-totals and totals required in Australian Accounting Standards.</li> </ul> <p>Note that where an agency has no amounts applicable to any individual line item, that line item should not be included in the Balance Sheet.</p>

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Balance Sheet – Continued
AASB 101.51(c), 51(e) & 53 AASB 101.113	<p>This has been addressed by allowing agencies to include the breakdown of the budget figure (where required for the purposes of the annual financial statements) in the Notes to the Budgeted Financial Statements section of the Budget/SOI. This provided the relevant further disaggregated budget figures to the Legislative Assembly at the time of the Original Budget.</p> <p>The reporting date and rounding used in the Balance Sheet must be identified.</p> <p>The Balance Sheet must be cross-referenced to relevant notes included, based on materiality considerations.</p>
FMA Section 27(2)	<p><b>Budget</b></p> <p>The budget numbers appearing in the Balance Sheet are those published in the 2019-20 Budget Papers.</p>
AASB 101.66	<p><b>Classification of Assets</b></p> <p>An asset is classified as current when it satisfies any one of the following criteria:</p> <ul style="list-style-type: none"> <li>it is expected to be realised in, or is intended for sale or consumption in, the agency’s normal operating cycle;</li> <li>it is held primarily for the purpose of being traded;</li> <li>it is expected to be realised within 12 months after the reporting date; or</li> <li>it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.</li> </ul> <p>All other assets are classified as non-current.</p>
AASB 101.69	<p><b>Classification of Liabilities</b></p> <p>A liability is classified as current when it satisfies any one of the following criteria:</p> <ul style="list-style-type: none"> <li>it is expected to be settled in the agency’s normal operating cycle;</li> <li>it is held primarily for the purpose of being traded;</li> <li>it is due to be settled within 12 months after the reporting date; or</li> <li>the agency does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.</li> </ul> <p>All other liabilities are classified as non-current.</p>
AASB 101.68 & 70	<p><b>Operating Cycle</b></p> <p>Where the operating cycle is greater than 12 months, assets that are sold, consumed or realised as part of that operating cycle, or liabilities that are part of the working capital used in the agency’s normal operating cycle, are classified as current. When the agency’s normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months.</p>
Interpretation 1031.7	<p><b>Goods and Services Tax (GST)</b></p> <p>Interpretation 1031 <i>Accounting for the Goods and Services Tax (GST)</i> requires the amount of GST incurred by a purchaser that is not recoverable from the taxation authority to be recognised as part of the cost of the acquisition of an asset.</p>
Interpretation 1031.8	<p>Interpretation 1031 requires receivables and payables to be stated with the amount of GST included.</p> <p>Apart from the above circumstances, assets must be recognised net of the amount of GST.</p>
Interpretation 1031.6 & 9	<p>Interpretation 1031 requires the net amount of GST recoverable from, or payable to, the taxation authority to be included as part of receivables or payables in the Balance Sheet.</p>



**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Balance Sheet – Continued
	<b>Materiality and Aggregation</b>
AASB 101.30A	Agencies need to consider the Materiality Guidance for Financial Statements Simplification under Section 1.2 Materiality Guidance. An agency should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the Balance Sheet, which includes the notes. It must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
AASB 101.30	An item that is not sufficiently material to warrant separate presentation in the Balance Sheet may nevertheless be sufficiently material for it to be presented separately in the notes to the financial statements.
AASB 101.29 & 31	The concept of materiality means that a specific disclosure requirement in an Australian Accounting Standard need not be satisfied if the information resulting from that disclosure is not material. This is the case even if the Australian Accounting Standards contains a list of specific requirements or describes them as minimum requirements. Alternatively, where an item is not specifically required to be disclosed by an Australian Accounting Standard but is material, it shall be disclosed in the Balance Sheet or in the notes to the financial statements, whichever one is appropriate to enable users of the financial statements to understand the impact of particular transactions, other events and conditions.
AASB 101.7 AASB108.5	An item of information is considered material if if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
	<b>Offset of Assets and Liabilities</b>
AASB 101.32	Assets and liabilities shall not be offset unless required or permitted by an Australian Accounting Standard.
AASB 15.105	<b>Adoption of AASB 15 Revenue from Contracts with Customers</b>  AASB 15 requires when either party to a contract has performed, the presentation of a contract in the balance sheet as a contract asset or a contract liability, depending upon the relationship between an agency’s performance and the customers payment. Any unconditional rights to consideration are presented as a receivable separately from contract assets.
AASB 16.47	<b>Adoption of AASB 16 Leases</b>
ACT Disclosure Policy	AASB 16 allows agencies to include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned, and disclose which line items in the Balance Sheet include those right-of-use assets. Agencies are mandated to present right-of-use assets that do not meet the definition of investment property within <i>Property, Plant and Equipment</i> , i.e. the same line item in which it presents underlying assets of the same nature that they own.
AASB 16.48	
AASB 16.47(b)	Right-of-use assets that meet the definition of investment property are presented within Investment Property.
ACT Disclosure Policy	Lease liabilities are presented separately in the Balance Sheet.

## ‘Example Agency’ Statement of Changes in Equity For the Year Ended 30 June 2020

Reference			Accumulated Funds Actual 2020 \$'000	Asset Revaluation Surplus Actual 2020 \$'000	Other Reserves Actual 2020 \$'000	Total Equity Actual 2020 \$'000	Original Budget 2020 \$'000
		Note No.					
	<b>Balance at 1 July 2019</b>						
AASB 108.19(b) AASB 101.106 (b)	Change in accounting policy	Appx D					
	<b>Restated Balance at 1 July 2019</b>						
	<b>Comprehensive Income</b>						
AASB 101.106(d)(i)	Operating (Deficit)						
AASB 101.106(d)(ii)	Increase/(Decrease) in the Asset Revaluation Surplus	37					
	Other Comprehensive Income						
AASB 101.106(a)	<b>Total Comprehensive (Deficit)/ Income</b>						
	Transfers (from)/to reserves						
	<b>Transactions Involving Owners Affecting Accumulated Funds</b>						
AASB 101.106(d)(iii)	Capital Injections						
AASB 101.106(d)(iii)	Capital (Distributions)						
AASB 101.106(d)(iii)	Net Assets transferred in as part of an Administrative Restructure	39					
AASB 101.106(d)(iii)	Net Assets transferred out as part of an Administrative Restructure	39					
AASB 101.107 AASB 101.106(d)(iii)	Dividend Approved						
	<b>Total Transactions Involving Owners Affecting Accumulated Funds</b>						
	<b>Balance at 30 June 2020</b>						
The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.							

## ‘Example Agency’ Statement of Changes in Equity - Continued For the Year Ended 30 June 2020

Reference		Note No.	Accumulated Funds Actual 2019 \$'000	Asset Revaluation Surplus Actual 2019 \$'000	Other Reserves Actual 2019 \$'000	Total Equity Actual 2019 \$'000
	<b>Balance at 1 July 2018</b>					
	<b>Comprehensive Income</b>					
AASB 101.106(d)(i)	Operating Surplus					
AASB 101.106(d)(ii)	Increase/(Decrease) in the Asset Revaluation Surplus	37				
	Other Comprehensive Income					
AASB 101.106(a)	<b>Total Comprehensive Income</b>					
	Transfers (from)/to reserves					
	<b>Transactions Involving Owners Affecting Accumulated Funds</b>					
AASB 101.106(d)(iii)	Capital Injections					
AASB 101.106(d)(iii)	Capital (Distributions)					
AASB 101.106(d)(iii)	Net Assets transferred in as part of an Administrative Restructure	38				
AASB 101.106(d)(iii)	Net Assets transferred out as part of an Administrative Restructure	38				
AASB 101.107 AASB 101.106(d)(iii)	Dividend Approved					
	<b>Total Transactions Involving Owners Affecting Accumulated Funds</b>					
	<b>Balance at 30 June 2019</b>					
The above Statement of Changes in Equity is to read in conjunction with the accompanying notes.						

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Statement of Changes in Equity
	<p><b>For additional information pertaining to territory authorities - please refer to TAS 4 Statement of Changes in Equity.</b></p> <p><b>Format</b></p> <p>AASB 101.106 – 110 AASB 101 <i>Presentation of Financial Statements</i> sets out the format for the Statement of Changes in Equity, including certain line items that must be disclosed in the statement.</p> <p>AASB 101.106 <b>An agency shall present a Statement of Changes in Equity showing in the statement:</b></p> <ul style="list-style-type: none"> <li>• total Comprehensive Income for the period;</li> <li>• for each component of equity (i.e. accumulated funds, reserves and contributed equity), the effects of retrospective application or retrospective restatement recognised in accordance with AASB 108; and</li> <li>• for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from: <ul style="list-style-type: none"> <li>○ profit or loss;</li> <li>○ other comprehensive income; and</li> <li>○ transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.</li> </ul> </li> </ul> <p>Note that where an agency has no amounts applicable to any individual line item, that line item should not be included in the Statement of Changes in Equity.</p> <p>AASB 101.51(c), 51(e) &amp; 53 The reporting date and rounding used in the Statement of Changes in Equity must be identified.</p> <p>AASB 101.113 The Statement of Changes in Equity must be cross-referenced to relevant notes included, based on materiality considerations.</p> <p>AASB 101.106,106A AASB 101 allows for the reconciliation of items of other comprehensive income to be presented either in the Statement of Changes in Equity or in the notes.</p> <p>FMA Section 27(2) The budget numbers appearing in the Statement of Changes in Equity are those numbers published in the 2019-20 Budget Papers.</p> <p><b>Dividend</b></p> <p>AASB 101.107 AASB 101 allows dividends recognised as distributions to owners during the year to be disclosed in the Statement of Changes in Equity or in the notes. ACT Disclosure policy requires that agencies include dividends in the Statement of Changes in Equity.</p> <p><b>Materiality and Aggregation</b></p> <p>AASB 101.30A Agencies need to consider the Materiality Guidance for Financial Statements Simplification under Section 1.2 Materiality Guidance. An agency should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the Statement of Changes in Equity, which includes the notes. It must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.</p> <p>AASB 101. 30 An item that is not sufficiently material to warrant separate presentation in the Statement of Changes in Equity may nevertheless be sufficiently material for it to be presented separately in the notes to the financial statements.</p> <p>AASB 101 29 &amp;31 The concept of materiality means that a specific disclosure requirement in an Australian Accounting Standard need not be satisfied if the information resulting from that disclosure is not material. Alternatively, where an item is not specifically required to be disclosed by an Australian Accounting Standard but is material, it shall be disclosed either in the Statement of Changes in Equity or in the notes to the financial statements, whichever is appropriate to enable users of the financial statements to understand the impact of particular transactions, other events and conditions.</p> <p>AASB 101.7 An item of information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.</p> <p>AASB108.5</p>

‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## ‘Example Agency’ Statement of Cash Flows For the Year Ended 30 June 2020

Reference		Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
AASB 107.10	<b>Cash Flows from Operating Activities</b>				
	<b>Receipts</b>				
AASB 107.14(a)	Controlled Recurrent Payments				
AASB 107.14(a)	User Charges				
	Sales of Goods and Services from Contracts with Customers				
	Grants and Contributions				
	Investment Receipts				
AASB 107.31	Interest Received				
AASB 107.31	Dividends Received				
AASB 107.38	Distribution from Joint Ventures				
	Goods and Services Tax Input Tax Credits from the Australian Taxation Office				
	Goods and Services Tax Collected from Customers				
AASB 107.14(b)	Other				
	<b>Total Receipts from Operating Activities</b>				
	<b>Payments</b>				
AASB 107.14(d)	Employee				
AASB 107.14(d)	Superannuation				
AASB 107.14(c)	Supplies and Services				
	Grants and Purchased Services				
AASB 107.31	Borrowing Costs				
	Goods and Services Tax Paid to Suppliers				
	Other				
	<b>Total Payments from Operating Activities</b>				
	<b>Net Cash Inflows/(Outflows) from Operating Activities</b>				
AASB 107.10	<b>Cash Flows from Investing Activities</b>				
	<b>Receipts</b>				
AASB 107.16(b)	Proceeds from Sale of Property, Plant and Equipment				
	Proceeds from Sale of Investment Property				
AASB 107.16(b)	Proceeds from Sale/Maturity of Investments				
AASB 107.16(d)	Proceeds from Sale of Investment in Joint Venture				
AASB 107.16(f)	Loan Receivable Repayment Received				
	<b>Total Receipts from Investing Activities</b>				
	<b>Payments</b>				
AASB 107.16(a)	Purchase of Property, Plant and Equipment				
	Purchase of Investment Property				
AASB 107.16(a)	Purchase of Investments				
AASB 107.16(c)	Purchase of Investment in Joint Venture				
AASB 107.16(e)	Loans Provided (Loans Receivable)				
	<b>Total Payments from Investing Activities</b>				
	<b>Net Cash Inflows/(Outflows) from Investing Activities</b>				

## ‘Example Agency’ Statement of Cash Flows – Continued For the Year Ended 30 June 2020

Reference		Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
AASB 107.10	<b>Cash Flows from Financing Activities</b>				
	<b>Receipts</b>				
	Capital Injections				
AASB 107.17(c)	Proceeds from Borrowings				
	Receipts of Transferred Cash Balances				
	<b>Total Receipts from Financing Activities</b>				
	<b>Payments</b>				
	Distributions to Government				
AASB 107.17(d)	Repayment of Borrowings				
AASB 107.17(e)	Repayment of Finance Lease Liabilities - Principal				
AASB 107.17(e)	Repayment of Lease Liabilities – Principal				
AASB 16.50(a)					
AASB 107.31	Payment of Dividend				
	<b>Total Payments from Financing Activities</b>				
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>				
	Cash and Cash Equivalents at the Beginning of the Reporting Period				
	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>				
	The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.				

Reference	Commentary – Statement of Cash Flows
	<b>For additional information pertaining to territory authorities - please refer to TAS 5 Statement of Cash Flows.</b>
	<b>Classification of Cash Flows</b>
AASB 107.10	AASB 107 <i>Statement of Cash Flows</i> requires that cash flows be classified as arising from operating, investing or financing activities.
AASB 107.31	AASB 107 also requires the following cash flows to be separately disclosed on the Statement of Cash Flows: <ul style="list-style-type: none"> <li>• interest received;</li> <li>• dividends received;</li> <li>• dividends paid; and</li> <li>• borrowing costs.</li> </ul>
ACT Disclosure Policy	For consistency across the ACT Government, agencies should classify interest received and paid, and dividends received as an operating cash flow.
AASB 107.33	AASB 107 allows dividends paid to be classified as either a financing cash flow or an operating cash flow. ACT Disclosure Policy requires agencies to classify dividends paid as a financing cash flow.
AASB 107.34 ACT Disclosure Policy	

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Statement of Cash Flows – Continued
AASB 107.42A	Cash flows arising from changes in ownership interests where control is neither lost nor obtained are classified as financing transactions.
	Where an agency has no amounts applicable to any individual line item, these line items should not be included in the Statement of Cash Flows.
AASB 101.51(c),(e) & 53	The reporting date and rounding used in the Statement of Cash Flows must be identified.
AASB 101.113	The Statement of Cash Flows must be cross-referenced to relevant notes included, depending upon materiality considerations.
	<b>Reporting of Cash Flows</b>
AASB 107.18 & 21 ACT Disclosure Policy	AASB 107 allows cash flows arising from operating activities to be reported in the Statement of Cash Flows using either the direct or indirect method. ACT Disclosure Policy requires that agencies use the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed. Major classes of investing and financing cash flows shall be presented on a gross basis.
	However, the following items, may be reported on a net basis:
AASB 107.22	<ul style="list-style-type: none"> <li>• items where the agency is, in substance, holding or disbursing cash on behalf of its customers; and</li> <li>• items where turnover is quick, the amounts are large, and the maturities are short i.e. less than 3 months.</li> </ul> <p>These two situations will not apply to agencies with the possible exception of the Territory Banking Account and/or the Superannuation Provision Account.</p>
	<b>Budget</b>
FMA Section 27(2)	The budget numbers appearing in the Statement of Cash Flows are the numbers published in the 2019-20 Budget Papers.
	<b>Definitions</b>
AASB 107.6 & 9	Cash flows are inflows and outflows of cash and cash equivalents. Cash flows exclude movements between items that constitute cash or cash equivalents because these components are part of the cash management of an agency rather than part of its operating, investing and financing activities.
AASB 107.6	AASB 107 defines cash as cash on hand and demand deposits. Cash on hand refers to notes and coins held on premises and demand deposits are deposits held at call with a financial institution.
AASB 107.6	Cash equivalents are highly liquid investments with short periods to maturity, and are subject to an insignificant risk of changes in value.
AASB 107.6	Operating activities are the principle revenue-producing activities of an agency and other activities that are not investing or financing activities.
AASB 107.6	Investing activities are the acquisition and disposal of long-term assets, and other investments not included in cash equivalents.
AASB 107.6	Financing activities are activities that relate to changes in the size and composition of the contributed capital (accumulated funds) and borrowings of the agency.
	<b>Bank Overdraft</b>
AASB 107.8	Where a bank overdraft is repayable on demand and therefore forms an integral part of an agency's cash management, these overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn. Where a bank overdraft is not repayable on demand it would be treated as a cash flow from financing activities.
	<b>Different Cash Flows in One Transaction</b>
AASB 107.12	A single transaction may include cash flows that are classified differently. For example, when the cash repayment of a loan includes both an interest element and a capital element, the interest element may be classified as operating and the capital element as financing.

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary Statement of Cash Flows – Continued
	<p><b>Goods and Services Tax(GST)</b></p> <p>Cash flows relating to the GST must be included in the Statement of Cash Flows on a gross basis.</p> <p>The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority must be classified as operating cash flows.</p> <p><b>Interest in a Joint Venture</b></p> <p>Where applicable, an agency shall include the following cash flows, relating to a Joint Venture, in its Statement of Cash Flows:</p> <ul style="list-style-type: none"> <li>• its investment in the Joint Venture;</li> <li>• distributions from the Joint Venture; and</li> <li>• other payments or receipts between it and the Joint Venture.</li> </ul> <p><b>Materiality and Aggregation</b></p> <p>Agencies need to consider the Materiality Guidance for Financial Statements Simplification under Section 1.2 Materiality Guidance. An agency should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the Statement of Cash Flows, which includes the notes. It must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.</p> <p>An item that is not sufficiently material to warrant separate presentation in the Statement of Cash Flows may nevertheless be sufficiently material for it to be presented separately in the notes to the financial statements.</p> <p>The concept of materiality means that a specific disclosure requirement in an Australian Accounting Standard need not be satisfied if the information resulting from that disclosure is not material. Alternatively, where an item is not specifically required to be disclosed by an Australian Accounting Standard but is material, it shall be disclosed in the Statement of Cash Flows or in the notes to the financial statements, whichever one is appropriate to enable users of financial statements to understand the impact of particular transactions, other events and conditions.</p> <p>An item of information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.</p> <p><b>Leases under AASB 16 Leases</b></p> <p>If an agency is a lessee, they are required to classify cash payments for the principal portion of the lease liability within financing activities. Cash payments for the interest portion of lease liability are classified as operating activities.</p> <p>Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified within operating activities.</p> <p>Non-cash investing and financing transactions (e.g. the initial recognition of the lease at commencement) should be excluded from the statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.</p>
Interpretation 1031.10	
Interpretation 1031.11	
AASB 107.38	
AASB 101.30A	
AASB 101 30	
AASB 101 29 & 31	
AASB 101.7	
AASB108.5	
AASB 16.50(a)	
AASB 16.50(b)	
AASB 16.50(c)	
AASB 107.43	
AASB 107.44	



‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## ‘Example Agency’ Controlled Statement of Appropriation For the Year Ended 30 June 2020

Reference	Original Budget 2020 \$'000	Total Appropriated 2020 \$'000	Appropriation Drawn 2020 \$'000	Appropriation Drawn 2019 \$'000
	<b>Controlled</b>			
AASB 1004.64(a) 1058.26 (c)	Controlled Recurrent Payments			
AASB 1004.64(a), 48	Capital Injections			
	<b>Total Controlled Appropriation</b>			
<p>The above Controlled Statement of Appropriation should be read in conjunction with the accompanying notes.</p> <p><b>Column Heading Explanations:</b></p> <p>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.</p> <p>The Total Appropriated column is inclusive of all appropriation variations occurring after the Original Budget.</p> <p>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.</p> <p>Variances between ‘Original Budget’, ‘Total Appropriated’ and ‘Appropriation Drawn’.</p>				
<b>Reconciliation of Appropriation for 2019-20</b>		<b>Controlled Recurrent Payments \$,000</b>	<b>Capital Injections \$,000</b>	
Original Appropriation				
Supplementary Appropriation (FMA s.13)				
Administrative Arrangements Transfer (FMA s.16) <sup>1</sup>				
Rollover of Undisbursed Appropriation (FMA s.16B)				
Treasurer's Advance (FMA s.18)				
Total Appropriated				
Budget Rollovers <sup>2</sup>				
Controlled Appropriation Drawn				
<p>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.</p> <p>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 <i>Restructure of Administrative Arrangements</i>.</p>				
<p>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.</p>				

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Controlled Statement of Appropriation
	<b>For additional information pertaining to territory authorities - please refer to TAS 7 Statement of Appropriation.</b>
FMA Section 6 FMA Section 8	<p>The FMA requires no payment of public money be made other than in accordance with an appropriation. Appropriation reconciliations are reconciliations of cash flow.</p> <p>The FMA requires an Appropriation Act make separate appropriations in relation to each Directorate for:</p> <ul style="list-style-type: none"> <li>• any controlled recurrent payments to be provided to the Directorate;</li> <li>• any capital injection to be provided to the Directorate; and</li> <li>• any payments to be made by the Directorate on Behalf of the Territory (i.e. administered expenses)</li> </ul>
FMA Section 37A	<p>If an agency receives an amount of appropriation that is excess to its requirements, it may repay the excess amount, or part of the excess amount, to the Territory Banking Account. The appropriation from which the excess amount was paid to the agency is restored by the amount it repaid to the territory banking account. The balance of the appropriation, including the amount repaid, may be applied for the purposes for which it was appropriated.</p>
AASB 1058.39	<p>Agencies should disclose appropriation amounts returned (if any) in a footnote to the ‘Appropriation Drawn’ in the Controlled Statement of Appropriation.</p> <p>Until 30 June 2019 AASB 1004 <i>Contributions</i> required, and from 1 July 2019 AASB 1058 <i>Income of Not-for-Profit Entities</i> requires the following to be disclosed by a government Directorate or other public sector entity that obtains part or all of their spending authority from a Legislative Assembly appropriation:</p> <ul style="list-style-type: none"> <li>• a summary of the major categories of appropriations, disclosing separately the original amounts appropriated for the reporting period and the total amounts appropriated for the reporting period;</li> <li>• the expenditures for the reporting period in respect of each of the above items; and</li> <li>• any reasons for material variances between the amounts appropriated or otherwise authorised and the associated expenditures for the reporting period.</li> </ul> <p>A tabular presentation of the variance explanation should be used if it would assist understanding of the reasons for the variance.</p>

‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## ‘Example Agency’ Summary of Agency Output Classes For the Year Ended 30 June 2020

Reference	Output Class 1 \$'000	Output Class 2 \$'000	Output Class 3 \$'000	Intra-Agency Eliminations \$'000	Total \$'000
ACT Disclosure Policy	<b>2020</b>				
	Total Income				
	Total Expenses				
	Share of Operating Profit from Joint Venture accounted for using the Equity Method				
	<b>Operating Surplus/(Deficit)</b>				
	<b>2019</b>				
	Total Income				
	Total Expenses				
	Share of Operating Profit from Joint Venture accounted for using the Equity Method				
	<b>Operating Surplus/(Deficit)</b>				

Reference	Commentary – Summary of Agency Output Classes
ACT Disclosure Policy	<b>For additional information pertaining to territory authorities - please refer to TAS 6 <i>Summary of Agency Output Classes and Output Class Operating Statements</i>.</b>
	Comparative information for the previous year must be disclosed.
	The Intra-Agency Eliminations column will only be needed where an agency has reported their output class statements on a gross basis.
	If there are no intra-agency eliminations the ‘Intra-Agency Eliminations’ column does not need to be included.

‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

# ‘Example Agency’

## Operating Statement for Output Class 1 – Management of Land

### For the Year Ended 30 June 2020

Reference	Operating Statement for Output Class 1 – Management of Land		
	<b>Description</b>		
AASB 1052.15(a)	Output Class 1: ‘Management of Land’ includes the coordination of integrated land use, metropolitan planning, Land Act compliance, lease management services, land surveying and the management of land and infrastructure.		
FMA Section 27(3)(a) Financial Management (Periodic & Annual Financial Statements) Guidelines -2017 Section 7(2)		<b>Actual</b> <b>2020</b> <b>\$’000</b>	<b>Original Budget 2020 \$’000</b>
		<b>Actual</b> <b>2019 \$’000</b>	
	<b>Income</b>		
	<i>Revenue</i>		
AASB 1052.15(d)	Controlled Recurrent Payments		
AASB 1052.15(d)	User Charges from Contracts with Customers		
AASB 1052.15(d)	Grants and Contributions		
AASB 1052.15(d)	Investment Revenue		
AASB 1052.15(d)	Other Revenue		
	<i>Total Revenue</i>		
	<i>Gains</i>		
AASB 1052.15(d)	Gains from Disposal, Derecognition and Remeasurement of Assets		
AASB 1052.15(d)	Other Gains		
	<i>Total Gains</i>		
	<b>Total Income</b>		
	<b>Expenses</b>		
AASB 1052.15(c)	Employee Expenses		
AASB 1052.15(c)	Superannuation Expenses		
AASB 1052.15(c)	Supplies and Services		
AASB 1052.15(c)	Depreciation and Amortisation		
AASB 1052.15(c)	Grants and Purchased Services		
AASB 1052.15(c)	Borrowing Costs		
AASB 1052.15(c)	Other Expenses		
	<b>Total Expenses</b>		
	Share of Operating Profit from Joint Venture accounted for using the Equity Method		
	<b>Operating Surplus</b>		

‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

# ‘Example Agency’

## Operating Statement for Output Class 2 – Municipal Services

### For the Year Ended 30 June 2020

Reference	Operating Statement for Output Class 2 – Municipal Services		
	Description		
AASB 1052.15(a)	Output Class 2: ‘Municipal Services’ includes:		
	<ul style="list-style-type: none"><li>policy advice on industry and regulatory reform, specifically implementing reforms in the energy and water industries, policy development for workplace safety, whole of government purchasing policy advice and workers’ compensation;</li><li>infrastructure services including bridges, stormwater drains, footpaths and street lights;</li><li>waste and recycling including waste management advice, services and development control measures; and</li><li>procurement solutions including on-line procurement services, business opportunity notifications and information on tenders and contracts.</li></ul>		
FMA Section 27(3)(a) Financial Management (Periodic & Annual Financial Statements) Guidelines -2017 Section 7(2)	Actual 2020 \$’000	Original Budget 2020 \$’000	Actual 2019 \$’000
	Income		
	Revenue		
AASB 1052.15(d)	Controlled Recurrent Payments		
AASB 1052.15(d)	User Charges from Contracts with Customers		
AASB 1052.15(d)	Grants and Contributions		
AASB 1052.15(d)	Investment Revenue		
AASB 1052.15(d)	Other Revenue		
	Total Revenue		
	Gains		
AASB 1052.15(d)	Gains from Disposal, Derecognition and Remeasurement of Assets		
AASB 1052.15(d)	Other Gains		
	Total Gains		
	Total Income		
	Expenses		
AASB 1052.15(c)	Employee Expenses		
AASB 1052.15(c)	Superannuation Expenses		
AASB 1052.15(c)	Supplies and Services		
AASB 1052.15(c)	Depreciation and Amortisation		
AASB 1052.15(c)	Grants and Purchased Services		
AASB 1052.15(c)	Borrowing Costs		
AASB 1052.15(c)	Other Expenses		
	Total Expenses		
	Share of Operating Profit from Joint Venture using Equity Method		
	-	-	-
	Operating (Deficit)		

‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

# ‘Example Agency’ Operating Statement for Output Class 3 – Environment and Heritage For the Year Ended 30 June 2020

Reference	Operating Statement for Output Class 3 – Environment and Heritage		
AASB 1052.15(a)  FMA Section 27(3)(a) Financial Management (Periodic & Annual Financial Statements) Guidelines 2017 Section 7(2)}	<b>Description</b>		
	Output Class 3: ‘Environment and Heritage’ includes the sustainable management of natural and cultural resources and the conduct of ecological surveys and the provision of scientific advice for policy development. It also includes the management of designated heritage resources, administration of heritage legislation and the provision of grants to heritage related programs.		
		<b>Actual 2020 \$’000</b>	<b>Original Budget 2020 \$’000</b>
			<b>Actual 2019 \$’000</b>
	<b>Income</b>		
	<i>Revenue</i>		
AASB 1052.15(d)	Controlled Recurrent Payments		
AASB 1052.15(d)	User Charges from Contracts with Customers		
AASB 1052.15(d)	Grants and Contributions		
AASB 1052.15(d)	Investment Revenue		
AASB 1052.15(d)	Other Revenue		
	<i>Total Revenue</i>		
	<i>Gains</i>		
AASB 1052.15(d)	Gains from Disposal, Derecognition and Remeasurement of Assets		
AASB 1052.15(d)	Other Gains		
	<i>Total Gains</i>		
	<b>Total Income</b>		
	<b>Expenses</b>		
AASB 1052.15(c)	Employee Expenses		
AASB 1052.15(c)	Superannuation Expenses		
AASB 1052.15(c)	Supplies and Services		
AASB 1052.15(c)	Depreciation and Amortisation		
AASB 1052.15(c)	Grants and Purchased Services		
AASB 1052.15(c)	Borrowing Costs		
AASB 1052.15(c)	Other Expenses		
	<b>Total Expenses</b>		
	Share of Operating Profit from Joint Venture accounted for using the Equity Method		
	<b>Operating (Deficit)</b>		

**‘EXAMPLE AGENCY’  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Operating Statement for Each Output Class
	<p><b>For additional information pertaining to territory authorities - please refer to TAS 6 Summary of Agency Output Classes and Output Class Operating Statements.</b></p> <p><b>Format</b></p> <p>The FMA states that the <i>Financial Management (Periodic and Annual Financial Statements) Guidelines 2017</i> must be complied with when preparing annual financial statements. These guidelines require the financial statements include an Operating Statement for each class of output provided by the agency during the year. However the guidelines specifically exclude other comprehensive income from being included in the Operating Statement for each class of output.</p> <p>In addition to the FMA, AASB 1052 <i>Disaggregated Disclosures</i> requires the following disclosures to be provided in the financial statements of a Government Directorate:</p> <ul style="list-style-type: none"> <li>• in summarised form, the identity and purpose of each major activity undertaken by the Government Directorate during the reporting period;</li> <li>• income reliably attributable to each of the major activities, showing separately user charges, income from government and other income by major class of income; and</li> <li>• expenses reliably attributable to each of the major activities, showing separately each major class of expense.</li> </ul> <p>If an agency has no amounts applicable to any line item, the item should not be included in the Operating Statement.</p> <p><b>Definitions</b></p> <p>For FMA purposes, ‘outputs’ are defined as goods produced or services provided by a directorate or territory authority or a person producing goods or providing services on behalf of a directorate or territory authority. ‘Class of outputs’ are defined as a group of related outputs. For the purposes of AASB 1052, major activities of a directorate have been defined as ‘output classes’.</p> <p><b>Budget</b></p> <p>The budget numbers appearing in the output class operating statements are those numbers published in the 2019-20 Budget Papers.</p> <p><b>One Output Class</b></p> <p>Where an agency only has one output class, a separate operating statement for that output class and the ‘Summary of Agency Output Classes’ is not required to be included in an agency’s financial statements. However, where this is the case, an agency must disclose:</p> <ul style="list-style-type: none"> <li>• the title of the output class;</li> <li>• a description of the output class; and</li> <li>• the fact that there is not an additional Output Class Operating Statement or a Summary of Agency Output Classes.</li> </ul> <p>Example wording an agency may use at the bottom of its operating statement, is as follows:</p> <p>‘Example Agency’ only has one output class and as such the above Operating Statement is also the Agency’s Operating Statement for the [Name of Output Class] Output Class. The [Name of Output Class] Output Class includes [Description of Output Class.] As a result, a separate output class Operating Statement and Summary of Agency Output Classes has not been included in these financial statements’.</p>
FMA Section 27(3)(a) Financial Management (Periodic & Annual Financial Statements) Guidelines -2017 Section 7(2)	
AASB 1052.15	
FMA, Dictionary	
AASB 1052	
FMA Section 27(2)	

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES [DIRECTORATES ONLY]</b>					
ACT Accounting AASB 1052.16	<b>Year Ended 30 June 2020</b>					
		<b>Output Class 1</b>	<b>Output Class 2</b>	<b>Output Class 3</b>	<b>Unallocated</b>	<b>Total</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>Current Assets</b>					
	Cash and Cash Equivalents <sup>1</sup>					
	Investments <sup>2</sup>					
	Receivables					
	Contract Assets					
	Inventories					
	Non-Current Assets Held for Sale					
	Other Assets					
	<b>Total Current Assets</b>					
	<b>Non-Current Assets</b>					
	Receivables					
	Investments					
	Contract Assets					
	Investment – Joint Venture					
	Property, Plant and Equipment					
	Investment Properties					
	Intangible Assets					
	Capital Works in Progress					
	Other Assets					
	<b>Total Non-Current Assets</b>					
	<b>Total Assets</b>					
	<b>Current Liabilities</b>					
	Payables					
	Contract Liabilities					
	Interest-Bearing Liabilities					
	Lease Liabilities					
	Employee Benefits					
	Other Provisions					
	Other Liabilities					
	<b>Total Current Liabilities</b>					
	<b>Non-Current Liabilities</b>					
	Payables					
	Contract Liabilities					
	Interest-Bearing Liabilities					
	Lease Liabilities					
	Employee Benefits					
	Other Provisions					
	Other Liabilities					
	<b>Total Non-Current Liabilities</b>					
	<b>Total Liabilities</b>					
	<b>Net Assets</b>					



**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Disaggregated Disclosure of Assets and Liabilities [Directorates Only] – Continued					
AASB 1052.16	<b>Year Ended 30 June 2019</b>					
		<b>Output Class 1</b> \$'000	<b>Output Class 2</b> \$'000	<b>Output Class 3</b> \$'000	<b>Unallocated</b> \$'000	<b>Total</b> \$'000
	<b>Current Assets</b>					
	Cash and Cash Equivalents <sup>1</sup>					
	Investments <sup>2</sup>					
	Receivables					
	Inventories					
	Assets Held for Sale					
	Other Assets					
	<b>Total Current Assets</b>					
	<b>Non-Current Assets</b>					
	Receivables					
	Investments					
	Investment – Joint Venture					
	Property, Plant and Equipment					
	Investment Properties					
	Intangible Assets					
	Capital Works in Progress					
	Other Assets					
	<b>Total Non-Current Assets</b>					
	<b>Total Assets</b>					
	<b>Current Liabilities</b>					
	Payables					
	Interest-Bearing Liabilities					
	Finance Leases					
	Employee Benefits					
	Other Provisions					
	Other Liabilities					
	<b>Total Current Liabilities</b>					
	<b>Non-Current Liabilities</b>					
	Payables					
	Interest-Bearing Liabilities					
	Finance Leases					
	Employee Benefits					
	Other Provisions					
	Other Liabilities					
	<b>Total Non-Current Liabilities</b>					
	<b>Total Liabilities</b>					
	<b>Net Assets</b>					

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Disaggregated Disclosure of Assets and Liabilities [Directorates Only] – Continued
	<p><b><sup>1</sup>Unallocated Cash and Cash Equivalents</b></p> <p>Cash and cash equivalents have been included in the ‘Unallocated’ column above, as this class cannot be ‘reliably attributed’ to the Directorate’s output classes. As the amount of cash and cash equivalents held by the Directorate is comprised of a number of disparate components, no single allocation driver can be used to ‘reliably attribute’ this asset class. The components are as follows:</p> <ul style="list-style-type: none"> <li>• working capital which is not held for any specific output class but is instead held for unforeseen operational expenditures;</li> <li>• cash held for unpresented cheques. There is no correlation between output class expenditure and actual cheques which are unpresented at any given point in time. Also, a single unpresented cheque could relate to multiple output classes;</li> <li>• cash held for a specific purpose; and</li> <li>• cash held in anticipation of an imminent payment.</li> </ul> <p><b><sup>2</sup>Unallocated Investments</b></p> <p>Investments with the Territory Banking Account cannot be ‘reliably attributed’ to the Directorate’s output classes.</p>
	<p><b>Commentary – Disaggregated Disclosure of Assets and Liabilities [Directorates Only]</b></p> <p><b>One Output Class</b></p> <p>Where a directorate only has one output class, this disaggregated disclosure note is not required to be included in the directorate’s financial statements. However, where this is the case, the directorate must disclose this fact at the bottom of its balance sheet.</p> <p>Example wording a Directorate may use at the bottom of its balance sheet, is as follows:</p> <p><i>‘Example Agency’ only has one output class and as such the above Balance Sheet is also the Directorate’s Balance Sheet for the [Name of Output Class] Output Class. A separate disaggregated disclosure note has not been included in these financial statements.</i></p> <p><b>Reliably Attributable</b></p> <p>AASB 1052 <i>Disaggregated Disclosures</i> states that the financial statements of a government Department shall disclose the assets deployed and liabilities incurred that are ‘reliably attributable’ to each Department’s output class. However, AASB 1052 does not provide guidance on what assets or liabilities it generally considers to be ‘reliably attributable’ to a particular output class. It does state that it may not be possible to reliably attribute all assets and liabilities.</p>

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Disaggregated Disclosure of Assets and Liabilities [Directorates Only] - Continued
<p>ACT Accounting Policy</p>	<p>The ACT Accounting Policy Paper on Disaggregated Disclosures states that, in most cases, cash and cash equivalents cannot be reliably attributed to a Directorate’s output classes. Where this is the case, directorates do not have to allocate this to output classes.</p> <p>The paper states that the following asset and liability classes can be allocated:</p> <ul style="list-style-type: none"> <li>• Property, Plant and Equipment;</li> <li>• Intangibles;</li> <li>• Capital Works in Progress;</li> <li>• Employee Benefits; and</li> <li>• Finance Lease Liabilities.</li> </ul> <p>As such, directorates must allocate these asset classes to each of their output classes.</p> <p>For all other asset and liability classes, the ultimate decision regarding whether or not these classes can be reliably attributed to an appropriate output class rests with the directorate, and as such directorates will need to analyse their assets and liabilities to determine which classes can be reliably attributed. As directorates are to determine if an asset or liability class is ‘reliably attributable’, directorates should not base their allocations on the note above, as the allocation is an example only. Guidance regarding allocations is outlined in the ACT Accounting Policy Paper on Disaggregated Disclosures (as discussed above).</p> <p><b>Explanation of Unallocated Amount</b></p> <p>Directorates should disclose the reason why cash and cash equivalents cannot be ‘reliably attributed’ and as such cannot be allocated to an output class. An example disclosure has been included in this note. A similar note will need to be included for a material asset or liability class that cannot be ‘reliably attributed’. However, a similar disclosure is not required for immaterial asset and liability classes which cannot be ‘reliably attributed’ to an output class.</p> <p><b>Disclosure of Comparative Information</b></p>
<p>AASB 101.38</p>	<p>AASB 101 <i>Presentation of Financial Statements</i> requires comparative information be disclosed in respect of the prior reporting period for all amounts reported in the financial statements, except where another Australian Accounting Standard permits or requires otherwise. AASB 1052 does not specifically address comparative figures for disaggregated disclosures but, as stated above, it only requires the allocation of asset and liability classes where they can be ‘reliably attributable’ to an output class. As such, directorates must include comparative figures for this disaggregated disclosure unless not ‘reliably attributable’.</p>
<p>AASB 1052.15</p>	
<p>AASB 101.7 &amp; 43</p>	<p>AASB 101 also states that in some circumstances it may be impracticable to reclassify comparative information for a particular prior reporting period to achieve comparability with the current reporting period. AASB 101 states that a requirement is impracticable when the directorate cannot apply it after making every reasonable effort to do so. For example, data may not have been collected in the prior period(s) in a way that allows reclassification, and it may not be practicable to recreate the information.</p>
<p>AASB 101.42</p>	<p>When it is impracticable to reclassify comparative amounts, a directorate shall disclose:</p> <ul style="list-style-type: none"> <li>• the reason for not reclassifying the amounts; and</li> <li>• the nature of the adjustments that would have been made if the amounts had been reclassified.</li> </ul>

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

## ‘Example Agency’ Financial Statements

# CONTROLLED NOTE INDEX

Note	Controlled Note Index list	Page
Note 1	Objectives of ‘Example Agency’	49
Note 2	Significant Accounting Policies (Appendices A, B and C)	49
	Appendix A – Basis of Preparation of the Financial Statements	171
	Appendix B – Significant Accounting Policies	175
	Appendix C - Impact of Accounting Standards Issued But Yet to be Applied	191
Note 3	Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error (Appendix D)	49
	Appendix D - Change in Accounting Policy, Accounting Estimates, Correction of Prior Period Error	193
	<b>Income Notes</b>	
	<b>Revenue Notes</b>	
Note 4	Controlled Recurrent Payments	50
Note 5	Sales of Goods and Services from Contracts with Customers	51
Note 6	Grants and Contributions	53
Note 7	Investment Revenue	54
Note 8	Other Revenue	55
	<b>Gains Notes</b>	
Note 9	Gains from Disposals, Derecognition and Remeasurement of Assets	56
Note 10	Other Gains	58
Note 43	Interest in a Joint Venture	128
	<b>Expense Notes</b>	
Note 11	Employee Expenses	59
Note 12	Superannuation Expenses	59
Note 13	Supplies and Services	60
Note 14	Depreciation and Amortisation	61
Note 15	Grants and Purchased Services	62
Note 16	Borrowing Costs	63
Note 17	Other Expenses	63
Note 18	Waivers, Impairment Losses and Write-Offs	65
Note 19	Act of Grace Payments	66
Note 20	Auditor’s Remuneration	67
Note 43	Interest in a Joint Venture	128
	<b>Asset Notes</b>	
Note 21	Cash and Cash Equivalents	68
Note 22	Investments	69
Note 23	Receivables	70
Note 24	Contract Assets	73
Note 25	Inventories	76
Note 26	Non-Current Assets Held for Sale	77
Note 27	Property, Plant and Equipment	78
Note 28	Investment Properties	89
Note 29	Intangible Assets	92
Note 30	Capital Works in Progress	94
Note 31	Other Assets	96
	<b>Liability Notes</b>	
Note 32	Payables	96
Note 33	Contract Liabilities	98
Note 34	Interest-Bearing Liabilities	100

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

<b>Note</b>	<b>Controlled Note Index List – Continued</b>	<b>Page</b>
Note 35	Lease Liabilities	102
Note 36	Employee Benefits	107
Note 37	Other Provisions	109
Note 38	Other Liabilities	111
	<b>Other Notes</b>	
Note 39	Restructure of Administrative Arrangements	112
Note 40	Financial Instruments	115
Note 41	Capital and Other Expenditure Commitments	124
Note 42	Contingent Liabilities and Contingent Assets	126
Note 43	Interest in a Joint Venture	128
Note 44	Interest in a Joint Operation	131
Note 45	Cash Flow Reconciliation	133
Note 46	Events after the Reporting Period	134
Note 47	Third Party Monies	135
Note 48	Related Party Disclosures	136
Note 49	Budgetary Reporting	142
	Commentary – Discontinuing Operations	145

<b>Reference</b>	<b>Commentary – Controlled Note Index</b>
AASB 101.113	<p><b>Presentation of Notes</b></p> <p>An index to the notes to the financial statements helps users to quickly access a particular note. AASB 101 <i>Presentation of Financial Statements</i> only requires that notes in the financial statements be presented in a systematic manner. In determining a systematic manner, an agency must consider the effect on the understandability and comparability of its financial statements. Each item in a financial statement must be cross-referenced to any directly related information in the notes.</p> <p>Page numbers are used in the Models for ease of reference. Agencies are not required to include page numbers in the Note Index due to the difficulty in knowing what page numbers the financial statements will have in the annual report.</p>

**‘EXAMPLE AGENCY’**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Controlled Note Index – Continued
AASB 101.114	Examples of systematic ordering or grouping of the notes include: <ul style="list-style-type: none"> <li>• giving prominence to the areas of activities that the agency considers most relevant to an understanding of its operating statement and balance sheet, such as grouping together information about particular operating activities;</li> <li>• grouping together information about items measured similarly such as assets measured at fair value; or</li> <li>• following the order of the line items in the operating statement and the balance sheet, such as: <ul style="list-style-type: none"> <li>(i) a statement of compliance with IFRSs*;</li> <li>(ii) significant accounting policies applied;</li> </ul> </li> </ul>
AASB 101.16	(iii) supporting information for items presented in the Operating Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows, in the order in which each statement and each line item is presented; and
AASB 101.Aus16.2&3	(iv) other disclosures, including: <ul style="list-style-type: none"> <li>○ contingent liabilities and unrecognised contractual commitments; and</li> <li>○ non-financial disclosures, for example the agency’s financial risk management objectives and policies.</li> </ul>
AASB 1054.7	<b>*Note:</b> ACT Government agencies cannot make a statement of compliance with IFRSs but shall make a statement of compliance with Australian Accounting Standards. The Model includes this statement of compliance in Note 2 <i>Significant Accounting Policies</i> .
AASB 101.112(b) &(c)	<b>Additional Information</b> The notes must disclose additional information that is not presented in the financial statements as required by Australian Accounting Standards and where it is necessary to enable an assessment of the agency’s financial performance and financial position to be made.

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 1. OBJECTIVES OF ‘EXAMPLE AGENCY’</b>
<p>AASB 1054.8(b) AASB 101.138(b) AASB 1052.15(b)</p>	<p><b>Operations and Principal Activities</b></p> <p>The Agency is a not-for-profit ACT Government entity (as profit is not its principal objective) that delivers services to the ACT community including municipal services, land information, procurement and property services, undertaking, promoting and coordinating the development and management of land and the provision and maintenance of major infrastructure such as bridges, streetlights and stormwater drains.</p> <p>The Agency provides policy advice to Government on land use planning and environmental impacts, urban infrastructure, strategic management of ACT land and property and municipal services. The Agency also collects a number of different taxes, fees and fines for the ACT Government.</p>
	<p><b>Commentary – Note 1: Objectives of ‘Example Agency’</b></p>
AASB 1054.8(b)	An agency shall disclose in the notes whether, for the purposes of preparing the financial statements, it is a for-profit or not-for-profit entity.
AASB 1052.15(b)	AASB 1052 <i>Disaggregated Disclosures</i> requires directorates to disclose their objectives if this information has not been disclosed elsewhere in the Annual Report. Territory authorities should also provide a note disclosing their objectives.
AASB 101.138(b)	AASB 101 <i>Presentation of Financial Statements</i> requires a description of the nature of the agency’s operations and its principal activities.
Chief Minister’s Annual Report Directions	As the Chief Minister’s Annual Report Directions requires details of the organisation and its major achievements to appear elsewhere within the Annual Report, Note 1 can be simplified and be more concise. The information required by the Directions includes details of the reporting entity and its organisational profile.
	<b>NOTE 2. SIGNIFICANT ACCOUNTING POLICIES</b>
AASB 101.10(e)	<p>Refer to the following appendices for the notes comprising significant accounting policies and other explanatory information.</p> <p>Appendix A - Basis of Preparation of the Financial Statements</p> <p>Appendix B - Significant Accounting Policies</p> <p>Appendix C - Impact of Accounting Standards Issued But Yet to Be Applied</p>
	<b>NOTE 3. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR</b>
AASB 101.10(e)	Refer to Appendix D – Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error

**'EXAMPLE AGENCY'**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 4. CONTROLLED RECURRENT PAYMENTS</b>		
	<p>Controlled Recurrent Payments (CRP) are revenue received from the ACT Government to fund the costs of delivering outputs.</p> <p>Community Service Obligations (CSO) are received by the Agency for the provision of waste management services to the public at subsidised rates.</p>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
ACT Disclosure Policy	<b>Revenue from the ACT Government</b>		
AASB 1058 26(c)	Controlled Recurrent Payments		
ACT Disclosure Policy	Community Service Obligations		
	<b>Total Controlled Recurrent Payments</b>		
	<p>a) The increase in CRP was due to the transfer of the Heritage and Environment function from ABC to 'Example Agency'. Please refer to Note 39 <i>Restructure of Administrative Arrangements</i> for further details.</p>		
	<p><b>Commentary – Note 4: Controlled Recurrent Payments</b></p> <p><i>For additional information pertaining to territory authorities – please refer to TAS 9 Note 4: Controlled Recurrent Payments.</i></p>		
FMA Section 8	<p>The FMA requires an Appropriation Act make separate appropriations in relation to each directorate for:</p> <ul style="list-style-type: none"> <li>any controlled recurrent payments (CRP) to be provided to the directorate;</li> <li>any capital injection to be provided to the directorate; and</li> <li>any payments to be made by a directorate on behalf of the Territory.</li> </ul> <p>Controlled Recurrent Payments are recognised as revenue when a directorate gains control over the funding. Control over appropriated funds is normally obtained upon the receipt of cash.</p>		
ACT Disclosure Policy	<p>Although CSO revenue is not separately identified in the Appropriation Act, CSO revenue is an identifiable sub-category of CRP revenue and is separately disclosed in the CRP note.</p>		



**'EXAMPLE AGENCY'**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 5. SALES OF GOODS AND SERVICES FROM CONTRACTS WITH CUSTOMERS</b>	
		2020    2019 \$'000    \$'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>	
	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>	=====
	<p>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.</p> <p>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.</p> <p>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.</p> <p>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 labor, 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.</p>	

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 5: Sales of Goods and Services from Contracts with Customers
AASB 15.114,B87-89 ACT Disclosure Policy	<p>Revenue recorded in this note is within the scope of AASB 15 <i>Revenue from Contracts with Customers</i>, i.e. exists within an enforceable contract with sufficiently specific performance obligations.</p> <p>The breakdown shown in this note disclosure is an example only. Agencies must disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.</p> <p>The disaggregation shown here is by type of revenue and by customer. Agencies should consider whether pattern of revenue recognition (e.g. point in time or over time is an appropriate disaggregation).</p> <p>Agencies should also include a breakdown of all material line items included within this note to enable the revenue streams within AASB 15 to be appropriately disaggregated.</p> <p>ACT Government agencies are agencies that form part of the ACT Government or which the ACT Government controls. A list of these agencies is contained in the Australian Capital Territory Government Consolidated Annual Financial Statements, which can be found at the Treasury website under publications (<a href="http://apps.treasury.act.gov.au/publications">http://apps.treasury.act.gov.au/publications</a>).</p>
AASB 15.9-90	<p><b>Revenue Recognition</b></p> <p>To determine whether to recognise revenue under AASB 15, agencies must follow a five-step process:</p> <ul style="list-style-type: none"> <li>• identifying the contract with a customer;</li> <li>• identifying the performance obligations;</li> <li>• determining the transaction price;</li> <li>• allocating the transaction price to the performance obligations; and</li> <li>• recognising revenue when/as performance obligations are satisfied.</li> </ul>
AASB 15.31-32	<p>Revenue is recognised when (or as) an agency satisfies performance obligations by transferring a promised good or service to a customer. For each performance obligation, the agency determines at contract inception whether it satisfies the performance obligation over time or at a point in time.</p>
AASB 15.124(a)&(b) AASB 15.125	<p>For performance obligations that the agency satisfies over time it shall disclose the methods used to recognise revenue (e.g.) a description of the output methods or input methods used and how they are applied and an explanation of why the methods used provide a faithful depiction of the transfer of goods or services. For performance obligations that are satisfied at a point in time, agencies shall disclose the significant judgements made in evaluating when a customer obtains control of the goods or services.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 6. GRANTS AND CONTRIBUTIONS</b>		
ACT Disclosure Policy		<b>2020</b>	<b>2019</b>
	<b>Resources Received Free of Charge from ACT Government Entities</b>	<b>\$'000</b>	<b>\$'000</b>
	Legal Services <sup>a</sup>		
	Shared Services Finance - Fixed Costs		
	Shared Services Human Resources - Fixed Costs		
AASB-1058.22	<b>Total Resources Received Free of Charge</b>		
	<b>Other Grants and Contributions</b>	<b>\$'000</b>	<b>\$'000</b>
	Grants without Sufficient Performance Obligations		
	Grants to Acquire or Construct Assets to be Controlled by the Agency		
	Donations		
	Donations of Property, Plant and Equipment		
	Restructure Fund Receipts		
AASB-1058.22	<b>Total Other Grants and Contributions</b>		
	<b>Total Grants and Contributions</b>		
	a) The Agency disposed of waste material by burying it in landfill, however, it was discovered that the waste had leaked and contaminated the area and nearby farmland. The increase in legal services was due to the litigation arising from related claims. These legal services were provided free of charge by the ACT Government Solicitor's Office.		
	<b>Commentary – Note 6: Grants and Contributions</b>		
AASB 1058.18&22	AASB 1058 <i>Income of Not-for-Profit Entities</i> requires contribution of services (resources received free of charge) to be recognised at their fair value if:		
ACT Disclosure Policy	<ul style="list-style-type: none"> <li>the fair value can be reliably measured, and</li> <li>the services would have been purchased if not received free of charge.</li> </ul> Resources received free of charge comprise resources received from other ACT Government agencies. It does not include resources received from external parties.		
ACT Disclosure Policy	ACT Government agencies are agencies that form part of the ACT Government or which the ACT Government controls. A list of these agencies is contained in the Australian Capital Territory Government Consolidated Annual Financial Statements, which can be found at the Treasury website under publications ( <a href="http://apps.treasury.act.gov.au/publications">http://apps.treasury.act.gov.au/publications</a> ).		
AASB 1058.27	Where revenue is recognised through a contract which is not enforceable or does not contain sufficiently specific performance obligations then it is within the scope of AASB 1058 and should be included within this note.		
	Disclosure should be included regarding the extent of volunteer services used regardless of whether the value of the services has been recognised.		
	Where Agencies receive capital grants that meet the following:		
	<ul style="list-style-type: none"> <li>the contract is enforceable</li> <li>the financial assets is to be used to acquire or construct a non-financial asset which will be recognised on the agency's books, and</li> <li>the asset is not required to be transferred to any other party</li> </ul> then this transaction is separately identified as the revenue is recognised as the asset is constructed or acquired rather than on receipt of the funds.		
	Restructure Fund Receipts should be classified as Contributions and should be shown gross rather than netted off against the related termination expense.		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 7. INVESTMENT REVENUE</b>		
AASB 7.20 ACT Disclosure Policy	<b>Revenue from ACT Government Entities</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
	Distribution from Investments with the Territory Banking Account		
	<b>Total Distribution from Investments with the Territory Banking Account</b>		
ACT Disclosure Policy	<b>Investment Revenue from Non-ACT Government Entities</b>		
AASB 7.20(b)	Interest from Loans Receivable <sup>a</sup>		
AASB 7.20(b)	Other Interest Revenue		
	Dividends		
	<b>Total Investment Revenue from Non-ACT Government Entities</b>		
AASB 101.82(a)	<b>Investment Revenue</b>		
AASB 7.20(b)	Total interest revenue from financial assets <b>at amortised cost</b>		
	a) The increase in interest received from loan receivable reflects the issuing of more loans throughout the reporting period.		
ACT Disclosure Policy	<b>Commentary – Note 7: Investment Revenue</b>  Interest revenue is recognised using the effective interest method. <b>Reference:</b> AASB 9.5.4.1 Distribution revenue is received from investments with the Territory Banking Account. This is recognised on an accrual basis using data supplied by the Territory Banking Account. Dividend revenue is recognised when the Agency’s right to receive payment is established. <b>Reference:</b> 9.5.7.1A(a)(b)&(c)		

**'EXAMPLE AGENCY'**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 8. OTHER REVENUE</b>		
ACT Disclosure Policy		<b>2020</b>	<b>2019</b>
	<b>Revenue from ACT Government Entities</b>	<b>\$'000</b>	<b>\$'000</b>
	Other Revenue		
	<b>Total Other Revenue from ACT Government Entities</b>		
ACT Disclosure Policy	<b>Revenue from Non-ACT Government Entities</b>		
	Other Revenue		
	<b>Total Other Revenue from Non-ACT Government Entities</b>		
	<b>Total Other Revenue</b>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**Commentary – Note 8: Other Revenue**

AASB 101.7  
AASB 108.5  
ACT Disclosure  
Policy

Amounts should only be included in other revenue if they do not fall within any of the other categories of revenue identified in Notes 4 – 7.

The materiality applies to the classification of other revenue. The line item other revenue should not be disproportionately large compared to total revenue. Within the other revenue note each material class of revenue must be disclosed separately and the total of unclassified revenue must not exceed 10% of Total ‘Other Revenue’.

ACT Government agencies are agencies that form part of the ACT government or which the ACT Government controls. A list of these agencies is contained in the Australian Capital Territory Government Consolidated Annual Financial Statements, which can be found at the Treasury website under publications (<http://apps.treasury.act.gov.au/publications>).

Reference	<b>NOTE 9. GAINS FROM DISPOSALS, DERECOGNITION AND REMEASUREMENT OF ASSETS</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Gains on Disposal and Derecognition of Assets</b>		
AASB 7.20(a)	Gains on Disposal of Investments <sup>a</sup>		
AASB 7.20(a)	Gains from the Forgiveness of Liabilities		
	Gains from the Sale of Assets		
	<b>Total Gains on Disposal and Derecognition of Assets</b>		
	<b>Gains on Remeasurement of Assets</b>		
AASB 102.36(f)	Reversal of the Write-down in Inventory <sup>b</sup>		
AASB140.76(d)	Gains from the Revaluation of Investment Properties		
	<b>Total Gains on Remeasurement of Assets</b>		
	<b>Total Gains from Disposal, Derecognition and Remeasurement of Assets</b>		
AASB 102.36(g)	a) The decrease in gains is due to ‘Example Agency’ having fewer investments in 2019-20.		
	b) The reversal of the write-down of inventory was due to a reassessment of the net realisable value of that inventory.		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**Commentary – Note 9: Gains from Disposal, Derecognition and Remeasurment of Assets**

For additional information pertaining to territory authorities – please refer to TAS 10 Note 10: Other Gains.

The breakdown shown in this note disclosure is an example only. Agencies should only include line items that are applicable to them where material.

AASB101.35

Gains and losses arising from a group of similar transactions should be reported on a net basis. However, if the gains and losses are material they should be reported separately.

Agencies should be aware that if they have material amounts against the line items listed below, they should be included in the Other Gains note:

- reversal of asset revaluation decrements previously expensed, or
- re-recognition of assets previously written-off.

AASB101.7

AASB108.5

ACT Disclosure  
Policy

Materiality applies to the classification of other gains. Each material class of gains must be disclosed separately and the total of unclassified gains must not exceed 10% of total gains disclosed in the note.

If an agency is in the business of selling assets, then the gain on these assets would be included in other revenue, or if material, included in a separate line item in the Operating Statement and not in other gains.

If an agency has made a net gain on investments held with the Territory Banking Account this is presented in *Gains on Investments*. If an agency makes a net loss on investments with the Territory Banking Account, this amount will appear in Note 17 *Other Expenses*.

**Reversal of Impairment Loss**

An agency shall disclose, for each class of assets, the amount of reversals of impairment losses recognised in the Operating Statement during the reporting period and the line item(s) of the Operating Statement in which those impairment losses are reversed. However, given that agencies are now required to measure most Property, Plant and Equipment at fair value, most reversals of impairment losses will now go through the Asset Revaluation Surplus. Any balance not able to be met by the Asset Revaluation Surplus would be recognised in the Operating Statement.

AASB

136.126(b)

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 10. OTHER GAINS</b>		
	Other gains are transactions that are not part of the Agency’s core activities.		
		<b>2020</b>	<b>2019</b>
		<b>\$’000</b>	<b>\$’000</b>
AASB 101.97,98	Reversal of Asset Revaluation Decrements Previously Expensed		
AASB 101.97,98	Rerecognition of Assets Previously Written Off		
	Other		
	<b>Total Other Gains</b>		
	<b>Commentary – Note 10: Other Gains</b>		
	The breakdown shown in this note disclosure is an example only. Agencies should only include line items that are applicable to them where material.		
AASB 101.35	Gains and losses arising from a group of similar transactions should be reported on a net basis. However, if the gains and losses are material they should be reported separately.		
	Agencies should be aware that if they have material amounts against the line items listed below, they should be included in the Other Gains note:		
	<ul style="list-style-type: none"> <li>• reversal of asset revaluation decrements previously expensed; or</li> <li>• re-recognition of assets previously written-off.</li> </ul>		
AASB 101.7	The notion of materiality applies to the classification of other gains. Each material class of gains must be disclosed separately and the total of unclassified gains must not exceed 10% of total gains disclosed in the note.		
AASB 108.5			
ACT Disclosure Policy	If an agency is in the business of selling assets, then the gain on these assets would be included in other revenue, or if material, included in a separate line item in the Operating Statement and not in other gains.		



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 11. EMPLOYEE EXPENSES</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	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</b>		
	<b>Commentary – Note 11: Employee Expenses</b>		
AASB 119.5	Employee benefits include:		
	<ul style="list-style-type: none"> <li>• 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;</li> <li>• 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</li> <li>• termination benefits.</li> </ul>		
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.		

Reference	<b>NOTE 12. SUPERANNUATION EXPENSES</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 119.53	Superannuation Contributions to the Territory Banking Account		
	Productivity Benefit		
	Superannuation to External Providers		
	<b>Total Superannuation Expenses</b>		

**'EXAMPLE AGENCY'**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 13. SUPPLIES AND SERVICES</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 16.53(c)&(d)	Legal Expenses <sup>a</sup> Contractors and Consultants <sup>b</sup> Consumable Stores and Supplies <sup>c</sup> Valuation Services Hire Charges Utilities Insurance <sup>d</sup> Computing Costs Repairs and Maintenance <sup>e</sup> Printing Communications Publications Postage and Courier Staff Development Stationery IT Services Travel Lease Rental Payments <sup>f</sup> Rental Expense Arising from Sub-Leases Other <b>Total Supplies and Services</b>		
	<p>a) The Agency disposed of waste material by burying it in landfill, however, it was discovered that the waste had leaked and contaminated the area, including nearby farmland. The increase in legal expenses was due to the litigation arising from related claims. These legal expenses related to court costs, such as engaging the services of barristers.</p> <p>b) The decrease in contractors and consultants is due to an increase in the number of staff employed resulting in a decreased demand for contracting and consulting services.</p> <p>c) The decrease in consumable stores and supplies is due to the increase in the repairs and maintenance of infrastructure assets.</p> <p>d) The increase in insurance expense is due to the rise in the number and value of assets being insured. The transfer from works in progress to property, plant and equipment resulted in the number of insured assets increasing. In addition, the revaluation of land, buildings, and community and heritage assets resulted in the value of insured assets increasing.</p> <p>e) Major maintenance on infrastructure assets is carried out on a rolling basis over a period of 5 years. The increase in repairs and maintenance is due to this major cyclical maintenance being performed on larger sub-classes of infrastructure assets than last reporting period.</p> <p>f) Lease Rental Payments includes short-term leases of 12 months or less and low value leases up to \$10,000 as well as non-specialised accommodation leases with Property Group.</p>		
AASB 16.5(a)&(b)B3- B8,B14	<b>Commentary – Note 13: Supplies and Services</b>  The breakdown of Supplies and Services shown above is an example only. Agencies will need to include their own breakdown of all material line items in the Supplies and Services expenses note disclosure.		
AASB 16.5(a)&(b),B3- B8,B14	Rental Expenses includes short-term leases of 12 months or less and low value leases up to \$10,000 as well as non-specialised accommodation leases with Property Group.		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 14. DEPRECIATION AND AMORTISATION</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Depreciation</b>		
	Buildings		
	Right-of-Use Asset Buildings		
	Infrastructure Assets		
	Right-of-Use Asset Infrastructure Assets		
	Plant and Equipment		
	Right-of-Use Asset Plant and Equipment		
	Community and Heritage Assets		
	Right-of-Use Asset Community and Heritage Assets		
	Leasehold Improvements		
	Right-of-Use Asset Community and Heritage Assets		
AASB 116.75(a)	<b>Total Depreciation</b>		
	<b>Amortisation</b>		
	Intangible Assets		
AASB 138.118(d)	<b>Total Amortisation</b>		
	<b>Total Depreciation and Amortisation</b>		
AASB 116.51 AASB 108.34 & 39	<b>Revision in Accounting Estimates</b> The useful lives of some community and heritage assets were reassessed resulting in the depreciation expense increasing by \$xxx.		
AASB 116.51 AASB 108.39	<b>Change in Depreciation due to a Revision of Carrying Amount</b> The residual value of plant and equipment was revised and subsequently increased as it was considered that some items of plant and equipment could be sold for an amount greater than originally anticipated. As a result, the depreciation on the plant and equipment was also revised and consequently decreased by \$180,000 in the current reporting period.		
	<b>Commentary – Note 14: Depreciation and Amortisation</b>		
	<b>Depreciation of Land</b>		
AASB 116.16	The cost of an item of property, plant and equipment comprises:		
	<ul style="list-style-type: none"> <li>• its purchase price;</li> <li>• any directly attributable costs; and</li> <li>• the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.</li> </ul>		
AASB 116.58 & 59	With some exceptions, such as quarries or landfill, land has an unlimited useful life and therefore is not depreciated. Where land is required to be restored after it has been used, this cost must be capitalised into the carrying amount of the land and a relevant provision raised. That portion of the land's cost is then depreciated over the period the land will be used (i.e. until the time the land is restored). For example, where an agency has a landfill site which is required to be restored by law at the end of 10 years, the restoration portion of the land's value will be depreciated over the next 10 years.		
	The totals for depreciation in this Note should be equal to the amounts in the Notes on <i>Property, Plant and Equipment and Intangible Assets</i> .		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**Commentary – Note 14: Depreciation and Amortisation – Continued**

**Useful Lives**

AASB 116.51 Agencies must make an assessment of their asset’s useful lives at the end of each reporting period and where expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

AASB 108.36 AASB 108 requires changes in accounting estimates to recognised prospectively in the Operating Statement by including it as revenue or expense in the reporting period in which the accounting estimate is revised, if the revision affects that reporting period only, or in the reporting period of the revision and future reporting periods, if the revision affects both the current and future reporting periods.

Reference

**NOTE 15. GRANTS AND PURCHASED SERVICES**

ACT  
Disclosure  
Policy

Grants are amounts provided to ACT Government agencies and non-ACT Government agencies for general assistance or for a particular purpose. Grants may be for capital, current or recurrent purposes and the name or category reflects the use of the grant. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Purchased services are amounts paid to obtain services from other ACT Government agencies and external parties.

	2020	2019
	\$’000	\$’000

Payments to Service Providers <sup>a</sup>

Recurrent Grants

Capital Grants <sup>b</sup>

Community Service Obligation Payments to Agencies

**Total Grants and Purchased Services**

a) The increase in payments to service providers is due to the Agency now being responsible for providing services involving the waste management and environmental function. These services were being provided by another agency in prior years.

b) The increase in capital grants is due to the Agency receiving an increase in Controlled Recurrent Payments to fund a new capital grant program being managed by the Agency.

**Commentary – Note 15: Grants and Purchased Services**

*Grants and Purchased Services are generally not applicable to territory authorities.*

Agencies should tailor the information in this note to their own circumstances setting out appropriate details of the service providers and grant recipients and the nature of the government objectives being achieved. That is, agencies should list specific ‘Payments to Service Providers’ and specific grant payments, instead of putting them all in one line item as above.

Chief  
Minister’s  
Annual  
Report  
Directions

This note requires the disclosure of grants and payments to service providers. In addition, the Chief Minister’s Annual Report Directions requires details of service purchasing agreements, community grants, sponsorships and assistance provided by the agency to be reported in the agency’s Annual Report.

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 16. BORROWING COSTS</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 7.20(b)	Interest Expense on Bank Overdraft / Borrowings		
AASB 7.20(b)	Finance Charges on Finance Leases		
AASB 16.49	Lease Interest Expense		
	Finance Cost on Make Good		
137.60	<b>Total Borrowing Costs</b>		
<b>Commentary – Note 16: Borrowing Costs</b>			
AASB 123.6	Borrowing costs may include:		
	<ul style="list-style-type: none"> <li>• interest on bank overdrafts and short-term and long-term borrowings;</li> <li>• finance charges in respect of finance leases recognised in accordance with AASB 117 <i>Leases</i> (for 2018-19 reporting);</li> </ul>		
AASB 16.49	• interest in respect of lease liabilities recognised in accordance with AASB 16 <i>Leases</i> (for 2019-20 reporting); and		
AASB 137.60	• the finance cost for the unwinding of the discount on make good provisions (recognised in accordance with AASB Interpretation 1.8).		
AASB 123.Aus 26.1	The financial statements shall disclose the accounting policy adopted for borrowing costs. This policy should be included in Note 2 <i>Significant Accounting Policies</i> .		
AASB 123.Aus 8	AASB 123 <i>Borrowing Costs</i> requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs may be expensed as incurred.		
AASB 123.Aus 8.1	However, a not-for-profit public sector entity may elect to recognise borrowing costs as an expense, regardless of how the borrowings are applied.		
ACT Accounting Policy	ACT Accounting Policy requires all borrowing costs to be expensed in the period in which they occur.		

Reference	<b>NOTE 17. OTHER EXPENSES</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	Losses from the Sale of Assets		
	Losses from Donated Assets <sup>a</sup>		
AASB 102.36(d)	Cost of Inventories Recognised as an Expense		
AASB 102.36(e) & AASB 101.98(a)	Write-down in Inventory		
	Restoration of Contaminated Sites Expense <sup>b</sup>		
	Waivers, Impairment Losses and Write-offs (see Note 18)		
	Act of Grace Payments (see Note 19)		
AASB 101.98(b)	Restructuring Expenses <sup>c</sup>		
AASB 138.126	Research and Development Expense – Software		
	Other Expenses		
	<b>Total Other Expenses</b>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 17. OTHER EXPENSES – CONTINUED</b>
	<p>a) The increase in Losses from Donated Assets is due to three community and heritage assets being donated to a Community Organisation.</p> <p>b) The Agency disposed of waste material by burying it in landfill, however, it was discovered that the waste had leaked and contaminated the area, including nearby farmland. The increase in the Restoration of Contaminated Sites Expense is therefore due to the costs associated in cleaning up the site.</p> <p>c) The Agency is restructuring its Maintenance Division. The increased restructure costs relate to consultants reports and the cost of dismantling and disposing of plant and equipment.</p>
	<p><b>Commentary – Note 17: Other Expenses</b></p> <p><b>For additional information pertaining to territory authorities – please refer to TAS 10 Note 17: Other Expenses.</b></p> <p>The breakdown shown in this note disclosure is an example only. Agencies should only include line items that are applicable to them where material.</p>
AASB 101.35	<p>Gains and losses arising from a group of similar transactions should be reported on a net basis. However, if the gains and losses are material they should be reported separately.</p> <p>If an agency has made a net gain on investments held with the Territory Banking Account it will appear as Gains from Disposals, Derecognition and Remeasurement of Assets in Note 9. If a net loss has been made, then it should be included in this <i>Other Expenses</i> note.</p> <p>Agencies should also include losses from the Forgiveness of Liabilities in the <i>Other Expenses</i> note where applicable.</p>
AASB 116.Aus 40.1	<p>Revaluation decrements are expensed when a class of assets, as a whole, has been revalued downwards and there is no amount in the Asset Revaluation Surplus for that asset class for the revaluation to be offset against.</p>
AASB 136.9, 10 & 61	<p>Agencies are required to assess at each reporting date whether there is an indication that non-current assets may be impaired and if so, to assess assets for impairment. Where an agency has an impairment loss against an asset, which has no Asset Revaluation Surplus against the class it is in, the impairment loss is recognised in the Operating Statement. However, an impairment loss, on an asset, which has an Asset Revaluation Surplus against the asset class it is in, is recognised directly against that Asset Revaluation Surplus to the extent that the impairment loss does not exceed the amount in the Asset Revaluation Surplus for that asset class.</p>
AASB 101.7 AASB108.5 ACT Disclosure Policy	<p><b>Materiality</b></p> <p>The notion of materiality applies to the classification of other expenses. The line item other expenses should not be disproportionately large compared to total expenses. Within the other expenses note each material class of other expenses must be disclosed separately and the total of unclassified other expenses must not exceed 10% of Total ‘Other Expenses’.</p>

**'EXAMPLE AGENCY'**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 18. WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS				
FMA Section 131 (1)(a)	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.  The waivers, impairment losses and write-offs listed below have occurred during the reporting period for the Agency.				
		No.	2020 \$'000	No.	2019 \$'000
	Waivers				
	Stimulus Waivers				
	Other Waivers				
	Total Waivers				
	Impairment Losses				
	Impairment Loss from Receivables				
AASB 7.20(a)(vi)	Expected Credit Loss Expense				
	Total Impairment Loss from Receivables				
	Impairment Loss from Property, Plant and Equipment				
AASB 136.126(a)	Plant and Equipment				
	Total Impairment Loss from Property, Plant and Equipment				
	Total Impairment Losses				
	Write-offs				
ACT Disclosure Policy	Losses or Deficiencies in Public Monies				
ACT Disclosure Policy	Irrecoverable Debts				
ACT Disclosure Policy	Obsolete Stock				
	Total Write-offs				
	Total Waivers, Impairment Losses and Write-offs				

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Commentary – Note 18: Waivers, Impairment Losses and Write-Offs</b>
	<p><b>For additional information pertaining to territory authorities – please refer to TAS 11 Note 18: Waivers, Impairment Losses and Write-Offs.</b></p> <p>A waiver is the relinquishment of a legal claim to a debt. The write-off of a debt is the accounting action taken to remove a debt from the books but does not relinquish the legal right of the Agency to recover the amount. The write-off of debts may occur for reasons other than waivers.</p>
FMA 131 (3)	Section 131 of the FMA requires that a waiver relating to an amount payable to the Territory shall be reported in the notes to the financial statements of the relevant agency that relate to the year in which the right to payment was waived.
ACT Disclosure Policy	<p>If an agency has waivers associated with a government policy, then the note should provide details by policy type. Individual recipients of waivers should not be identified unless they have agreed to such disclosure.</p> <p>The disclosures required by this note are material by nature and disclosure is required regardless of the amount of the waiver. Agencies can choose to include these disclosures under the ‘Other Expenses’ note if they are not material.</p>
ACT Disclosure Policy	<p><b>Losses or Deficiencies in Public Monies</b></p> <p>The ‘Losses or Deficiencies in Public Monies’ line item will include a number of different items including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• decrease in monies due to fraud;</li> <li>• monies which cannot be accounted for; and</li> <li>• monies which have been lost.</li> </ul>
Chief Minister’s Annual Report Directions	The Chief Minister’s Annual Report Directions requires further disclosure of fraud in the Annual Report.

Reference	NOTE 19. ACT OF GRACE PAYMENTS		
FMA Section 130 ACT Disclosure Policy	<p>Under Section 130 of the <i>Financial Management Act 1996</i> the Treasurer may, in writing, authorise Act of Grace Payments be made by a directorate or a territory authority.</p> <p>The Treasurer authorised three Act of Grace Payments. Two of these payments related to an oversight made by ‘Example Agency’ regarding land development applications. The third payment related to a delayed heritage grant payment which resulted in the recipient incurring a penalty for late payment to a third party supplier due to not receiving the grant payment on time. The land development application oversights and the delayed grant payment did not legally entitle the applicant(s)/recipient(s) to compensation, however as all were unfairly disadvantaged the Treasurer approved the Act of Grace Payments.</p>		
		2020 \$’000	2019 \$’000
	Act of Grace Payments		
FMA 130(9)	Payment relating to the oversight regarding land development application		
FMA 130(9)	Payment relating to the oversight regarding land development application		
FMA 130(9)	Payment relating to the delayed heritage grant payment		
	Total Act of Grace Payments		



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 19: Act of Grace Payments
	<b>Financial Management Act Requirements</b>
FMA 130	Section 130 of the FMA covers Act of Grace Payments.
FMA s130(8)	The FMA states that an Act of Grace Payment made by a directorate must be reported in the notes to its financial statements in the reporting period the payments are made.
FMA 130(9) ACT Disclosure Policy	The FMA states that the notes to the financial statements must indicate the amount and grounds for each Act of Grace payment. ACT Disclosure Policy also requires that a description of an Act of Grace Payment be included in the financial statements of the directorate or territory authority where it makes an Act of Grace Payment. Agencies can choose to include these disclosures under the ‘Other Expenses’ note if they are not material.
FMA 130(10)	The FMA states that the financial statements shall not disclose the identity of an Act of Grace Payment recipient unless disclosure was agreed to by the recipient.

Reference	<b>NOTE 20. AUDITOR’S REMUNERATION</b>		
	Auditor’s remuneration consists of financial audit services provided to the Agency by the ACT Audit Office and any other services provided by a contract auditor engaged by the ACT Audit Office to conduct the financial audit.		
		<b>2020</b>	<b>2019</b>
		<b>\$’000</b>	<b>\$’000</b>
	<b>Audit Services</b>		
AASB 1054.10(a)	Audit Fees - ACT Audit Office		
	<b>Total Audit Fees</b>		
AASB 1054.10(b)	No other services were provided by the ACT Audit Office.		
	<b>Commentary – Note 20: Auditor’s Remuneration</b>		
AASB 1054 10 & 11	<p>AASB 1054 Australian Additional Disclosures requires agencies to disclose the-fees to:</p> <ul style="list-style-type: none"> <li>the auditor of the agency for an audit or a review of its financial statements; and</li> <li>the auditor of the agency for non-audit services in relation to the agency, disclosing separately the nature and amount of each of the non-audit services provided by the auditor.</li> </ul> <p>These amounts are included in <i>Other</i> within Note 13 <i>Supplies and Services</i>. If these amounts are material (when compared to total Supplies and Services) then agencies should include a separate line item within the Supplies and Services note disclosure.</p> <p>Agencies can choose to reflect auditor’s remuneration as a separate line item under Supplies and Services, where no other services were provided by the ACT Audit Office. In that case the agency is not required to have a separate Note disclosure for this item.</p>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 21. CASH AND CASH EQUIVALENTS</b>		
ACT Disclosure Policy	The Agency holds a number of bank accounts with the Westpac Bank as part of the whole-of-government banking arrangements. As part of these arrangements, the Agency does not receive any interest on these accounts.		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
AASB 107.45	Cash at Bank <sup>a</sup>		
AASB 107.45	Cash on Hand		
	<b>Total Cash and Cash Equivalents</b>		
	a) The increase in Cash at Bank was due to a combination of factors including, an increase in proceeds from the sale of property, plant and equipment, a decrease in the amount of property, plant and equipment purchased, together with an increase in capital contributions received from the ACT Government.		
	<b>Commentary – Note 21: Cash and Cash Equivalents</b>  For additional information pertaining to territory authorities – please refer to <i>TAS 12 Note 21: Cash and Cash Equivalents</i> . <b>Definition of Cash</b> AASB 107.6 Cash is defined in AASB 107 <i>Statement of Cash Flows</i> as cash on hand and demand deposits. Cash on hand means notes and coins held and demand deposits are deposits held at call with a financial institution. AASB 107.6 Cash equivalent assets are short-term, highly liquid investments that are readily convertible to known amounts of cash and are not subject to significant risk of movements in value. ACT Disclosure Policy Agency money invested with the Territory Banking Account is classified as an <i>Investment</i> (see Note 22). <b>Trust Account Balances</b> FMA Section 49 Any monies held in trust by an agency should not be included in the agency’s cash balance. Monies held in trust are disclosed by way of note only (see Note 47 <i>Third Party Monies</i> ).		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 22. INVESTMENTS</b>		
ACT Disclosure Policy	<p>The total carrying amount of investments held with the Territory Banking Account below are measured at fair value.</p> <p>The investments that are not expected to be realised, sold or consumed in the normal operating cycle are classified as non-current investments with the Territory Banking Account.</p>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Current Investments</b>		
AASB 101.66	Investments with the Territory Banking Account		
	<b>Total Current Investments</b>		
	<b>Non-Current Investments</b>		
AASB 101.66	Investments with the Territory Banking Account		
	<b>Total Non-Current Investments</b>		
	<b>Total Investments</b>		
	<b>Commentary – Note 22: Investments</b>		
ACT Treasury Directorate Finance Memorandum 2006/11	<p>To facilitate an efficient investment management arrangement a centralised and unitised investment administration structure is provided by Treasury, through the Territory Banking Account, that provided different investment options to meet the specific objectives of those agencies that have the approval to invest their funds. Individual Investment Plans for each investing agency, describing their investment strategy and objectives, are required to be approved by the Treasurer.</p> <p>Agency investors have a unit ownership with the Territory Banking Account.</p> <p>Note that where an agency does not have any current or non-current investments this note disclosure is not required.</p>		

**'EXAMPLE AGENCY'**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 23. RECEIVABLES						
				2020	2019		
				\$'000	\$'000		
	Current Receivables						
AASB 101.78(b)	Trade Receivables <sup>a</sup>						
AASB 9.5.1.3 & 5.2.1							
AASB 9.5.5.1	Less: Expected Credit Loss Allowance						
AASB 101.78(b)	Other Trade Receivables						
AASB 9.5.5.1	Less: Expected Credit Loss Allowance						
AASB 101.78(b)	Accrued Revenue						
AASB 101.78(b)	Loans Receivable <sup>b</sup>						
Interpretation 1031.9	Net GST Receivable						
AASB 101.78(b)	Other Current Receivables						
	Total Current Receivables						
	Non-Current Receivables						
AASB 101.78(b)	Trade Receivables <sup>a</sup>						
AASB 9.5.1.3 & 5.2.1							
AASB 9.5.5.1	Less: Expected Credit Loss Allowance						
AASB 101.78(b)	Loans Receivable <sup>b</sup>						
AASB 101.78(b)	Other Non-Current Receivables						
	Total Non-Current Receivables						
	Total Receivables						
AASB 7.35I	a) The increase in Trade Receivables is due to a large number of services being provided late in the reporting period, in comparison with last year. Most of these services were invoiced in June.						
AASB 7.35I	b) The increase in Loans Receivable is mainly due to the issue of more loans throughout the reporting period.						
AASB7.35M-N, B8H-J	Expected Credit Loss Allowance Provision Matrix						
	Ageing of Receivables		Days Past Due				
		Total	Not Overdue	1-30 days	31-60 Days	61-90 Days	>91days
		\$	\$	\$	\$	\$	\$
	30 June 2020						
	Expected credit loss rate		0.15%	2%	12%	35%	61%
	Estimated total gross carrying amount at default						
	Expected credit loss allowance						
	30 June 2019						
	Expected credit loss rate		0.15%	1.9%	10%	30%	50%
	Estimated total gross carrying amount at default						
	Expected credit loss allowance						

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 23: RECEIVABLES – CONTINUED</b>		
AASB 9.5.5.8, 5.5.15 & B5.35 Financial Framework Memo 2018/23 AASB 9 Financial Instruments - Further Implementation Guidance to Agencies AASB 7.35(c)	<p>The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. “Example Agency” has established a provision matrix based on its historical credit loss experience, adjusted for forward –looking factors specific to the debtors and the economic environment.</p> <p>Loss rates are calculated separately for groupings of customers with similar loss patterns. “Example Agency” has determined there is &lt;one&gt; material group for measuring expected credit losses based on the sale of services and the sale of goods reflecting customer profiles for revenue streams. The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transactions during the last &lt;3&gt; years preceding 30 June 2020. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables.</p>		
AASB 7.35G	<p>Inter-agency loans and receivables between ACT Government agencies are expected to have low credit risks. Consequently Treasury’s policy is that directorates, territory authorities and territory-owned corporations consolidated into the whole-of-Government financial statements will not measure any loss allowance for receivables collectible from other ACT Government agencies consolidated into the whole-of-government financial statements.</p> <p><b>Impact of COVID-19</b>  “Example Agency’s” Expected Credit Losses have increased reflecting changes in the ability of customers to settle their debts.</p>		
AASB 7.35H	<p><b>Reconciliation of the Loss Allowance for Receivables</b></p> <p>Allowance at the Beginning of the Reporting Period</p> <p>Reduction in Allowance from Amounts Recovered During the Reporting Period</p> <p>Reduction in Allowance from Amounts Written off During the Reporting Period</p> <p>Expected Credit Loss Expense</p> <p><b>Allowance for Impairment Losses at the End of the Reporting Period</b></p> <p><b>Classification of ACT Government/Non-ACT Government Receivables</b></p> <p><b>Receivables with ACT Government Entities</b></p> <p>Net Trade Receivables</p> <p>Net Other Trade Receivables</p> <p>Accrued Revenue</p> <p>Other Receivables</p> <p><b>Total Receivables with ACT Government Entities</b></p>	<p><b>2020</b></p> <p><b>\$’000</b></p>	<p><b>2019</b></p> <p><b>\$’000</b></p>
ACT Disclosure	<p><b>Receivables with Non-ACT Government Entities</b></p> <p>Net Trade Receivables</p> <p>Net Other Trade Receivables</p> <p>Accrued Revenue</p> <p>Net Goods and Services Tax Receivable</p> <p>Loans Receivable</p> <p>Other Receivables</p> <p><b>Total Receivables with Non-ACT Government Entities</b></p> <p><b>Total Receivables</b></p>		
AASB 7.35K	<p>The maximum exposure to credit risk at the end of the reporting period for Receivables is the carrying amount of the asset inclusive of any allowance for impairment as shown in the table above.</p>		
AASB 7.35K			

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**Commentary – Note 23: Receivables**

ACT Disclosure  
Policy

An agency is not required to include disclosures associated with ageing of their receivables where it has no receivables that are past due or impaired. They can simply state that ‘No receivables are past due or impaired.’

AASB 9.5.5.17

An agency shall measure expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

AASB 9B5.5.35  
AASB 9B5.5.51-  
52

Agencies need not undertake an exhaustive search for information but should consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses, including the effect of expected prepayments. The information used should include factors that are specific to the borrower, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Agencies may use various sources of data, that may be both internal (agency-specific) and external. Possible data sources include internal historical credit loss experience, internal ratings, credit loss experience of other agencies and external ratings, reports and statistics. Agencies that have no, or insufficient, sources of entity-specific data may use peer group experience for the comparable financial instrument (or groups of financial instruments).

ACT Disclosure  
Policy  
Financial  
Framework  
Memo 2018/23  
AASB 9  
Financial  
Instruments –  
Guidance to  
Agencies.

Inter-agency loans and receivables between ACT Government agencies are expected to have low credit risks. Consequently Treasury’s policy is that directorates, territory authorities and territory-owned corporations consolidated into the whole-of-Government financial statements will not measure any loss allowance for receivables collectible from other ACT Government agencies consolidated into the whole-of-government financial statements. Inter-agency receivables should be assessed individually and confirmed with the relevant agency to ensure agreement between the agencies on the underlying amount of the receivable.

Most ACT Government agencies will not have loans to parties external to the ACT Government. Where applicable relevant agencies should apply the expected credit loss Model to external loans as well as trade receivables.

The agency has a net Goods and Services Tax (GST) receivable. A net GST receivable will be reported in most Controlled financial statements as no GST is payable to the Australian Taxation Office for Controlled Recurrent Payments funding. However, agencies will receive input tax credits for most expenses incurred. The net GST receivable should be excluded from the calculation deriving the allowance for the expected credit loss because of the assessed low credit risk.

If a net GST payable arises then this amount would be disclosed at Note 32 *Payables* rather than in this receivables note.

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

<p>AASB 7.31-42</p> <p>ACT Disclosure Policy</p>	<p><b>Commentary – Note 23: Receivables – Continued</b></p> <p>AASB 7 <i>Financial Instruments: Disclosures</i> requires quantitative and qualitative disclosures for each type of risk (i.e. credit risk, liquidity risk and market risk) to evaluate the nature and extent of risks from financial instruments to which the agency is exposed, including financial assets that are either past due or impaired (see Note 40 <i>Financial Instruments</i>).</p> <p><b>Impact of COVID-19 on Expected Credit Losses</b></p> <p>It is likely Expected Credit Losses (ECLs) will increase to reflect changes in the ability of customers to settle their debts. Material changes to the method of calculating ECLs will need to be appropriately disclosed.</p> <ul style="list-style-type: none"> <li>• ECLs (ie provisions) against receivables may increase substantially; and</li> <li>• agencies need to consider the appropriateness of their existing methodologies for predicting future ECLs.</li> </ul> <p>ACT Government agencies are agencies that form part of the ACT government or which the ACT Government controls. A list of these agencies is contained in the Australian Capital Territory Government Consolidated Annual Financial Statements, which can be found at the Treasury website under publications (<a href="http://apps.treasury.act.gov.au/publications">http://apps.treasury.act.gov.au/publications</a>).</p> <p>The model provides the minimum disclosure requirements under AASB 9. Agencies need to adapt this note to fit their circumstances and materiality.</p>
--	---

Reference	<b>NOTE 24. CONTRACT ASSETS</b>		
<p>AASB 15.116(a)</p> <p>ASB 1058.31</p> <p>AASB15.118c</p>	<p>Worked Performed on Contracts with Customers not yet Invoiced</p> <p>Worked Performed on Acquisition or Construction of Assets to be Controlled by the Agency not yet Invoiced</p> <p>Less: Impairment Allowance</p> <p><b>Total Contract Assets</b></p>	<p style="text-align: right;">1 July 2019 adjusted for AASB 15</p> <p style="text-align: right;">2020 \$'000</p> <p style="text-align: right;">\$'000</p>	
<p>AASB 15.117</p> <p>AASB 15.118</p>	<p>Contract assets relate to ‘Example Agency’s’ right to consideration in exchange for goods transferred to customers/works completed, but not invoiced at the reporting date in respect of maintenance services provided on buildings.</p> <p>The balance of contract assets as at 30 June 2020 was impacted by XXXX [tailor to the specific revenue classes that give rise to contract assets, explaining how the timing of satisfaction of performance obligations relates to the typical timing of payment and the effect that those factors have on the contract asset balances].</p> <p><b>Significant Changes in Contract Asset Balances</b></p> <p>The contract asset balance has increased significantly during the year because of additional works being undertaken in June.</p>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**Commentary – Note 24: Contract Assets**

AASB 15.107	Where contract assets are not material for an agency then this note is not required and the contract assets can be shown within Other Assets on the face of the Balance Sheet. The line item should be identified in the Other Assets note.
AASB 15 Appendix A Defined terms	AASB 15 defines a contract asset as an agency’s right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity’s future performance).
AASB 15.105	Common contract asset balances are items such as services performed but not yet invoiced for contracts which are paid in arrears.
AASB 15.116(a)	Where an agency performs by transferring either goods or services to a customer before the payment is due or before the customer pays for consideration, then these are to be classified as contract assets. Contract assets exclude receivables from contracts with customers. Agencies must assess a contract asset for impairment in accordance with AASB 9 <i>Financial Instruments</i> .
AASB 15.117	Agencies must disclose contract assets separately from contract receivables.
AASB15.118	Agencies should disclose the opening and closing balances of contract assets..
	Agencies shall explain how the timing of the satisfaction of performance obligations (see AASB 15.119 (a)) relates to the typical timing of payment (see AASB 15.19(b)) and the effect that those factors have on the contract asset. Quantitative information may be used.
	Agencies should explain significant changes in the balances of contact assets. Reasons for this change may include:
	<ul style="list-style-type: none"> <li>• business combinations;</li> <li>• cumulative catch-ups, such as those arising from a change in the measure of progress, a change in an estimate of the transaction price or a modification;</li> <li>• impairment of contract assets;</li> <li>• a change in timeframe – of contact assets becoming a receivable; and</li> <li>• a change in timeframe – for performance obligations to be satisfied.</li> </ul>
	Whilst AASB 1058 does not explicitly refer to contract assets, if agencies have contracts which satisfy the criteria in paragraphs 15 – 17 relating to acquisition or construction of assets which will be controlled by the agency then the accounting is similar to AASB 15 and therefore the agency would recognise a contract asset when they become entitled to it and provide similar disclosures.
	<b>Impairment of Contract Assets</b>
	Contract assets are recognised and measured in accordance with AASB 15, however for impairment testing purposes they are covered by AASB 9 Financial Instruments and therefore are assessed for impairment using the expected credit loss model.
	Disclosure of impairment of contract assets is disclosed separately from impairment of other financial assets. If there has been no impairment of contract assets then Agencies should include a comment below the table in the note above such as “No impairment losses were recognised in relation to contract assets.”



**'EXAMPLE AGENCY'**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 24. CONTRACT ASSETS – CONTINUED		
	Contract Cost Assets		1 July 2019 adjusted for AASB 15
		2020 \$'000	AASB 15 \$'000
AASB15.128	Costs to Fulfil a Contract [Other – provide further breakdown of material capitalised costs]		
	Total Contract Cost Assets		
Commentary – Note 24: Contract Cost Assets			
<p>AASB 15 requires incremental costs to obtain a contract and costs to fulfil a contract to be capitalised as an asset and released as the goods/services are transferred to the customer where certain conditions are met.</p> <p>When the agency has recognised an asset for costs to obtain or fulfil a contract with a customer, the agency is required to disclose the closing balance by main asset category (e.g. costs to obtain contracts, set up costs, pre-contract costs etc).</p> <p>It is unlikely that agencies would have significant incremental costs to obtain a contract since this is generally costs such as commission.</p> <p>In relation to costs to fulfil a contract, agencies should consider whether costs which have been incurred on a different basis from the recognition of revenue meet the criteria to be capitalised under AASB 15. Note that this is not an accounting policy choice, if the criteria are met then a contract cost must be recognised.</p>			

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 25. INVENTORIES</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Current Inventories</b>		
	Purchased Items – Cost		
AASB 102.9 & 36(b)	Purchased Items – Net Realisable Value		
	<b>Total Current Inventories</b>		
AASB 102.36(b)	<b>Total Inventories</b>		
<b>Commentary – Note 25: Inventories</b>			
<b>For additional information pertaining to territory authorities - please refer to TAS 13 Note 25: Inventories.</b>			
	<b>Definition</b>		
AASB 102.6	Inventories are assets:		
	<ul style="list-style-type: none"> <li>held for sale in the ordinary course of business;</li> <li>in the process of production for such sale; or</li> <li>in the form of materials or supplies to be consumed in the production process or in the rendering of services.</li> </ul>		
AASB 102.Aus 6.1	Inventories held for distribution are assets:		
	<ul style="list-style-type: none"> <li>held for distribution at no or nominal consideration in the ordinary course of operations;</li> <li>in the process of production for distribution at no or nominal consideration in the ordinary course of operations; or</li> <li>in the form of materials or supplies to be consumed in the production process or in the rendering of services at no or nominal consideration.</li> </ul>		
	<b>Measurement</b>		
AASB 102.9 & Aus 9.1	Under AASB 102 <i>Inventories</i> , inventories are to be measured at the lower of cost or net realisable value. Not-for-profit agencies with ‘inventories held for distribution’ are to measure them at cost, adjusted when applicable for any loss of service potential. Agencies shall disclose the basis on which any loss of service potential of inventories held for distribution is assessed or the bases when more than one basis is used.		
	<b>Classification</b>		
AASB 102.36(b) & Aus 36.1(b) AASB 102.37	AASB 102 states that each category of inventories should be further sub-classified in a manner appropriate to the agency’s operations. Common sub-classifications are merchandise, production supplies, raw materials, work in progress and finished goods.		
	<b>Inventories Pledged as Security</b>		
AASB 102.36(h) & Aus 36.1(g)	AASB 102 also requires specific disclosure of the carrying amount of inventories pledged specifically and separately from other assets of the agency as security for liabilities, and the nature of the security. This is also required where an agency holds ‘inventories held for distribution’.		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 26. NON-CURRENT ASSETS HELD FOR SALE			
AASB 5.41	The Agency has 3 investment properties that are expected to be sold during the middle of the next reporting period. The Agency is also disposing of plant and equipment as a result of a restructuring of its maintenance division.			
		2020	2019	
		\$'000	\$'000	
AASB 5.38	Plant and Equipment Held for Sale <sup>a</sup> Investment Property Held for Sale <sup>b</sup>			
	<b>Total Non-Current Assets Held for Sale</b>			
	a) The increase in plant and equipment held for sale can be attributed to the agency disposing of plant and equipment as a result of a restructuring of its maintenance division. b) There were no investment properties held for sale at the end of the previous reporting period.			
	<b>Fair Value Hierarchy</b> Details of the Agency's assets held for sale at fair value and information about the Fair Value Hierarchy as at 30 June is as follows:			
AASB 13.93 (a) & (b)	<b>Classification According to Fair Value Hierarchy 2020</b>			
AASB 13.94	<b>Non-Current Assets Held for Sale at Fair Value</b>	<b>Level 1</b> \$'000	<b>Level 2</b> \$'000	<b>Level 3</b> \$'000
	Plant and Equipment			<b>Total</b> \$'000
	Investment Property			
AASB 13.93 (a) & (b)	<b>Classification According to Fair Value Hierarchy 2019</b>			
AASB 13.94	<b>Non-Current Assets Held for Sale at Fair Value</b>	<b>Level 1</b> \$'000	<b>Level 2</b> \$'000	<b>Level 3</b> \$'000
	Plant and Equipment			<b>Total</b> \$'000
	The Fair Value Hierarchy is discussed in Note 27 <i>Property, Plant and Equipment</i> .			
AASB 13 .93(c)& (e)(iv)	<b>Transfers Between Categories</b> There were no transfers between Levels 1, 2 and 3 during the current and previous reporting period.			
	<b>Valuation techniques, inputs and processes</b> Level 2 fair values of assets held for sale are derived using the market approach. These assets have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets. Assets held for sale represent a non-recurring fair value measurement.			
AASB 18.93(d)	<b>Commentary – Note 26: Non-Current Assets Held for Sale</b>			
AASB 5.7	For an asset to be classified as held for sale it must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and the sale must be highly probable.			
AASB 5.8	For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except where circumstances beyond the agency's control extend the period of sale, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.			
	<b>Fair Value Concepts and Disclosures</b> Fair value concepts and disclosures relevant to AASB 13 <i>Fair Value Measurement</i> are discussed in detail in the commentary to Note 27 <i>Property, Plant and Equipment</i> .  If all Non-Current Assets held for sale are in the same fair value category then a sentence to that effect could be used for disclosure rather than a tabular presentation.			

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 27. PROPERTY, PLANT AND EQUIPMENT</b>	
ACT Accounting Policy AASB 16.47 ACT Disclosure Policy	<p>Property, plant and equipment includes the following classes of assets. Property, plant and equipment does not include assets held for sale or investment property. ACT Disclosure Policy is that Right-of-Use (ROU) assets recognised under AASB 16 <i>Leases</i> are disclosed under the relevant class of property, plant and equipment.</p> <ul style="list-style-type: none"> <li>• <b>Land</b> includes leasehold land held by the Agency, but excludes land under infrastructure.</li> <li>• <b>Buildings</b> include office buildings, warehouses and land improvements.</li> <li>• <b>Land improvements</b> include parking lots, retaining walls and purpose built children’s playground structures adjoining a building.</li> <li>• <b>Leasehold improvements</b> represent fit-outs in leased buildings.</li> <li>• <b>Plant and equipment</b> includes plant and equipment under a finance lease, mobile plant, air conditioning and heating systems, office and computer equipment, furniture and fittings, and other mechanical and electronic equipment.</li> <li>• <b>Infrastructure assets</b> held by the Agency include bridges, stormwater drains, footpaths and street lighting. Land under infrastructure is not included in infrastructure assets.</li> <li>• <b>Heritage assets</b> held by the Agency include art, historical buildings, and memorials.</li> <li>• <b>Community assets</b> held by the Agency include public parks and gardens, public sporting reserves, public nature reserves and land under infrastructure.</li> </ul>	
		<b>2020</b> <b>\$’000</b>
		<b>2019</b> <b>\$’000</b>
	<b>Land and Buildings</b>	
AASB 116.73(a)	Land at Fair Value <sup>a</sup>	
	<b>Total Land Assets at Fair Value</b>	
AASB 116.73(a) &(d)	Buildings at Fair Value <sup>b</sup>	
AASB 116.73(d)	Less: Accumulated Depreciation	
AASB 116.73(d)	Less: Accumulated Impairment Losses	
	<b>Total Buildings at Fair Value</b>	
AASB 16.53(j)	Right-of-use Buildings at Cost	
AASB 16.53(a)	Less: Accumulated Depreciation Right-of-use Buildings	
	<b>Total Right-of-use Buildings at Cost</b>	
	<b>Total Land and Buildings</b>	
	<b>Leasehold Improvements</b>	
AASB 116.73(a) &(d)	Leasehold Improvements at Fair Value	
AASB 116.73(d)	Less: Accumulated Depreciation	
AASB 116.73(d)	Less: Accumulated Impairment Losses	
	<b>Total Leasehold Improvements at Fair Value</b>	
AASB 16.53(j)	Right-of-use Leasehold Improvements at Cost	
AASB 16.53(a)	Less: Accumulated Depreciation Right-of-use Leasehold Improvements	
	<b>Total Right-of-use Leasehold Improvements at Cost</b>	
	<b>Total Leasehold Improvements</b>	

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 27. PROPERTY, PLANT AND EQUIPMENT – CONTINUED</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Plant and Equipment</b>		
AASB 116.73(a) &(d)	Plant and Equipment at Cost		
AASB 116.73(d)	Less: Accumulated Depreciation		
AASB 116.73(d)	Less: Accumulated Impairment Losses		
	<b>Total Plant and Equipment at Cost</b>		
AASB 16.53(j)	Right-of-use Plant and Equipment at Cost		
AASB 16.53(a)	Less Accumulated Depreciation Right-of-use Plant and Equipment		
	<b>Total Right-of-use Plant and Equipment at Cost</b>		
	<b>Total Plant and Equipment</b>		
	<b>Infrastructure Assets</b>		
AASB 116.73(a) &(d)	Infrastructure Assets at Fair Value		
AASB 116.73(d)	Less: Accumulated Depreciation		
AASB 116.73(d)	Less: Accumulated Impairment Losses		
	<b>Total Infrastructure Assets at Fair Value</b>		
AASB 16.53(j)	Right-of-use Infrastructure Assets at Cost		
AASB 16.53(a)	Less Accumulated Depreciation Right-of-use Infrastructure Assets		
	<b>Total Right-of-use Infrastructure Assets at Cost</b>		
	<b>Total Infrastructure Assets</b>		
	<b>Community and Heritage Assets</b>		
AASB 116.73(a) &(d)	Community and Heritage Assets at Fair Value <sup>c</sup>		
AASB 116.73(d)	Less: Accumulated Depreciation		
AASB 116.73(d)	Less: Accumulated Impairment Losses		
	<b>Total Community and Heritage Assets at Fair Value</b>		
	<b>Total Property, Plant and Equipment</b>		
	<p>a) The increase in land resulted from the Agency purchasing land in order to build a new warehouse for the storage of large items of plant and equipment and land to build a shopfront. The increase also resulted from a revaluation of the Agency's existing land, which occurs every 3 years.</p> <p>b) The increase in buildings resulted from two buildings located in Fyshwick and Canberra City being completed and transferred out of Capital Works in Progress. The increase also resulted from a revaluation of the Agency's existing buildings, which occurs once every 3 years, and from a surplus building being transferred to the Agency from the Property Group, which will be used in the delivery of municipal services.</p> <p>c) The increase in Community and Heritage assets has resulted from a revaluation of Community and Heritage assets undertaken by 'Example Agency'. The increase is also a result of a restructure of administrative arrangements, whereby 'Example Agency' received, amongst other assets, a number of public parks and gardens from ABC Directorate. Please refer to Note 39 Restructure of Administrative Arrangements for further details.</p>		
	<b>Assets under a Finance Lease as at 30 June 2019</b>		
	<b>Carrying Amount of Assets under a Finance Lease</b>		
	Plant and Equipment under a Finance Lease		
	Accumulated Depreciation of Plant and Equipment under a Finance Lease		
AASB 117.31(a)	<b>Total Written Down Value of Plant and Equipment under a Finance Lease</b>		
	<b>Total Written Down Value of Assets under a Finance Lease</b>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 27. PROPERTY, PLANT AND EQUIPMENT – CONTINUED</b>
AASB 116.77(a) &(b)	<p><b>Valuation of Non-Current Assets</b></p> <p>XYZ Valuers, an independent valuer, performs all revaluations of the Agency’s assets. The latest valuation of infrastructure assets was performed as at 30 June 2019. The latest valuation of land, buildings, and community and heritage assets was performed as at 30 June 2020.</p>
AASB 116.74(a)	<p><b>Plant and Equipment Pledged as Security</b></p> <p>The carrying amount of Plant and Equipment pledged separately and specifically as security for liabilities at 30 June 2020 was \$xxx (\$xxx in 2019).</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 27. PROPERTY, PLANT AND EQUIPMENT – CONTINUED</b>											
	<b>Reconciliation of Property, Plant and Equipment – 2019-20</b>											
		Land \$'000	Buildings \$'000	Right-of- use Buildings \$'000	Leasehold Improvements \$'000	Right-of-use Leasehold Improvements \$'000	Plant and Equipment \$'000	Right-of-use Plant and Equipment \$'000	Infrastructure Assets \$'000	Right-of-use Infrastructure Assets \$'000	Community/ Heritage Assets \$'000	Total \$'000
AASB 116.73(e)	<b>Carrying Amount Beginning of Reporting Period</b>											
	Recognition of Right-of-use Assets on initial application of AASB16											
	Adjusted Carrying Amount Beginning of Reporting Period											
AASB 116.73(e)(i) AASB 16.53(h)	Additions											
AASB 116.73(e)(ii)	Assets Classified as Held for Sale											
AASB 116.73(e)(iv) AASB 16.57	Revaluation Increment/(Decrement)											
AASB 116.73(e)(iv)	Impairment Losses Recognised in Other Comprehensive Income											
AASB 116.73(e)(vii) AASB 16.53(a)	Depreciation											
AASB 116.73(e)(ix)	Acquisition/(Disposal) through Administrative Restructuring											
AASB 116.73(e)(ix)	Acquisition/(Disposal) from Transfers											
AASB 116.73(e)(v)	Impairment Losses Recognised in the Operating Surplus/(Deficit)											
AASB 116.73(e)(vi)	Reversal of Impairment Losses Recognised in the Operating Surplus/(Deficit)											
AASB 116.73(e)(ix)	Other Movements											
AASB 116.73(e)	<b>Carrying Amount at the End of the Reporting Period</b>											

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 27. PROPERTY, PLANT AND EQUIPMENT – CONTINUED</b>							
	<b>Reconciliation of Property, Plant and Equipment – 2018-19</b>							
		<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Leasehold Improvements \$'000</b>	<b>Plant and Equipment \$'000</b>	<b>Infrastructure Assets \$'000</b>	<b>Community and Heritage Assets \$'000</b>	<b>Total \$'000</b>
AASB 116.73(e)	<b>Carrying Amount Beginning of Reporting Period</b>							
AASB 116.73(e)(i)	Additions							
AASB 116.73(e)(ii)	Assets Classified as Held for Sale							
AASB 116.73(e)(iv)	Revaluation Increment/(Decrement)							
AASB 116.73(e)(iv)	Impairment Losses Recognised Directly in Other Comprehensive Income							
AASB 116.73(e)(vii)	Depreciation							
AASB 116.73(e)(ix)	Acquisition/(Disposal) through Administrative Restructuring							
AASB 116.73(e)(ix)	Acquisition/(Disposal) from Transfers							
AASB 116.73(e)(v)	Impairment Losses Recognised in the Operating Surplus/(Deficit)							
AASB 116.73(e)(vi)	Reversal of Impairment Losses Recognised in the Operating Surplus/(Deficit)							
AASB 116.73(e)(ix)	Other Movements							
AASB 116.73(e)	<b>Carrying Amount at the End of the Reporting Period</b>							



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 27. PROPERTY, PLANT AND EQUIPMENT – CONTINUED																																			
AASB 13.93(b)	<b>Fair Value Hierarchy</b> The Fair Value Hierarchy below reflects the significance of the inputs used in determining fair value. The Fair Value Hierarchy is made up of the following three levels:																																			
AASB 13.76	<ul style="list-style-type: none"><li>Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the agency can access at the measurement date;</li></ul>																																			
AASB 13.81	<ul style="list-style-type: none"><li>Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and</li></ul>																																			
AASB 13.86	<ul style="list-style-type: none"><li>Level 3 -inputs that are unobservable for particular assets or liabilities.</li></ul> Details of the Agency’s property, plant and equipment at fair value and information about the Fair Value Hierarchy as at 30 June is as follows:																																			
	<div>Classification According to Fair Value Hierarchy 2020</div> <table><tr><th></th><th>Level 1 \$’000</th><th>Level 2 \$’000</th><th>Level 3 \$’000</th><th>Total \$’000</th></tr><tr><td colspan="5"><b>Property, Plant and Equipment at Fair Value</b></td></tr><tr><td colspan="5">Land</td></tr><tr><td colspan="5">Buildings</td></tr><tr><td colspan="5">Leasehold Improvements</td></tr><tr><td colspan="5">Infrastructure Assets</td></tr><tr><td colspan="5">Community and Heritage Assets</td></tr></table>		Level 1 \$’000	Level 2 \$’000	Level 3 \$’000	Total \$’000	<b>Property, Plant and Equipment at Fair Value</b>					Land					Buildings					Leasehold Improvements					Infrastructure Assets					Community and Heritage Assets				
	Level 1 \$’000	Level 2 \$’000	Level 3 \$’000	Total \$’000																																
<b>Property, Plant and Equipment at Fair Value</b>																																				
Land																																				
Buildings																																				
Leasehold Improvements																																				
Infrastructure Assets																																				
Community and Heritage Assets																																				
AASB 13.93(a)&(b) AASB 13.94																																				
	<div>Classification According to Fair Value Hierarchy 2019</div> <table><tr><th></th><th>Level 1 \$’000</th><th>Level 2 \$’000</th><th>Level 3 \$’000</th><th>Total \$’000</th></tr><tr><td colspan="5"><b>Property, Plant and Equipment at Fair Value</b></td></tr><tr><td colspan="5">Land</td></tr><tr><td colspan="5">Buildings</td></tr><tr><td colspan="5">Leasehold Improvements</td></tr><tr><td colspan="5">Infrastructure Assets</td></tr><tr><td colspan="5">Community and Heritage Assets</td></tr></table>		Level 1 \$’000	Level 2 \$’000	Level 3 \$’000	Total \$’000	<b>Property, Plant and Equipment at Fair Value</b>					Land					Buildings					Leasehold Improvements					Infrastructure Assets					Community and Heritage Assets				
	Level 1 \$’000	Level 2 \$’000	Level 3 \$’000	Total \$’000																																
<b>Property, Plant and Equipment at Fair Value</b>																																				
Land																																				
Buildings																																				
Leasehold Improvements																																				
Infrastructure Assets																																				
Community and Heritage Assets																																				
AASB 13.93(a)&(b) AASB 13.94																																				
AASB 13.93(c) & e) (iv)	<b>Transfers Between Categories</b>  There have been no transfers between Levels 1, 2 and 3 during the current and previous reporting period. <b>Valuation Techniques, Inputs and Processes:</b> <b>Level 2 Valuation Techniques and Inputs</b> Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar properties and buildings (comparable in location and size). Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regard was taken of the Crown Lease terms and tenure, The Australian Capital Territory Plan and the National Capital Plan, where applicable, as well as current zoning. <b>Level 3 Valuation Techniques and Significant Unobservable Inputs</b> Valuation Technique: Land where there is no active market or significant restrictions is valued through the market approach. Significant Unobservable Inputs: Selecting land with similar approximate utility. In determining the value of land with similar approximate utility significant adjustment to market based data was required. Valuation Technique: Buildings, Leasehold Improvements, Infrastructure Assets and Community and Heritage Assets were considered specialised assets by the Valuers and measured using the cost approach. Significant Unobservable Inputs: Estimating the cost to a market participant to construct assets of comparable utility adjusted for obsolescence. For Buildings, historical cost per square metre of floor area was also used in measuring fair value. For Infrastructure Assets the historical costs per cubic metre was also used in measuring fair value. In determining the value of buildings, leasehold improvements, infrastructure assets and community and heritage assets regard was given to the age and condition of the assets, their estimated replacement cost and current use. This required the use of data internal to ‘Example Agency’. AASB 13.93(d) AASB 13.95 There has been no change to the above valuation techniques during the year. Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer.																																			

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 27. PROPERTY, PLANT AND EQUIPMENT – CONTINUED</b>				
AASB.93(e)	<b>Fair Value Measurements using Significant Unobservable Inputs (Level 3)</b>				
	<b>2020</b>				
		<b>Land</b>	<b>Buildings</b>	<b>Leasehold Improvements</b>	<b>Infrastructure Assets</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Community and Heritage Assets \$'000</b>
	Fair Value at beginning of the reporting period				
	Additions				
	Assets Classified as Held for Sale				
	Revaluation increments/(decrements) recognised in Profit or Loss				
AASB 13.93(e)(ii)	Revaluation increments/(decrements) recognised in Other Comprehensive Income				
AASB 13.93(e)(iv)	Transfers (from/(to) Level 2)				
	Impairment Losses Recognised in Other Comprehensive Income				
	Depreciation				
	Acquisition/(Disposal)through Administrative Restructuring				
	Acquisition/Disposal From Transfers				
	Impairment Losses Recognised in the Operating Surplus/Deficit				
	Reversal of Impairment Losses Recognised in the Operating Surplus/Deficit				
	Other Movements				
	<b>Fair Value at End of the Reporting Period</b>				
AASB 13.93(e)(i)	Total gains or losses for the period included in profit or loss, under ‘Other Gains’				
	<b>2019</b>				
	Fair Value at beginning of the reporting period				
	Additions				
	Assets Classified as Held for Sale				
	Revaluation increments/(decrements) recognised in Profit or Loss				
	Revaluation increments/(decrements) recognised in Other Comprehensive Income				
AASB 13.93(e)(ii)	Transfers (from/(to) Level 2)				
AASB 13.93(e)(iv)	Impairment Losses Recognised in Other Comprehensive Income				
	Depreciation				
	Acquisition/(Disposal) through Administrative Restructuring				
	Acquisition/Disposal From Transfers				
	Impairment Losses Recognised in the Operating Surplus/Deficit				
	Reversal of Impairment Losses Recognised in the Operating Surplus/Deficit				
	Other Movements				
	<b>Fair Value at End of the Reporting Period</b>				
AASB 13.93(e)(i)	Total gains or losses for the period included in profit or loss, under ‘Other Gains’				

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 27. PROPERTY, PLANT AND EQUIPMENT – CONTINUED</b>
AASB 13.93(i)	<p><b>Assets where Current use is not Highest and Best use</b></p> <p>Example Agency has a block of land with a three storey building near the Belconnen Town Centre that is mainly used as a shopfront. Given recent commercial and residential development in the immediate area, management is of the view, based on expert advice, that the highest and best use of this property would be to sell it on the open market for construction of a high-rise residential tower, to meet the accommodation needs of students and young families. An alternative site for the shopfront has been identified. There is no physical, legal or financial barrier to this sale and the Government will be proceeding with this course of action. Accordingly, the fair value of this property reflects its estimated selling price, in its current condition, to a developer.</p>
	<p><b>Commentary – Note 27: Property, Plant and Equipment</b></p> <p><i>For additional information pertaining to territory authorities - please refer to TAS 16 Note 27: Property, Plant and Equipment.</i></p> <p><b>Classes</b></p> <p>ACT Disclosure Policy requires the following classes of Property, Plant and Equipment be disclosed in an agency’s financial statements where applicable:</p> <ul style="list-style-type: none"> <li>• land;</li> <li>• buildings;</li> <li>• leasehold improvements;</li> <li>• plant and equipment;</li> <li>• community and heritage assets;</li> <li>• infrastructure assets; and</li> <li>• right-of-use assets for each category of asset.</li> </ul> <p>AASB 16.47 ACT Disclosure Pol AASB 16.C3-C4 AASB 16 Leases Territory Policy for Transition</p> <p>For 2019-20 reporting right-of-use assets are disclosed under the relevant class of Property, Plant and Equipment. Therefore at 1 July 2019, each category of Property, Plant and Equipment should be adjusted for right-of-use assets:</p> <ul style="list-style-type: none"> <li>• previously capitalised as leased assets under finance leases, in accordance with AASB 117 Leases; and</li> <li>• previously classified as operating leases in accordance with AASB 117 Leases.</li> </ul> <p>Agencies are not required to reassess whether a contract is, or contains a lease as at the date of initial application.</p> <p><b>Reconciliations</b></p> <p>AASB 116.73(e)</p> <p>AASB 116 <i>Property, Plant and Equipment</i> requires a reconciliation of the carrying amounts of each class of Property, Plant and Equipment at the beginning and end of the reporting period to be disclosed in an agency’s financial statements. Where applicable, the reconciliation must show details of movements as follows:</p> <ul style="list-style-type: none"> <li>• additions;</li> <li>• assets classified as held for sale or included in a disposal group held for sale;</li> <li>• acquisitions through business combinations;</li> <li>• increases or decreases in other comprehensive income resulting from revaluations, impairment losses and impairment losses reversed;</li> <li>• impairment losses, or impairment losses reversed, in profit and loss;</li> <li>• depreciation; and</li> <li>• other changes.</li> </ul> <p>AASB 116.74(a)</p> <p>AASB 116 requires the disclosure of information about the carrying amount of any non-current assets pledged as security for liabilities and the existence and amounts of any restrictions on title.</p> <p><b>Compensation from Third Party</b></p> <p>AASB 116.74(d)</p> <p>Agencies must disclose the amount of compensation received from third parties for items of property, plant and equipment that were impaired, lost or given up during the reporting period that have not already been separately disclosed in the Operating Statement.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 27: Property, Plant and Equipment – Continued
AASB 116.79	<p><b>Voluntary Disclosures</b></p> <p>To assist users of financial statements, AASB 116 recommends the following voluntary disclosures:</p> <ul style="list-style-type: none"> <li>the carrying amount of temporarily idle property, plant and equipment;</li> <li>the gross carrying amount of any fully depreciated property, plant and equipment that is still in use; and</li> <li>the carrying amount of property, plant and equipment retired from active use and not classified as held for sale in accordance with AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</li> </ul>
AASB 116.16	<p><b>Depreciation of Land</b></p> <p>The cost of an item of property, plant and equipment comprises:</p> <ul style="list-style-type: none"> <li>its purchase price;</li> <li>any directly attributable costs; and</li> <li>the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.</li> </ul> <p>Where land is required to be restored after it has been used, this cost needs to be capitalised into the carrying amount of the land. That portion of the land’s cost is then depreciated over the period the land will be used (i.e. until the time the land is restored) resulting in accumulated depreciation being recognised.</p> <p>For example, where an agency has a tip which is required to be restored by law at the end of 10 years, the restoration portion of the land’s value will be depreciated over the next 10 years.</p>
ACT Accounting Policy	<p><b>Measurement</b></p> <p>Agencies are required to measure all land, buildings, infrastructure assets and community and heritage assets at fair value. Plant and equipment, and leasehold improvements are to be measured at fair value when the value of these assets is used in making management decisions, and measured at cost or fair value when the value of these assets is not used to make management decisions.</p>
AASB 16.24	<p><b>Right of Use Assets Acquired by Lessees (under AASB 16 Leases) from 1 July 2019</b></p> <p>From 1 July 2019, AASB 16 <i>Leases</i> requires a lessee to recognise a right-of-use asset for most leases. Therefore at that date property, plant and equipment includes amounts in respect of leases previously treated as operating leases under AASB 117 <i>Leases</i>.</p> <p>Right-of-use assets are initially measured at cost including the following:</p> <ul style="list-style-type: none"> <li>the amount of the initial measurement of the lease liability;</li> <li>any lease payments made at or before the commencement date less any lease incentives received;</li> <li>any initial direct costs; and</li> <li>restoration costs, including dismantling and removing the underlying asset.</li> </ul>
AASB 16.57	<p>ACT Accounting Policy requires subsequent measurement of right-of-use assets to be at cost.</p> <p>Right-of-Use assets are generally depreciated over the shorter of the asset’s useful life and the lease term. Where the agency obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the agency will exercise a purchase option, the agency depreciates the right-of-use asset over its useful life.</p>
AASB 116.Aus 40.1	<p><b>Treatment of Revaluation Decrements</b></p> <p>Revaluation decrements are expensed when a class of assets, as a whole, has been revalued downwards and there is no amount in the Asset Revaluation Surplus for that asset class for the revaluation to be offset against.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 27: Property, Plant and Equipment – Continued
	<b>FAIR VALUE DISCLOSURES</b>
	<b>Valuation Techniques</b>
AASB 13.B.5	<ul style="list-style-type: none"> <li>Market approach – uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities such as a business.</li> </ul>
AASB 13.B8	<ul style="list-style-type: none"> <li>Cost approach – reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as the current replacement cost).</li> </ul>
AASB 13.B10	<ul style="list-style-type: none"> <li>Income approach – converts future amounts (e.g. cash flows or income and expenses) to a single (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.</li> </ul>
	<b>Fair Value Hierarchy</b>
AASB 13.93(b)	Agencies are required to classify assets and liabilities measured at fair value into a Fair Value Hierarchy that reflects the significance of the inputs used in determining their fair value. The Fair Value Hierarchy is made up of the following three levels:
AASB 13.76	<ul style="list-style-type: none"> <li>Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the agency can access at the measurement date;</li> </ul>
AASB 13.81	<ul style="list-style-type: none"> <li>Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and</li> </ul>
AASB 13.86	<ul style="list-style-type: none"> <li>Level 3 - inputs that are unobservable for particular assets or liabilities.</li> </ul>
	<b>Fair Value Disclosures – General</b>
AASB 13.94(a)&(b)	Agencies need to classify assets and liabilities on the basis of the following:
AASB 13.95	<ul style="list-style-type: none"> <li>the nature, characteristics and risks of the asset or liability;</li> <li>the level of the Fair Value Hierarchy within which the fair value measurement is categorised.</li> </ul> <p>Agencies shall disclose and consistently follow its policy for determining when transfers between levels of the Fair Value Hierarchy are deemed to have occurred. The policy about the timing of recognising transfers shall be the same for transfers into the levels as for transfers out of the levels. Examples of policies for determining the timing of transfers include the following:</p> <ul style="list-style-type: none"> <li>the date of the event or change in circumstance that caused the transfer;</li> <li>the beginning of the reporting period; or</li> <li>the end of the reporting period.</li> </ul>
AASB 13.91(a)	For assets and liabilities that are measured at fair value in the balance sheet after initial recognition agencies shall disclose the valuation techniques and inputs used to determine fair value.
AASB 13.93(a)	Agencies shall disclose the fair value measurement of assets and liabilities at the end of the reporting period.
AASB 13.93(b)	Agencies shall disclose the level of the Fair Value Hierarchy within which the fair value measurements are categorised in their entirety (Level 1, 2 or 3)
AASB 13.99	Agencies shall present the quantitative disclosures required by AASB 13 in a tabular format unless another format is more appropriate.

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 27: Property, Plant and Equipment – Continued
	<p><b>Disclosure Dependent Upon Input Valuation Level</b></p> <p><b>Levels 1 and 2 Valuation Inputs</b></p> <p>AASB 13.93(c) Agencies shall disclose for assets and liabilities held at the end of the reporting period that are measured at fair value, the amounts of any transfers between Level 1 and Level 2 of the Fair Value Hierarchy, the reasons for the transfers and the agency’s policy for determining when transfers between levels are deemed to have occurred. Transfers into each level shall be disclosed separately from transfers out of each level.</p> <p><b>Levels 2 and 3 Valuation Inputs</b></p> <p>AASB 13.93(d) Agencies shall disclose for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in the valuation technique (e.g. changing from a market approach to an income approach or the use of an additional valuation technique), agencies shall disclose that change and the reason(s) for making it.</p> <p><b>Disclosure Dependent Upon Input Valuation Level</b></p> <p><b>Level 3 Valuation Inputs</b></p> <p>AAB 13.91(b) For fair value measurements using significant unobservable inputs, agencies shall disclose the effect of the measurements on the operating result or other comprehensive income for the reporting period.</p> <p>AASB 13.93(b) Agencies shall provide quantitative information about significant unobservable inputs used in the fair value measurement. Agencies are not required to create quantitative information to comply with this disclosure requirement if they have not developed quantitative unobservable inputs when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure agencies cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to them.</p> <p>AASB 13.93(e) Agencies shall provide a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:</p> <ul style="list-style-type: none"> <li>• total gains or losses for the period recognised in the operating result by line item;</li> <li>• total gains or losses for the period recognised in other comprehensive income by line item;</li> <li>• purchases, sales, issues and settlements (each disclosed separately);</li> <li>• the amounts of any transfers into or out of level 3, the reasons for those transfers and the policy for determining when transfers between levels are deemed to have occurred. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.</li> </ul> <p>AASB 13.93(g) Agencies shall provide a description of their valuation process (including, for example, how they decide their valuation policies and procedures and analyses changes in fair value measurements from period to period).</p> <p>ASSB 13.93(i) If the highest and best use of a non-financial asset differs from its current use, agencies shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.</p> <p>AASB 13.27 &amp; 28 The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible (given location and size), legally permissible (given zoning regulations), and financially feasible (generates adequate income or cash flows).</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 28. INVESTMENT PROPERTIES		
	All investment property is owned property of the Agency.		
AASB 140.75(g)	The investment properties are held primarily for rental income. There are no restrictions on investment properties held or any restrictions on the income generated.		
AASB 140.75(h)	There are no contractual obligations to construct, purchase or develop investment properties. Further there is no contractual obligation for the repair, maintenance or enhancement of the investment properties.		
AASB 140.75(e)	The fair value of investment properties was determined by an independent valuation undertaken by ‘XYZ Valuers’ as at 30 June 2020. ‘XYZ Valuers’ hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties involved.		
		2020 \$’000	2019 \$’000
	Land at Fair Value <sup>a</sup>		
	Less: Accumulated Impairment Losses		
	<b>Total Land at Fair Value</b>		
	Buildings at Fair Value <sup>a</sup>		
	Less: Accumulated Impairment Losses		
	<b>Total Buildings at Fair Value</b>		
	<b>Total Investment Properties</b>		
	(a)The increase in investment properties is due to the purchase of more investment properties, an increase in the value of existing investment properties due to revaluation and investment properties being transferred from other ACT Government agencies to the Agency.		
	<b>Income and Expense from Investment Properties</b>		
AASB 140.75(f)(i)	Rental Income		
AASB 140.75(f)(ii)	Less: Direct Operating Expenses of Investment Properties that Generated Investment Income		
AASB 140.75(f)(iii)	Less: Direct Operating Expenses of Investment Properties that did not Generate Investment Income		
	<b>Total Operating Profit from Investment Properties</b>		
AASB 140.77	<b>Reconciliation of the Revaluation Amount and the Carrying Amount of Buildings</b>		
	Independent Valuation Amount Obtained for the Buildings		
	Less:		
	Furniture		
	Fittings		
	<b>Total Adjusted Amount of Buildings at Fair Value</b>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 28. INVESTMENT PROPERTIES - CONTINUED				
	Reconciliation of Investment Properties 2019-20	Land \$'000	Buildings \$'000	Total \$'000	
	Carrying Amount Beginning of Reporting Period				
AASB16.48	Recognition of Right-of-use Assets on initial application of AASB 16				
AASB 140.76(a)	Additions				
AASB 140.76(a)	Subsequent Capitalised Expenditure				
AASB 140.76(c)	Assets Classified as Held for Sale				
AASB 140.76(d)	Net Gain or Loss on Revaluation				
AASB 140.76(f)	Transfers to/from Inventories and Owner-Occupied Property				
AASB 140.76(g)	Acquisition/(Disposal) through Administrative Restructuring				
AASB 140.76(g)	Acquisition/(Disposal) from Transfers				
AASB 140.76(g)	Impairment Losses				
AASB 140.76(g)	Reversal of Impairment Losses				
AASB 140.76(g)	Other Movements				
	Carrying Amount at the End of the Reporting Period				
	Reconciliation of Investment Properties 2018-19				
	Carrying Amount at Beginning of the Reporting Period				
AASB 140.76(a)	Additions				
AASB 140.76(a)	Subsequent Capitalised Expenditure				
AASB 140.76(c)	Assets Classified as Held for Sale				
AASB 140.76(d)	Net Gain or Loss on Revaluation				
AASB 140.76(f)	Transfers to and from Inventories and Owner-Occupied Property				
AASB 140.76(g)	Acquisition/(Disposal) through Administrative Restructuring				
AASB 140.76(g)	Acquisition/(Disposal) from Transfers				
AASB 140.76(g)	Impairment Losses				
AASB 140.76(g)	Reversal of Impairment Losses				
AASB 140.76(g)	Other Movements				
	Carrying Amount at the End of the Reporting Period				
	Classification According to Fair Value Hierarchy at 30 June 2020				
	Investment Properties at Fair Value	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
AASB 13.93(a)(b)	Land				
AASB 13.94	Buildings				
	Transfers Between Categories				
AASB 13.93(c) & (e) (iv)	There have been no transfers between Levels 1, 2 and 3 during the current and previous reporting period.				
	Classification According to Fair Value Hierarchy 30 June 2019				
	Investment Properties at Fair Value	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
AASB 13.93(a)(b)	Land				
AASB 13.94	Buildings				
AASB 13.93(a)(b)					
AASB13.94					
	Level 2 Valuation Inputs				
AASB 13.91(a) & 93(d)	Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar properties.				
AASB 13.91(a) & 93(d)	Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regard was taken of the Crown Lease terms and tenure, The Australian Capital Territory Plan and the National Capital Plan, where applicable as well as current zoning.				



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 28: Investment Properties
	<p>Investment property can arise from either of the following:</p> <ul style="list-style-type: none"> <li>• owned assets – assets owned by the Agency and rented out under a head lease, or</li> <li>• right-of-use assets – assets which are leased by the Agency under a head lease and sub-leased via an operating sub-lease.</li> </ul> <p>These two types of investment property are separate classes of assets and therefore an Agency should specify whether the investment property is owned or arises from a right-of-use asset.</p> <p>If an Agency has both types of investment property then the disclosures should be shown separately for both classes.</p> <p><b>Definition</b></p> <p>AASB 140.5 Investment property is property (land or a building – or part of a building – or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both, rather than for:</p> <ul style="list-style-type: none"> <li>• use in the production or supply of goods or services or for administrative purposes; or</li> <li>• sale in the ordinary course of business.</li> </ul> <p>AASB 140.Aus 9.1 However, for agencies, property may be held to meet service delivery objectives rather than to earn rental or for capital appreciation. In such situations, the property will not meet the definition of investment property and will be accounted for under AASB 116 <i>Property, Plant and Equipment</i>, for example:</p> <ul style="list-style-type: none"> <li>• property held for strategic purposes; and</li> <li>• property held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose for holding the property.</li> </ul> <p>AASB 16 <b>Reconciliations</b></p> <p>Under AASB 16 <i>Leases</i>, a lessee no longer distinguishes between finance and operating leases. Therefore, at 1 July 2019, an adjustment will be necessary for any right-of-use assets that qualify as investment property under AASB 140, that were previously treated as operating leases.</p> <p>AASB 140.76 An agency that applies the fair value model in accordance with AASB 140 <i>Investment Property</i> shall disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following:</p> <ul style="list-style-type: none"> <li>• additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised in the carrying amount of an asset;</li> <li>• additions resulting from acquisitions through business combinations;</li> <li>• assets classified as held for sale or included in a disposal group and other disposals;</li> <li>• net gains or losses from fair value adjustments;</li> <li>• transfers to and from inventories and owner-occupied property; and</li> <li>• other changes.</li> </ul> <p>AASB 140.75(c) Where it is difficult for an agency to determine whether a property should be classified as an investment property, the criteria it uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business must be disclosed.</p> <p><b>Operating Lease Disclosures for Lessors</b></p> <p>AASB 16.88 Lessors shall present assets subject to operating leases in the Balance Sheets according to the nature of the underlying asset.</p> <p>AASB 16.83 Initial direct costs incurred by Lessors in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 28: Investment Properties – Continued
AASB 16.84	The depreciation policy for depreciable assets under an operating lease must be consistent with the lessor’s normal depreciation policy for similar assets, and depreciation and amortisation calculated in accordance with AASB 116 and AASB 138 <i>Intangible Assets</i> .
AASB 117.56(b) 16.90(b)	For operating leases, lessors shall separately disclose income relating to variable lease payments that do not depend on an index or a rate.
AASB 140.75(b)	Where agencies apply the fair value model, they shall disclose whether, and in what circumstances, property interests held under operating leases are classified and accounted for as investment property.
	<b>Fair Value Disclosures</b> A detailed discussion of the concepts, methodologies and disclosures relating to <i>AASB 13 Fair Value Measurement</i> is found in the Commentary to <i>Note 27 Property, Plant and Equipment</i> . The use of Level 2 valuations in this Note is for illustrative purposes only and if agencies have Level 3 disclosures for Investment Properties then the Fair Value Disclosures set out in Note 27 need to be shown.

Reference	NOTE 29. INTANGIBLE ASSETS
	<p>The Agency has internally generated software and externally purchased software. The internally generated software consists of two large software systems, while the externally purchased software consists of 520 software licences. Other Intangibles recognised below are all externally purchased.</p> <div style="float: right; text-align: right;"> <b>2020</b>  <b>\$’000</b> </div> <div style="float: right; text-align: right;"> <b>2019</b>  <b>\$’000</b> </div>
ACT Acting Policy	<b>Computer Software</b>
AASB 138.118	<i>Internally Generated Software</i>
AASB 138.118(c)	Computer Software at Cost
AASB 138.118(c)	Less: Accumulated Amortisation
AASB 138.118(c)	Less: Accumulated Impairment Losses
	<i>Total Internally Generated Software</i>
ACT Acting Policy	<i>Externally Purchased Software</i>
AASB 138.118	Computer Software at Cost
AASB 138.118(c)	Less: Accumulated Amortisation
AASB 138.118(c)	Less: Accumulated Impairment Losses
	<i>Total Externally Purchased Software</i>
	<b>Total Computer Software</b>
	<b>Other Intangibles</b>
AASB 138.118	<i>Externally Purchased Other Intangibles</i>
AASB 138.118(c)	Other Intangible Assets at Cost
AASB 138.118(c)	Less: Accumulated Amortisation
AASB 138.118(c)	Less: Accumulated Impairment Losses
	<i>Total Externally Purchased Other Intangibles</i>
	<b>Total Other Intangibles</b>
	<b>Total Intangible Assets</b>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 29. INTANGIBLE ASSETS – CONTINUED</b>				
AASB 138.118(e)	<b>Reconciliation of Intangible Assets 2019-20</b>				
		Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total
		\$'000	\$'000	\$'000	\$'000
AASB 138.118(e)	<b>Carrying Amount Beginning of Reporting Period</b>				
AASB 138.118(e)(i)	Additions				
AASB 138.118(e)(iv)	Impairment Losses recognised in the Operating Surplus/(Deficit)				
AASB 138.118(e)(v)	Reversals of Impairment Losses recognised in the Operating Surplus/(Deficit)				
AASB 138.118(e)(vi)	Amortisation				
AASB 138.118(e)(viii)	Other Changes				
AASB 138.118(e)	<b>Carrying Amount at the End of the Reporting Period</b>				
AASB 138.118(e)	<b>Reconciliation of Intangible Assets 2018-19</b>				
AASB 138.118(e)	<b>Carrying Amount Beginning of Reporting Period</b>				
AASB 138.118(e)(i)	Additions				
AASB 138.118(e)(iv)	Impairment Losses recognised in the Operating Surplus/(Deficit)				
AASB 138.118(e)(v)	Reversals of Impairment Losses recognised in the Operating Surplus/(Deficit)				
AASB 138.118(e)(vi)	Amortisation				
AASB 138.118(e)(viii)	Other Changes				
AASB 138.118(e)	<b>Carrying Amount at the End of the Reporting Period</b>				

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 29: Intangible Assets
	<b>Reconciliations</b> AASB 138 <i>Intangible Assets</i> requires the disclosure of a reconciliation of the carrying amount of each class of Intangible Asset at the beginning and end of the reporting period. The reconciliation must show details of movements as follows: <ul style="list-style-type: none"> <li>• additions;</li> <li>• assets classified as held for sale or included in a disposal group held for sale;</li> <li>• increases/decreases in other comprehensive income resulting from revaluations, impairment losses and impairment losses reversed;</li> <li>• impairment losses, or impairment losses reversed, in profit and loss;</li> <li>• amortisation; and</li> <li>• other changes.</li> </ul>
	<b>Material Intangible Assets</b> Where an agency has an individual intangible asset that is material to its financial statements, the agency shall disclose a description of that asset along with the carrying amount and remaining amortisation period.
	<b>Restricted Assets and Assets Pledged as Security</b> Where an intangible asset is restricted or is pledged as security for a liability the existence and carrying amount must be separately disclosed.
	<b>Voluntary Disclosure</b> AASB 138 recommends the following voluntary disclosures: <ul style="list-style-type: none"> <li>• a description of any fully amortised intangible asset that is still in use; and</li> <li>• a brief description of significant intangible assets controlled by the agency but not recognised as assets because they did not meet the recognition criteria.</li> </ul>

Reference	NOTE 30. CAPITAL WORKS IN PROGRESS		
	Assets under construction include infrastructure assets, buildings, leasehold improvements and software.		
		2020	2019
		\$'000	\$'000
AASB 116.74(b)	Infrastructure Works in Progress <sup>a</sup>		
AASB 116.74(b)	Building Works in Progress <sup>a</sup>		
AASB 116.74(b)	Leasehold Improvement Works in Progress		
ACT Disclosure Policy	Software Works in Progress		
	<b>Total Capital Works in Progress</b>		
	a) The increase in Infrastructure and Building Works in Progress is due to a number of large projects commencing in 2019 which were not completed at the end of the reporting period.		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 30. CAPITAL WORKS IN PROGRESS – CONTINUED</b>				
	<b>Reconciliation of Capital Works in Progress 2019-20</b>				
		Infrastructure Works in Progress	Building Works in Progress	Leasehold Improvement Works in Progress	Software Works in Progress
		\$'000	\$'000	\$'000	\$'000
AASB 116.73(e)					
AASB 138.118(e)	<b>Carrying Amount Beginning of Reporting Period</b>				
AASB 116.73(e)(i)	Additions				
AASB 138.118(e)(i)					
AASB 116.73(e)(ix)	Capital Works in Progress Completed and Transferred to Property, Plant and Equipment				
AASB 138.118(e)(viii)	Capital Works in Progress Completed and Transferred to Intangible Assets				
AASB 116.73(e)	<b>Carrying Amount at the End of the Reporting Period</b>				
AASB 138.118(e)					
AASB 116.73(e)					
AASB 138.118(e)	<b>Carrying Amount Beginning of Reporting Period</b>				
AASB 116.73(e)(i)	Additions				
AASB 138.118(e)(i)					
AASB 116.73(e)(ix)	Capital Works in Progress Completed and Transferred to Property, Plant and Equipment				
AASB 138.118(e)(viii)	Capital Works in Progress Completed and Transferred to Intangible Assets				
AASB 116.73(e) & 138.118(e)	<b>Carrying Amount at the End of the Reporting Period</b>				

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 31. OTHER ASSETS</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
ACT Disclosure Policy	<b>Current Other Assets</b>		
AASB 101.77	Prepayments		
AASB 101.77	Consumable Stores and Supplies		
AASB 101.77	Other		
	<b>Total Current Other Assets</b>		
ACT Disclosure Policy	<b>Non-Current Other Assets</b>		
AASB 101.77	Prepayments		
AASB 101.77	Rights to Receive Land and Buildings		
AASB 101.77	Other		
	<b>Total Non-Current Other Assets</b>		
	<b>Total Other Assets</b>		

  

	<b>NOTE 32. PAYABLES</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Current Payables</b>		
AASB 101.77	Trade Payables <sup>a</sup>		
AASB 9.5.1.1 & 5.3.1			
AASB 101.77	Other Payables <sup>b</sup>		
AASB 101.77	Accrued Expenses <sup>c</sup>		
	<b>Total Current Payables</b>		
	<b>Non-Current Payables</b>		
AASB 101.77	Trade Payables <sup>a</sup>		
AASB 9.5.1.1 & 5.3.1			
AASB 101.77	Other Payables <sup>b</sup>		
	<b>Total Non-Current Payables</b>		
	<b>Total Payables</b>		
a) The decrease in Trade Payables mainly relates to restructuring of the Maintenance Agency.			
b) The increase in Other Payables is due to a large capital works invoice received late in the reporting period.			
c) The increase in Accrued Expenses is mainly due to increased capital works and legal expenses.			

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 32. PAYABLES – CONTINUED		
		2020 \$'000	2019 \$'000
ACT Disclosure Policy	<p><b>Payables are aged as follows:</b></p> <p>Not Overdue</p> <p>Overdue for Less than 30 Days</p> <p>Overdue for 30 to 60 Days</p> <p>Overdue for More than 60 Days</p> <p><b>Total Payables</b></p>		
ACT Disclosure Policy	<p><b>Classification of ACT Government/Non-ACT Government Payables</b></p> <p><b>Payables with ACT Government Entities</b></p> <p>Trade Payables</p> <p>Other Payables</p> <p>Accrued Expenses</p> <p><b>Total Payables with ACT Government Entities</b></p>		
ACT Disclosure Policy	<p><b>Payables with Non-ACT Government Entities</b></p> <p>Trade Payables</p> <p>Other Payables</p> <p>Accrued Expenses</p> <p><b>Total Payables with Non-ACT Government Entities</b></p> <p><b>Total Payables</b></p>		
ACT Disclosure Policy	<p><b>Commentary – Note 32: Payables</b></p> <p>An agency is not required to include disclosures associated with ageing of their payables where no payables are overdue. They can simply state that ‘No payables are overdue.’</p> <p>The agency has a net Goods and Services Tax (GST) Receivable that is shown in Note 23 <i>Receivables</i>. In most cases agencies will have a net GST Receivable. However, if a net GST Payable arises then this amount would be disclosed in this Payables note. For example, a net GST Payable will occur where an agency derives a significant amount of its income from sources other than CRP.</p> <p>The <i>Government Procurement Act 2001</i> requires interest to be paid where a commercial account is not paid in full by the 25th day of the month after the month in which the payment is due. Therefore agencies should ensure accounts are paid before interest becomes payable.</p> <p>AASB 7 <i>Financial Instruments: Disclosures</i> requires a variety of quantitative and qualitative disclosures for each type of risk (including credit risk, liquidity risk and market risk) to evaluate the nature and extent of risks arising from financial instruments to which the agency is exposed. This includes a maturity analysis for financial liabilities showing the remaining contractual maturities (see note 40 <i>Financial Instruments</i>).</p> <p>ACT Government agencies are agencies that form part of the ACT government or which the ACT Government controls. A list of these agencies is contained in the Australian Capital Territory Government Consolidated Annual Financial Statements, which can be found at the Treasury website under publications (<a href="http://apps.treasury.act.gov.au/publications">http://apps.treasury.act.gov.au/publications</a>).</p>		
Government Procurement Act Section 44 & 45			
AASB 7.31-42			
ACT Disclosure Policy			

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 33. CONTRACT LIABILITIES</b>		
		2020 \$'000	1 July 2019 adjusted for AASB 15 \$'000
AASB 15.116(a)	Amounts Received Related to Contracts with Customers where the Performance Obligations has not yet been Satisfied		
AASB1058.31	Amounts Received in Relation to Acquisition or Construction of an Asset to be Controlled by the Agency which is not Complete		
	<b>Total Contract Liabilities</b>		
AASB 15.117	<b>Contract Liabilities Arising from Contracts with Customers</b> Contract liabilities relate to consideration received in advance from customers in respect of maintenance services to be undertaken on properties. The balance of contract liabilities as at 30 June 2020 was impacted by xxx [tailor to the specific revenue classes that give rise to contract liabilities, explain how the timing of satisfaction of performance obligations relates to the typical timing of payment and the effect that those factors have on contract liability balances].		
AASB 1058.32	<b>Contract Liabilities Arising from Assets being Constructed or Acquired which will be Controlled by the Agency</b> Contract liabilities relate to funds received in advance for the construction of ABC highway which will be controlled by the Agency when complete. The contract liability will be reduced as revenue is recognised on a costs incurred basis over the course of construction in accordance with the satisfaction of the performance obligation which is over time as the Agency receives the benefit as the work is performed.		
AASB 1058.35			
AASB 15.118	<b>Significant Changes in Contract Liability Balances</b> The contract liability balance has increased/decreased significantly during the year because of xxx.		
AASB 15.116(b)	Revenue Recognised that was Included in the Contract Liability Balance at the Beginning of the Reporting Period		2020 \$'000
AASB 15.116(C)	Revenue Recognised from Performance Obligations Satisfied in Previous Periods		
	Transaction Price Allocated to Unsatisfied (or Partially Unsatisfied) Performance Obligations		
AASB 15.120a	The Agency expects that [x]% of the transaction price allocated to the unsatisfied performance obligations as of [current period] will be recognised as revenue during the next reporting period [(\$XXXXX)]. The remaining [x]% is expected to be recognised as revenue in the year ended [insert date].		



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**Commentary – Note 33: Contract Liabilities**

AASB 15.105 AASB 15 Appendix A Defined terms AASB 15.105	<p>AASB 15 defines a contract liability as an agency’s obligation to transfer goods or services to a customer for which the agency has received consideration (or the amount of consideration is due) from the customer.</p> <p>Common contract liability balances may include:</p> <ul style="list-style-type: none"> <li>• amounts received in advance of delivery of goods; and</li> <li>• amounts received in advance of provision of services.</li> </ul>
AASB 15.116(a)	Agencies must disclose contract liabilities separately from contract assets and contract receivables.
AASB 15.116(b)	Agencies should disclose the opening and closing balances of contract liabilities.
AASB 15.116(b)	Agencies must disclose revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the year and revenue recognised from performance obligations satisfied in previous periods (for example due to a change in transaction price).
AASB 15.117	Agencies shall explain how the timing of the satisfaction of performance obligations (see AASB 15.119 (a)) relates to the typical timing of payment (see AASB 15.19(b)) and the effect that those factors have on the contract liability. Quantitative information may be used.
AASB15.118	<p>Agencies should explain significant changes in the balances of contact liabilities. Reasons for this change may include:</p> <ul style="list-style-type: none"> <li>• business combinations;</li> <li>• cumulative catch-ups, such as those arising from a change in the measure of progress, a change in an estimate of the transaction price or a modification; and</li> <li>• a change in timeframe – for performance obligations to be satisfied.</li> </ul>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 34. INTEREST-BEARING LIABILITIES</b>	
ACT Accounting Policy	<p>The Agency has ACT Government borrowings and Commonwealth Government borrowings.</p> <p>The ACT Government borrowings are held at a floating rate of interest. The repayments are made in equal annual instalments of principal and interest to the Territory Banking Account. Instalments are to be repaid from &lt;2010-11&gt; to &lt;2020-21&gt;.</p> <p>The Commonwealth Government borrowings were assigned by the Commonwealth at the time of self-government. These borrowings are being repaid in equal principal and interest repayments. These borrowings will be fully repaid in &lt;2025-26&gt;.</p>	
		<b>2020</b> <b>\$'000</b>
		<b>2019</b> <b>\$'000</b>
AASB101.77 ACT Disclosure Policy	<b>Current Interest-Bearing Liabilities</b>	
	<b>Secured</b>	
AASB16.47(b)	Lease Liability (see Note 35)	
	Finance Leases	
	<b>Total Current Secured Interest-Bearing Liabilities</b>	
	<b>Unsecured</b>	
	ACT Government Borrowings	
	Commonwealth Borrowings	
	Other Borrowings	
	<b>Total Current Unsecured Interest-Bearing Liabilities</b>	
	<b>Total Current Interest-Bearing Liabilities</b>	
AASB101.77 ACT Accounting Policy	<b>Non-Current Interest-Bearing Liabilities</b>	
	<b>Secured</b>	
AASB 16.47(b)	Lease Liability (see Note 35)	
	Finance Leases	
	<b>Total Non-current Secured Interest-Bearing Liabilities</b>	
ACT Accounting Policy	<b>Unsecured</b>	
	ACT Government Borrowings	
	Commonwealth Borrowings	
	Other Borrowings	
	<b>Total Non-Current Interest-Bearing Liabilities</b>	
	<b>Total Interest-Bearing Liabilities</b>	
	<p>a) The overall decrease in ACT Government borrowings is due to a planned reduction in borrowings throughout 2019-20.</p>	

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 34. INTEREST-BEARING LIABILITIES – CONTINUED</b>		
ACT Accounting Policy	<b>Secured Liability</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Finance Leases (2019 only, refer to Note 35 for 2020 lease information)</b>		
AASB 117.31(b)	<b>Finance lease commitments are payable as follows:</b>		
AASB 117.31(b)(i)	Within one year		
AASB 117.31(b)(ii)	Later than one year but not later than five years		
AASB 117.31(b)(iii)	Later than five years		
	<b>Minimum Lease Payments</b>		
	Less: Future Finance Lease Charges		
	<b>Amount Recognised as a Liability</b>		
	Add: Lease incentive involved with non-cancellable operating lease		
	<b>Total Present Value of Minimum Lease Payments</b>		
AASB 117.31(b)	<b>The present value of the minimum lease payments are as follows:</b>		
AASB 117.31(b)(i)	Within one year		
AASB 117.31(b)(ii)	Later than one year but not later than five years		
AASB 117.31(b)(iii)	Later than five years		
	<b>Total Present Value of Minimum Lease Payments</b>		
AASB 117.31(d)	The future minimum lease payments for non-cancellable financing sub-leases expected to be received		
ACT Disclosure Policy	<b>Credit Facilities</b>		
	There are no formal credit facilities in place for the Agency with the Territory's appointed transactional bank.		
	If the Agency's account goes into overdraft throughout the year, the Agency is not charged interest. However, the overdraft position is required to be rectified as soon as possible. The Agency went into overdraft for a short period of time in November 2019, and rectified the situation immediately.		
	<b>Commentary – Note 34: Interest-Bearing Liabilities</b>		
	<b>For additional information pertaining to territory authorities - please refer to TAS 15 Note 34: Interest-Bearing Liabilities.</b>		
FMA Sec 34B(2)	It is important to note that Directors-General of agencies manage the balance of the Controlled bank account. If at the end of the year the closing balance is negative, the Director-General of that agency will be required to implement a debt reduction strategy, as soon as possible.		
	Finance lease liabilities are determined in accordance with AASB 117 <i>Leases</i> until 30 June 2019. From 1 July 2019, lease liabilities are determined in accordance with AASB 16 <i>Leases</i> and information about these leases has been included in Note 35.		
	Some agencies have received interest-free loans from the Environment and Planning Directorate under the Carbon Neutral Government Fund. These loans can be disclosed under a separate Note 'Interest-Free Borrowings'.		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 35 LEASE LIABILITIES – AGENCY AS A LESSEE</b>	
AASB 16.59	<p>The Agency has applied AASB 16 <i>Leases</i> using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.</p> <p><b>Agency as a Lessee</b></p> <p>The Agency has leases over a range of assets including land and buildings and IT equipment and has elected not to adopt AASB 16 to leases of intangible assets.</p> <p>Information relating to the leases in place and associated balances and transactions are provided below.</p> <p><b>Terms and Conditions of Leases</b></p> <p>Building leases – The Agency has three non-cancellable operating leases for office buildings. Two of the leases expire in three years and the third one expires in six years. The leases have varying terms, escalation clauses and renewal rights in order to provide flexibility to the Agency and the extension options are exercisable only by the Agency. The lease agreements give the Agency the right to renew the leases for up to twice the initial term.</p> <p>There are no conditions in the lease agreements requiring the Agency to restore the sites which the leased buildings are situated.</p> <p>The office leases contain an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.</p>	
	Motor vehicles	The Agency holds 145 motor vehicle leases. The terms vary from 2 years to 3 years. These leases allow for extensions, but have no terms of renewal or purchase options, nor escalation clauses.
	IT and office equipment leases	<p>The Agency has numerous leases for equipment, including office equipment and IT equipment.</p> <p>Where the value of the leased asset is low value the Agency has used the exemption for leases of low value assets and accounts for the expense through the Operating Statement as incurred.</p> <p>Leases for other assets have lease terms which vary from 3 – 10 years and there is generally no extension or renewal options.</p> <p>Where the lease contains a purchase option, the purchase price is included in the lease liability where the Agency believes it is reasonably certain that the purchase option will be exercised.</p> <p>The photocopier leases are subject to substitution rights and are dependent on the number of copies made, the usage based payments are recognised as variable expenses in the operating statement as incurred.</p> <p>The fixed payment component is not subject to increases throughout the lease term.</p>
AASB 16.Aus59.1	Concessionary land leases	The Agency has a 30 year concessionary lease which expires in 2044 from ABC for use of a building, the rental is \$100 per year and the use of the building is restricted to provision of community services in accordance with the objectives of the Agency to local residents.
AASB16.59bii	<p><b>Extension Options</b></p> <p>Where a lease contains extension options, at commencement date and at each subsequent reporting date, the Agency assesses where it is reasonably certain that the extension options will be exercised.</p> <p>There are \$xxx in potential future lease payments which are not included in lease liabilities as the Agency has assessed that the exercise of the option is not reasonably certain</p>	

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 35 LEASE LIABILITIES – AGENCY AS A LESSEE – CONTINUED</b>				
AASB 16.53	<b>Right-of-Use Assets</b>				
		Land and buildings \$'000	Office equipment \$'000	[Insert other classes of right-of-use classes as applicable] \$'000	Total \$'000
	Balance at 1 July 2019				
	Depreciation charge				
	Additions to right-of-use assets				
	Changes in right-of-use assets due to changes in lease liability				
	Impairment of right-of-use assets				
	<b>Balance at 30 June 2020</b>				
AASB 16.58	<b>Lease Liabilities</b>				
	The maturity analysis of lease liabilities at 30 June 2020 based on contractual undiscounted cash flows is shown in the table below.				
	< 1 year (\$'000)	1 – 5 years (\$'000)	> 5 years (\$'000)	Total undiscounted lease liabilities (\$'000)	Lease liabilities included in the Balance Sheet (\$'000)
	<b>Operating Statement</b>				
	The amounts recognised in the operating statement relating to leases where the Agency is a lessee are shown below.				
					\$'000
AASB 16.53(a)	Depreciation of right-of-use assets				
AASB 16.53(b)	Interest on lease liabilities				
AASB 16.53(e)	Variable lease payments based on usage not included in the lease liability				
AASB 16.53(f)	Income from sub-leasing right-of-use assets				
AASB 16.53(c)	Expenses relating to short-term leases				
AASB 16.53(d)	Expenses relating to leases of low-value assets				
	<b>Statement of Cash Flows</b>				
					\$'000
AASB 16.53g	Total cash outflow of leases				

**‘EXAMPLE AGENCY’  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

<b>Reference</b>	<p><b>Commentary – Note 35: Lease Liabilities – Agency as Lessee</b></p> <p>The AASB 16 <i>Leases</i> disclosure objective is to ensure that users of the financial statements can assess the effect that leases have on the financial statements. AASB 16 contains both quantitative and qualitative disclosures.</p> <p>The disclosure objective should be used by Agencies to assess whether the overall quality and extent of the lease disclosures are sufficient rather than just mechanically following the leases in the ‘Example Agency’ Model Financial Statements.</p> <p>Generally, AASB 16 requires more disclosures than AASB 117 <i>Leases</i> and therefore more judgement and effort will be needed in the preparation of the disclosures.</p> <p>All disclosures under AASB 16.52 requires lessees to disclose information in a single note, separately in the financial statements or cross referenced throughout the notes. ACT Accounting Policy requires presentation in a single note.</p> <p>For lessors, information relating to investment properties under leases are included in the investment property note.</p> <p><b>Identification of a Lease</b></p> <p>To assess whether a contract conveys the right to control the use of an identified asset, Agencies should assess whether they have:</p> <ul style="list-style-type: none"> <li>• the right to obtain substantially all of the economic benefits from use of the identified asset (e.g. by having exclusive use of the asset through the lease period), and</li> <li>• the right to direct the use of the identified asset.</li> </ul> <p>In considering whether the relevant asset is an identified asset, Agencies should consider whether the asset is explicitly identified (e.g. by serial number, building floor and address) or implicitly identified (e.g. through the asset being specialised and / or customised). If the lessor has a substantive substitution right (i.e. can swap the asset and there is economic incentive to do so) then there is no identified asset. In accordance with ACT Accounting Policy, this substantive substitution right is relevant to properties leased through ACT Property Group.</p> <p>A lessee has the right to direct the use of the asset only if either:</p> <ol style="list-style-type: none"> <li>a. they have the right to direct how and for what purpose the asset is used throughout the period of use, or</li> <li>b. the relevant decisions about how and for what purpose the asset is used are predetermined and: <ol style="list-style-type: none"> <li>i. they have the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions, or</li> <li>ii. they designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.</li> </ol> </li> </ol>
	<p>Where the Agency leases have variable lease payments, additional information should be considered to satisfy the disclosure objective, for example:</p> <ol style="list-style-type: none"> <li>a. the Agency’s reasons for using variable lease payments and the prevalence of those payments;</li> <li>b. the relative magnitude of variable lease payments to fixed payments;</li> <li>c. key variables upon which variable lease payments depend and how payments are expected to vary in response to changes in those key variables; and</li> <li>d. other operational and financial effects of variable lease payments.</li> </ol> <p>Where the Agency has leases with residual value guarantees then consider additional information to satisfy the disclosure, for example:</p> <ol style="list-style-type: none"> <li>a. the reasons for providing residual value guarantees and the prevalence of those guarantees;</li> <li>b. the magnitude of the exposure to residual value risk;</li> <li>c. the nature of underlying assets for which those guarantees are provided; and</li> <li>d. other operational and financial effects of those guarantees.</li> </ol>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 35 LEASE LIABILITIES – AGENCY AS A LESSOR																
	<table><tr><th>Type</th><th>Description</th><th>Lease Type</th></tr><tr><td>Investment property</td><td><p>The Agency owns residential and office buildings which are classified as investment property.</p><p>These are leased to commercial and community tenants and generally have terms of 2 – 15 years.</p><p>The rents generally increase by CPI each year with a market rent reset every 5th year.</p><p>Some of the community organisations have the leases under a concessionary arrangement</p></td><td>Operating leases</td></tr><tr><td>Sub-lease of right-of-use asset</td><td><p>The Agency had excess capacity in a storage facility that was being leased and has sub-leased this excess capacity for the remaining life of the head lease and at the same rate as the Agency is paying under the head lease.</p><p>The arrangement is due to expire in 2025.</p></td><td>Finance lease</td></tr></table>	Type	Description	Lease Type	Investment property	<p>The Agency owns residential and office buildings which are classified as investment property.</p> <p>These are leased to commercial and community tenants and generally have terms of 2 – 15 years.</p> <p>The rents generally increase by CPI each year with a market rent reset every 5th year.</p> <p>Some of the community organisations have the leases under a concessionary arrangement</p>	Operating leases	Sub-lease of right-of-use asset	<p>The Agency had excess capacity in a storage facility that was being leased and has sub-leased this excess capacity for the remaining life of the head lease and at the same rate as the Agency is paying under the head lease.</p> <p>The arrangement is due to expire in 2025.</p>	Finance lease							
Type	Description	Lease Type															
Investment property	<p>The Agency owns residential and office buildings which are classified as investment property.</p> <p>These are leased to commercial and community tenants and generally have terms of 2 – 15 years.</p> <p>The rents generally increase by CPI each year with a market rent reset every 5th year.</p> <p>Some of the community organisations have the leases under a concessionary arrangement</p>	Operating leases															
Sub-lease of right-of-use asset	<p>The Agency had excess capacity in a storage facility that was being leased and has sub-leased this excess capacity for the remaining life of the head lease and at the same rate as the Agency is paying under the head lease.</p> <p>The arrangement is due to expire in 2025.</p>	Finance lease															
	<p><b>Operating Leases</b></p> <p>Where leases have been classified as operating leases, the underlying property assets are included as investment property in the Balance Sheet (refer Note 28).</p> <p>The amounts recognised in the operating statement relating to operating leases where the Agency is a lessor are shown below.</p> <table><tr><td><b>Operating Leases</b></td><td></td></tr><tr><td>Lease income (excluding variable lease payments not dependent on an index or rate)</td><td></td></tr><tr><td>Lease income relating to variable lease payments not dependent on an index or a rate</td><td></td></tr><tr><td><b>Total Income Relating to Operating Leases</b></td><td><b>\$'000</b></td></tr></table>			<b>Operating Leases</b>		Lease income (excluding variable lease payments not dependent on an index or rate)		Lease income relating to variable lease payments not dependent on an index or a rate		<b>Total Income Relating to Operating Leases</b>	<b>\$'000</b>						
<b>Operating Leases</b>																	
Lease income (excluding variable lease payments not dependent on an index or rate)																	
Lease income relating to variable lease payments not dependent on an index or a rate																	
<b>Total Income Relating to Operating Leases</b>	<b>\$'000</b>																
	<p>Maturity analysis of the undiscounted lease payments to be received after reporting date for operating leases:</p> <table><tr><td>&lt; 1 year</td><td></td></tr><tr><td>Between 1 – 2 years</td><td></td></tr><tr><td>Between 2 – 3 years</td><td></td></tr><tr><td>Between 3 – 4 years</td><td></td></tr><tr><td>Between 4 – 5 years</td><td></td></tr><tr><td>Greater than 5 years</td><td></td></tr><tr><td><b>Total</b></td><td><b>\$'000</b></td></tr></table>			< 1 year		Between 1 – 2 years		Between 2 – 3 years		Between 3 – 4 years		Between 4 – 5 years		Greater than 5 years		<b>Total</b>	<b>\$'000</b>
< 1 year																	
Between 1 – 2 years																	
Between 2 – 3 years																	
Between 3 – 4 years																	
Between 4 – 5 years																	
Greater than 5 years																	
<b>Total</b>	<b>\$'000</b>																
	<p><b>Finance leases</b></p> <p>Where the Agency has leased properties under a head lease or sub-lease arrangement and has classified the leases as finance leases, the underlying asset (being the property or the right of use asset) is derecognised and a net investment in the finance lease (finance lease receivable) is recognised.</p> <table><tr><td><b>Finance leases</b></td><td></td></tr><tr><td>Selling profit or loss</td><td></td></tr><tr><td>Finance income on the net investment in the lease</td><td></td></tr><tr><td>Income relating to variable lease payments not included in the measurement of the net investment in the lease</td><td></td></tr><tr><td><b>Total Income Relating to Finance Leases</b></td><td><b>\$'000</b></td></tr></table>			<b>Finance leases</b>		Selling profit or loss		Finance income on the net investment in the lease		Income relating to variable lease payments not included in the measurement of the net investment in the lease		<b>Total Income Relating to Finance Leases</b>	<b>\$'000</b>				
<b>Finance leases</b>																	
Selling profit or loss																	
Finance income on the net investment in the lease																	
Income relating to variable lease payments not included in the measurement of the net investment in the lease																	
<b>Total Income Relating to Finance Leases</b>	<b>\$'000</b>																

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<div>NOTE 35 LEASE LIABILITIES – AGENCY AS A LESSOR - CONTINUED</div> <div>Maturity analysis of lease receivable showing the undiscounted lease payments to be received after reporting date for finance leases:</div> <div><div>&lt; 1 year</div><div>Between 1 – 2 years</div><div>Between 2 – 3 years</div><div>Between 3 – 4 years</div><div>Between 4 – 5 years</div><div>Greater than 5 years</div><div>Total Lease Receivables</div><div>Unearned finance income</div><div>Discounted unguaranteed residual value</div></div> <div>Net Investment in the Lease</div> <div>\$'000</div>		
ACT Disclosure Policy		2020 \$'000	2019 \$'000
	Rental Income Earned from Operating Leases		
	Rental Income Earned from Finance Leases		
</			



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 36. EMPLOYEE BENEFITS</b>	
		2020 \$'000
		2019 \$'000
ACT Accounting Policy	<b>Current Employee Benefits</b> Annual Leave Long Service Leave <sup>a</sup> Accrued Salaries Termination Benefits due to Restructure <sup>b</sup> Other Benefits <b>Total Current Employee Benefits</b>	       
ACT Accounting Policy	<b>Non-Current Employee Benefits</b> Long Service Leave <sup>a</sup> Other Benefits <b>Total Non-Current Employee Benefits</b> <b>Total Employee Benefits</b>	    
AASB 101.61(a)	<b>Estimate of when Leave is Payable</b> <b>Estimated Amount Payable within 12 Months</b> Annual Leave Long Service Leave Accrued Salaries Termination Benefits due to Restructure Other Benefits <b>Total Employee Benefits Payable within 12 Months</b>	       
AASB 101.61(b)	<b>Estimated Amount Payable after 12 Months</b> Long Service Leave Annual Leave Other Benefits <b>Total Employee Benefits Payable after 12 Months</b> <b>Total Employee Benefits</b>	    
	<p>As at 30 June 2020 the Agency employed 947 full time equivalent (FTE) staff. There were 927 FTE staff at 30 June 2019.</p> <p>a) The increase in Long Service Leave liability is due to the present value percentage changing from 110.1% to [XX%].</p> <p>b) The increase in the provision for termination benefits relates to the restructuring of a maintenance division, which will affect 60 employees. See Note 37 <i>Other Provisions</i>.</p>	

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary - Note 36: Employee Benefits
AASB 137.5(b)	<p>AASB 137 <i>Provisions, Contingent Assets and Contingent Liabilities</i> does not apply to employee benefit provisions and therefore the disclosure requirements in that standard do not have to be applied to employee benefits.</p>
AASB 101.69	<p><b>Annual Leave and Long Service Leave Liabilities</b></p> <p><b>Classification</b></p> <p>AASB 101 <i>Presentation of Financial Statements</i> requires that a liability be classified as current when it satisfies any of the following criteria:</p> <ul style="list-style-type: none"> <li>• it is expected to be settled in the agency’s normal operating cycle;</li> <li>• it is held primarily for the purpose of being traded;</li> <li>• it is due to be settled within 12 months after the reporting date; or</li> <li>• the agency does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.</li> </ul> <p>All other liabilities shall be classified as non-current.</p> <p>The effect of the last bullet point above is that all annual leave and unconditional long service leave is to be classified as current. An agency does not have an unconditional right to defer the payment of annual leave or unconditional long service leave. For example, the meeting of these obligations could not be deferred if the employee were to resign. This leave is required to be classified as current when the employee is entitled to the leave rather than when the leave is expected to be taken.</p> <p>Conditional long service leave is classified as a non-current liability as an agency has an unconditional right to defer settlement of the liability for at least 12 months. Agencies should refer to the requirements of their workplace agreements to determine whether leave is conditional or unconditional. For example, for most agencies, employees with a service period of between 1 and 6 years would have conditional long service leave which is to be classified as non-current.</p>
AASB 119.159 AASB 119.162&163	<p><b>Termination Benefits</b></p> <p>The revised AASB 119 <i>Employee Benefits</i> has clarified the definition of termination benefits so that a termination benefit only arises if it is provided in direct exchange for the termination of employment; not on any other exchange (e.g. benefits cannot include provisions for future services by an employee). A benefit that is in any way dependent upon providing services in the future is not a termination benefit.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 37. OTHER PROVISIONS		
		2020 \$'000	2019 \$'000
AASB 101.77	<b>Current Other Provisions</b> Provision for Restoration of Contaminated Site Provision for Restructuring <b>Total Current Other Provisions</b>		
AASB 101.77	<b>Non-Current Other Provisions</b> Provision for Restoration of Contaminated Site Provision for Restructuring Provision for Make Good <b>Total Non-Current Other Provisions</b> <b>Total Other Provisions</b>		
	<b>Provision for Restructuring</b>		
AASB 137.85(a) &(b)	In May 2020, the Agency announced publicly that it would be undertaking a restructuring of a maintenance division that would result in the closure of the division and in 60 employees being made redundant. A detailed formal restructuring plan has been prepared that outlines the timeframe of the restructure along with the cost, division concerned (and its location) and the number of redundant staff. Restructuring is expected to be completed towards the end of the next reporting period.		
	<b>Reconciliation of the Provision for Restructuring</b>		
AASB 137.84(a)	Provision for Restructuring at the Beginning of the Reporting Period		
AASB 137.84(b)	Additional Provision Recognised		
AASB 137.84(c)	Reduction in Provision as a Result of Payments		
	Reduction in Provision due to a Change in Accounting Estimate		
AASB 137.84(a)	<b>Provision for Restructuring at the End of the Reporting Period</b>		
	<b>Provision for Restoration of Contaminated Site</b>		
AASB 137.85(a) &(b)	In November 2019, it was discovered that waste had leaked from containers and contaminated the area in which they were buried and also contaminated nearby farmland. The Agency has undertaken to clean up the contaminated area where the waste was buried and has therefore taken up a provision for the restoration of this contaminated site as the cleanup of this site is expected to be performed over the next two years.		
AASB 137.88	There are currently court proceedings under way to determine the Agency’s liability in relation to the farmland (see Note 42 <i>Contingent Liabilities and Contingent Assets</i> ).		
	<b>Reconciliation of the Provision for Restoration of Contaminated Site</b>		
AASB 137.84(a)	Provision for Restoration of Contaminated Site at the Beginning of the Reporting Period		
AASB 137.84(b)	Increase in Provision due to a Site becoming Contaminated		
AASB 137.84(a)	<b>Provision for Restoration of Contaminated Site at the End of the Reporting Period</b>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 37. OTHER PROVISIONS – CONTINUED</b>
AASB 137.85(a) &(b)	<p><b>Provision for Make Good</b></p> <p>On 1 July 2016 the Agency entered into a lease agreement for some office space in Civic. There are clauses within the lease agreement which require the Agency, upon cessation of the tenancy, to return the office space to the condition it was in before it was leased (this is referred to as ‘make good’). The tenancy runs for 10 years.</p> <p>On 1 July 2016 the Agency also erected \$xx of leasehold improvements in the building. On that date the estimated costs to make good those improvements were \$xx. At 30 June 2026 (the end of the 10 years tenancy) the approximate cost would be \$xx to meet the make good obligation. The present value of \$xx, using the 10 year Government bond rate as at 1 July 2016 (5.79%), is approximately \$xx.</p> <div style="float: right; text-align: right;"> <b>2019</b>  <b>\$’000</b> </div> <div style="float: right; text-align: right;"> <b>2018</b>  <b>\$’000</b> </div>
AASB 137.84(a)	<b>Reconciliation of the Provision for Make Good</b>
AASB 137.84(b)	Provision for Make Good at the Beginning of the Reporting Period
AASB 137.84(a)	Increase in Provision due to Unwinding of Discount
	<b>Provision for Make Good at the End of the Reporting Period</b>
	<p><b>Commentary – Note 37: Other Provisions</b></p> <p><b>For additional information pertaining to territory authorities - please refer to TAS 16 Note 37: Other Provisions.</b></p>
AASB 137.85	<p>For each class of provision the following must be disclosed:</p> <ul style="list-style-type: none"> <li>• a brief description of the nature of the obligation and the expected timing of any resulting outflow of economic benefits;</li> <li>• an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an agency shall disclose the major assumptions made concerning future events; and</li> <li>• the amount of any related estimated reimbursement, stating the amount of any asset recognised for that expected reimbursement.</li> </ul> <p>Movements during the reporting period for each class of provision must be disclosed for the current year only (i.e. comparative information is not required) showing separately:</p> <ul style="list-style-type: none"> <li>• the carrying amount at the beginning and end of the reporting period;</li> <li>• additional provisions made in the period (including increases to existing provisions);</li> <li>• amounts incurred or charged against the provision during the reporting period;</li> <li>• unused amounts reversed during the reporting period; and</li> <li>• increases during the period in the discounted amount arising from the passage of time and the effect of any changes in the discount rate.</li> </ul> <p>The above movements must be separately shown for each provision reconciliation where there are material amounts to be disclosed.</p>
AASB 137.84	
AASB 137.92	<p>In extremely rare cases, where disclosure of information regarding provisions, contingent liabilities or contingent assets is expected to seriously prejudice the position of the agency, in a dispute with other parties, the agency need not disclose the information. However, the agency must provide information regarding the general nature of the dispute, together with the reason for non-disclosure.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 37: Other Provisions – Continued
	<p><b>Onerous Contracts</b></p> <p>An onerous contract is a contract in which the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received under it. The present obligation under an onerous contract shall be recognised and measured as a provision. Where the impact of COVID-19 results in increased costs to meet, or reduced benefits from, an executory contract, management need to assess whether the contract has become onerous and a provision needs to be recognised.</p>
	<p><b>Restructuring and Sale of an Operation</b></p> <p>Where an agency is restructuring its operations and as part of the restructuring is selling that operation, no obligation arises for the sale until there is a binding sale agreement as well as a constructive obligation.</p>
	<p><b>Recognition of Liabilities</b></p> <p>The intention to make payments to other parties, whether advised in the form of a government budget policy, election promise or statement of intent, does not of itself create a present obligation which is binding. A liability would be recognised only when the agency is committed in the sense that it has little or no discretion to avoid the sacrifice of future economic benefits. For example, a government does not have a present obligation to sacrifice future economic benefits for social welfare payments that might arise in future reporting periods. A present obligation for social welfare payments arises only when entitlement conditions are satisfied for payment during a particular payment period. Similarly, a government does not have a present obligation to sacrifice future economic benefits under multi-year public policy agreements until the grantee meets conditions such as grant eligibility criteria, or has provided the services or facilities required under the grant agreement. In such cases, only amounts outstanding in relation to current or previous periods satisfy the definition of liabilities.</p>
	<p>Such transactions or events may give rise to legal, social, political or economic consequences which leave little, if any, discretion to avoid a sacrifice of future economic benefits. In such circumstances, the definition of a liability is satisfied. An example of such an event is the occurrence of a disaster, where a government has a clear and formal policy to provide financial aid to victims of such disasters. In this circumstance, the government has little discretion to avoid the sacrifice of future economic benefits. However, the liability is recognised only when the amount of financial aid to be provided can be measured reliably.</p>

Reference	<b>NOTE 38. OTHER LIABILITIES</b>	
		<b>2020</b> <b>\$'000</b>
		<b>2019</b> <b>\$'000</b>
ACT Disclosure Policy	<b>Current Other Liabilities</b>	
AASB 101.77	Revenue Received in Advance	
AASB 101.77	Rent Received in Advance	
AASB 1058.31	Liabilities under Transfers to Acquire or Construct Non-Financial Assets to be Controlled by the Entity- for discussion	
AASB 101.77	Other	
	<b>Total Current Other Liabilities</b>	
ACT Disclosure Policy	<b>Non-Current Other Liabilities</b>	
AASB 101.77	Revenue Received in Advance	
	<b>Total Non-Current Other Liabilities</b>	
	<b>Total Other Liabilities</b>	

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 39. RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS [DIRECTORATES ONLY]																																												
AASB 1004.57	<p><b>Restructures of Administrative Arrangements 2019-20</b></p> <p>On 7 January 2020, a restructuring of administrative arrangements occurred between ‘Example Agency’ and ABC Directorate involving a Heritage and Environment division. The heritage function is responsible for the development of heritage policy as well as the maintenance of a number of large heritage assets. The 180 employees and the heritage assets attached to this function were transferred to ‘Example Agency’ as part of this restructuring of administrative arrangements. The environment function is responsible for the development of policy frameworks and providing advice on the management and protection of the environment. It also administers a small grants program for organisations operating in an environmentally friendly manner. The transfer of this function mainly involved the transfer of 90 staff to ‘Example Agency’.</p> <p>The land and building which the Heritage and Environment division staff are located in was also transferred to ‘Example Agency’.</p> <p><b>Income and Expenses</b></p> <p>The following table shows the income and expenses associated with the Heritage and Environment division recognised by ‘Example Agency’ for the year ended 30 June 2020. It also shows the income and expenses relating to when the division belonged to ABC Directorate. These income and expense figures were supplied by ABC Directorate and as such have been relied upon by ‘Example Agency’. Finally, the table shows the total income and expenses of the division for the whole financial year.</p> <table><tr><th></th><th>Amounts Relating to Function when held by ABC Directorate July 2019 to Jan 2020 \$’000</th><th>Amounts Relating to when Function was held by ‘Example Agency’ Jan 2020 to June 2020 \$’000</th><th>Total 2020 \$’000</th></tr><tr><td><b>Revenue</b></td><td></td><td></td><td></td></tr><tr><td>Controlled Recurrent Payments</td><td></td><td></td><td></td></tr><tr><td><b>Total Revenue</b></td><td></td><td></td><td></td></tr><tr><td><b>Expenses</b></td><td></td><td></td><td></td></tr><tr><td>Employee Expenses</td><td></td><td></td><td></td></tr><tr><td>Superannuation Expenses</td><td></td><td></td><td></td></tr><tr><td>Supplies and Services</td><td></td><td></td><td></td></tr><tr><td>Depreciation and Amortisation</td><td></td><td></td><td></td></tr><tr><td>Grants and Purchased Services</td><td></td><td></td><td></td></tr><tr><td><b>Total Expenses</b></td><td></td><td></td><td></td></tr></table> <p>Details of the Assets and Liabilities transferred are presented below.</p>		Amounts Relating to Function when held by ABC Directorate July 2019 to Jan 2020 \$’000	Amounts Relating to when Function was held by ‘Example Agency’ Jan 2020 to June 2020 \$’000	Total 2020 \$’000	<b>Revenue</b>				Controlled Recurrent Payments				<b>Total Revenue</b>				<b>Expenses</b>				Employee Expenses				Superannuation Expenses				Supplies and Services				Depreciation and Amortisation				Grants and Purchased Services				<b>Total Expenses</b>			
	Amounts Relating to Function when held by ABC Directorate July 2019 to Jan 2020 \$’000	Amounts Relating to when Function was held by ‘Example Agency’ Jan 2020 to June 2020 \$’000	Total 2020 \$’000																																										
<b>Revenue</b>																																													
Controlled Recurrent Payments																																													
<b>Total Revenue</b>																																													
<b>Expenses</b>																																													
Employee Expenses																																													
Superannuation Expenses																																													
Supplies and Services																																													
Depreciation and Amortisation																																													
Grants and Purchased Services																																													
<b>Total Expenses</b>																																													
AASB 1004.57	<p><b>Restructures of Administrative Arrangements 2018-19</b></p> <p>On 1 June 2019, a restructuring of administrative arrangements occurred between ‘Example Agency’ and XYZ Directorate involving a Heritage division. The XYZ heritage function is responsible for the management and maintenance of a number of large heritage assets, which are used for educational purposes for ACT Government schools. There were 5 employees and the heritage assets attached to this function were transferred to ‘Example Agency’ as part of this restructuring of administrative arrangements.</p> <p>The land and building which the Heritage staff are located in was also transferred to ‘Example Agency’.</p>																																												

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference

NOTE 39. RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS [DIRECTORATES ONLY] - CONTINUED

Income and Expenses

The following table shows the income and expense items associated with the Heritage division recognised by ‘Example Agency’ for the year ended 30 June 2019. It also shows the income and expenses relating to when the division belonged to XYZ Directorate. These income and expense figures were supplied by XYZ Directorate and as such have been relied upon by ‘Example Agency’. Finally, the table shows the total income and expenses of the division for the whole financial year.

	Amounts Relating to when Function was held by the XYZ Directorate July 2018 to May 2019 \$’000	Amounts Relating Function was held ‘Example Agency’ June 2019 to June \$’000	Total 2019 \$’000
Revenue			
Controlled Recurrent Payments			
Total Revenue			
Expenses			
Employee Expenses			
Superannuation Expenses			
Supplies and Services			
Depreciation and Amortisation			
Grants and Purchased Services			
Total Expenses			
Assets and Liabilities			
<p>The assets and liabilities transferred as part of the restructuring of administrative arrangements at the dates of transfer were as follows:</p>			
	Transferred Amounts 2019-20 \$’000	Transferred Amounts 2018-19 \$’000	
Assets			
Cash and Cash Equivalents			
Receivables			
Land			
Buildings			
Community and Heritage Assets			
Investment Properties			
Total Assets Transferred			
Liabilities			
Payables			
Employee Benefits			
Total Liabilities Transferred			
Total Net Assets Transferred			

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 39: Restructure of Administrative Arrangements [Directorates Only]
AASB 1004.BC29	<p>The above disclosure is not Applicable when Individual Assets or a Group of Assets are not a Business. The basis of conclusion in AASB 1004 <i>Contributions</i> states that the scope of the requirements relating to restructures of Administrative Arrangements (AAs) is limited to the transfer of a business (as defined in AASB 3 <i>Business Combinations</i>). As such, the requirements do not apply where, for example, an individual asset or a group of assets that are not a business are transferred. Therefore, the example disclosures in this note do not have to be applied in the situation where an individual asset or a group of assets that are not a business are transferred as part of an AA.</p>
AASB 3 Appendix A Defined Terms	<p><b>AASB 3 defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing:</b></p> <p>(a) a return in the form of dividends; or  (b) lower costs or other economic benefits directly to investors or other owners, members or participants.</p>
ACT Disclosure Policy	<p>As AAs involve a transfer of an integrated set of activities mainly for the purpose of reducing overall costs or providing other economic benefits to the Community (members or participants) and because AAs are a discrete function transferred between agencies, it is considered that all AAs of this nature will satisfy the definition of a business under AASB 3.</p>
AASB 1004.54-56	<p><b>Accounting Treatment of Transferred Assets and Liabilities</b></p> <p>AASB 1004 states that assets and/or liabilities transferred as part of an AA should be treated as a contribution by owners or a distribution to owners. As such, transfers should be recognised directly in equity.</p>
AASB 1004.57	<p><b>Disclosure of Transferred Income and Expenses</b></p> <p>AASB 1004 states that when activities are transferred as a consequence of an AA, the transferee agency shall disclose the expenses and income attributable to the transferred activities for the reporting period, showing separately those expenses and income recognised by the transferor during the reporting period. If disclosure of this information would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.</p>
AASB 101.38	<p><b>Disclosure of Comparative Information</b></p> <p>AASB 101 <i>Presentation of Financial Statements</i> requires comparative information be disclosed in respect of the prior reporting period for all amounts included in the financial statements, except where another Australian Accounting Standard permits or requires otherwise. AASB 1004 does not specifically address the need for comparative figures for an AA; however, as stated above, the disclosure of income and expenses relating to an AA is not required where it is impractical to provide this information.</p>
AASB 1004.57	
AASB 101.7 & 43	<p>Further, AASB 101 also states that, in some circumstances, it may be impracticable to reclassify comparative information for a particular prior period to achieve comparability with the current period. AASB 101 states that a requirement is impracticable when the directorate cannot apply it after making every reasonable effort to do so. It is likely that agencies will be able to provide income and expense figures for the comparative year where an entire output class is transferred as part of an AA. However, it is unlikely that comparative figures can be provided where only part of an output class is transferred as part of an AA (note that a reasonable effort must be made).</p>



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 40. FINANCIAL INSTRUMENTS</b>
	<p>Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in Note 2 (see Appendix B) <i>Significant Accounting Policies</i>.</p>
AASB 7 Appendix A	<p><b>Interest Rate Risk</b></p> <p>Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p>
AASB 7.33(a)	<p>A significantly greater proportion of financial assets are held in floating interest rate arrangements, compared to financial liabilities that are subject to floating interest rates. This means that the Agency is not significantly exposed to movements in interest payable; however, it is exposed to movements in interest receivable. Interest rates increased during the year ended 30 June 2020 and, as such, have resulted in an increase in the amount of interest received.</p>
AASB 7.33(b) &(c)	<p>Interest rate risk for financial assets is managed by ‘Example Agency’ by only investing in floating interest rate investments that are low risk. Interest rate risk for financial liabilities is not actively managed by the Agency as there is an immaterial amount of financial liabilities which are exposed to a floating interest rate. There have been no changes in risk exposure or processes for managing risk since last financial reporting period.</p> <p><i>Sensitivity Analysis</i></p> <p>A sensitivity analysis has not been undertaken for the interest rate risk of the Agency as it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is immaterial.</p>
AASB 7 Appendix A AASB 7.33(a)&34(c) AASB 7.36(a) AASB 7.35K	<p><b>Credit Risk</b></p> <p>Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Agency’s credit risk is limited to the amount of the financial assets it holds net of any provision for impairment, and the amount of a guarantee provided to ‘Example Borrower’ (for further details see Note 42 <i>Contingent Liabilities and Contingent Assets</i>). The Agency expects to collect all financial assets that are not past due or impaired.</p>
AASB 7.35K	<p>Credit risk for loans receivable is managed by ensuring that these loans are secured by a mortgage over the land and buildings the loans were given for, as some individuals receiving these loans have poor credit history. There is no other collateral held as security for financial assets.</p>
AASB 7.35F	
AASB 7.33(b)&(c)	<p>The Agency also manages the credit risk for receivables and loan receivables by undertaking an assessment of the credit worthiness of larger debtors as well as an analysis of the concentration of credit risk to ensure that it is not too high. No concentration of credit risk was identified in this analysis.</p>
AASB 7.35F(a)	<p>There have been no significant changes in credit risk exposure since last reporting period.</p> <p>Trade receivables are always measured at lifetime expected credit losses (the simplified approach).</p>
AASB 7 Appendix A AASB 7.33 & 39(b)	<p><b>Liquidity Risk</b></p> <p>Liquidity risk is the risk that the Agency will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the Agency ensures that it does not have a large portion of its financial liabilities maturing in any one reporting period and that, at any particular point in time, it has a sufficient amount of current financial assets to meet its current financial liabilities. Also, the Agency is able to draw down additional Controlled Recurrent Payments in the next reporting period to cover its financial liabilities when they fall due. This ensures the Agency has enough liquidity to meet its emerging financial liabilities. See the maturity analysis below for further details of when financial assets and liabilities mature.</p> <p>The Agency’s exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 40. FINANCIAL INSTRUMENTS – CONTINUED</b>										
AASB 7 Appendix A AASB 7.33	<p><b>Price Risk</b></p> <p>Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in unit prices. The only price risk which the Agency is exposed to results from its investment with the Territory Banking Account. Agency investors have a unit ownership with the Territory Banking Account that fluctuates in value. The price fluctuations in the units of the investments are caused by movements in the underlying investment portfolio.</p> <p>The underlying investment exposures include the financial risks associated with cash, money market securities, fixed rate bonds (domestic and international) and equities (domestic and international). Investment exposures are maintained in line with a strategic asset allocation considered to represent an efficient portfolio (acceptable risk return outcome) to achieve the long term investment objective. Under the investment structure, investments are diversified by geography, sector, financial instrument type, currency hedges, credit and interest rates in order to manage the risks associated with changing financial and economic conditions. More detail can be found in the financial statements of the Territory Banking Account.</p> <p>The Agency’s exposure to price risk and the management of this risk has not changed since last reporting period.</p> <p><i>Sensitivity Analysis</i></p> <p>A sensitivity analysis has not been undertaken for the price risk of the Agency as it has been determined that the possible impact on profit and loss or total equity from fluctuations in price is immaterial.</p> <p><b>Fair Value of Financial Assets and Liabilities</b></p> <p>The carrying amounts and fair values of financial assets and liabilities at the end of the reporting period are:</p> <table> <tr> <th></th><th>Note No.</th><th>Carrying Amount 2020 \$’000</th><th>Fair Value 2020 \$’000</th><th>Carrying Amount 2019 \$’000</th><th>Fair Value 2019 \$’000</th></tr> </table>						Note No.	Carrying Amount 2020 \$’000	Fair Value 2020 \$’000	Carrying Amount 2019 \$’000	Fair Value 2019 \$’000
	Note No.	Carrying Amount 2020 \$’000	Fair Value 2020 \$’000	Carrying Amount 2019 \$’000	Fair Value 2019 \$’000						
AASB 7.25	<b>Financial Assets</b>										
AASB 7.25	Cash and Cash Equivalents	21									
AASB 7.25	Investments	22									
	Receivables	23									
	<b>Total Financial Assets</b>										
AASB 7.25	<b>Financial Liabilities</b>										
	Payables	32									
AASB 7.25	ACT Government Borrowings	34									
AASB 7.25	Commonwealth Borrowings	34									
AASB 7.25	Other Borrowings	34									
AASB 16.58	Leases Liabilities (figure change)	35									
	<b>Total Financial Liabilities</b>										

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 40. FINANCIAL INSTRUMENTS – CONTINUED</b>			
AASB 7.29(a)	<b>Fair Value Hierarchy</b>			
	The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below.			
AASB 13.93(a)&(b)	<b>2020</b>	<b>Classification According to Fair Value Hierarchy</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>Financial Assets</b>			
	Financial Assets at Fair Value through the Profit and Loss			
	Investments with the Territory Banking Account			
	<b>2019</b>			
	<b>Financial Assets</b>			
	Financial Assets at Fair Value through the Profit and Loss			
	Investments with the Territory Banking Account			
	<b>Transfer Between Categories</b>			
	There have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the current and previous reporting period.			

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 40. FINANCIAL INSTRUMENTS – CONTINUED</b>								
AASB 7.34(a) & 39(a) ACT Disclosure Policy	The following tables set out the Agency’s maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2020. Except for non-current payables, financial assets and liabilities, which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.								
AASB 7.B11	<b>2020</b>								
				<b>Fixed Interest Maturing In:</b>					
		<b>Weighted Average Interest Rate</b>	<b>Floating Interest Rate</b>	<b>1 Year or Less</b>	<b>Over 1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Non-Interest Bearing</b>		<b>Total</b>
		<b>Note No.</b>	<b>\$’000</b>	<b>\$’000</b>	<b>\$’000</b>	<b>\$’000</b>	<b>\$’000</b>		<b>\$’000</b>
	<b>Financial Instruments</b>								
	<b>Financial Assets</b>								
	Cash and Cash Equivalents	21							
	Investments with the Territory Banking Account	21							
	Receivables	23	6.00%						
	<b>Total Financial Assets</b>								
	<b>Financial Liabilities</b>								
	Payables	32							
	ACT Government Borrowings Commonwealth	34	5.25%						
	Borrowings	34	5.25%						
	Other Borrowings	34	7.85%						
	Lease Liabilities	35	7.15%						
AASB 16.58, AASB 7.39&B11	<b>Total Financial Liabilities</b>								
	<b>Net Financial Assets/(Liabilities)</b>								

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 40. FINANCIAL INSTRUMENTS – CONTINUED</b>																																																																																																																																																																												
AASB 7.34(a) & 39(a) ACT Disclosure Policy	The following table sets out the Agency’s maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2019. Except for non-current payables, financial assets and liabilities, which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.																																																																																																																																																																												
AASB 7.B11	<p><b>2019</b></p> <table> <tr> <th rowspan="2"></th><th rowspan="2">Note No.</th><th rowspan="2">Weighted Average Interest Rate</th><th rowspan="2">Floating Interest Rate</th><th colspan="4">Fixed Interest Maturing In:</th><th rowspan="2">Non-Interest Bearing</th><th rowspan="2">Total</th></tr> <tr> <th>1 Year or Less</th><th>Over 1 Year to 5 Years</th><th>Over 5 Years</th><th></th></tr> <tr> <th></th><th></th><th></th><th>\$'000</th><th>\$'000</th><th>\$'000</th><th>\$'000</th><th>\$'000</th><th>\$'000</th><th>\$'000</th></tr> <tr> <td><b>Financial Instruments</b></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td><b>Financial Assets</b></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>Cash and Cash Equivalents</td><td>21</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>Investments with the Territory Banking Account</td><td>22</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>Receivables</td><td>23</td><td>6.45%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td><b>Total Financial Assets</b></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td><b>Financial Liabilities</b></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>Payables</td><td>32</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>ACT Government Borrowings</td><td>34</td><td>6.00%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>Commonwealth Borrowings</td><td>34</td><td>6.00%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>Other Borrowings</td><td>34</td><td>7.90%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>Finance Leases</td><td>34</td><td>7.95%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td><b>Total Financial Liabilities</b></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td><b>Net Financial Assets/(Liabilities)</b></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> </table>										Note No.	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:				Non-Interest Bearing	Total	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	<b>Financial Instruments</b>										<b>Financial Assets</b>										Cash and Cash Equivalents	21									Investments with the Territory Banking Account	22									Receivables	23	6.45%								<b>Total Financial Assets</b>										<b>Financial Liabilities</b>										Payables	32									ACT Government Borrowings	34	6.00%								Commonwealth Borrowings	34	6.00%								Other Borrowings	34	7.90%								Finance Leases	34	7.95%								<b>Total Financial Liabilities</b>										<b>Net Financial Assets/(Liabilities)</b>									
	Note No.	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:				Non-Interest Bearing	Total																																																																																																																																																																				
				1 Year or Less	Over 1 Year to 5 Years	Over 5 Years																																																																																																																																																																							
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000																																																																																																																																																																				
<b>Financial Instruments</b>																																																																																																																																																																													
<b>Financial Assets</b>																																																																																																																																																																													
Cash and Cash Equivalents	21																																																																																																																																																																												
Investments with the Territory Banking Account	22																																																																																																																																																																												
Receivables	23	6.45%																																																																																																																																																																											
<b>Total Financial Assets</b>																																																																																																																																																																													
<b>Financial Liabilities</b>																																																																																																																																																																													
Payables	32																																																																																																																																																																												
ACT Government Borrowings	34	6.00%																																																																																																																																																																											
Commonwealth Borrowings	34	6.00%																																																																																																																																																																											
Other Borrowings	34	7.90%																																																																																																																																																																											
Finance Leases	34	7.95%																																																																																																																																																																											
<b>Total Financial Liabilities</b>																																																																																																																																																																													
<b>Net Financial Assets/(Liabilities)</b>																																																																																																																																																																													

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 40. FINANCIAL INSTRUMENTS – CONTINUED</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Carrying Amount of Each Category of Financial Asset and Financial Liability</b>		
	<b>Financial Assets</b>		
AASB 7.8(a)	Financial Assets Measured at Fair Value through the Profit and Loss		
AASB 7.8(a)	Designated upon Initial Recognition		
AASB 7.8(f)	Financial Assets Measured at Amortised Cost		
	<b>Financial Liabilities</b>		
AASB 7.8 (g)	Financial Liabilities Measured at Amortised Cost		
	The Agency does not have any financial liabilities in the ‘Financial Liabilities at Fair Value through Profit and Loss’ category and, as such, this category is not included above.		
	<b>Gains/ (Losses) on Each Category of Financial Asset and Financial Liability</b>		
	<b>Gains /(Losses) on Financial Assets</b>		
AASB 7.20(a)(i)	Financial Assets at Fair Value through the Profit and Loss		
AASB 7.20(a)(i)	Designated upon Initial Recognition		
	<b>Gains/(Losses) on Financial Liabilities</b>		
AASB 7.20(a)(v)	Financial Liabilities Measured at Amortised Cost	-	-
	<b>Commentary – Note 40: Financial Instruments</b>		
	<b>Definitions</b>		
AASB 132.11	‘Financial asset’ means any asset that is: <ul style="list-style-type: none"> <li>• cash;</li> <li>• a contractual right to receive cash or another financial asset from another entity;</li> <li>• a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or</li> <li>• an equity instrument of another entity.</li> </ul>		
AASB 132.11	‘Financial instrument’ means any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.		
AASB 132.AG15	Examples of financial instruments include primary instruments, (such as receivables, payables and equity securities), and derivative financial instruments, (such as financial options, futures and forwards, interest rate swaps and currency swaps).		
AASB 132.11	‘Financial liability’ means any liability that is a contractual obligation: <ul style="list-style-type: none"> <li>• to deliver cash or another financial asset to another entity; or</li> <li>• to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.</li> </ul>		
AASB 132.11	‘Equity Instrument’ means any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 40: Financial Instruments – Continued
AASB 132.13	<p>The terms ‘contract’ and ‘contractual’ refer to an agreement between two or more parties that has clear economic consequences that the parties have little, if any, discretion to avoid, usually because the agreement is enforceable at law. Contracts, and thus financial instruments, may take a variety of forms and need not be in writing. In taking up accruals for financial instruments, only those that have a contractual basis should be recognised. Also, in government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements above will not apply. For example, the rights or obligations may have their source in legislation such as in the case of taxation receivables, GST receivables or levy receivables.</p> <p><b>Disclosures – Quantitative and Qualitative</b></p> <p>ACT Disclosure Policy requires disclosure of the terms, conditions, timing, accounting policies and certainty of future cash flow for each class of financial asset, financial liability and equity instrument, so that the significance of financial instruments can be determined. Most of these disclosures have not been included in the financial instruments note, instead they have been included in other notes within the Models. Where an instrument is individually significant, its terms and conditions should be disclosed.</p> <p>AASB 7 <i>Financial Instruments: Disclosures</i> requires disclosure of information about an agency’s exposure to credit risk, market risk (which includes interest rate risk, currency risk and price risk), foreign currency risk, liquidity risk and also fair value for each class of financial asset and financial liability. The fair value for each class of financial asset and financial liability should be disclosed in such a way that they can be compared with the corresponding carrying amount in the Balance Sheet. The only risk applying to investments with the Territory Banking Account is price risk. Interest rate risk and credit risk are not applicable.</p> <p>Providing qualitative disclosures in the context of quantitative disclosures enables users to link related disclosures and hence form an overall view of the nature and extent of risks arising from financial instruments.</p> <p>Where an agency holds collateral or other credit enhancements, it will need to disclose the extent to which those arrangements financially mitigate the credit risk by class of instrument (whether or not the carrying amount reflects the maximum exposure to credit risk). Disclosure of amounts that best represent an agency’s maximum exposure to credit risk from its financial instruments will not be required for those instruments whose carrying amount reflects this. Agencies will not need to disclose the carrying amounts of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired. For those financial assets that is either past due but not impaired, or which have been individually impaired, agencies need not separately disclose details about any associated collateral or other credit enhancements held by the agency.</p> <p>Where the carrying amount of financial instruments such as short-term trade receivables and payables is a reasonable approximation of their fair value, AASB 7 states that no disclosure of the fair value is required. However, ACT Disclosure Policy requires these amounts be disclosed in an agency’s financial statements for ease of comparability.</p> <p>An agency shall disclose the carrying amount of financial assets pledged as collateral for liabilities and contingent liabilities, and any material terms and conditions relating to assets pledged as collateral.</p> <p>There are additional disclosures for transfers of financial assets where an asset is not derecognised in its entirety or the asset is derecognised in its entirety but the transferor retains some continuing involvement. An agency transfers a financial asset when it:</p> <ul style="list-style-type: none"> <li>• transfers contractual rights to receive cash flows from the asset; or</li> <li>• retains contractual rights to cash flows from an asset but assumes a contractual obligation to pay those cash flows to one or more recipients.</li> </ul>
AASB 132.AG12	
ACT Disclosure Policy	
AASB 7.25, 31, 32, 33, 34, 36 & 39	
AASB 7. 32A	
AASB 7. 36, 37	
AASB 7.29(a) ACT Disclosure Policy	
AASB 7.14(a) & (b)	
AASB 7. 42A, 42B & 42C	

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 40: Financial Instruments – Continued
AASB 7.39	<p><b>Maturity Analysis</b></p> <p>AASB 7 requires undiscounted amounts to be included in the maturity analysis. This means that in a number of cases the amount included in the Balance Sheet for a financial asset or financial liability will be different to the amount included in the maturity analysis. For most ACT Government agencies the only amount that will differ between the balance sheet and the maturity analysis will be for finance leases (2019) and leases (2020). Note that for agencies that have ACT Government borrowings and Commonwealth Government borrowings, the amortised cost for these items approximates their costs and as such there will be no difference between the amount in the Balance Sheet and the amount in the maturity analysis.</p> <p>Although AASB 7 only requires a maturity analysis to be undertaken for financial liabilities; however, in the Application Guidance for IFRS 7 it suggests that this analysis should also be undertaken for financial assets if that information is necessary to enable users to evaluate liquidity risk. As such, ACT Disclosure Policy is that the maturity analysis contains both financial liabilities and financial assets in the Models, as this is considered to be better practice.</p>
AASB 7.B11E	
ACT Disclosure Policy	
AASB 7.B11	
ACT Disclosure Policy	<p>AASB 7 provides an example of the time bands to include in the maturity analysis required by the standard. These time bands are as follows:</p> <ul style="list-style-type: none"> <li>• not later than one month;</li> <li>• later than one month and not later than three months;</li> <li>• later than three months and not later than one year; and</li> <li>• later than one year and not later than five years.</li> </ul> <p>It is considered that these are not the most appropriate time bands for ACT Government agencies as the public sector is not as focused on the short-term liquidity of its financial assets and liabilities. As such, ACT Disclosure Policy requires agencies to use three time bands which are as follows:</p> <ul style="list-style-type: none"> <li>• one year or less;</li> <li>• over one year to five years; and</li> <li>• over five years.</li> </ul>
ACT Disclosure Policy	<p>Where an agency does not have any financial assets or financial liabilities maturing beyond the following financial year, it is not required to include a maturity analysis.</p> <p><b>Sensitivity Analysis</b></p> <p>AASB 7 requires a sensitivity analysis to be undertaken for each type of market risk to which the agency is exposed at the reporting date, showing how profit and loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date. Market risk includes interest rate risk, price risk and foreign currency risk. An agency must also disclose the methods and assumptions used in preparing the sensitivity analysis and changes from the previous period in the methods and assumptions used, and the reasons for such changes.</p> <p>Note that a sensitivity analysis, as disclosed in the Model, does not need to be undertaken for the interest rate risk or price risk, if the agency has determined that the possible impact on profit and loss or total equity from fluctuations in interest rates or price respectively is immaterial.</p> <p><b>Carrying Amount of and Gains on Financial Assets and Financial Liabilities</b></p>
AASB 7.8	<p>AASB 7 requires the carrying amount and gains to be disclosed for the following classes of financial assets and financial liabilities:</p> <ul style="list-style-type: none"> <li>• Financial Assets at Fair Value through the Profit and Loss showing separately those designated upon Initial Recognition at Fair Value through Profit and Loss;</li> <li>• Financial Liabilities at Fair Value through the Profit and Loss showing separately those designated upon Initial Recognition at Fair Value through Profit and Loss;</li> <li>• Financial Assets measured at Amortised Cost;</li> <li>• Financial Liabilities measured at Amortised Cost; and</li> <li>• Financial Assets measured at Fair Value through Other Comprehensive Income.</li> </ul> <p>AASB 7 allows this above disclosure to be included in either the financial statements or in the notes. ACT Disclosure Policy requires this disclosure to be included in the notes.</p>
AASB 7.20	
ACT Disclosure Policy	



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 40: Financial Instruments – Continued
ACT Disclosure Policy	<p><b>Carrying Amount of and Gains on Financial Assets and Financial Liabilities – Continued</b></p> <p>Note however that most ACT Government agencies will not have all these categories of financial assets and liabilities and as such will not need to disclose all these categories. Most agencies will only have the following categories:</p> <ul style="list-style-type: none"> <li>• Designated upon Initial Recognition at Fair Value through Profit and Loss (e.g. Investments with the Banking Account); and</li> <li>• Financial Assets and Liabilities measured at Amortised Cost.</li> </ul> <p>As such these are the only categories which have been included in the Model.</p>
AASB 9 & AASB 2014-7 AASB 7.35M-N AASB 7.36	<p><b>Credit Risk</b></p> <p>AASB 7 requires for all financial instruments within its scope, (except those to which the impairment requirements in AASB 9 are not applied) the disclosure by class of financial instrument of the amount that best represents an agency’s maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements. This disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. Also required is a description of collateral held as security and other credit enhancements and their financial effect.</p>
AASB 7.35M-N Financial Framework Memo 2018/23 see Appendix B	<p>Agencies should disclose by credit risk rating grades the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts. For trade receivables contract assets and lease receivables to which an agency applies AASB 9.5.5.15 (i.e. the simplified approach, measuring the loss allowance at an amount equal to lifetime expected credit losses) the information may be based on a provision matrix.</p>
AASB 7.7,31	<p><b>Concentration of Credit Risk</b></p> <p>The expression ‘Concentration of Credit Risk’ used in the Financial Instruments note above refers to credit risk being focused in one area. For example, a high concentration of credit risk would occur when all receivables held by an agency are with one debtor. On the other hand, a low concentration of credit risk would occur when all receivables held by an agency are with a large number of unrelated debtors.</p> <p>AASB 7 sets out detailed requirements regarding the agency’s obligations to report the identification and management of financial risks. The standard requires the following:</p> <ul style="list-style-type: none"> <li>• Qualitative and quantitative disclosures for each type of risk (e.g. credit risk, liquidity risk, and market risk) that the agency is exposed to;</li> <li>• Qualitative disclosures on: <ul style="list-style-type: none"> <li>○ the exposures to risk and how they arise;</li> <li>○ the objectives, policies and processes for managing the risk and the methods used to measure the risk; and</li> <li>○ any changes in theses from the previous period.</li> </ul> </li> <li>• Quantitative disclosures - summary of quantitative data about the agency’s exposure to a particular risk at the end of the reporting period, including concentrations of risk.</li> </ul>
AASB 7.42D	<p>The note included in the Model includes the minimum disclosures by way of example only. Each agency needs to consider their specific financial instruments and modify the disclosures accordingly.</p> <p>Agencies should include disclosures that enable financial statement users to:</p> <ul style="list-style-type: none"> <li>• understand the relationship between transferred financial assets not derecognised in their entirety and associated liabilities; and</li> <li>• evaluate the nature and risks associated with derecognised financial assets.</li> </ul> <p><b>Fair Value Disclosures</b></p> <p>Where an agency does not have any financial assets or liabilities at fair value, it is not required to include a fair value hierarchy disclosure. A detailed discussion of the concepts, methodologies and disclosures relating to AASB 13 <i>Fair Value Measurement</i> is found in the Commentary to Note 27 <i>Property, Plant and Equipment</i>.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 41. CAPITAL AND OTHER EXPENDITURE COMMITMENTS</b>		
	<b>Capital Commitments</b>		
	Capital commitments contracted at reporting date that have not been recognised as liabilities are as follows:		
		<b>2020</b>	<b>2019</b>
AASB 116.74(c)	<b>Capital Commitments – Property, Plant and Equipment</b>	<b>\$'000</b>	<b>\$'000</b>
	Payable:		
	Within one year		
	Later than one year but not later than five years		
	Later than five years		
	<b>Total Capital Commitments- Property, Plant and Equipment</b>		
AASB 138.122(e)	<b>Capital Commitments – Intangible Assets</b>		
	Payable:		
	Within one year		
	Later than one year but not later than five years		
	Later than five years		
	<b>Total Capital Commitments - Intangible Asset</b>		
	<b>Total Capital Commitments</b>		
ACT Disclosure Policy	<b>Other Commitments</b>		
	Other commitments contracted at reporting date but not recognised as liabilities, are payable as follows:		
	Within one year		
	Later than one year but not later than five years		
	Later than five years		
	<b>Total Other Commitments</b>		
	<b>Operating Lease Commitments (2019 only - refer to Note 35 for Lease Information for 2020)</b>		
	Contingent rental payments have not been included in the commitments below.		
	Non-cancellable operating lease commitments are payable as follows:		
	Within one year		
	Later than one year but not later than five years		
	Later than five years		
	<b>Total Operating Lease Commitments</b>		
	The future minimum lease payments for non-cancellable operating sub-leases expected to be received		
	All amounts shown in the commitment note are inclusive of GST.		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 41: Capital and Other Expenditure Commitments
<p>ACT Disclosure Policy</p> <p>ACT Accounting Policy</p>	<p><b>Time Bands</b></p> <p>Whilst there is no requirement in the accounting standards to disclose capital and expenditure commitments by time bands, ACT Disclosure Policy requires this since it is considered to provide useful information to the users of financial statements.</p> <p><b>Public Private Partnerships</b></p> <p>Agencies that have entered into Public Private Partnerships will disclose the commitments under these arrangements, including finance lease commitments (minimum finance lease payments and finance charges) and capital and operating commitments.</p> <p><b>No Material Commitments</b></p> <p>If an agency has no material commitments, this note can be excluded.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 42. CONTINGENT LIABILITIES AND CONTINGENT ASSETS</b>
	<p><b>Contamination of Land</b></p> <p>AASB 137.86 During July 2019, the Agency disposed of waste material by burying it in landfill. In November 2019, it was discovered that the waste had leaked from the containers and contaminated the area in which it was buried. The Agency has undertaken to clean up the contaminated area where the waste was buried. The clean-up of the contaminated area will be completed over the next two years at an approximate cost of \$xxx. This amount has been recognised as a provision (for further details see Note 37 <i>Other Provisions</i>).</p> <p>AASB 137.88 The Agency considers that the environmental impact of the leak will be minimal because of the short amount of time between the waste being buried and the contamination being discovered and also the prompt response to commence the clean-up. The Agency is investigating the matter to determine what caused the incident.</p> <p>ACT Disclosure Policy <b>Legal Claims</b> ‘Example Agency’ is subject to 15 legal claims (2019 – 13 legal claims). ‘Example Agency’ is potentially liable for \$xxx (2019 \$xxx) which represents the excess amount payable on these actions as ‘Example Agency’ is covered by the ACT Insurance Authority (ACTIA). If ‘Example Agency’ under the arrangements with ACTIA pays the full amount of a successful claim, the amount less the excess amount is reimbursed to ‘Example Agency’ by ACTIA. The estimated contingent liability has not been provided for in ‘Example Agency’s’ accounts. The estimated actuarially assessed liability covered by ACTIA is included in ACTIA’s financial statements.</p> <p>AASB 137.86 <b>Guarantees</b> The Agency has guaranteed a loan taken out in April 2020 by ‘Example Borrower’ for an amount of \$xxx.</p> <p>AASB 7.35K <b>Joint Ventures</b> For contingent liabilities relating to joint ventures see Note 43 <i>Interest in a Joint Venture</i>.</p> <p>AASB 137.89 <b>Contingent Assets</b> The only contingent assets as at 30 June 2020 relate to ‘Example Agency’s’ insurance arrangements where reimbursement from ACTIA occurs (see Legal Claims above).</p> <p><b>Commentary – Note 42: Contingent Liabilities and Contingent Assets</b></p> <p><b>Definitions</b></p> <p>AASB 137.10 A contingent liability is:</p> <ul style="list-style-type: none"> <li>• a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the agency; or</li> <li>• a present obligation that arises from past events but is not recognised because: <ul style="list-style-type: none"> <li>○ it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or</li> <li>○ the amount of the obligation cannot be measured with sufficient reliability.</li> </ul> </li> </ul> <p>AASB 137.10 A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the agency.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 42: Contingent Liabilities and Contingent Assets - Continued
AASB 137.86	<p><b>Disclosure</b></p> <p>For each class of contingent liability, an agency shall disclose at the reporting date, unless the possibility of any outflow in settlement is remote, a brief description of the nature of the liability and where practicable:</p> <ul style="list-style-type: none"> <li>• an estimate of its financial effect;</li> <li>• an indication of the uncertainties relating to the amount or timing of any outflow; and</li> <li>• the possibility of any reimbursement.</li> </ul>
ACT Disclosure Policy	<p>The estimated contingent liability for legal action relating to an agency should be included in this note. The note explanation should reflect the insurance arrangement that the agency has with ACTIA.</p>
AASB 137.89	<p>Where an inflow of economic benefits is probable, an agency shall disclose a brief description of the nature of the contingent assets at the reporting date, and, where practicable, an estimate of the financial effect.</p>
AASB 137.91	<p>Where information regarding contingent liabilities and contingent assets is not disclosed because it is not practicable to do so, that fact must be stated.</p>
AASB 137.92	<p><b>Disclosure that Might Seriously Prejudice the Position of the Agency</b></p> <p>In extremely rare cases, disclosure of some or all of the information regarding contingent liabilities and contingent assets may seriously prejudice the position of the agency, and where this is the case, the agency need not disclose that information. However, the agency must provide information regarding the general nature of the dispute, together with the reason for non-disclosure.</p>
FMA Section 47 & 60 ACT Disclosure Policy	<p><b>Guarantees</b></p> <p>It is ACT Disclosure Policy that agencies disclose any guarantees and undertakings given by them, including guarantees or undertakings in respect of (but not restricted to) loans, interest payments or overdrafts of the agency which:</p> <ul style="list-style-type: none"> <li>• are within the responsibility of the Minister to whom the agency is responsible;</li> <li>• relate to the functional responsibilities of the agency; and</li> <li>• are not required to be shown as liabilities in either the Balance Sheet or the Statement of Assets and Liabilities Held on Behalf of the Territory.</li> </ul> <p>Guarantees that are provided by agencies that are within the policy responsibility of their portfolio must be disclosed in their financial statements.</p>
ACT Disclosure Policy	<p><b>Disclosure Presentation</b></p> <p>Where an Agency considers it practical and more informative, a tabular (rather than a narrative) presentation of the disclosure of contingent liabilities and contingent assets could be presented, showing quantifiable amounts of relevant categories as at the reporting date and the immediately previous reporting date.</p> <p><b>No Material Contingent Liabilities and Contingent Assets</b></p> <p>If an agency has no material contingent assets and contingent liabilities, this note can be excluded.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 43. INTEREST IN A JOINT VENTURE</b>		
AASB 11.16 AASB 12.21(a) AASB 12.21(b)(i)	The Agency was involved in a joint venture during 2019-20 called ‘Example Joint Venture Entity’. ‘Example Joint Venture Entity’s’ principal activity is the development of land for the construction of a residential development. The principal place of business is the Australian Capital Territory. There are two venturers involved in ‘Example Joint Venture Entity’, the Agency and ‘Example Venturer’, each has a 50% ownership interest and voting power in the joint venture. The reporting date of the Agency and ‘Example Joint Venture Entity’ is 30 June each year. The joint venture is accounted for by the Agency using the equity method.		
AASB 12 B12,B13	<b>Summarised Operating Statement of ‘Example Joint Venture Entity’</b>	<b>2020</b>	<b>2019</b>
		<b>\$’000</b>	<b>\$’000</b>
AASB 12. B12(b)(v)	Revenue		
	Expenses		
AASB 12.B12(b)(vi)	<b>Operating Profit</b>		
AASB 12.B12(b) (viii)	Other Comprehensive Income		
AASB 12.B12(b)(ix)	<b>Total Comprehensive Income</b>		
AASB 12.B13	The above Operating Profit /(Loss) includes the following:		
AASB 12. B13(d)	Depreciation and Amortisation		
AASB 12. B13(e)	Interest Income		
AASB 12.B13(f)	Interest Expense		
	<b>‘Example Agency’ Share of the Joint Venture Operating Profit (50%)</b>		
	<b>‘Example Agency’ Share of Joint Venture Other Comprehensive Income (50%)</b>		
AASB 12. B12,B13	<b>Summarised Balance Sheet of “Example Joint Venture Entity’</b>		
	<b>Current Assets:</b>		
	Current Assets Other		
	Cash and Cash Equivalents		
AASB 12.B12(b)(i), B13(a)	<b>Total Current Assets</b>		
AASB 12.B12.(b)(ii)	<b>Non-Current Assets</b>		
	<b>Total Assets</b>		
	<b>Current Liabilities:</b>		
	Current Liabilities other		
	Current financial liabilities excluding trade and other payables and provisions		
AASB 12 B12.(b)(iii),B13 (b)	<b>Total Current Liabilities</b>		
	<b>Non-Current Liabilities:</b>		
	Non-current liabilities other		
AASB 12 B12(b)(iv),B13(c)	non-current financial liabilities excluding trade and other payables and provisions		
	<b>Total Non-Current Liabilities</b>		
	<b>Total Liabilities</b>		
	<b>Total Net Assets of ‘Example Joint Venture Entity’</b>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 43. INTEREST IN A JOINT VENTURE – CONTINUED		
AASB 12.B14(b)	<p><b>A reconciliation of the above summarised information to the carrying amount of the investment in ‘Example Joint venture Entity’ is set out below :</b></p> <p>Total Net Assets of ‘Example Joint Venture Entity’</p> <p>Proportion of Ownership of ‘Example Joint Venture Entity’</p> <p><b>Carrying Amount of Investment in ‘Example Joint Venture Entity’</b></p>	<p><b>2020</b></p> <p><b>\$’000</b></p>	<p><b>2019</b></p> <p><b>\$’000</b></p>
AASB 12.B12(a)	No dividends were received from ‘Example Joint Venture Entity’ in 2019-20 or 2018-19.		
AASB 12.21(b)(iii)	‘Example Joint Venture Entity’ is not listed on the stock exchange and has no quoted market price.		
	<b>Risks Associated with Interest in Joint Venture</b>		
AASB 12.23(a),B(18)	<b>Commitments relating to the Joint Venture</b>		
AASB 12 (B19)(a)	Commitments to provide funding for joint venture’s capital commitments, if called		
	<b>Contingent Liabilities</b>		
	The Agency has the following contingent liabilities, which it believes will not result in any material losses.		
AASB 12.23(b)	Contingent Liability arising from the Agency’s interest in the Joint Venture		
AASB 12.23(b)	Contingent Liability arising from the Agency being liable for liabilities of ‘Example Venturer’		
	<b>Total Contingent Liabilities</b>		
<b>Commentary – Note 43: Interest in a Joint Venture</b>			
<b>For additional information pertaining to territory authorities - please refer to TAS 17 Note 43: Interest in a Joint Venture.</b>			
<b>Definition</b>			
AASB 11.16	A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.		
<b>Nature, Extent and Financial Effects of an Agency’s Interests in Joint Arrangements</b>			
AASB 12.21(a)	Where a joint arrangement is material to an agency an agency shall disclose:		
	<ul style="list-style-type: none"><li>the name of the joint arrangement;</li><li>the nature of the agency’s relationship with the joint arrangement (by, for example, describing the nature of the activities of the joint arrangement and whether they are strategic to the agency’s activities;</li><li>the principal place of business (and country of incorporation, if applicable and different from the principal place of business) of the joint arrangement; and</li><li>the proportion of ownership interest or participating share held by the entity and, if different the proportion of voting rights held (if applicable);</li><li>summarised financial information about the joint venture, including but not limited to:<ul style="list-style-type: none"><li>current assets;</li><li>non-current assets;</li><li>current liabilities;</li><li>non-current liabilities;</li><li>revenue;</li><li>profit or loss from continuing operations;</li><li>other comprehensive income; and</li><li>total comprehensive income.</li></ul></li></ul>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 43: Interest in a Joint Venture – Continued
AASB 12.21(b) B12, B13	<ul style="list-style-type: none"> <li>summarised financial information about the joint venture, including but not limited to - continued: <ul style="list-style-type: none"> <li>- cash and cash equivalents;</li> <li>- current financial liabilities (excluding trade and other payables and provisions);</li> <li>- depreciation and amortisation;</li> <li>- interest income; and</li> <li>- interest expense.</li> </ul> </li> </ul>
AASB 12.21(c), B16	<p>Where a joint venture(s) is(are) immaterial to an agency,</p> <ul style="list-style-type: none"> <li>An Agency shall disclose, in aggregate, the carrying amount of its interests in all individually immaterial joint ventures that are accounted for using the equity method; and</li> <li>An agency shall also disclose separately the aggregate amount of its share of those joint ventures’: <ul style="list-style-type: none"> <li>- profit or loss from continuing operations;</li> <li>- profit or loss from discontinued operations;</li> <li>- other comprehensive income; and</li> <li>- total comprehensive income.</li> </ul> </li> </ul>
AASB 12.22(a)	<p><b>Significant Restrictions on the Ability of Joint Ventures to Transfer Funds to the Agency</b></p> <p>An agency shall also disclose the nature and extent of any significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control of or significant influence over a joint venture) on the ability of joint ventures to transfer funds to the agency in the form of cash dividends, or to repay loans or advances made by the agency.</p>
AASB 12.23(a), B(18) AASB 12 (B19)(a), (b)	<p><b>Risks Associated with an Agency’s Interests in Joint Ventures</b></p> <p>Agencies should disclose commitments that the agency has relating to its joint ventures (including its share of commitments made with other investors with joint control of a joint venture) separately from the amount of other commitments. Examples of such commitments include:</p> <ul style="list-style-type: none"> <li>unrecognised commitments to contribute funding or resources as a result of the constitution, capital intensive projects, unconditional purchase obligations, or unrecognised commitments to provide financial support; and</li> <li>unrecognised commitments to acquire another party’s ownership interest (or a portion of that ownership interest) in a joint venture if a particular event occurs or does not occur in the future.</li> </ul>
AASB 12.23(b)	<p>Agencies should disclose contingent liabilities incurred relating to its interests in joint ventures (including its share of contingent liabilities incurred jointly with other investors with joint control of, or significant influence over the joint ventures), separately from the amount of other contingent liabilities, unless the probability of loss is remote.</p>



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 44. INTEREST IN A JOINT OPERATION		
ACT Disclosure Policy AASB 12.21(a)	<p>The Agency was involved in one joint operation during 2020 called ‘Example Joint Operation’. ‘Example Joint Operation’s’ principal activity is the development and construction of footpaths, cycle paths and other infrastructure. The principal place of business is the Australian Capital Territory. ‘Example Operations’ is the other venturer involved in ‘Example Joint Venture Operations’. The Agency and ‘Example Operations’ each have a 50% interest in the output of the jointly controlled operation.</p>		
		2020	2019
		\$’000	\$’000
	<b>Assets Employed in the Jointly Controlled Operation</b>		
	<b>Current Assets</b>		
	Cash and Cash Equivalents		
	Receivables		
	Other		
	<b>Total Current Assets</b>		
	<b>Non-Current Assets</b>		
	<b>Land</b>		
	At Fair Value		
	<b>Total Land at Fair Value</b>		
	<b>Buildings</b>		
	At Fair Value		
	Less: Accumulated Depreciation		
	Less: Accumulated Impairment Losses		
	<b>Total Buildings at Fair Value</b>		
	<b>Plant and Equipment</b>		
	At Cost		
	Less: Accumulated Depreciation		
	Less: Accumulated Impairment Losses		
	<b>Total Plant and Equipment at Cost</b>		
	<b>Infrastructure Assets</b>		
	At Fair Value		
	Less: Accumulated Depreciation		
	Less: Accumulated Impairment Losses		
	<b>Total Infrastructure Assets at Fair Value</b>		
	<b>Total Non-Current Assets</b>		
	<b>Total Assets</b>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 44: Interest in a Joint Operation
AASB 11.15	<p><b>Definition</b></p> <p>A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.</p>
AASB 12.21(a)	<p><b>Nature, extent and financial effects of an agency’s interests in joint arrangements</b></p> <p>Where a joint arrangement is material to an agency an agency shall disclose:</p> <ul style="list-style-type: none"> <li>• the name of the joint arrangement;</li> <li>• the nature of the agency’s relationship with the joint arrangement (by, for example, describing the nature of the activities of the joint arrangement and whether they are strategic to the agency’s activities;</li> <li>• the principal place of business (and country of incorporation, if applicable and different from the principal place of business) of the joint arrangement; and</li> <li>• the proportion of ownership interest or participating share held by the entity and, if different the proportion of voting rights held (if applicable).</li> </ul>
AASB 11.20.	<p>A joint operator shall recognise in relation to its interests in a joint operation:</p> <ul style="list-style-type: none"> <li>• its assets, including its share of any assets held jointly;</li> <li>• its liabilities, including its share of any liabilities incurred jointly;</li> <li>• its revenue from the sale of its share of the output arising from the joint operation;</li> <li>• its share of the revenue from the sale of the output by the by the joint operation; and</li> <li>• its expenses, including its share of any expenses incurred jointly.</li> </ul>
AASB 11.21	<p>A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interests in a joint operation in accordance with the accounting standards applicable to the particular assets, liabilities, revenues and expenses.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 45. CASH FLOW RECONCILIATION				
AASB 107.45	<b>(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Cash Flow Statement to the Equivalent Items in the Balance Sheet.</b>				
				2020	2019
				\$'000	\$'000
	Total Cash and Cash Equivalents Recorded in the Balance Sheet				
	Bank Overdraft				
	<b>Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Statement of Cash Flows</b>				
AASB 1054.16	<b>(b) Reconciliation Operating Surplus/(Deficit) to Net Cash Inflows Operating Activities.</b>				
	Operating (Deficit)/Surplus				
	<b>Add/(Less) Non-Cash Items</b>				
	Impairment Loss of Non-Current Assets				
	Depreciation of Property, Plant and Equipment				
	Amortisation of Intangibles				
	Assets Transferred or Contributed				
	(Gain)/Loss on the Revaluation of Investment Properties				
	Forgiveness of Liabilities				
	Donated Assets				
	Waivers and Irrecoverable Loans Receivable				
	<b>Add/(Less) Items Classified as Investing or Financing</b>				
	Net Loss/(Gain) on Disposal of Non-Current Assets				
	Gain on Investments				
	Share of Profit from Joint Venture (Not received as a distribution)				
	<b>Cash Before Changes in Operating Assets and Liabilities</b>				
	<b>Changes in Operating Assets and Liabilities</b>				
	(Increase)/Decrease in Receivables				
	(Increase)/Decrease in Inventories				
	(Increase)/Decrease in Contract Assets				
	(Increase)/Decrease in Other Assets				
	Increase /(Decrease) in Payables				
	Increase/(Decrease) in Contract Liabilities				
	Increase/(Decrease) in Provisions				
	Increase/(Decrease) in Other Liabilities				
	<b>Net Changes in Operating Assets and Liabilities</b>				
	<b>Net Cash Inflows from Operating Activities</b>				
AASB 107.44(a)	<b>(c) Non-Cash Financing and Investing Activities</b>				
	Acquisition of Assets by Assuming Liabilities or by Means of a Lease				
AASB 107.44-44E	<b>(d) Reconciliation of liabilities arising from financing activities.</b>				
	2019			2020	
	\$'000	Cash Flows	Non-cash changes		\$'000
			New Leases	Other	
	<b>Interest Bearing Liabilities</b>				
	<b>Finance Leases (2019)</b>				
	<b>Lease Liabilities (2020)</b>				
	<b>Debt</b>				
AASB 107.44A-44E	Amending standard 2016-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i> requires agencies preparing financial statements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Where relevant, agencies should include these additional disclosures in its financial statements i.e. a reconciliation of the opening and closing balance of liabilities arising from financing activities.				

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 46. EVENTS AFTER THE REPORTING PERIOD</b>
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 \$000,000.
	<b>Commentary – Note 46: Events after the Reporting Period</b>
AASB 110.3	<p>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:</p> <ul style="list-style-type: none"> <li>those that provide evidence of conditions that existed at the end of the reporting period (<i>adjusting events after the reporting period</i>); and</li> <li>those that are indicative of conditions that arose after the reporting period (<i>non-adjusting events after the reporting period</i>).</li> </ul>
AASB 110.8 & 9	<b>Adjusting events after the reporting period</b> – 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	<b>Non-adjusting events after the reporting period</b> – 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	<p>AASB 110 <i>Events after the Reporting Period</i> requires the following information to be disclosed for each material category of non-adjusting event after the reporting period:</p> <ul style="list-style-type: none"> <li>the nature of the event; and</li> <li>an estimate of its financial effect or a statement that such an estimate cannot be made.</li> </ul> <p>If an agency does not have any material events occurring after the reporting period, then this note can be excluded.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 47. THIRD PARTY MONIES																					
ACT Disclosure Policy	<p>The Agency holds security deposits for ‘Example Trust’.</p> <table><thead><tr><th></th><th>2020</th><th>2019</th></tr><tr><th></th><th>\$’000</th><th>\$’000</th></tr></thead><tbody><tr><td><b>Security Deposits Held for ‘Example Trust’</b></td><td></td><td></td></tr><tr><td><b>Balance at the Beginning of the Reporting Period</b></td><td></td><td></td></tr><tr><td>Cash Receipts</td><td></td><td></td></tr><tr><td>Cash Payments</td><td></td><td></td></tr><tr><td><b>Balance at the End of the Reporting Period</b></td><td></td><td></td></tr></tbody></table>		2020	2019		\$’000	\$’000	<b>Security Deposits Held for ‘Example Trust’</b>			<b>Balance at the Beginning of the Reporting Period</b>			Cash Receipts			Cash Payments			<b>Balance at the End of the Reporting Period</b>		
	2020	2019																				
	\$’000	\$’000																				
<b>Security Deposits Held for ‘Example Trust’</b>																						
<b>Balance at the Beginning of the Reporting Period</b>																						
Cash Receipts																						
Cash Payments																						
<b>Balance at the End of the Reporting Period</b>																						
ACT Disclosure Policy	<p>The Agency holds a security deposit for a contractor who is using the Agency’s machinery to perform works in progress for the Agency.</p> <p><b>Security Deposits Held – Contractors</b></p> <p><b>Balance at the Beginning of the Reporting Period</b></p> <p>Cash Receipts</p> <p>Cash Payments</p> <p><b>Balance at the End of the Reporting Period</b></p> <p><b>Total Third Party Monies</b></p>																					
	<b>Commentary – Note 47: Third Party Monies</b>																					
ACT Disclosure Policy	ACT Disclosure Policy requires agencies to include a note on third party monies held. The information should include monies held at the end of the reporting period and the purpose for which the monies are held.																					
ACT Disclosure Policy	<p>Where a trust has assets and liabilities (other than cash), the financial statements should include an accrual presentation of that trusts activities during the year and financial position at the reporting date. If a trust has no assets or liabilities apart from cash, the financial statements need only provide cash disclosure of the trusts activities during the year, and financial position at the reporting date.</p> <p>Assets held in trust for the benefit of other parties are not controlled by the agency.</p>																					
AASB 10.6 AASB 10.5-18	<p>The definition of control in AASB 10 <i>Consolidated Financial Statements</i> is that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Depending upon the circumstances, it may be that an agency has control of the trust funds and relevant trust assets and should consolidate them into its financial statements.</p>																					

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 48. RELATED PARTY DISCLOSURES																								
AASB124.9	<p>A related party is a person that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP and/or their close family members individually or jointly have controlling interests.</p> <p>KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the ‘Example Agency’, directly or indirectly.</p> <p>KMP of the ‘Example Agency’ are the Portfolio Minister, Director-General and certain members of the Senior Management Team.</p> <p>The Head of Service and the ACT Executive comprising the Cabinet Ministers are KMP of the ACT Government and therefore related parties of ‘Example Agency’.</p> <p>This note does not include typical citizen transactions between the KMP and ‘Example Agency’ that occur on terms and conditions no different to those applying to the general public.</p> <p><b>(A) CONTROLLING ENTITY</b> ‘Example Agency’ is an ACT Government controlled entity.</p> <p><b>(B) KEY MANAGEMENT PERSONNEL</b></p>																								
AASB124.9 Compensation defined	<p><b>B.1 Compensation of Key Management Personnel</b></p> <p>Compensation of all Cabinet Ministers, including the Portfolio Minister, is disclosed in the note on related party disclosures included in the ACT Executive’s financial statements for the year ended 30 June 2020.</p> <p>Compensation of the Head of Service is included in the note on related party disclosures included in the Chief Minister, Treasury and Economic Development Directorate’s (CMTEDD) financial statements for the year ended 30 June 2020.</p> <p>Two of the KMP of ‘Example Agency’ are employees of CMTEDD and are compensated by CMTEDD [Amend as equired].</p> <p>Compensation by ‘Example Agency’ to KMP is set out below:</p> <table><tr><td></td><td>2019</td><td>2020</td></tr><tr><td></td><td>\$’000</td><td>\$’000</td></tr><tr><td>Short-term employee benefits</td><td></td><td></td></tr><tr><td>Post-employment benefits</td><td></td><td></td></tr><tr><td>Other long-term benefits</td><td></td><td></td></tr><tr><td>Termination benefits</td><td></td><td></td></tr><tr><td>Board member fees</td><td></td><td></td></tr><tr><td>Total Compensation by ‘Example Agency’ to KMP</td><td></td><td></td></tr></table>		2019	2020		\$’000	\$’000	Short-term employee benefits			Post-employment benefits			Other long-term benefits			Termination benefits			Board member fees			Total Compensation by ‘Example Agency’ to KMP		
	2019	2020																							
	\$’000	\$’000																							
Short-term employee benefits																									
Post-employment benefits																									
Other long-term benefits																									
Termination benefits																									
Board member fees																									
Total Compensation by ‘Example Agency’ to KMP																									
AASB124.17																									
AASB124.18 to 21	<p><b>B.2 Transactions with Key Management Personnel</b></p> <p>No disclosure is required for typical citizen transactions between the KMP and ‘Example Agency’ that occur on terms and conditions no different to those applying to the general public, where no discretion is applied and no influence is exerted by the related parties over the terms and conditions of these transactions. Examples include, buying a bus ticket, receiving public health/education services, and paying licence fees.</p> <p>It is not expected that agencies will have material transactions with KMP. If they do they should make the relevant disclosures in a similar format to the table in B.3 below.</p>																								

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 48. RELATED PARTY DISCLOSURES – CONTINUED																								
AASB124.18 to 21	<p><b>B.3 Transactions with parties related to Key Management Personnel</b></p> <p>The following transactions that were material to the financial statements of the ‘Example Agency’ occurred with parties related to KMP including transactions with KMP’s close family members or other related entities:</p> <table><tr><th>Nature of transaction</th><th>Transaction value year ended 30 June 2020 \$’000</th><th>Amount of receivable/(payable) at 30 June 2020 \$’000</th><th>Amount Committed at 30 June 2020 \$’000</th></tr><tr><td><b>Purchase or Sale of Goods</b> Equipment purchased<sup>1</sup></td><td></td><td></td><td></td></tr><tr><td><b>Rendering or Receiving Services</b> Services received (aggregate)<sup>1,2</sup></td><td></td><td></td><td></td></tr></table> <p><sup>1</sup> The transactions were procured following ACT Government’s procurement procedures and in the normal course of the operations of ‘Example Agency’s’.</p> <p><sup>2</sup> Items of a similar nature have been aggregated, except where separate disclosure is necessary for understanding the effects of related party transactions on the financial statements of the ‘Example Agency’.</p> <p>No allowances for doubtful debts or bad debts expenses in relation to related party transactions were recorded during the current reporting period.</p> <table><tr><th>Nature of transaction</th><th>Transaction value year ended 30 June 2019 \$’000</th><th>Amount of receivable/(payable) at 30 June 2019 \$’000</th><th>Amount Committed at 30 June 2019 \$’000</th></tr><tr><td><b>Purchase or Sale of Goods</b> Equipment purchased <sup>1</sup></td><td></td><td></td><td></td></tr><tr><td><b>Rendering or Receiving Services</b> Services received (aggregate) <sup>1,2</sup></td><td></td><td></td><td></td></tr></table> <p><sup>1</sup> The transactions were procured following ACT Government’s procurement procedures and in the normal course of the operations of ‘Example Agency’s’.</p> <p><sup>2</sup> Items of a similar nature have been aggregated, except where separate disclosure is necessary for understanding the effects of related party transactions on the financial statements of the ‘Example Agency’.</p>	Nature of transaction	Transaction value year ended 30 June 2020 \$’000	Amount of receivable/(payable) at 30 June 2020 \$’000	Amount Committed at 30 June 2020 \$’000	<b>Purchase or Sale of Goods</b> Equipment purchased <sup>1</sup>				<b>Rendering or Receiving Services</b> Services received (aggregate) <sup>1,2</sup>				Nature of transaction	Transaction value year ended 30 June 2019 \$’000	Amount of receivable/(payable) at 30 June 2019 \$’000	Amount Committed at 30 June 2019 \$’000	<b>Purchase or Sale of Goods</b> Equipment purchased <sup>1</sup>				<b>Rendering or Receiving Services</b> Services received (aggregate) <sup>1,2</sup>			
Nature of transaction	Transaction value year ended 30 June 2020 \$’000	Amount of receivable/(payable) at 30 June 2020 \$’000	Amount Committed at 30 June 2020 \$’000																						
<b>Purchase or Sale of Goods</b> Equipment purchased <sup>1</sup>																									
<b>Rendering or Receiving Services</b> Services received (aggregate) <sup>1,2</sup>																									
Nature of transaction	Transaction value year ended 30 June 2019 \$’000	Amount of receivable/(payable) at 30 June 2019 \$’000	Amount Committed at 30 June 2019 \$’000																						
<b>Purchase or Sale of Goods</b> Equipment purchased <sup>1</sup>																									
<b>Rendering or Receiving Services</b> Services received (aggregate) <sup>1,2</sup>																									
AASB124. 25-27	<p><b>(C) TRANSACTIONS WITH OTHER ACT GOVERNMENT CONTROLLED ENTITIES</b></p> <p>All transactions with ACT Government controlled entities are disclosed in the relevant notes to the financial Statements of the ‘Example Agency’.</p> <p>If there are no material transactions under B.2, B.3 or C then no disclosures need to be made.</p>																								
AASB124.1	<p><b>Commentary – Note 48: Related Party Disclosures</b></p> <p>The objective of this Standard is to ensure that an entity’s financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.</p> <p>A related party is a person that controls or has significant influence over the reporting entity, or is a member of the Key Management Personnel (KMP) of the reporting entity or its parent entity, and includes their close family members and entities in which the KMP or/and their close family members individually or jointly have controlling interests.</p>																								
AASB124.9	<p>Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.</p>																								

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 48: Related Party Disclosures – Continued
	<p>Primarily, this Standard requires disclosure of summarised details about KMP remuneration, and certain transactions with related parties, in ACT Government-controlled entities’ financial statements.</p> <p>The ACT Executive comprising the Chief Minister and Ministers appointed by the Chief Minister, is the principal decision-making body for the ACT Government and is therefore KMP of the ACT Government (i.e. Whole of Government and the General Government Sector reporting entities). As KMP of the ACT Government (i.e. the parent) the Cabinet Ministers are deemed related parties of all ACT Government controlled entities.</p> <p>Portfolio Ministers are deemed KMP of the ACT Government controlled entities within their portfolio. Territory authorities need to consider their enacting legislation and specific circumstances in assessing whether the relevant Portfolio Minister is a KMP. Considerations may include the existence of a governing board responsible for the management of the territory authority</p> <p>In relation to territory-owned corporations, Ministers holding shares on behalf of the ACT Government may not necessarily have the authority and responsibility over the entity and the shares are not held beneficially by the Ministers. Therefore, shareholding Ministers may not necessarily be KMP of the relevant territory-owned corporation. Regardless of whether shareholding ministers are KMP, they will still be related party of the territory-owned corporations, as they are KMP of the parent (i.e. ACT Government) in their capacity as Cabinet Minister.</p> <p>The Head of Service, being responsible for the service as a whole, is also a KMP of the ACT Government (i.e. Whole of Government and General Government Sector reporting entities) and is therefore a related party of all ACT Government controlled entities.</p> <p>Directors-General and Chief Executive Officers are deemed KMP of the relevant ACT Government controlled entities under their responsibility. Governing Boards of territory authorities are KMP of their territory authority.</p> <p>Officers of the Assembly are deemed KMP of their relevant entity. Other staff may be assessed to fall within the scope of the KMP definition.</p> <p>Close family members of these KMP, including any entities in which they have controlling interests (individually or jointly), are related parties of the relevant ACT Government controlled entities.</p> <p>A Data Collection Form has been developed to collect the related party transaction information from KMP, required by the Standard.</p>



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 48: Related Party Disclosures – Continued										
AASB 124.9	<p><b>Compensation of Key Management Personnel</b></p> <p>Compensation includes all employee benefits (as defined in AASB 119 Employee Benefits).</p> <p>As a guide the following expenses are to be included for the year or for that part of the year during which the employee was a KMP:</p> <table border="1"> <tr> <td>Short-term employee benefits</td><td>Salaries and wages, overtime, allowances, penalties Annual, personal and maternity leave, leave loading Other employee benefits (including motor vehicle lease payments, and non-monetary benefits) Remuneration paid to KMP who are contractors through external service providers</td></tr> <tr> <td>Post employment benefits</td><td>Contribution to superannuation and productivity benefit</td></tr> <tr> <td>Other long-term benefits</td><td>Increase in long service leave provision</td></tr> <tr> <td>Termination benefits</td><td>Termination payouts including redundancy payments</td></tr> <tr> <td>Board member fees</td><td>For Territory Authorities</td></tr> </table> <p>Reimbursement of business related expenses (such as, travel to attend a business meeting) is not compensation for the purpose of related party disclosures. However, a benefit provided to a KMP that is personal in nature is considered to be compensation.</p> <p>Any monetary or non-monetary benefits, for instance, the provision of a car or car park, (together with any FBT) provided by the ‘Example Agency’ to a KMP will also need to be included here.</p> <p>Compensation to KMP must be disclosed regardless of the materiality of the amount to the financial statements. Transactions with KMP and other related parties need to be disclosed only if they are material to the financial statements. The April 2017 AASB Agenda Decision <i>Materiality of Key Management Personnel Related Party Transactions of Not-for-Profit Public Sector Entities</i> provides guidance on the relevant materiality considerations.</p> <p>Shared Services Finance will be providing reports for compensation to KMP for agencies whose payroll is managed by them. These agencies still also need to consider any compensation to its KMP that may have been processed through the Accounts Payable module.</p>	Short-term employee benefits	Salaries and wages, overtime, allowances, penalties Annual, personal and maternity leave, leave loading Other employee benefits (including motor vehicle lease payments, and non-monetary benefits) Remuneration paid to KMP who are contractors through external service providers	Post employment benefits	Contribution to superannuation and productivity benefit	Other long-term benefits	Increase in long service leave provision	Termination benefits	Termination payouts including redundancy payments	Board member fees	For Territory Authorities
Short-term employee benefits	Salaries and wages, overtime, allowances, penalties Annual, personal and maternity leave, leave loading Other employee benefits (including motor vehicle lease payments, and non-monetary benefits) Remuneration paid to KMP who are contractors through external service providers										
Post employment benefits	Contribution to superannuation and productivity benefit										
Other long-term benefits	Increase in long service leave provision										
Termination benefits	Termination payouts including redundancy payments										
Board member fees	For Territory Authorities										

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 48: Related Party Disclosures – Continued
AASB 124.19	<p><b>Other Related Party Transactions</b></p> <p>Under AASB124.19 disclosures required by paragraph 18 shall be made separately for each of the following categories:</p> <ul style="list-style-type: none"> <li>(a) the parent;</li> <li>(b) entities with joint control of, or significant influence over, the entity;</li> <li>(c) subsidiaries;</li> <li>(d) associates;</li> <li>(e) joint ventures in which the entity is in a joint venture;</li> <li>(f) key management personnel of the entity or its parent; and</li> <li>(g) other related parties.</li> </ul>
AASB 124.21	<p>Disclosures under each of the above categories of related parties need to be separately identified by the type of transaction. The following are examples of transactions that are disclosed in the financial statements if they are with a related party:</p> <ul style="list-style-type: none"> <li>(a) purchases or sales of goods (finished or unfinished);</li> <li>(b) purchases or sales of property and other assets;</li> <li>(c) rendering or receiving of services;</li> <li>(d) leases;</li> <li>(e) transfers of research and development;</li> <li>(f) transfers under licence agreements;</li> <li>(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);</li> <li>(h) provision of guarantees or collateral;</li> <li>(i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised); and</li> <li>(j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.</li> </ul> <p>Agencies need to exercise judgement in assessing what information warrants disclosure.</p> <p>Items of a similar nature can be aggregated, except where separate disclosure is necessary for understanding the effects of related party transactions on the entity’s financial statements.</p>
AASB 124.27	<p>In using judgement to determine the level of detail to be disclosed in accordance with the requirements in paragraph 26(b), the reporting entity must consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:</p> <ul style="list-style-type: none"> <li>(a) significant in terms of size;</li> <li>(b) carried out on non-market terms;</li> <li>(c) outside normal day-to-day business operations, such as the purchase and sale of businesses;</li> <li>(d) disclosed to regulatory or supervisory authorities;</li> <li>(e) reported to senior management; and</li> <li>(f) subject to shareholder approval (in this context Ministerial approval).</li> </ul> <p>Transactions conducted on normal terms and conditions with KMP and other related parties may or may not be material for inclusion in the note. However, if the terms and conditions of the transaction are different to those applying to the general public, the transaction is more likely to be included in the note regardless of the underlying transaction amount.</p>

**‘EXAMPLE AGENCY’  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 48: Related Party Disclosures – Continued
	<p><b>Other Related Party Transactions – Continued</b></p> <p>Names of close family members and entities controlled (or jointly controlled) by the KMP or the KMP’s close family members <u>are not to be disclosed</u> in the financial statements. Where, the information in the draft disclosure enables the KMP or their close family member(s) to be identified, the KMP and the affected family member must be given the opportunity to review the disclosure prepared for the financial statements and given the opportunity to request that the disclosure be corrected, amended or withdrawn.</p> <p>Not all information collected from KMP needs to be disclosed in the financial statements. Disclosure is not required where the transactions are not material to the financial statements. As a guide, the disclosure of transactions with other related parties in the Example Note is based on the following information:</p> <ul style="list-style-type: none"> <li>• Equipment purchased - \$xxx  <div style="margin-left: 20px;">Separate disclosure of the individual transaction is made where it is significantly material to the financial statements or is unusual by nature.</div> </li> <li>• Services received - \$xxx  <div style="margin-left: 20px;">Represents the aggregate value of a number of transactions that are individually material for the reporting entity but may not be significantly material (as in the previous example) or unusual in nature to require separate disclosure.</div> </li> </ul>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 49. BUDGETARY REPORTING</b>				
	<b>Actual 2019-20 \$'000</b>	<b>Original Budget<sup>1</sup> 2019-20 \$'000</b>	<b>Variance \$'000</b>	<b>Variance %</b>	<b>Variance Explanation</b>
	<b>Operating Statement Line Items</b>				
Supplies and Services					[Insert major variance explanation]
Share Operating Profit Joint Venture using the Equity Method					[Insert major variance explanation]
Increase/ (decrease) in the Asset Revaluation Surplus					[Insert major variance explanation]
	<b>Balance Sheet Line Items</b>				
Cash and Cash Equivalents					[Insert major variance explanation]
Current Investment					[Insert major variance explanation]
Current Receivables					[Insert major variance explanation]
Current Assets Held for Sale					[Insert major variance explanation]
Current Payables					[Insert major variance explanation]
Current Employee Benefits					[Insert major variance explanation]
Current Other Liabilities					[Insert major variance explanation]
Non-Current Payables					[Insert major variance explanation]
Non-Current Interest-Bearing Liabilities					[Insert major variance explanation]
Non-Current Finance Leases					[Insert major variance explanation]
	<b>Statement of Changes in Equity</b> - these line items are covered in other financial statements				
	<b>Statement of Cash Flows Line Items</b>				
Proceeds from Sale of Property, Plant and Equipment					[Insert major variance explanation]
Proceeds from Sale/Maturity of Investments					[Insert major variance explanation]
Loan Receivable Repayment Received					[Insert major variance explanation]
Purchase of Property, Plant and Equipment					[Insert major variance explanation]
Loans Provided (Loans Receivable)					[Insert major variance explanation]
Capital Injections					[Insert major variance explanation]
Receipt of Transferred Cash Balances					[Insert major variance explanation]
Cash and Cash Equivalents at the Beginning of the Reporting Period					[Insert major variance explanation]
<sup>1</sup> Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Budget Statements. These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments. <b>Note: #</b> in the Line Item Variance % column represents a variance that is greater than 999 per cent or less than -999 per cent.					

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 49: Budgetary Reporting
	<p>AASB 1055 <i>Budgetary Reporting</i> sets out the budgetary reporting requirements for not-for-profit entities within the General Government Sector (GGS). AASB 1055 does not apply to for-profit agencies. However, it is ACT Disclosure Policy that for-profit Territory Authorities also adopt AASB 1055 for reporting purposes.</p> <p>Disclosures under AASB 1055 are intended to provide users with information relevant to assessing the financial performance of an agency. The main user is considered to be the Legislative Assembly.</p> <p>When a directorate’s or territory authority’s budgeted financial statements are presented to the Legislative Assembly and are separately identified, that directorate or Territory Authority will need to disclose for the reporting period:</p> <ul style="list-style-type: none"> <li>• the original budget figures as presented to the Legislative Assembly, in a form that is consistent with the agency’s annual financial statements; and</li> <li>• explanations of major variances between actual amounts presented in the financial statements and the corresponding individual original budget amounts.</li> </ul> <p>It is ACT Disclosure Policy that budgetary reporting be disclosed for territorial as well as controlled.</p> <p>Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2019-20 Budget Statements). These amounts are not adjusted to reflect revised budgets (resulting from supplementary appropriations or administrative arrangements or other instruments authorised under the provisions of the <i>Financial Management Act 1996</i>). Explanations associated with revised budgets, particularly administrative arrangement changes, are to be reflected in the Management Discussion and Analysis, which provides a high level overview of the financial results of an entity and the factors underlying the development, performance and position of the entity’s business during the reporting period.</p> <p>Under the provisions of AASB 1055, where the original budget is revised by a supplementary budget that is presented to the Legislative Assembly, the revised budget may be disclosed in the financial statements in addition to the original budget and might need to be referred to in explanations of major variances.</p> <p>The explanations of major variances required to be disclosed are those relevant to an assessment of the discharge of accountability and to an analysis of the performance of an entity, and should not merely focus on the numerical differences between original budget and actual amounts. They include high-level explanations of the causes of major variances rather than merely the nature of the variances.</p> <p>Variances from comparative budget information in respect of the previous period need not be disclosed.</p> <p>Variances for the Statement of Changes in Equity do not have to be disclosed because these line items are also contained in other financial statements.</p> <p>Explanations of major variances at the Output Class level are not required.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 49: Budgetary Reporting – Continued
	<p><b>General Guide for Assessing Major Variances</b></p> <p>As a general guide, variances are considered to be major variances if <b>both</b> of the following criteria are met:</p> <ol style="list-style-type: none"> <li>the line item is a significant line item: where either the line item actual amount accounts for <u>more than</u> 10% of the relevant associated category (Income, Expenses and Equity totals) or <u>more than</u> 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and</li> <li>the variances (original budget to actual) are <u>greater than</u> plus (+) or minus (-) 2.5% <u>and</u> \$500,000 of the budget for the financial statement line item for smaller agencies and <u>greater than</u> plus (+) or minus (-) 5% <u>and</u> \$15 million for large agencies. <ol style="list-style-type: none"> <li>Small agencies include Office of the Legislative Assembly, Auditor-General, Legal Aid, Public Trustee and Guardian, Cultural Facilities, ACT Public Cemeteries Authority, Gambling and Racing, Independent Competition and Regulatory Commission, Motor Accident Injuries, Electoral Commissioner and ACT Integrity Commission.</li> <li>Large agencies include Chief Minister, Treasury and Economic Development, Canberra Health Services, Transport Canberra and City Services, Housing ACT, Justice and Community Safety, Education, Community Services, Transport Canberra Operations, Environment, Planning and Sustainable Development, Local Hospital Network, City Renewal Authority, Suburban Land Agency, Health and Public Sector Workers Compensation Fund.</li> </ol> </li> </ol> <p>These thresholds are indicative only and are included to assist agencies’ in making judgement on whether a variance explanation is required. Each agency will need to consider this guidance and Section 1.2 Materiality Guidance when determining appropriate thresholds for explanations of major variances to be disclosed in their financial statements.</p> <p><b>Consultation with Audit Committee and the Audit Office</b></p> <p>Agencies are encouraged to agree on their specific thresholds for disclosures with their Audit Committee and consult with the Audit Office in the process of preparing their financial statements.</p>
	<p>Explanations are required for line items only. Explanations are not required for totals. If a line item is a category in its own right (e.g. only one line item in the category) then criteria (a) is not applicable and an explanation is required if criteria (b) is met. Examples of where a line item is a category in its own right are “Share of Operating Profit from Joint Venture” and “Cash and Cash Equivalents” at the Beginning of the Reporting Period.</p> <p>The associated category for the line item is the grouping in the financial statements where the line item appears. A grouping will usually start with a <b>bolded</b> heading and end with a <b>bolded</b> total.</p> <p>The relevant <b>bolded</b> totals for these criteria are:</p> <p><b>Operating Statement</b></p> <ul style="list-style-type: none"> <li>Income</li> <li>Expenses</li> <li>Other Comprehensive Income</li> </ul> <p><b>Balance Sheet</b></p> <ul style="list-style-type: none"> <li>Current Assets</li> <li>Non-Current Assets</li> <li>Current Liabilities</li> <li>Non-Current Liabilities</li> <li>Equity</li> </ul> <p><b>Statement of Changes in Equity</b></p> <p>These line items are disclosed in other financial statements</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

<b>Reference</b>	<p><b>Commentary – Note 49: Budgetary Reporting – Continued</b></p> <p><b>Statement of Cash Flows</b></p> <ul style="list-style-type: none"> <li>• Receipts from Operating Activities</li> <li>• Payments from Operating Activities</li> <li>• Receipts from Investing Activities</li> <li>• Payments from Investing Activities</li> <li>• Receipts from Financing Activities</li> <li>• Payments from Financing Activities</li> </ul> <p>Not all the above <b>bolded</b> totals will be applicable to each agency.</p> <p>Agencies should provide to the Audit Office a work paper calculating all the variances of the financial statements, supporting which items have been disclosed as major variances. Work papers will also be required supporting the variance explanations.</p>
------------------	---

Reference	Commentary – Discontinuing Operations
AASB 5.32	Discontinuing operations are not expected to occur frequently within agencies, so no pro forma note has been included in the Models.
AASB 5.Aus 2.1	A discontinued operation is a component of an agency that either has been disposed of, or is classified as held for sale, and:
AASB 5.30	<ul style="list-style-type: none"> <li>• represents a separate major line of business;</li> <li>• is part of a single co-ordinated plan to dispose of a separate major line of business; or</li> <li>• is a subsidiary acquired exclusively with a view to resale.</li> </ul> <p>AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> classifies an operation as a discontinued operation at the date when the operation meets the criteria to be classified as held for sale or when the entity has actually disposed of the operation.</p> <p>AASB 5 does not apply to the restructuring of administrative arrangements of Government agencies.</p> <p>AASB 5 requires the presentation and disclosure of information to allow evaluation of the effects of discontinued operations.</p>
AASB 5.33	<p><b>Disclosures</b></p> <p>The details of discontinuing operations should be disclosed by way of a note and include:</p> <ul style="list-style-type: none"> <li>• revenue, expenses and pre-tax profit or loss of discontinued operations;</li> <li>• related income tax expense;</li> <li>• gain or loss recognised on the measurement to fair value less costs to sell;</li> <li>• net cash flows attributable to operating, investing and financing activities of discontinued operations; and</li> <li>• the amount of income from continuing operations and from discontinued operations attributable to the parent, i.e. Example Agency.</li> </ul>
AASB 101.82(ea)	The operating statement shall include a single amount for the total of discontinued operations.
AASB 5.34	<p>An agency shall re-present the above disclosures for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the reporting date for the latest period presented.</p> <p>AASB 5 prohibits the classification of an operation as discontinued at the reporting date, if it did not meet the classification criteria until after the reporting date.</p>

## **‘EXAMPLE AGENCY’**

# **TERRITORIAL FINANCIAL STATEMENTS<sup>1</sup>**

**FOR THE YEAR ENDED 30 JUNE 2020**

- 1. Territorial Financial Statements are not required by territory authorities.  
Any guidance provided in this section will only apply to ACT Directorates.**



‘EXAMPLE AGENCY’  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

# ‘Example Agency’

## Statement of Income and Expenses on Behalf of the Territory

### For the Year Ended 30 June 2020

Reference		Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
	<b>Income</b>				
	<i>Revenue</i>				
AASB 1050.7(a)(i)	Payment for Expenses on Behalf of the Territory	51			
AASB 1050.7(a)(i)	Taxes, Licences, Fees and Fines	52			
	<i>Total Revenue</i>				
	<i>Gains</i>				
	Other Gains				
	<i>Total Gains</i>				
	<b>Total Income</b>				
	<b>Expenses</b>				
AASB 1050.7(b)(i)	Grants and Purchased Services	53			
AASB 1050.7(b)(i)	Transfer to Government	54			
AASB 1050.7(b)(i)	Other Expenses	55			
	<b>Total Expenses</b>				
	<b>Operating Surplus/(Deficit)</b>				
	The above Statement of Income and Expenses on Behalf of the Territory should be read in conjunction with the accompanying notes.				

Reference	Commentary – Statement of Income and Expenses on Behalf of the Territory
ACT Disclosure Policy	<p>Line items included in the above statement, which have no amounts against them, have been included as an example only. With the exception of the Operating Surplus/(Deficit) total line, if an agency does not have an amount against a line item it should not be included.</p> <p>In the event that the Operating Surplus/(Deficit) line is not zero, the use of the wording <i>Operating Surplus/(Deficit)</i> should reflect the order of the result in the columns. If the current year actual is a deficit and the other columns in surplus the line should be represented as <i>Operating (Deficit)/Surplus</i> as demonstrated in the Controlled Operating Statement.</p> <p>Agencies that have fair valued Territorial Property, Plant and Equipment may have an increase/(decrease) in the Asset Revaluation Surplus which means that Other Comprehensive Income and Total Comprehensive Income is included in the Statement of Income and Expenses on Behalf of the Territory.</p> <p><b>Budget</b></p> <p>The budget numbers appearing in the above statement are those published in the 2019-20 Budget Papers.</p>

‘EXAMPLE AGENCY’  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

# ‘Example Agency’

## Statement of Assets and Liabilities on Behalf of the Territory

### As at 30 June 2020

Reference		Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
	<b>Current Assets</b>				
AASB 1050.7(c)	Cash and Cash Equivalents	57			
AASB 1050.7(c)	Receivables	58			
AASB 1050.7(c)	Other Assets	59			
	<b>Total Current Assets</b>				
	<b>Total Assets</b>				
	<b>Current Liabilities</b>				
AASB 1050.7(d)	Payables	60			
AASB 1050.7(d)	Other Liabilities	61			
	<b>Total Current Liabilities</b>				
	<b>Total Liabilities</b>				
	<b>Net Assets</b>				
	<b>Equity</b>				
	Accumulated Funds				
	<b>Total Equity</b>				
	This Statement should be read in conjunction with the accompanying notes.				

Reference	Commentary – Statement of Assets and Liabilities on Behalf of the Territory
ACT Disclosure Policy	Agencies must include an Accumulated Funds line item in the Statement of Assets and Liabilities on Behalf of the Territory regardless of whether there are figures against it. Agencies must also include the Net Assets total line and the Total Equity total line in the Statement of Assets and Liabilities on Behalf of the Territory regardless of whether there are figures against them.
ACT Disclosure Policy	Agencies include this statement in order to present administered assets and liabilities as required by AASB 1050 <i>Administered Items</i> . For ease of comparison to the budget, it is ACT Disclosure Policy that Equity items are included. This statement is not intended to be a Balance Sheet and therefore does not meet all disclosure requirements that a Balance Sheet would.
	Agencies that have fair valued Territorial Property, Plant and Equipment may have an Asset Revaluation Surplus to be included in the Equity section of the table above.
	<b>Budget</b> The budget numbers appearing in the above Statement are those published in the 2019-20 Budget Papers.

‘EXAMPLE AGENCY’  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

# ‘Example Agency’ Statement of Changes in Equity on Behalf of the Territory For the Year Ended 30 June 2020

Reference		Accumulated Funds Actual 2020 \$'000	Total Equity Actual 2020 \$'000	Original Budget 2020 \$'000
	<b>Opening Balance</b>			
	<b>Comprehensive Income</b>			
AASB 101.106(d)(i)	Operating Surplus/(Deficit)			
AASB 101.106(d)(ii)	Increase /(Decrease) in Asset Revaluation Surplus			
	Other Comprehensive Income			
AASB 101.106(a)	<b>Total Comprehensive Income</b>			
	Transfers to/(from) reserves			
	<b>Transactions with Owners Affecting Accumulated Funds</b>			
	Capital Injections			
	Capital (Distributions)			
	Net Assets transferred in from Administrative Restructure	63		
	Net Assets transferred out from Administrative Restructure	63		
	<b>Total Transactions with Owners Affecting Accumulated Funds</b>			
	<b>Closing Balance</b>			
	The above Statement of Changes in Equity on Behalf of the Territory should be read in conjunction with the accompanying notes.			

‘EXAMPLE AGENCY’  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

## ‘Example Agency’ Statement of Changes in Equity on Behalf of the Territory For the Year Ended 30 June 2020

Reference		Accumulated Funds Actual 2019 \$'000	Total Equity Actual 2019 \$'000
	Note No.		
	<b>Opening Balance</b>		
	<b>Comprehensive Income</b>		
AASB 101.106(d)(i)	Operating Surplus/(Deficit)		
AASB 101.106(d)(ii)	Increase /(Decrease) in Asset Revaluation Surplus		
	Other Comprehensive Income		
AASB 101.106(a)	<b>Total Comprehensive Income</b>		
	Transfers to/(from) reserves		
	<b>Transactions Involving Owners Affecting Accumulated Funds</b>		
	Capital Injections		
	Capital (Distributions)		
	Net Assets transferred in from Administrative Restructure 63		
	Net Assets transferred out from Administrative Restructure 63		
	<b>Total Transactions Involving Owners Affecting Accumulated Funds</b>		
	<b>Closing Balance</b>		
	This Statement should be read in conjunction with the accompanying notes.		

Reference	Commentary – Statement of Changes in Equity on Behalf of the Territory
	<p>Agencies must include a Statement of Changes in Equity on Behalf of the Territory regardless of whether there are any amounts against the line items in this Statement. In this case just the headings (bolded above) and not the line items can be included.</p> <p>Agencies are free to combine, where possible, the Statement of Changes in Equity onto one page.</p> <p>Agencies that have fair valued Territorial Property, Plant and Equipment may have an Asset Revaluation Surplus column to be included in the Statement of Changes in Equity on Behalf of the Territory.</p> <p><b>Budget</b></p> <p>The budget numbers appearing in the above statement are those published in the 2019-20 Budget Papers.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

# ‘Example Agency’

## Statement of Cash Flows on Behalf of the Territory

### For the Year Ended 30 June 2020

Reference		Note No.	Actual 2020 \$'000	Original Budget 2020 \$'000	Actual 2019 \$'000
	<b>Cash Flows from Operating Activities</b>				
	<b>Receipts</b>				
	Cash from Government for Expenses on Behalf of the Territory				
	Taxes, Fees and Fines				
	<b>Total Receipts from Operating Activities</b>				
	<b>Payments</b>				
	Grants and Purchased Services				
	Transfer of Territory Receipts to the ACT Government				
	Other				
	<b>Total Payments from Operating Activities</b>				
	<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	64			
	<b>Net Cash Inflows/(Outflows) from Investing Activities</b>				
	<b>Net Cash Inflows/(Outflows) from Financing Activities</b>				
	<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>				
	Cash and Cash Equivalents at the Beginning of the Reporting Period				
	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	62			
	The above Statement of Cash Flows on Behalf of the Territory should be read in conjunction with the accompanying notes.				

Reference	<b>Commentary – Statement of Cash Flows on Behalf of the Territory</b>
	<p>Where agencies have investing and/or financing cash flows, details of these items must be disclosed in the Investing Activities and/or Financing Activities section within the Statement of Cash Flows. Where there are no Investing or Financing items:</p> <ul style="list-style-type: none"> <li>the Net Cash Inflows/(Outflows) from Investing Activities total line; and</li> <li>the Net Cash Inflows/(Outflows) from Financing Activities total line;</li> </ul> <p>should still be disclosed as in the above example.</p> <p><b>Budget</b></p> <p>The budget numbers appearing in the above statement are those published in the 2019-20 Budget Papers.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**‘Example Agency’**  
**Territorial Statement of Appropriation**  
**For the Year Ended 30 June 2020**

Reference	Original Budget 2020 \$'000	Total Appropriated 2020 \$'000	Appropriation Drawn 2020 \$'000	Appropriation Drawn 2019 \$'000
AASB 1004.48	<b>Territorial</b> Expenses on Behalf of the Territory Capital Injections <b>Total Territorial Appropriation</b>			
	This Statement should be read in conjunction with the accompanying notes.			
	<b>Column Heading Explanations</b> The <i>Original Budget</i> column shows the amounts that appear in the Statement of Cash Flows in the Budget Papers. The <i>Total Appropriated</i> column is inclusive of all appropriation variations occurring after the Original Budget. The <i>Appropriation Drawn</i> is the total amount, which was received by the Agency during the year in Appropriation. These amounts appear in the Statement of Cash Flows on Behalf of the Territory.			
	<b>Commentary – Territorial Statement of Appropriation</b>			
FMA Section 37A	Where an agency has a material difference between ‘Total Appropriated’ and ‘Appropriation Drawn’ it should explain why there is a variance. Further, it is recommended that agencies provide explanatory details of significant approved appropriation variations (i.e. variance between the ‘Original Budget’ and ‘Total Appropriated’). A tabular presentation of the variance explanation similar to that shown in the Controlled Statement of Appropriation should be used if it would assist understanding of the reasons for the variance. If a directorate receives an amount of territorial appropriation (Payment for Expenses on Behalf of the Territory or a Capital Injection) that is excess to its requirements, it may repay the excess amount or part of the excess amount to the Territory Banking Account. The appropriation from which the excess was paid to the directorate is restored by the amount it repaid to the Territory Banking Account. The balance of the appropriation, including the amount repaid, may be applied for the purposes for which it was appropriated. Agencies should disclose appropriation amounts returned (if any) in a footnote to the ‘Appropriation Drawn’ in the Territorial Statement of Appropriation.			

# ‘Example Agency’ Financial Statements

## TERRITORIAL NOTE INDEX

### For the Year Ended 30 June 2020

Note	Territorial Note Index - list	Page
Note 50	Significant Accounting Policies – Territorial	154
	Appendix A - Basis of Preparation of the Financial Statements	171
	Appendix B – Significant Accounting Policies	175
	<b>Income Notes</b>	
Note 51	Payment for Expenses on Behalf of the Territory – Territorial	154
Note 52	Taxes, Licences, Fees and Fines – Territorial	154
	<b>Expenses Notes</b>	
Note 53	Grants and Purchased Services – Territorial	156
Note 54	Transfer to Government – Territorial	157
Note 55	Other Expenses – Territorial	157
Note 56	Waivers, Impairment Losses and Write-offs - Territorial	157
	<b>Assets Notes</b>	
Note 57	Cash and Cash Equivalents – Territorial	158
Note 58	Receivables – Territorial	159
Note 59	Other Assets – Territorial	160
	<b>Liabilities Notes</b>	
Note 60	Payables – Territorial	160
Note 61	Other Liabilities – Territorial	161
	<b>Other Notes</b>	
Note 62	Disaggregated Income & Expense – Territorial	162
Note 63	Restructure of Administrative Arrangements – Territorial	163
Note 64	Cash Flow Reconciliation – Territorial	164
Note 65	Financial Instruments – Territorial	165
Note 66	Commitments – Territorial	167
Note 67	Contingent Liabilities and Contingent Assets – Territorial	167
Note 68	Events after the Reporting Period – Territorial	168
Note 69	Related Party Disclosures – Territorial	168
Note 70	Budgetary Reporting	168

Reference	Commentary – Territorial Note Index
	<p><b>Presentation of Notes</b></p> <p>It is not compulsory to have an index to the notes to the financial statements, however, it is recommended as this helps users to quickly access a particular note. Notes in the financial statements must be presented in a systematic manner and each item on a financial statement must be cross-referenced to any directly related information in the notes.</p> <p>Page numbers are used in the Models for ease of reference. Agencies are not required to include page numbers in the Note Index due to the difficulty in knowing what page numbers the financial statement will have in the Annual Report.</p> <p>The notes to the financial statements are to provide details of each class of income, expense, asset and liability. Each note should disclose all material line items within that class.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

<b>Reference</b>	<b>NOTE 50. SIGNIFICANT ACCOUNTING POLICIES – TERRITORIAL</b>
	All the Agency’s accounting policies are contained in the Appendices A and B referred to in Note 2 <i>Significant Accounting Policies</i> . The policies outlined in Note 2 Appendices A and B apply to both the Controlled and Territorial financial statements.

<b>Reference</b>	<b>NOTE 51. PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY – TERRITORIAL</b>
	Under the <i>Financial Management Act 1996</i> , the Agency receives this appropriation to fund a number of expenses incurred on behalf of the Territory, the main one being the payment of grants to various non-government organisations (See Note 53 <i>Grants and Purchased Services - Territorial</i> ).
	<div style="display: flex; justify-content: space-around;"> <div>2020 \$’000</div> <div>2019 \$’000</div> </div>
	<div style="display: flex; justify-content: space-between;"> <div>Payment for Expenses on Behalf of the Territory</div> <div style="border-bottom: 1px solid black; width: 200px;"></div> </div> <div style="display: flex; justify-content: space-between;"> <div><b>Total Payment for Expenses on Behalf of the Territory</b></div> <div style="border-bottom: 3px double black; width: 200px;"></div> </div>

	<b>NOTE 52. TAXES, LICENCES, FEES AND FINES – TERRITORIAL</b>
	<b>Taxes</b> Motor Vehicle Registrations Other Taxes <div style="display: flex; justify-content: space-between;"> <div><b>Total Taxes</b></div> <div style="border-bottom: 1px solid black; width: 200px;"></div> </div> <b>Licences</b> Drivers’ Licences <b>Total Licences</b>  <b>Fees</b> Fees for Regulatory Services Other Fees <div style="display: flex; justify-content: space-between;"> <div><b>Total Fees</b></div> <div style="border-bottom: 1px solid black; width: 200px;"></div> </div> <b>Fines</b> Traffic Fines Parking Fines <div style="display: flex; justify-content: space-between;"> <div><b>Total Fines</b></div> <div style="border-bottom: 1px solid black; width: 200px;"></div> </div> <div style="display: flex; justify-content: space-between;"> <div><b>Total Taxes, Fees and Fines</b></div> <div style="border-bottom: 3px double black; width: 200px;"></div> </div>



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**Commentary – Note 52: Taxes, Licences, Fees and Fines – Territorial**

ACT Disclosure  
Policy

The break-up of Taxes, Fees and Fines shown here is an example only. As Taxes, Fees and Fines collected are generally unique to each agency, the break-up of this note disclosure will differ between agencies. Agencies will need to disclose relevant line items of Taxes, Fees and Fines that apply to them. It is ACT Disclosure policy that all material line items within Taxes, Fees and Fines be separately disclosed in this note.

AASB 2018-4

Revenue from licences are accounted for under AASB 15 (see exemptions below), while income from taxes are accounted for under AASB 1058.

AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public sector licensors amended AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases* to add requirements and authoritative implementation guidance for application by not-for-profit public sector licensors. The amendments to AASB 15 include:

- expanding the scope of AASB 15 to include non-contractual licences;
- guidance distinguishing a licence from a tax;
- guidance clarifying the types of licences issued by not-for-profit public sector licensors;
- guidance clarifying the application of the principles in AASB 15 to licences that are not within the scope of other Australian Accounting Standards; and
- providing recognition exemptions for short-term licences (a term of 12 months or less) and licences issued for a low transaction price (ACT Government agencies will apply a threshold of \$10,000 to determine whether a licence has a low-transaction price). In these cases, revenue is recognised either at the point in time the licence is issued, or on a straight-line basis over the licence term or another systematic basis.

AASB  
15.Aus8.3

The amendments to AASB 16 clarify that licences that are in substance leases or contain leases, except licences of intellectual property, fall within the scope of AASB 16. Revenue from licences are accounted for under AASB 15 and taxes are accounted for under AASB 1058.

AASB 15G.26

Examples of low-value licences include driver licences, marriage licences and working with children permits.

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 53. GRANTS AND PURCHASED SERVICES – TERRITORIAL		
AASB 1050.22	Grants are amounts provided, by the Agency, to ACT Government agencies and non-ACT Government agencies for general assistance or for a particular purpose. Grants may be for capital, current or recurrent purposes and the category reflects the use of the grant. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.		
	Purchased services are amounts paid to obtain services from other ACT Government agencies and external parties.		
		2020	2019
		\$'000	\$'000
	Recurrent Grants to Non-ACT Government Agencies		
	Environment Management Organisations		
	Community Heritage Organisations		
	<b>Total Recurrent Grants to Non-ACT Government Agencies</b>		
	Capital Grants to Non-ACT Government Agencies		
	Environment Management Organisations		
	Community Heritage Organisations		
	<b>Total Capital Grants to Non-ACT Government Agencies</b>		
	Purchased Services Payments to ACT Government Agencies		
	'Example Heritage Authority'		
	'Example Land Management Authority'		
<b>Total Purchased Services Payments to ACT Government Agencies</b>			
<b>Total Grants and Purchased Services</b>			
<b>Commentary – Note 53: Grants and Purchased Services – Territorial</b>			
The breakup of grants and purchased services included here are of a general nature, as they will differ between each agency. Under AASB 1050 <i>Administered Items</i> , details of the broad categories of recipients and the amounts transferred to those recipients need to be disclosed in this note. Individual names of grant recipients are not required, however, an appropriate broad category description should be provided so that the users of the financial statements can understand the nature and amount of grants being administered by 'Example Agency'. For example, the Model identifies a broad category titled 'Environment Management Organisations' rather than disclosing the numerous individual organisations which are in this category.			

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 54. TRANSFER TO GOVERNMENT – TERRITORIAL		
	<p>‘Transfer to Government’ represents the transfer of money, which the Agency has collected on behalf of the Territory, to Government. The money collected by the Agency on behalf of the Territory includes Commonwealth Government Grants, rates, taxes, fees and fines.</p>		
		2020 \$’000	2019 \$’000
	Payments to the Territory Banking Account		
	<b>Total Transfer to Government</b>		

NOTE 55. OTHER EXPENSES – TERRITORIAL		
	2020	2019
	\$'000	\$'000
Impairment Loss from Receivables		
Refund of Taxes		
Other		
<b>Total Other Expenses</b>		

	<b>NOTE 56. WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS – TERRITORIAL</b>			
FMA Section 131 (1)(a)	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 in this financial year.  The waivers, impairment losses and write-offs listed below have occurred during the reporting period for the Agency.			
		<b>2020</b>		<b>2019</b>
	<b>No.</b>	<b>\$'000</b>	<b>No.</b>	<b>\$'000</b>
	<b>Waivers</b>			
	Stimulus Waivers			
	Other Waivers			
	<b>Total Waivers</b>			
	<b>Impairment Losses</b>			
	Impairment Loss on Receivables			
	Trade Receivables			
	Other Trade Receivables			
AASB 7.20(e)	Total Impairment Loss on Receivables			
	<b>Total Impairment Losses</b>			
	<b>Write-offs</b>			
ACT Disclosure Policy	Losses or Deficiencies in Public Monies			
ACT Disclosure Policy	Irrecoverable Debts			
	<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 - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary – Note 56: Waivers, Impairment Losses and Write-Offs –Territorial
	<p>A waiver is the relinquishment of a legal claim to a debt. The write-off of a debt is the accounting action taken to remove a debt from the books but does not relinquish the legal right of the Agency to recover the amount. The write-off of debts may occur for reasons other than waivers.</p>
FMA Section 131 (3)	Section 131 of the FMA requires that a waiver relating to an amount payable to the Territory shall be reported in the notes to the financial statements of the relevant agency that relate to the year in which the right to payment was waived.
ACT Disclosure Policy	The disclosures required by this note are material by nature and disclosure is required regardless of the amount of the waiver.
ACT Disclosure Policy	If an agency has waivers associated with a government policy, then the note should provide details by policy type. Individual recipients of waivers should not be identified unless they have agreed to such disclosure.
ACT Disclosure Policy	<p><b>Losses or Deficiencies in Public Monies</b></p> <p>The ‘Losses or Deficiencies in Public Monies’ line item will include a number of different items including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• decrease in monies due to fraud;</li> <li>• monies which cannot be accounted for; and</li> <li>• monies which have been lost.</li> </ul>
Chief Minister’s Annual Report Directions	The Chief Minister’s Annual Report Directions requires further disclosure of fraud in the Annual Report.
AASB 7.35M-N, BH-J	For contractual territorial receivables agencies should also develop an expected credit loss provision matrix for territorial receivables similar to the one shown at Note 23 <i>Receivables</i> in the Controlled Financial Statements.

Reference	NOTE 57. CASH AND CASH EQUIVALENTS – TERRITORIAL		
		2020	2019
		\$'000	\$'000
	Cash on Hand		
	Cash at Bank		
	<b>Total Cash and Cash Equivalents</b>		
	Under whole-of-government banking arrangements, interest is not earned on cash at bank held with the Territorial Territory Banking Account.		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 58. RECEIVABLES –TERRITORIAL</b>				
				2020	2019
				\$'000	\$'000
	<b>Current Receivables</b>				
	Trade Receivables				
	Less: Allowance for Impairment Losses				
	Other Trade Receivables				
	Less: Allowance for Impairment Losses				
	Net GST Receivable				
	Other Current Receivables				
	<b>Total Current Receivables</b>				
	<b>Total Receivables</b>				
	<b>Ageing of Receivables</b>				
			<b>Overdue</b>		
		<b>Not Overdue</b>	<b>Less than</b>	<b>Greater than 60</b>	<b>Total</b>
			<b>30 Days</b>	<b>Days</b>	
			<b>30 to 60 Days</b>		
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>2020</b>				
	<b>Not Impaired <sup>1</sup></b>				
	Receivables				
	<b>Impaired</b>				
	Receivables				
	<b>2019</b>				
	<b>Not Impaired <sup>1</sup></b>				
	Receivables				
	<b>Impaired</b>				
	Receivables				
	1) 'Not Impaired' refers to Net Receivables (that is Gross Receivables less Impaired Receivables). The Agency does not hold any collateral for receivables that are overdue or determined to be impaired.				
	<b>Reconciliation of the Allowance for Impairment Losses</b>				
	Allowance for Impairment Losses at the Beginning of the Reporting Period				
	Additional Allowance Recognised During the Reporting Period				
	Reduction in Allowance from amounts Recovered During the Reporting Period				
	Reduction in Allowance from amounts Written off During the Reporting Period				
	<b>Allowance for Impairment Losses at the End of the Reporting Period</b>				

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 58. RECEIVABLES –TERRITORIAL</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
ACT Accounting Policy	<b>Classification of ACT Government/Non-ACT Government Receivables</b> <b>Receivables with Non-ACT Government Entities</b> Net Trade Receivables Net Other Trade Receivables Net Goods and Services Tax Receivable Other Receivables <b>Total Receivables with Non-ACT Government Entities</b>  <b>Total Receivables</b>		
ACT Disclosure Policy	<b>Commentary – Note 58: Receivables – Territorial</b> <p>An agency is not required to include disclosures associated with ageing of their receivables where it has no receivables that are past due or impaired. They can simply state that ‘No receivables are past due or impaired.’</p> <p>The agency has a net GST receivable. A net GST receivable will occur in almost all territorial financial statements as no GST is required to be remitted to the Australian Taxation Office for Payment for Expenses on Behalf of the Territory (EBT) funding or for taxes, fees and fines, however, agencies will receive input tax credits for grants and purchased services provided.</p> <p>If a net GST payable arises then this amount would be disclosed at Note 60 <i>Payables - Territorial</i> rather than in this receivables note.</p> <p>An agency shall disclose the amount of any impairment loss recognised for each class of financial asset (including receivables).</p> <p>For contractual territorial receivables agencies should develop an expected credit loss provision matrix for territorial receivables similar to the one shown at Note 23 <i>Receivables</i>.</p>		

	<b>NOTE 59. OTHER ASSETS – TERRITORIAL</b>
	<b>Current Other Assets</b> Prepayments Other <b>Total Current Other Assets</b> <b>Total Other Assets</b>

	<b>NOTE 60. PAYABLES – TERRITORIAL</b>
	<b>Current Payables</b> Trade Payables Other Payables Payable to the Territory Banking Account  <b>Total Current Payables</b> <b>Total Payables</b>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 60. PAYABLES – TERRITORIAL</b>		
		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
ACT Disclosure Policy	<b>Payables are Aged as Follows:</b> Not Overdue Overdue for Less than 30 Days Overdue for 30 to 60 Days Overdue for More than 60 Days <b>Total Payables</b>		
ACT Disclosure Policy	<b>Classification of ACT Government/Non-ACT Government Payables</b> <b>Payables with Other ACT Government Agencies</b> Payable to Territory Banking Account <b>Total Payables with Other ACT Government Agencies</b> <b>Payables with Non-ACT Government Entities</b> Trade Payables Other Payables <b>Total Payables with Non-ACT Government Entities</b> <b>Total Payables</b>		
ACT Disclosure Policy	<b>Commentary – Note 60: Payables – Territorial</b>  An agency is not required to include disclosures associated with ageing of their payables where no payables are overdue. They can simply state that ‘No payables are overdue.’  The agency has a net GST Receivable that is shown in Note 58 <i>Receivables - Territorial</i> . In most cases agencies will have a net GST Receivable. However, if a net GST Payable arises then this amount would be disclosed in this Payables note.		
Government Procurement Act Section 44 & 45	The <i>Government Procurement Act 2001</i> requires interest to be paid where a commercial account is not paid in full by the 25 <sup>th</sup> day of the month after the month in which the payment is due. Therefore agencies should ensure accounts are paid before interest becomes payable.		
	<b>NOTE 61. OTHER LIABILITIES – TERRITORIAL</b>		
	<b>Current Other Liabilities</b> Revenue Received in Advance Provision for Refund of Taxes <b>Total Current Other Liabilities</b> <b>Total Other Liabilities</b>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 62. DISAGGREGATED INCOME AND EXPENSE – TERRITORIAL</b>									
AASB 1050.7(a) ii & 7 (b) ii	The following table sets out the Agency’s Territorial Income and Expense disaggregated on an output class basis:									
		<b>Output Class 1- Management of Land</b>		<b>Output Class 2 – Municipal Services</b>		<b>Output Class 3 – Environment and Heritage</b>		<b>General/ Not Attributable</b>		<b>Total</b>
		<b>Actual 2020 \$’ 000</b>	<b>Actual 2019 \$’000</b>	<b>Actual 2020 \$’000</b>	<b>Actual 2019 \$’000</b>	<b>Actual 2020 \$’000</b>	<b>Actual 2019 \$’000</b>	<b>Actual 2020 \$’000</b>	<b>Actual 2019 \$’000</b>	<b>Actual 2020 \$’000</b>
	<b>Territorial Income</b>									
	Payment for Expenses on Behalf of the Territory									
	Taxes, Licences, Fees and Fines									
	<b>Total Territorial Income</b>									
	<b>Territorial Expenses</b>									
	Grants and Purchased Services									
	Transfer to Government Other Expenses									
	<b>Total Territorial Expenses</b>									
<b>Commentary – Note 62: Disaggregated Income &amp; Expense – Territorial</b>										
An agency may be responsible for levying and collecting taxes, fees and fines, paying grants and other transfer payments. These actions may result in income and expenses which the agency does not control (i.e. income and expenses on behalf of the Territory). AASB 1050 Administered Items requires Territorial income and expenses to shown by activity (output class) where they can be reliably attributed. Amounts not reliably attributable to an output class should also be shown. This note is only required where an Agency has more than 1 output class.										
AASB 1050 7(c) & (d)	A disaggregated disclosure note for territorial assets and liabilities is not required.									



**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

FOR THE YEAR ENDED 30 JUNE 2020

Reference	NOTE 63. RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS – TERRITORIAL																												
AASB 1004.57	<p><b>Restructures of Administrative Arrangements 2019-20</b></p> <p>On 7 January 2020, a restructuring of administrative arrangements occurred between ‘Example Agency’ and ABC Directorate involving a Heritage and Environment division. Please refer to <i>Note 39: Restructure of Administrative Arrangements</i> for details of this transfer</p> <p>The following table shows the territorial income and expenses associated with the Heritage and Environment division recognised by ‘Example Agency’ for the year ended 30 June 2020. It also shows the income and expenses relating to when the division belonged to ABC Directorate. These income and expense figures were supplied by ABC Directorate and as such have been relied upon by ‘Example Agency’. Finally, the table shows the total territorial income and expenses of the division for the whole financial year.</p> <table><tr><th></th><th>Amounts Relating to when Function was held by ABC Directorate July 2019 to Jan 2020 \$’000</th><th>Amounts Relating to when Function was held by ‘Example Agency’ Jan 2020 to June 2020 \$’000</th><th>Total 2020 \$’000</th></tr><tr><td><b>Income</b></td><td></td><td></td><td></td></tr><tr><td>Payment for Expenses on Behalf of the Territory</td><td></td><td></td><td></td></tr><tr><td><b>Total Revenue</b></td><td></td><td></td><td></td></tr><tr><td><b>Expenses</b></td><td></td><td></td><td></td></tr><tr><td>Grants and Purchased Services</td><td></td><td></td><td></td></tr><tr><td><b>Total Expenses</b></td><td></td><td></td><td></td></tr></table> <p>Details of the Assets and Liabilities transferred are presented below.</p>		Amounts Relating to when Function was held by ABC Directorate July 2019 to Jan 2020 \$’000	Amounts Relating to when Function was held by ‘Example Agency’ Jan 2020 to June 2020 \$’000	Total 2020 \$’000	<b>Income</b>				Payment for Expenses on Behalf of the Territory				<b>Total Revenue</b>				<b>Expenses</b>				Grants and Purchased Services				<b>Total Expenses</b>			
	Amounts Relating to when Function was held by ABC Directorate July 2019 to Jan 2020 \$’000	Amounts Relating to when Function was held by ‘Example Agency’ Jan 2020 to June 2020 \$’000	Total 2020 \$’000																										
<b>Income</b>																													
Payment for Expenses on Behalf of the Territory																													
<b>Total Revenue</b>																													
<b>Expenses</b>																													
Grants and Purchased Services																													
<b>Total Expenses</b>																													
AASB 1004.57	<p><b>Restructures of Administrative Arrangements 2018-19</b></p> <p>On 1 June 2019, a restructuring of administrative arrangements occurred between ‘Example Agency’ and XYZ Directorate involving a Heritage division. Please refer to <i>Note 39 Restructure of Administrative Arrangements</i> for details of this transfer.</p> <p><b>Income and Expenses</b></p> <p>The following table shows the territorial income and expense items associated with the Heritage division recognised by ‘Example Agency’ for the year ended 30 June 2019. It also shows the income and expenses relating to when the division belonged to XYZ Directorate. These income and expense figures were supplied by XYZ Directorate and as such have been relied upon by ‘Example Agency’. Finally, the table shows the total income and expenses of the division for the whole financial year.</p> <table><tr><th></th><th>Amounts Relating to when Function was held by the XYZ Directorate July 2018 to May 2019 \$’000</th><th>Amounts Relating to when Function was held by ‘Example Agency’ June 2019 to June 2019 \$’000</th><th>Total 2019 \$’000</th></tr><tr><td><b>Revenue</b></td><td></td><td></td><td></td></tr><tr><td>Payment for Expenses on Behalf of the Territory</td><td></td><td></td><td></td></tr><tr><td><b>Total Revenue</b></td><td></td><td></td><td></td></tr><tr><td><b>Expenses</b></td><td></td><td></td><td></td></tr><tr><td>Grants and Purchased Services</td><td></td><td></td><td></td></tr><tr><td><b>Total Expenses</b></td><td></td><td></td><td></td></tr></table>		Amounts Relating to when Function was held by the XYZ Directorate July 2018 to May 2019 \$’000	Amounts Relating to when Function was held by ‘Example Agency’ June 2019 to June 2019 \$’000	Total 2019 \$’000	<b>Revenue</b>				Payment for Expenses on Behalf of the Territory				<b>Total Revenue</b>				<b>Expenses</b>				Grants and Purchased Services				<b>Total Expenses</b>			
	Amounts Relating to when Function was held by the XYZ Directorate July 2018 to May 2019 \$’000	Amounts Relating to when Function was held by ‘Example Agency’ June 2019 to June 2019 \$’000	Total 2019 \$’000																										
<b>Revenue</b>																													
Payment for Expenses on Behalf of the Territory																													
<b>Total Revenue</b>																													
<b>Expenses</b>																													
Grants and Purchased Services																													
<b>Total Expenses</b>																													

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	NOTE 63. RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS – TERRITORIAL – CONTINUED		
	<b>Assets and Liabilities</b>		
	The territorial assets and liabilities transferred as part of the restructuring of administrative arrangements at the dates of transfer were as follows:		
		<b>Transferred Amounts 2019-20 \$'000</b>	<b>Transferred Amounts 2018-19 \$'000</b>
	<b>Assets</b>		
	Cash and Cash Equivalents		
	Receivables		
	<b>Total Assets Transferred</b>		
	<b>Liabilities</b>		
	Payables		
	<b>Total Liabilities Transferred</b>		
	<b>Total Net Assets Transferred</b>		

Reference	NOTE 64. CASH FLOW RECONCILIATION – TERRITORIAL																																															
	<div>(a) Reconciliation of Cash and Cash Equivalents at the end of the Reporting Period in the Statement of Cash Flows on Behalf of the Territory to the Related Items in the Statement of Assets and Liabilities on Behalf of the Territory</div> <table><tr><td></td><td>2020</td><td>2019</td></tr><tr><td></td><td>\$'000</td><td>\$'000</td></tr><tr><td>Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory</td><td></td><td></td></tr><tr><td>Bank Overdraft</td><td></td><td></td></tr><tr><td>Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory</td><td></td><td></td></tr></table> <div>(b) Reconciliation of the Operating Surplus/(Deficit) to Net Cash Inflows from Operating Activities</div> <table><tr><td>Operating Surplus/(Deficit)</td><td></td><td></td></tr><tr><td>Add/(Less) Non-Cash Items</td><td></td><td></td></tr><tr><td>Cash Before Changes in Operating Assets and Liabilities</td><td></td><td></td></tr><tr><td>Changes in Operating Assets and Liabilities</td><td></td><td></td></tr><tr><td>(Increase)/Decrease in Receivables</td><td></td><td></td></tr><tr><td>(Increase)/Decrease in Other Assets</td><td></td><td></td></tr><tr><td>Increase/(Decrease) in Payables</td><td></td><td></td></tr><tr><td>Increase/(Decrease) in Other Liabilities</td><td></td><td></td></tr><tr><td>Net Changes in Operating Assets and Liabilities</td><td></td><td></td></tr><tr><td>Net Cash Inflows from Operating Activities</td><td></td><td></td></tr></table> <div>Commentary – Note 64: Cash Flow Reconciliation – Territorial</div> <p>Agencies must include the:</p> <ul style="list-style-type: none"><li>• ‘Operating Surplus/(Deficit)’ line item;</li><li>• ‘Add/(Less) Non-Cash Items’ line item; and</li><li>• ‘Cash Before Changes in Operating Assets and Liabilities’ line item;</li></ul> <p>in the cash flow reconciliation regardless of whether there are figures against them.</p>				2020	2019		\$'000	\$'000	Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory			Bank Overdraft			Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory			Operating Surplus/(Deficit)			Add/(Less) Non-Cash Items			Cash Before Changes in Operating Assets and Liabilities			Changes in Operating Assets and Liabilities			(Increase)/Decrease in Receivables			(Increase)/Decrease in Other Assets			Increase/(Decrease) in Payables			Increase/(Decrease) in Other Liabilities			Net Changes in Operating Assets and Liabilities			Net Cash Inflows from Operating Activities		
	2020	2019																																														
	\$'000	\$'000																																														
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory																																																
Bank Overdraft																																																
Cash at the End of the Reporting Period as Recorded in the Statement of Cash Flows on Behalf of the Territory																																																
Operating Surplus/(Deficit)																																																
Add/(Less) Non-Cash Items																																																
Cash Before Changes in Operating Assets and Liabilities																																																
Changes in Operating Assets and Liabilities																																																
(Increase)/Decrease in Receivables																																																
(Increase)/Decrease in Other Assets																																																
Increase/(Decrease) in Payables																																																
Increase/(Decrease) in Other Liabilities																																																
Net Changes in Operating Assets and Liabilities																																																
Net Cash Inflows from Operating Activities																																																

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

FOR THE YEAR ENDED 30 JUNE 2020

Reference	<b>NOTE 65. FINANCIAL INSTRUMENTS – TERRITORIAL</b>																																								
	<p>Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in Note 50 <i>Significant Accounting Policies - Territorial</i>.</p> <p><b>Interest Rate Risk</b></p> <p>Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p> <p>The Agency currently has all of its financial assets and financial liabilities held in non-interest bearing arrangements. This means that the Agency is not exposed to any movements in interest rates, and as such does not have any interest rate risk.</p> <p>A sensitivity analysis has not been undertaken for the interest rate risk of the Agency as it is not exposed to any movements in interest rates.</p> <p><b>Credit Risk</b></p> <p>Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Agency’s credit risk is limited to the amount of the financial assets held less any provision for losses. The Agency expects to collect all financial assets that are not past due or impaired. There is no collateral held as security for financial assets. As credit risk is managed by the Agency for receivables by undertaking an analysis of the concentration of credit risk to ensure it is not too high, and receivables are dispersed amongst a large number of debtors, there is no significant concentration of credit risk that has been identified by the Agency for Territorial financial assets.</p> <p>The Agency also manages the credit risk for receivables by undertaking an assessment of the credit worthiness of larger debtors. There has been no change in the Agency’s credit risk exposure since the previous reporting period.</p> <p><b>Liquidity Risk</b></p> <p>Liquidity risk is the risk that the Agency will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the Agency ensures that, at any particular point in time, it has a sufficient amount of current financial assets to meet its current financial liabilities. Also, where necessary the Agency has the ability to request additional appropriation in order to meet its territorial payables. This ensures the Agency has enough liquidity to meet its emerging financial liabilities. See the maturity analysis below for further details of when financial assets and liabilities mature.</p> <p>The Agency’s exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.</p> <p><b>Price Risk</b></p> <p>Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Agency is not exposed to any price risk.</p> <p><b>Fair Value of Financial Assets and Liabilities</b></p> <p>The carrying amounts and fair values of financial assets and liabilities at balance date are:</p> <table><tr><th>Note No.</th><th>Carrying Amount 2020 \$’000</th><th>Fair Value 2020 \$’000</th><th>Carrying Amount 2019 \$’000</th><th>Fair Value 2019 \$’000</th></tr><tr><td><b>Financial Assets</b></td><td></td><td></td><td></td><td></td></tr><tr><td>Cash and Cash Equivalents</td><td></td><td></td><td></td><td></td></tr><tr><td>Receivables</td><td></td><td></td><td></td><td></td></tr><tr><td><b>Total Financial Assets</b></td><td></td><td></td><td></td><td></td></tr><tr><td><b>Financial Liabilities</b></td><td></td><td></td><td></td><td></td></tr><tr><td>Payables</td><td></td><td></td><td></td><td></td></tr><tr><td><b>Total Financial Liabilities</b></td><td></td><td></td><td></td><td></td></tr></table>	Note No.	Carrying Amount 2020 \$’000	Fair Value 2020 \$’000	Carrying Amount 2019 \$’000	Fair Value 2019 \$’000	<b>Financial Assets</b>					Cash and Cash Equivalents					Receivables					<b>Total Financial Assets</b>					<b>Financial Liabilities</b>					Payables					<b>Total Financial Liabilities</b>				
Note No.	Carrying Amount 2020 \$’000	Fair Value 2020 \$’000	Carrying Amount 2019 \$’000	Fair Value 2019 \$’000																																					
<b>Financial Assets</b>																																									
Cash and Cash Equivalents																																									
Receivables																																									
<b>Total Financial Assets</b>																																									
<b>Financial Liabilities</b>																																									
Payables																																									
<b>Total Financial Liabilities</b>																																									

AASB 132  
AG12

AASB 132  
AG12

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 65. FINANCIAL INSTRUMENTS – TERRITORIAL – CONTINUED</b>								
AASB 7.34(a) & 39(a) & ACT Disclosure Policy	The following tables set out the Agency’s maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2020. All financial assets and liabilities which are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.								
AASB 7.B11					Fixed Interest Maturing in:				
			Weighted Average Interest Rate	Floating Interest Rate	1 Year or Less	Over 1 Years to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	Note No.		Rate	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<b>2020</b>								
	<b>Financial Instruments</b>								
	<b>Financial Assets</b>								
	Cash and Cash Equivalents	57							
	Receivables	58							
	<b>Total Financial Assets</b>								
	<b>Financial Liabilities</b>								
	Payables	60							
	<b>Total Financial Liabilities</b>								
	<b>Net Financial Assets/(Liabilities)</b>								
	<b>2019</b>								
	<b>Financial Instruments</b>								
	<b>Financial Assets</b>								
	Cash and Cash Equivalents	57							
	Receivables	58							
	<b>Total Financial Assets</b>								
	<b>Financial Liabilities</b>								
	Payables	60							
	<b>Total Financial Liabilities</b>								
	<b>Net Financial Assets/(Liabilities)</b>								

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	<b>NOTE 65. FINANCIAL INSTRUMENTS – TERRITORIAL – CONTINUED</b>		
		<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
	<p><b>Carrying Amount of Each Class of Financial Asset and Financial Liability:</b></p> <p><b>Financial Assets</b></p> <p>Loans and Receivables</p> <p><b>Financial Liabilities</b></p> <p>Financial Liabilities Measured at Amortised Cost</p> <p><b>Gains on Each Class of Financial Asset and Financial Liability:</b></p> <p><b>Gains on Financial Assets</b></p> <p>Loans and Receivables</p> <p><b>Gains on Financial Liabilities</b></p> <p>Financial Liabilities Measured at Amortised Cost</p> <p><b>Fair Value Hierarchy</b></p> <p>‘Example Agency’ Territorial does not have any financial assets or financial liabilities on behalf of the Territory at fair value. As such no Fair Value Hierarchy disclosures have been made.</p>		
	<p><b>Commentary – Note 65: Financial Instruments – Territorial</b></p>		
AASB 132.AG 12	<p>Liabilities and assets that are not contractual (such as income taxes and GST receivables created as a result of statutory requirements imposed by governments), are not financial liabilities or financial assets. As such, non-contractual receivables are not included in the financial instruments note. Where there are non-contractual receivables, the total amount of receivables in the receivables note will not equal the receivables in the financial instruments note.</p>		
ACT Disclosure Policy	<p>Where an agency does not have any financial assets or financial liabilities maturing beyond the following financial year, it is not required to include a maturity analysis.</p>		
	<b>NOTE 66. COMMITMENTS – TERRITORIAL</b>		
	<p><b>Other Commitments</b></p> <p>Other Commitments contracted at reporting date that have not been recognised as liabilities, are payable as follows:</p> <p>Within one year</p> <p>Later than one year but not later than five years</p> <p>Later than five years</p> <p><b>Total Other Commitments</b></p>		
	<p><b>Commentary – Note 66: Commitments – Territorial</b></p> <p>If the agency has Territorial Commitments, then these commitments should be shown inclusive of GST, and the agency should include the line ‘All amounts shown in the commitment note are inclusive of GST’ at the bottom of its note.</p> <p>If there are no commitments to be reported the whole note should be deleted, as no nil disclosure is required.</p>		
	<b>NOTE 67. CONTINGENT LIABILITIES AND CONTINGENT ASSETS – TERRITORIAL</b>		
	<p>As at 30 June 2020 there were four outstanding legal cases against ‘Example Agency’ involving refunds of approximately \$xxx in municipal fees. ‘Example Agency’s’ legal advice is that these cases do not have reasonable prospects of success.</p>		

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	<b>NOTE 68. EVENTS AFTER THE REPORTING PERIOD – TERRITORIAL</b>
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 the 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 annual estimate of raising taxes, fees and fines for the Territory transferred between the Agency and ‘Receiving Directorate’ after balance date was \$2.8m

<b>Reference</b>	<b>NOTE 69. RELATED PARTY DISCLOSURES – TERRITORIAL</b>
	Refer to Note 48 Related Party Disclosures for model disclosure format.

Reference	NOTE 70. BUDGETARY REPORTING – TERRITORIAL				
	Actual 2019-20 \$'000	Original Budget <sup>1</sup> 2019-20 \$'000	Variance \$'000	Variance %	Variance Explanation
	<b>Statement of Income and Expenses on Behalf of The Territory Line Items</b>				
	nil				[No major variances]
	<b>Statement of Assets and Liabilities on Behalf of The Territory Line Items</b>				
	Cash and Cash Equivalents				[Insert major variance explanation]
	Current Receivables				[Insert major variance explanation]
	Current Payables				[Insert major variance explanation]
	<b>Statement of Changes in Equity on Behalf of the Territory</b>				
	These line items are covered in other financial statements				
	<b>Statement of Cash Flows on Behalf of the Territory Line Items</b>				
	Cash and Cash Equivalents at the Beginning of the Reporting Period				[Insert major variance explanation]
	<sup>1</sup> Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Budget Statements. These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.				
	<b>Note:</b> # in the Line Item Variance % column represents a variance that is greater than 999 per cent or less than -999 per cent.				

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary Note 70: Budgetary Reporting – Territorial
	<p>AASB 1055 <i>Budgetary Reporting</i> sets out the budgetary reporting requirements for not-for-profit entities within the General Government Sector (GGS). AASB 1055 does not apply to for-profit agencies. However, it is ACT Disclosure Policy that for-profit Territory Authorities also adopt AASB 1055 for reporting purposes.</p> <p>Disclosures under AASB 1055 are intended to provide users with information relevant to assessing the financial performance of an agency. The main user is considered to be the Legislative Assembly.</p> <p>When a directorate’s or territory authority’s budgeted financial statements are presented to the Legislative Assembly and are separately identified, that directorate or Territory Authority will need to disclose for the reporting period:</p> <ul style="list-style-type: none"> <li>• The original budget figures as presented to the Legislative Assembly, in a form that is consistent with the agency’s annual financial statements; and</li> <li>• Explanations of major variances between actual amounts presented in the financial statements and the corresponding individual original budget amounts.</li> </ul> <p>It is ACT Disclosure Policy that budgetary reporting be disclosed for territorial as well as controlled.</p> <p>Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period Budget Statements. These amounts are not adjusted to reflect revised budgets (resulting from supplementary appropriations or administrative arrangements or other instruments authorised under the provisions of the <i>Financial Management Act 1996</i>). Explanations associated with revised budgets, particularly administrative arrangement changes, are to be reflected in the Management Discussion and Analysis which provides a high level overview of the financial results of an entity and the factors underlying the development, performance and position of the entity’s business during the reporting period</p> <p>Under the provisions of AASB 1055, where the original budget is revised by a supplementary budget that is presented to the Legislative Assembly, the revised budget may be disclosed in the financial statements in addition to the original budget and might need to be referred to in explanations of major variances.</p> <p>The explanations of major variances required to be disclosed are those relevant to an assessment of the discharge of accountability and to an analysis of the performance of an entity, and should not merely focus on the numerical differences between original budget and actual amounts. They include high-level explanations of the causes of major variances rather than merely the nature of the variances.</p> <p>Variances from comparative budget information in respect of the previous period need not be disclosed.</p> <p>Variances for the Statement of Changes in Equity do not have to be disclosed because these line items are also contained in other financial statements.</p> <p>Explanations of major variances at the Output Class level are not required.</p>

**‘EXAMPLE AGENCY’**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - TERRITORIAL**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Reference	Commentary Note 70: Budgetary Reporting – Territorial – Continued
	<p><b>General Guide for Assessing Major Variances</b></p> <p>As a general guide, variances are considered to be major variances if <b>both</b> of the following criteria are met:</p> <ol style="list-style-type: none"> <li>(a) the line item is a significant line item: where either the line item actual amount accounts for <u>more than</u> 10% of the relevant associated category (Income, Expenses and Equity totals) or <u>more than</u> 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and</li> <li>(b) the variances (original budget to actual) are <u>greater than</u> plus (+) or minus (-) 2.5% <u>and</u> \$500,000 of the budget for the financial statement line item for smaller agencies and <u>greater than</u> plus (+) or minus (-) 5% <u>and</u> \$15 million for large agencies. <ol style="list-style-type: none"> <li>i. Small agencies include Office of the Legislative Assembly, ACT Executive, Lifetime Care and Support Fund and Electoral Commissioner.</li> <li>ii. Large agencies include Chief Minister, Treasury and Economic Development, Territory Banking Account, Superannuation Provision Account, Canberra Health Services, Transport Canberra and City Services, Justice and Community Safety, Education, Community Services, Transport Canberra Operations, Environment, Planning and Sustainable Development and Health.</li> </ol> </li> </ol> <p>These thresholds are indicative only and are included to assist agencies’ in making judgement on whether a variance explanation is required. Each agency will need to consider this guidance and Section 1.2 Materiality Guidance when determining appropriate thresholds for explanations of major variances to be disclosed in their financial statements.</p> <p><b>Consultation with Audit Committee and the Audit Office</b></p> <p>Agencies are encouraged to agree on their specific thresholds for disclosures with their Audit Committee and consult with the Audit Office in the process of preparing their financial statements.</p> <p>Explanations are required for line items only. Explanations are not required for totals. If a line item is a category in its own right (e.g. only one line item in the category) then criteria (a) is not applicable and an explanation is required if criteria (b) is met. Examples of where a line item is a category in its own right are “Share of Operating Profit from Joint Venture” and “Cash and Cash Equivalents” at the Beginning of the Reporting Period.</p> <p>The associated category for the line item is the grouping in the financial statements where the line item appears. A grouping will usually start with a <b>bolded</b> heading and end with a <b>bolded</b> total.</p> <p>The relevant <b>bolded</b> totals for these criteria are:</p> <p><b><i>Statement of Income and Expenses on Behalf of the Territory</i></b></p> <ul style="list-style-type: none"> <li>• Income</li> <li>• Expenses</li> </ul> <p><b><i>Statement of Assets and Liabilities on Behalf of the Territory</i></b></p> <ul style="list-style-type: none"> <li>• Current Assets</li> <li>• Non-Current Assets</li> <li>• Current Liabilities</li> <li>• Non-Current Liabilities</li> <li>• Equity</li> </ul> <p><b><i>Statement of Changes in Equity on Behalf of the Territory</i></b></p> <p>These line items are disclosed in other financial statements</p> <p><b><i>Statement of Cash Flows on Behalf of the Territory</i></b></p> <ul style="list-style-type: none"> <li>• Receipts from Operating Activities</li> <li>• Payments from Operating Activities</li> <li>• Receipts from Investing Activities</li> <li>• Payments from Investing Activities</li> <li>• Receipts from Financing Activities</li> <li>• Payments from Financing Activities</li> </ul> <p>Not all the above <b>bolded</b> totals will be applicable to each agency.</p> <p>Agencies should provide to the Audit Office a work paper calculating all the variances of the financial statements, supporting which items have been disclosed as major variances. Work papers will also be required supporting the variance explanations.</p>



## 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 2019-20 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

Example Agency has applied the modified retrospective approach to the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* and comparative information is not restated. Changes from the adoption of these standards have been recognised against the opening equity at 1 July 2019.

**Reference:** AASB 15.C3(b), AASB 1058.C3(b) and AASB 16.C5(b)

### 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 2019-20 financial statements have been prepared on a going concern basis as 'Example Agency' has been funded in 2020-21 under section 7 of the *Financial Management Act 1996* pending funding in the 2020-21 Budget and the 2020-21 Budget Papers ~~include~~ including forward estimates for 'Example Agency'. The 2020-21 Budget will be presented to the Legislative Assembly subsequent to the signing of 'Example Agency's' 2019-20 financial statements.

**Reference:** ACT Treasury Directorate Finance Memorandum 2006/11

AASB 101.25-26

## APPENDIX A - COMMENTARY

The FMA requires the annual financial statements to include a statement of the accounting policies adopted by the agency and such other statements as are necessary to fairly reflect the financial operations of the agency during the year and its financial position at the end of the year.

**Reference:** FMA 27(3)(c) & (d), FMA 63(3)(c)

AASB 101 *Presentation of Financial Statements* requires that significant accounting policies be presented in the notes to the financial statements. The significant accounting policies must include the measurement basis used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements.

**Reference:** AASB 101.10(e), AASB 101.17

The notes must also include a statement that the financial statements are general-purpose financial statements and a statement as to whether the financial statements have been prepared in accordance with Australian Accounting Standards.

**Reference:** AASB 1054.7 & 9

In addition to the above-mandatory disclosure requirements, the commentary in the standards indicate that it may also be appropriate to indicate the relevant statutory and other requirements adopted in the preparation of the financial statements, such as compliance with the FMA. The notes should also disclose whether, for the purpose of preparing the financial statements, the agency is a for-profit or not-for-profit entity.

**Reference:** AASB 1054.8(a) & (b)

Where there is no accounting standard or accounting interpretation, the disclosures should focus on explaining why the policy applied ensures that relevant and reliable information is presented in the financial statements.

**Reference:** AASB 108.10

If a line item is not significant an agency may choose to further summarise or exclude the relevant note.

Disclosures should only be included where the item is materially relevant to the Agency.

**Reference:** Model Financial Statement 1.6 Application –ACT Disclosure Policy

**Commentary – Significant Accounting Judgements and Estimates**

## **ASSETS AND LIABILITIES**

AASB 101 requires all key assumptions concerning the future, that have a significant risk of causing material adjustments to carrying amounts of assets and liabilities within the next reporting period, to be disclosed. This disclosure will contain details of their nature and their carrying amounts as at the reporting date. The assumptions and other sources of estimation uncertainty disclosed in accordance with AASB 101.125 relate to the estimates that require management's most difficult, subjective or complex judgements.

**Reference:** AASB 101.125, AASB 101.127

## **OTHER JUDGEMENTS AND ESTIMATES**

For other significant accounting judgements and estimates they will be specific to each agency (see Appendix B – Significant Accounting Policies – Notes for the Financial Statements and Appendix D – Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error).

Where an agency has made a specific significant accounting judgement or estimate this must be disclosed. For example the Superannuation Provision Accounting makes significant accounting estimates in relation to the superannuation liability.

## **GOING CONCERN**

When preparing financial statements, management shall make an assessment of the agency's ability to continue as a going concern. The general presumption for government agencies is that they will continue to perform their current functions and activities.

From time to time, the government may decide through an administrative arrangement change, or similar event, to move functions across agencies and/or and create new agencies (or more rarely cease an agency's activities or sell off an agency). Agencies should disclose where it is known they will cease to be a separate reporting entity, due to an administrative arrangements change, or similar event. An example disclosure would read "As a result of Administrative Arrangement 20X0 (No.1), notifiable instrument NI 20X0-XXX, announced on 30 May 20X0 'Example Agency' ceases as a separate reporting entity on 1 July 20XX. 'Example Agency's' functions were transferred to 'New Agency'

**Reference:** AASB 101. 25-26

## 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

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

Revenue from the sale of goods is recognised when the goods are physically passed to the customer as control is transferred at this point in time. Payments are generally required within xx days of transfer of the goods.

*Agencies should ensure that all significant revenue streams included in this note supporting documentation which clearly sets out the relevant performance obligations, the revenue recognition methodology and any other pertinent terms and conditions within the contracts.*

The Agency earns revenue from provision of xxx services.

Revenue is recognised when the Agency satisfies the performance obligations which is over time [provide rationale for over time as well as the basis for recognising revenue] or at a point in time [when is the point in time].

A receivable in relation to these services is recognised when invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment.

### **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – REVENUE FROM CONTRACTS**

Agencies should ensure that they refer to all significant judgements and estimates made in applying AASB 15 and AASB 1058, including determining the appropriate accounting standard, performance obligations and the pattern of control transfer of goods and services. These disclosures should be specific to the agency.

Key judgements include determining the timing of revenue from contracts with customers in terms of timing of satisfaction of performance obligations and determining the transaction price and the amounts allocated to performance obligations. **Reference:** AASB 15.123

Estimation uncertainty includes determining the transaction price (estimating variable consideration, adjusting the consideration for the time value of money and measuring non-cash considerations), allocating the transaction price, including estimating stand alone selling prices and allocating discounts and variable consideration.

## NOTE 6 – GRANTS AND CONTRIBUTIONS

Where the Agency receives an asset or services for significantly less than fair value then the transaction is in the scope of AASB 1058 and revenue is recognised on receipt of the asset / services.

Where services are received, the expense is recognised in the line item to which it relates.

Goods and services received free of charge from ACT Government agencies are recognised as resources received free of charge, whereas goods and services received free of charge from entities external to the ACT Government are recognised as donations or contributions.

Services that are received free of charge are only recognised in the Operating Statement if they can be reliably measured and would have been purchased if not provided to the Agency free of charge.

Where Agencies receive capital grants that meet the following:

- the contract is enforceable;
- the financial asset is to be used to acquire or construct a non-financial asset which will be recognised by the agency; and
- the asset is not required to be transferred to any other party;

then a contract liability is recognised on receipt of funds and revenue is recognised as the acquisition or construction occurs. If the funds are received in arrears then a contract asset is recorded as the Agency is completing the work. **Reference:** AASB 1058.9 and AASB 1058.18 and AASB 1058.15

## NOTE 7 – INVESTMENT REVENUE

Interest revenue is recognised using the effective interest method. **Reference:** AASB 9.5.4.1

Distribution revenue is received from investments with the Territory Banking Account. This is recognised on an accrual basis using data supplied by the Territory Banking Account.

Dividend revenue is recognised when the Agency's right to receive payment is established.

**Reference:** AASB 9.5.7.1A(a)(b)&(c)

## SIGNIFICANT ACCOUNTING POLICIES – EXPENSES

### NOTE 11 – EMPLOYEE EXPENSES

Employee benefits include:

- short-term employee benefits such as wages and salaries, annual leave loading, and applicable on-costs, if expected to be settled wholly before twelve months (see Appendix B - Note 36 Employee Benefits if longer than 12 months) after the end of the annual reporting period in which the employees render the related services;
- other long-term benefits such as long service leave and annual leave; and
- termination benefits.

On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual leave and long service leave.

**Reference:** AASB 119.5 & 9

(See Appendix B – Note 36 Employee Benefits for accrued wages and salaries, and annual and long service leave).

## NOTE 12 – SUPERANNUATION EXPENSES

Employees of 'Example Agency' will have different superannuation arrangements due to the type of superannuation schemes available at the time of commencing employment, including both defined benefit and defined contribution superannuation scheme arrangements.

For employees who are members of the defined benefit Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS) 'Example Agency' makes employer superannuation contribution payments to the Territory Banking Account at a rate determined by the Chief Minister, Treasury and Economic Development Directorate. The "Example Agency" also makes productivity superannuation contribution payments on behalf of these employees to the Commonwealth Superannuation Corporation, which is responsible for administration of the schemes.

For employees who are members of defined contribution superannuation schemes (the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice) "Example Agency" makes employer superannuation contribution payments directly to the employees' relevant superannuation fund.

All defined benefit employer superannuation contributions are recognised as expenses on the same basis as the employer superannuation contributions made to defined contribution schemes. The accruing superannuation liability obligations are expensed as they are incurred and extinguished as they are paid.

**Reference** ACT Disclosure Policy, AASB 119.5(b) & 53

### SUPERANNUATION LIABILITY RECOGNITION

For "Example Agency" employees who are members of the defined benefit CSS or PSS the employer superannuation liabilities for superannuation benefits payable upon retirement are recognised in the financial statements of the Superannuation Provision Account.

## NOTE 13 – SUPPLIES AND SERVICES

### INSURANCE

Major risks are insured through the ACT Insurance Authority. The excess payable, under this arrangement, varies depending on each class of insurance held.

### REPAIRS AND MAINTENANCE

Maintenance expenses, which do not increase the service potential of an asset, are expensed.

### RENTAL EXPENSES

This covers payments for short-term leases (12 month term or less) and low-value leases (individual asset less than \$10,000) and standard non-specialised accommodation leases with Property Group.

**Reference** AASB 16.5(a)&(b)&B3-B8; ACT Accommodation Policy



## NOTE 14 – DEPRECIATION AND AMORTISATION

Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as buildings, infrastructure assets, and plant and equipment.

**Reference:** AASB 116.43 & 50

Land, and some community and heritage assets have an unlimited useful life and are therefore not depreciated.

Right-of-use leasehold improvements and plant and equipment under a finance lease are depreciated over the estimated useful life of each asset, or the unexpired period of the relevant lease, whichever is shorter.

All depreciation is calculated after first deducting any residual values, which remain for each asset.

**Reference:** AASB 116.53

Depreciation/amortisation for non-current assets is determined as follows:

Class of Asset	Depreciation / Amortisation	Useful Life (Years)
Buildings	Straight Line	5-100
Leasehold Improvements	Straight Line	2-10
Plant and Equipment	Straight Line	2-20
Infrastructure	Straight Line	5-100
Externally Purchased Intangibles	Straight Line	2-5
Internal Generated Intangibles	Straight Line	2-5
Community and Heritage Assets	Straight Line	5-100

Land improvements are included with buildings.

**Reference:** AASB 116.73(b) & (c), AASB 138.118(a) & (b)

The useful lives of all major assets held are reassessed on an annual basis.

**Reference:** AASB 116.51

## NOTE 16 – BORROWING COSTS

Borrowing costs are expensed in the period in which they are incurred.

**Reference:** AASB 123.Aus8.1 & Aus26.1, ACT Accounting Policy – Property Plant & Equipment

## NOTE 18 – WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

### WAIVERS

Debts are expensed during the year in which the right to payment was waived.

**Reference:** FMA 131 (3)

### IMPAIRMENT LOSSES – ASSETS

Expense impairment losses of assets include: land, buildings, infrastructure, community and heritage assets, plant and equipment, leasehold improvements and intangible assets (see Appendix B - Note 27 Impairment of Assets).

### IMPAIRMENT LOSSES AND WRITE-OFFS – RECEIVABLES

(See Note 23 Receivables.)

## SIGNIFICANT ACCOUNTING POLICIES – ASSETS

### ASSETS – CURRENT & NON-CURRENT

Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Assets, which do not fall within the current classification, are classified as non-current.

**Reference:** AASB 101.60 & 66

### SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – FAIR VALUE OF ASSETS

The Agency has made a significant estimate regarding the fair value of its assets. Land and buildings have been recorded at the market value of similar properties as determined by an independent valuer. In some circumstances, buildings that are purpose built may in fact realise more or less in the market. Infrastructure assets and some community and heritage assets have been recorded at fair value based on current replacement cost as determined by an independent valuer. The valuation uses significant judgements and estimates to determine fair value, including the appropriate indexation figure and quantum of assets held. The fair value of assets is subject to management assessment between formal valuations.

### NOTE 21 – CASH AND CASH EQUIVALENTS

Cash includes cash at bank and cash on hand. The Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Statement of Cash Flows but not in the cash and cash equivalents line on the Balance Sheet.

**Reference:** AASB 107.6 & 46, AASB 7.21

### NOTE 22 – INVESTMENTS

Agencies may hold investments with the Territory Banking Account. The price of units in investments with the Territory Banking Account fluctuates in value. The net gain or loss on investments consists of the fluctuation in price of the unit investment between the end of last reporting period and the end of this reporting period. As well, any profit on the sale of units investments (the profit being the difference between the price at the end of last reporting period and the sale price).

**Reference:** AASB 7.21, AASB 7.B5(e)

These investments with the Territory Banking Account are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement (see Model Financial Statements - Note 18 Other Expenses or Note 10 Gains on Investments). Fair value is based on an underlying pool of investments, which have quoted market prices at the reporting date.

**Reference:** AASB 13.91

### NOTE 23 – RECEIVABLES

#### ACCOUNTS RECEIVABLES

Accounts receivable (including trade receivables and other trade receivables) are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement (see Appendix B - Note 18 Waivers, Impairment Losses and Write-offs).

**Reference:** AASB 7.21

### IMPAIRMENT LOSS – RECEIVABLES

The allowance for expected credit losses represents the amount of trade receivables and other trade receivables the Agency estimates will not be repaid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. An entity shall measure expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available **without undue cost or effort** at the reporting date about past events, current conditions and forecasts of future economic conditions (AASB 9.5.5.17).

The amount of the expected credit loss is recognised in the Operating Statement (see Appendix B - Note 18 Waivers, Impairment Losses and Write-offs). The allowance for impairment losses are written off against the allowance account when 'Example Agency' ceases action to collect the debt when the cost recover debt is more than the debt is worth.

For trade receivables "Example Agency" applied the simplified approach under AASB 9, which uses a lifetime expected loss for all trade receivables.

A provision matrix is used to calculate the expected credit loss.

Where "Example Agency" has no reasonable expectation of recovering an amount owed by a debtor and ceases action to collect the debt, as the cost to recover the debt is more than the debt is worth, the debt is written-off by directly reducing the receivable against the loss allowance.

**Reference:** Model Financial Statements Guidelines: 1.6 Application - ACT Disclosure Policy refer Note 23, Appendix A and D, AASB 7.35F

### LOANS RECEIVABLE

Loans receivable are home loans to members of the public and assist low income households in achieving home ownership. Loans receivable are normally at a fixed rate of interest and repaid as a monthly principal and interest repayment. The terms of the loans vary between recipients.

For loan receivables "Example Agency" applied the simplified approach under AASB 9, which uses a lifetime expected loss for all loan receivables. A provision matrix is used to calculate the expected credit loss.

### SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – ALLOWANCE FOR IMPAIRMENT LOSSES

The Agency has made a significant estimate in the calculation of the allowance for impairment losses for receivables in the Financial Statements. This significant estimate is based on a number of categorisations of receivables and the use of an expected credit loss provision matrix. These categorisations are considered by management to be appropriate and accurate, based upon the pattern demonstrated in collecting receivables in the past financial years, general economic conditions and an assessment of both the current and the forecast direction of conditions at the reporting date.

## NOTE 24 – CONTRACT ASSETS

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Agency presents the contract as a contract asset, unless the Agency's rights to that amount of consideration are unconditional, in which case a receivable is recognised.

**Reference:** AASB 15.107

## CONTRACT COST ASSETS

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard, otherwise if the costs relate directly to a contract, the costs generate or enhance resources of the Agency that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to operating statement on an systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

**Reference:** AASB 15.95

## NOTE 25 – INVENTORIES

Inventories held for sale are valued at the lower of cost and net realisable value. Cost comprises the purchase price of inventories as well as transport, handling and other costs directly attributable to the acquisition of inventories. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The cost of inventories is assigned using the first-in, first-out/weighted average method.

**Reference:** AASB 102.36(a), AASB 102.9, AASB 102.25

Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

**Reference:** AASB 102.Aus9.1

Inventories held for distribution are measured at cost, adjusted when applicable, for any loss of service potential and recorded in the Operating Statement (see Model Financial Statements – Note 17 Other Expenses).

## NOTE 26 – NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are assets that are available for immediate sale in their present condition, and their sale is highly probable.

**Reference:** AASB 5.6 & 7

Assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less cost to sell (see Appendix B - Note 18 Waivers, Impairment Losses and Write-offs). Assets held for sale are not depreciated.

**Reference:** AASB 5.15, 20 & 25

## NOTE 27 – PROPERTY, PLANT AND EQUIPMENT

### ACQUISITION AND RECOGNITION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recorded at cost.

Where property, plant and equipment are acquired at no cost, or minimal cost, cost is its fair value as at the date of acquisition. However, property, plant and equipment acquired at no cost or minimal cost as part of a restructuring of administrative arrangements is measured at the transferor's book value.

**Reference:** AASB 116.15, AASB 116.Aus 15.1, AASB 1004.BC28

Where payment for property, plant and equipment is deferred beyond normal credit terms, the difference between its cash price equivalent and the total payment is measured as interest over the period of credit. The discount rate used to calculate the cash price equivalent is an asset specific rate.

**Reference:** AASB 116.23

Property, plant and equipment with a minimum value of <\$5,000> are capitalised.

### MAJOR CYCLICAL MAINTENANCE - INFRASTRUCTURE ASSET

The Agency undertakes major cyclical maintenance on its infrastructure assets. Where the maintenance leads to an upgrade increasing the service potential of the existing infrastructure asset, the cost is capitalised.

### MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT AFTER INITIAL RECOGNITION

Property, plant and equipment are valued using the cost or revaluation model of valuation. Land, buildings, infrastructure assets, leasehold improvements and community and heritage assets are measured at fair value. Plant and equipment is measured at cost.

Right-of-use assets are initially measured at cost. After the commencement date, right of use assets are measured at cost less any accumulated depreciation and accumulated losses and adjusted for any re-measurement of the lease liability. Right-of-use assets are presented in the property, plant and equipment under the relevant asset class.

**Reference:** AASB 16.23 & 36, ACT Accounting Policy – Property Plant & Equipment

Land, buildings, infrastructure assets, leasehold improvements, and community and heritage assets are revalued every 3 years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to buildings, leasehold improvements and community and heritage assets at the date of revaluation is written back against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**Reference:** AASB 116.31 & 34

Any accumulated depreciation relating to infrastructure assets is restated proportionally with the change in the gross carrying amount so that the net carrying amount of those assets after revaluation equals its revalued amount.

**Reference:** AASB 116.35(a)

### SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – USEFUL LIVES OF PROPERTY PLANT AND EQUIPMENT

The Agency has made a significant estimate in determining the useful lives of its PPE. The estimation of useful lives of PPE is based on the historical experience of similar assets and in some cases has been based on valuations provided by the 'XYZ Valuers'. The useful lives are assessed on an annual basis and adjustments are made when necessary.

Disclosures concerning assets useful life (see Appendix B – Note 14 Depreciation and Amortisation).

### IMPAIRMENT OF ASSETS

The Agency assesses, at each reporting date, whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. However, intangible assets that are not yet available for use are tested annually for impairment regardless of whether there is an indication of impairment, or more frequently if events or circumstances indicate they might be impaired.

**Reference:** AASB136.9 & 10

Any resulting impairment losses, for land, buildings, infrastructure, and community and heritage assets, are recognised as a decrease in the Asset Revaluation Surplus relating to these classes of assets. This is because these asset classes are measured at fair value and have an Asset Revaluation Surplus attached to them. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus for the relevant class of asset, the difference is expensed in the Operating Statement (see Model Financial Statements – Note 18 Waivers, Impairment Losses and Write-offs).

**Reference:** AASB 136.9, 59 & 60

### 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 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 Statement. All amounts are normally settled within <30 days> after the invoice date.

**Reference:** AASB 7.21

Payables include Trade Payables, Accrued Expenses and Other Payables.

## NOTE 33 – CONTRACT LIABILITIES

When an amount of consideration is received from a customer prior to the Agency transferring a good or service to the customer, the balance of the consideration which has not been transferred is presented as a contract liability. **Reference:** AASB 15.116(c)

## NOTE 34 – INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are a financial liability and are measured at the fair value of the consideration received when initially recognised and at amortised cost subsequent to initial recognition, with any adjustments to the carrying amount being recorded in the Operating Statement. The associated interest expense is recognised in the reporting period in which it occurs.

**Reference:** AASB 7.21, AASB 123.6(a)

## NOTE 35 – LEASE LIABILITIES

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that termination option.

After the commencement date, lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the rate on the ACT Accounting website is to be used. <https://apps.treasury.act.gov.au/accounting>. This rate reflects the lessee's incremental borrowing rate consistent with Treasury policy.

**ACCOUNTING POLICIES UNDER AASB 16 – APPLICABLE FROM 1 JULY 2019 – AGENCY AS LESSEE**

At inception of a contract, the Agency assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- the contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset;
- the Agency has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use;
- the Agency has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The Agency has elected not to separate non-lease components from lease components for leases, except for [provide details of leases where the lease and non-lease component have been separated where the non-lease component is material.] **Reference:** ACT mandates section 9

Where the non-lease components have been separated, they are recognised as an expense as incurred in the operating statement.

At the lease commencement date, the Agency recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Agency is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Agency uses the incremental borrowing rate published by ACT Treasury which most closely matches the remaining lease term.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Agency's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in the operating statement if the carrying amount of the right-of-use asset has been reduced to zero.

**EXCEPTIONS TO LEASE ACCOUNTING**

The Agency has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets.

The Agency recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.



### AGENCY AS LESSOR

For arrangements where the Agency is a lessor, the lease is classified as either an operating or finance lease at inception date based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When the Agency has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income from operating leases is recognised on a straight line basis over the lease term. Finance income under a finance lease is recognised on a basis to reflect a constant periodic rate of return on the Agency's net investment in the lease.

### RENTAL INCOME

The recognition pattern for rental income depends on the classification of the lease as operating or finance, refer to the leases accounting policy.

## NOTE 36 – EMPLOYEE BENEFITS

Employee Benefits are listed in Appendix B - Note 11 Employee Expenses.

### WAGES AND SALARIES

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

**Reference:** Model Financial Statements Guidelines - 1. 6 Application – ACT Disclosure Policy

### ANNUAL AND LONG SERVICE LEAVE

Annual and long service leave including applicable on-costs that are not expected to be wholly settled before twelve months after the end of the reporting period, when the employees render the related service are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period end, the present value of future annual leave and long service leave payments is estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

**Reference:** Model Financial Statements Guidelines - 1.6 Application – ACT Disclosure Policy

Annual leave liabilities have been estimated on the assumption they will be wholly settled within three years. This financial year the rate used to estimate the present value of future:

- annual leave payments is XX% (101.6% in the previous financial year); and
- payments for long service leave is XX% (110.1% in the previous financial year).

**Reference:** AASB 119.60, 66 & 156

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.

### **ANNUAL AND LONG SERVICE LEAVE - CONTINUED**

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

**Reference:** AASB 101.69

### **SIGNIFICANT JUDGEMENTS AND ESTIMATES – EMPLOYEE BENEFITS**

Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for annual and long service leave requires a consideration of the future wage and salary levels, experience of employee departures, probability that leave will be taken in service and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by an actuary. The Australian Government Actuary performed this assessment in April 2019. The next actuarial review is expected to be undertaken by early 2022.

## **NOTE 38 – OTHER LIABILITIES**

### **REVENUE RECEIVED IN ADVANCE**

Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received, otherwise all are recorded as revenue.

**Reference:** AASB 101.77 & 78

## **NOTE 40 – FINANCIAL INSTRUMENTS**

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial assets.

**Reference:** AASB 9.4.1.1

The following are the classification of 'Example Agency's' financial assets under AASB 9:

<b>Items</b>	<b>Business Model Held to collect principal and interest/sell</b>	<b>Solely for payment of Principal and Interest SPPI Test (basic lending characteristics)</b>	<b>Classification</b>
Cash and Cash Equivalents	Held to collect	Yes	Amortised cost
Trade Receivables	Held to collect	Yes	Amortised cost
Accrued Revenue	Held to collect	Yes	Amortised cost
Loans Receivable	Held to collect	Yes	Amortised cost
Investments with the TBA	Held to collect /& sell	No	FVTPL

Financial liabilities are measured at amortised cost.

**Reference:** AASB 9.4.2.1

## NOTE 43 – INTEREST IN A JOINT VENTURE

Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the rights and obligations of the parties to the arrangement, rather than the legal structure of the joint arrangement.

Reference: AASB11.14

### JOINT VENTURE

‘Example Agency’ uses the equity method to account for its interest in its joint venture. Under the equity method, on initial recognition, the investment in a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the Example Agency’s share of the profit or loss of the joint venture after the date of acquisition. The Example Agency’s share of the joint venture’s profit or loss is recognised in the Operating Statement. Distributions received from a joint venture reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary in the proportionate interest in the joint venture arising from changes in the joint venture’s other comprehensive income including revaluation of property, plant and equipment. The Example Agency’s share of changes is recognised in other comprehensive income.

Reference: AASB 11.16, AASB 128.10

Gains and losses resulting from ‘upstream’ (joint venture to Example Agency) and ‘downstream’ (Example Agency to joint venture) transactions are eliminated to the extent of Example Agency’s interest in the joint venture. However, unrealised losses are not eliminated to the extent that the transaction provides evidence of a reduction in the net realisable value or in the recoverable amount of the assets transferred. Contributions of non-monetary assets to a joint venture in exchange for an equity interest are also accounted for in accordance with these requirements.

Reference: AASB 128.28-30

### JOINT OPERATIONS

The share of assets, liabilities, income and expenses of the jointly controlled operation has been incorporated in the financial statements of the Example Agency under the appropriate headings.

Reference: AASB 11.20

Note 49 – Budgetary Reporting

## NOTE 49: BUDGET REPORTING

Significant judgements have been applied in determining what variances are considered ‘major variances’. Variances are considered major if both of the following criteria are met:

- The line item is a significant line item: where either the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or more than 10% of the sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- [Update as relevant in line with the advice included in the disclosure and assessment undertaken by each agency in making this judgement].

## TERRITORIAL – SPECIFIC SIGNIFICANT ACCOUNTING POLICIES

### SIGNIFICANT ACCOUNTING POLICIES – SPECIFIC TO TERRITORIAL – INCOME

#### NOTE 51 – PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY – TERRITORIAL

The payment for expenses on behalf of the Territory is recognised on an accrual basis. Due to the nature of territorial accounting, the Statement of Assets and Liabilities on Behalf of the Territory includes (as applicable) liabilities to, and receivables from, the Territory Banking Account.

**Reference:** AASB 1050.7

#### NOTE 52 – TAXES, LICENCES, FEES AND FINES – TERRITORIAL

Taxes are recognised as revenue at the time of payment. Licence revenue, apart from short-term licences (12 months or less) and low-value licences (\$10,000 or less) are recognised consistent with performance obligations under the licence. Fees are either recognised as revenue at the time of payment or when the fee is incurred. Fines are recognised as revenue on the issue of the relevant infringement notice. Where the fine attracts a penalty for late payment, the penalty amount is recognised as revenue on issue of the late payment notice.

### TERRITORIAL NOTES REFERENCED TO CONTROLLED NOTES

**Note 56 Waivers, Impairment Losses and Write-offs – Territorial:** see Appendix A: Note 18 Waivers, Impairment Losses and Write-offs.

**Note 57 Cash and Cash Equivalents – Territorial:** see Appendix A: Note 21 Cash and Cash Equivalents.

**Note 58 Receivables – Territorial:** see Appendix A: Note 23 Receivables.

**Note 60 Payables – Territorial:** see Appendix A: Note 32 Payables.

**Note 70 Budgetary Reporting— Territorial:** see Appendix A: Note 49 Budget Reporting.

## APPENDIX C – IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

Appendix C - impact of accounting standards issued but yet to be applied concerns both the Controlled and Territorial financial statements. Where specific to Territorial they are listed below under the heading Territorial.

**Reference:** AASB 108.30 & 31 applies to Appendix C - Impact of Accounting Standards Issued – Early Adopted and Yet to be Applied.

### ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. 'Example Agency' does not intend to adopt these standards and interpretations early. Where applicable, these Australian Accounting Standards will be adopted from their application date.

- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [AASB 10 & 128] (application date 1 Jan 2022)

This standard makes amendments to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The mandatory effective date of AASB 2014-10 has been deferred to 1 January 2022 by AASB 2017-5 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*. There is no material financial impact on 'Example Agency'.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business* [AASB 3] (application date 1 January 2020)

This standard amends AASB *Business Combinations* to clarify the definition of a business, assisting agencies to determine whether a transaction should be accounted for as a business combination or as an asset recognition.

There is no financial impact on 'Example Agency.'

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material* [AASB 2, 101, 108, 110, 134, 137, the *Framework*, and AASB Practice Statement 2] (application date 1 January 2020)

This standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101 and clarify the definition of material and its application across AASB Standards and other publications.

There is no financial impact on 'Example Agency'

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* [AASB 101] (application date 1 January 2022)

There is no financial impact on 'Example Agency'

## APPENDIX C – COMMENTARY

The listing of standards and the associated commentary is to assist agencies to make the necessary disclosures. Agencies should make their own assessment on the impact and relevance of the standards listed to their financial statements, bearing in mind that they should only disclose those standards and amending standards that are expected to have a material impact on them or where they have not yet assessed their impact.

The Model does not contain a complete list of standards issued but not yet applicable. Instead it contains those standards not yet applicable which will most likely apply to most agencies (as at March 2020). This is because agencies do not have to include standards that would never apply to them (e.g. AASB 129 *Financial Reporting in Hyperinflationary Economies*). As such, most agencies will be able to simply use the list contained in the model note, disclosing only the standards that are expected to have a material impact on them or where they have not yet assessed the impact of a standard.

However, additional standards may be issued (which are applicable) between April and the date of signing of the financial statements and therefore further standards may need to be included in the Notes. The Financial Reporting and Framework Branch will issue an updated Note disclosure in July to assist agencies in picking up additional standards issued in their Note disclosures. Agencies should monitor any further standards issued after that July update. Agencies need to assess each new and amended standard issued but not yet applicable and disclose if their adoption is likely to have a significant impact. The 'Example Agency' impacts are indicative and agencies need to make their own assessment. Further guidance on this will be included in the Accounting Policy on *Treatment of AASB Standards issued which are not yet effective as at 30 June 2019* to be issued in July 2020. Agencies should review this policy in assessing the impact of standards that released but are not yet effective as at 30 June 2020 for disclosure in their 2019-20 financial statements.

For the information of agencies, the additional standards issued but not yet applicable (as at March 2020 which are not disclosed in the Model are:

- AASB 17 *Insurance Contracts* (application date 1 January 2021);
- AASB 1059 *Service Concession Arrangements: Grantors\** (application date 1 January 2020);  
\*This standard will impact a small number of ACT Government agencies.
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-profit Tier 2 Entities* (application date 1 July 2021);
- AASB 2018-7 *Definition of Material* (application date 1 January 2020);
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework* [covers numerous Accounting standards, Interpretations and Pronouncements] (application date 1 January 2020);
- AASB 2019-2 *Amendments to Australian Accounting Standards – Implementation of AASB 1059* [AASB 16 and AASB 1059] (application date 1 January 2020);
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* [AASB 7, AASB 9 and AASB 1039] (application date 1 January 2020);
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia* [AASB 1054] (application date 1 January 2020); and
- AASB 2019-7 *Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations* [AASB 1049] (application date 1 January 2020);
- AASB 2020-1 *Classification of Liabilities as Current or Non-current* (application date 1 January 2022); and
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Public Sector Entities* (application date 1 July 2021);

Note, it is recommended that agencies review the above standards to ensure they do not apply to that agency.

## APPENDIX D – CHANGE IN ACCOUNTING POLICY, ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR

Appendix D the change in accounting policy, accounting estimates and correction of prior period error applies to both the Controlled and Territorial financial statements.

### CHANGE IN ACCOUNTING ESTIMATES

‘Example Agency’ had the following changes in accounting estimates during the reporting period.

#### REVISION OF USEFUL LIVES AND RESIDUAL VALUES

‘Example Agency’ reviewed the useful lives and residual values of its property, plant and equipment at the end of the reporting period. This review resulted in the adjustment to the useful lives of some community and heritage assets and the increase of the residual value of some plant and equipment, for details see Note 14 Depreciation and Amortisation.

Reference : AASB 108.34 & 39

#### REVISION OF RESTRUCTURING PROVISION

‘Example Agency’ reviewed its provision for the restructuring of a maintenance division at the end of the reporting period. It was determined that the initial amount estimated for the dismantling and disposing of plant and equipment was overstated and as such has been reduced, for details see Note 37 Other Provisions.

### CHANGE IN ACCOUNTING POLICY

Information provided below explains the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* on ‘Example Agency’s’ financial statements.

#### **Initial Application of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities***

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts*, AASB 1004 *Contributions and related interpretations* for annual reporting periods beginning on or after 1 January 2019 for not-for-profit entities.

‘Example Agency’ will adopt the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach, and ‘Example Agency’ will recognise the cumulative effect of initially applying the standard as an adjustment to the opening balance of Equity as at the date of initial application (1 July 2019).

Under this transition method, agencies may elect to apply the Standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

## APPENDIX D- CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION PRIOR PERIOD ERROR

### ***Revenue Recognition under AASB 15***

Under AASB 15 agencies recognise revenue when (or as) they satisfy a performance obligation by transferring a promised good or service and it is based on the transfer of control rather than the transfer of risks or rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. Revenue is recognised by applying the following five steps:

1. identifying contracts with customers;
2. identifying separate performance obligations;
3. determining the transaction price of the contract;
4. allocating the transaction price to each of the performance obligations; and
5. recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

### ***Revenue Recognition under AASB 1058***

'Example Agency' receives income from appropriations and other agreements which are recognised under AASB 1058. AASB 1058 is applied to Not-for-Profit agencies for recognising income that either does not arise from an enforceable contract with customers or which do not have sufficiently specific performance obligations. The timing of income recognition under AASB 1058 depends upon whether such a transaction gives rise to a liability or a contribution by owners, related to an asset (such as cash or another asset recognised by an agency).

### ***Contract Balances***

When either party to the contract has performed the obligation, an agency must present the contract in the balance sheet as a contract asset or contract liability. Any unconditional rights to consideration are presented separately as a receivable. **Reference:** AASB 15.C7

To clarify:

- a contract asset is recognised if an agency transfers goods or services to a customer before the customer pays consideration or the payment is due;
- a contract liability is recognised if a customer pays consideration before the agency transfers a good or service to the customer; and
- a receivable is an agency's right to consideration that is unconditional and only passage of time is required before payment of the consideration is due. **Reference:** AASB 1058.C6

This has resulted in an increase in the contract liability of \$xxx at 1 July 2019 due to [insert reason for change].

### **Significant Changes to Accounting for Revenue on Adoption of AASB 15 and AASB 1058**

The significant changes to accounting policies arising from adoption of AASB 15 and AASB 1058 are described below and the impacts of these changes at 1 July 2019 and for the year ended 30 June 2020 are shown in the tables below.

### **Comparison of Financial Statement Line Items under AASB 15 and AASB 1058 Compared to Previous Standards for the Current Year**

The table below shows for comparability purposes the operating statement and balance sheet for the year ended 30 June 2020 under AASB 15 / AASB 1058 and the previous revenue standards as if AASB 15 and AASB 1058 had not been adopted. **Reference:** ACT Disclosure Policy and AASB 15.C8a



## APPENDIX D- CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION PRIOR PERIOD ERROR

### Balance Sheet as at 30 June 2020

*[Note – only include line items which are affected by the adoption of AASB 15 and AASB 1058]*

	Notes to table	AASB 15 and AASB 1058 carrying amount per Balance sheet	Adjustments if AASB 15 and AASB 1058 had not been applied <sup>1</sup>	Carrying amount if AASB 15 and AASB 1058 had not been adopted
--	----------------------	--	---	---

#### Current Assets

[Insert line items affected]

#### Current Liabilities

[Insert line items]

#### Non-Current Assets

[Insert line items]

#### Non-Current Liabilities

[Insert line items]

#### Net Assets

#### Equity

Retained earnings

[Insert line items]

#### Total Equity

<sup>1</sup> Where there are adjustments, Agencies should provide explanations

### Operating Statement for the year ended 30 June 2020

*[Note – only include line items which are affected by the adoption of AASB 15 and AASB 1058]*

	Notes to table	AASB 15 / AASB 1058 balance per Operating Statement	Adjustments if AASB 15 and AASB 1058 had not been applied <sup>1</sup>	Balances if AASB 15 and AASB 1058 had not been adopted
--	----------------------	--	---	--

#### Revenue

[Insert line items]

[Insert line items]

[Insert line items]

[Insert line items]

#### Operating (deficit)/surplus

#### Total Comprehensive

#### Income

<sup>1</sup> Where there are adjustments, Agencies should provide explanations

### Statement of Cash Flows for the year ended 30 June 2020

The Statement of Cash Flows is not materially different under AASB 1058 / AASB 15 from that which would be presented under the previous revenue standards.

## APPENDIX D- CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION PRIOR PERIOD ERROR

### Implementation of AASB 16 Leases

For reporting periods beginning on or after 1 January 2019, AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases- Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of lessees and lessors. The main changes introduced by the new standard include identification of a lease within a contract and a new lease accounting model for lessees that requires that requires lessees to recognise all leases (previously operating and finance leases) in the Balance Sheet as a right-of-use asset and lease liability, except for short-term leases (leases of 12 months or less at commencement date) and low-value assets (valued at less than \$10,000).

The operating and finance lease distinction no longer exists.

‘Example Agency’ has applied the modified retrospective approach on initial adoption. As permitted under the specific transition provisions in the standard, comparatives have not been restated. The cumulative effect of initially applying this standard is shown as an adjustment to the opening balance of retained earnings. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

‘Example Agency’ has applied the Territory Policy for Transition on AASB 16 Leases – see the Accounting Policy website: <https://apps.treasury.act.gov.au/accounting>

### Measurement of Lease Liabilities

Operating Lease Commitments disclosed as at 30 June 2019	XXX
Discounted using incremental borrowing rate at date of initial application	XXX
Add: Finance Lease liabilities recognised as at 31 June 2019	XXX
(Less): Short term leases not recognised as a liability	XXX
(Less): Low value leases not recognised as a liability	XXX
Lease Liability recognised as at 1 July 2019	XXX

The effect of adopting AASB 15, AASB 16 and AASB 1058 as at 1 July 2019 was as follows:

	Notes	Adjustments 1 January 2019 (\$'000)
<b>Assets</b>		
Trade Receivables	23	
Contract Assets	24	
Right of use Assets	27	
<b>Total Assets</b>		
<b>Liabilities</b>		
Contract Liabilities	33	
Lease Liabilities	35	
<b>Total Liabilities</b>		
<b>Total Adjustments on Equity</b>		
Accumulated surplus/(deficit)		

With these changes, the net impact on retained earnings on 1 July 2019 was XXXX.

The Agency has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations. **Reference:** AASB 16.C5

## APPENDIX D- CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION PRIOR PERIOD ERROR

### Impact of Adoption of AASB 16

The impact of adopting AASB 16 is described below.

#### Agency as a Lessee

Under AASB 117, the Agency assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Agency or remained with the lessor.

Under AASB 16, the concept of operating and finance leases no longer exists for the lessee and therefore all leases which meet the definition of a lease are recognised on the balance sheet (except for short-term leases and leases of low value assets).

The Agency has elected to use the exception to lease accounting for short-term leases and leases of low value assets and the lease expense relating to these leases are recognised in the operating statement on a straight line basis.

Practical expedients used on transition *in accordance with the Territory Policy for Transition on AASB 16:*

AASB 16 includes a number of practical expedients which can be used on transition, the Agency has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Agency's incremental borrowing rate at 1 July 2019 based on the remaining lease term;
- right of use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments for building leases where the historical information is not readily available and all non-building leases;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term; and
- used hindsight when determining the lease term is the contract contains options to extend or terminate the lease. **Reference:** AASB 16.C9,C10

Where leases which were previously classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019. **Reference:** AASB 16.C11

## APPENDIX D- CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION PRIOR PERIOD ERROR

### Financial Statement Impact of Adoption of AASB 16

At 1 July 2019, the Agency has recognised right of use assets of \$xxx and lease liabilities of \$xxx for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at [beginning of current reporting period] was xx%. **Reference:** AASB 16.C12a

The table below provides an explanation of the difference between the operating lease commitments note at 30 June 2019 and the recorded lease liability at 1 July 2019.

	\$'000
Operating lease commitments at 30 June 2019	
Discounted using the incremental borrowing rate at 1 July 2019	
Add:	
Finance lease liabilities	
Extension options reasonably certain to be exercised not included in the commitments note	
Variable lease payments linked to an index	
[Other reconciling items]	
Less:	
Short-term leases included in commitments note	
Leases for low value assets included in commitments note	
Non-lease components included in the commitments note but excluded from the lease liability	
[Other reconciling items]	
<b>Lease liabilities recognised at 1 July 2019</b>	
<b>Reference:</b> AASB 16.C12b	

### Agency as a Lessor

For the arrangements where the Agency is a lessor, there are no significant accounting policy changes on adoption of AASB 16 except for sub-leases which have now been classified in relation to the right-of-use asset under the head lease rather than the underlying asset.

The Agency has applied AASB 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component. **Reference:** AASB 16.C14,15

## APPENDIX D - COMMENTARY

### CHANGE IN ACCOUNTING POLICY

For information concerning the treatment and disclosure of a Change in Accounting Policy please refer to the Model Supplement: *Presenting Restatements of Comparatives*.

In relation to revenue changes, Agencies need to tailor this note for the specific impacts on their revenue recognition policies and provide explanations for changes.

Only affected line items are included in the Operating Statement and Balance Sheet table.

If the impact on the Statement of Cash Flows is material then a table showing the changes (similar to the operating statement and the balance sheet) should be included.

### CHANGES IN ACCOUNTING ESTIMATES

The effect of a change in an accounting estimate shall be recognised prospectively in the Operating Statement in:

- the period of the change, if the change affects that period only; or
- the period of the change and future periods, if the change affects both.

**Reference:** AASB 108.36

Except to the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the reporting period of the change.

**Reference:** AASB 108.37

Agencies are required to disclose the nature and amount of a change in an accounting estimate that has an effect in the current reporting period or is expected to have an effect in future reporting periods, except for the disclosure of the effect on future reporting periods when it is impracticable to estimate that effect. If the amount of the effect in future periods is not disclosed because estimating it is impracticable, that fact shall be disclosed.

**Reference:** AASB 108.39, AASB 108.40

For property, plant and equipment, disclosure of a change in an accounting estimate may arise from changes in estimates with respect to:

- residual values;
- the estimated costs of dismantling, removing or restoring items of property, plant and equipment;
- useful lives; and
- depreciation methods.

### CORRECTION OF PRIOR PERIOD ERRORS

For information concerning the treatment and disclosure of a correction of a prior period error, please refer to the Model Supplement: *Presenting Restatements of Comparatives*.

### MODIFICATION

Agencies should modify this note to their particular requirements. For example, if an agency only has a change in accounting policy and no corrections of errors or change in accounting estimates, then only the section on changes in accounting policy is required. The note title should only reflect what the note contains. In the example above, there is only a Change in Accounting Estimates.

In the event that an agency has none of the items to report, then the note should be omitted in its entirety.