AADP 301 ACT ACCOUNTING DISCLOSURE PAPER

ON

ACCOUNTING FOR CHANGES IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES AND CORRECTION OF PRIOR PERIOD ERRORS

Chief Minister, Treasury and Economic Development Directorate

June 2023

Policy Start date: For the Year Ended 30 June 2023

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1. INTRODUCTION

1.1 APPLICATION

1.1.1 Purpose

The Financial Reporting and Framework (FRF) Branch has prepared this disclosure paper to provide agencies with a comprehensive guide to use if, and when, they are required to restate comparatives. This ACT Accounting Disclosure Paper addresses the accounting and disclosure of changes in accounting policy, change in accounting estimates and the correction of prior period errors.

This paper applies to an agency where:

- they are applying a change in an accounting policy retrospectively;
- they have a prior period error that is being corrected;
- they have chosen to restate their comparatives for any other reason (such as a reclassification of line items due to the fact that it is considered more useful to readers etc); or
- they have changed an accounting estimate.

An agency with a change in an accounting estimate should also refer to Note 4 *'Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error'* as appearing in the 2022-23 Model Financial Statements, as it includes an example of the disclosures required in such instances.

There is no intention that the ACT Accounting Policies will replicate the Accounting Standards. Consequently, agencies should ensure that they have a thorough understanding of the content of the standards before reading and applying relevant ACT Accounting Policies.

1.1.2 Application Date

This ACT Accounting Disclosure Paper applies to the reporting periods beginning on or after 1 July 2022. For agencies whose financial year ends on 30 June this policy is applicable to financial years ending on or after 30 June 2023. For agencies whose financial year ends on 31 December this policy is applicable to financial years ending on or after 31 December 2023.

1.1.3 Agencies Covered by this Policy

This policy applies to all ACT Government Agencies that are directorates and territory authorities.

1.1.4 Contact

If you have any questions regarding this Policy, contact the FRF Branch to obtain further clarification. Contact details are listed on the ACT Accounting website: https://www.treasury.act.gov.au/accounting/.

1.1.5 Application of Policy

Requirements of this policy are included in **bold** text, with un-bolded text being background information/commentary.

2. CHANGES IN ACCOUNTING POLICY

2.1 OVERVIEW

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an agency in preparing and presenting financial statements.

Reference: AASB 108.5

Changes in an agency's accounting policies shall be made when:

- it is required by an Australian Accounting Standard; or
- it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the agency's financial position, financial performance or cash flows.

Generally speaking changes in accounting policies arise from three sources which are as follows:

- the initial application of an Australian Accounting Standard which contains specific transitional provisions in relation to how to account for a change(s) in accounting policy;
- the initial application of an Australian Accounting Standard which does not have specific transitional provisions in relation to how to account for a change(s) in accounting policy; and
- voluntary changes in accounting policies.

Reference: AASB 108.14

The following are examples that are not changes in accounting policy:

- the application of an accounting policy for transactions, other events or conditions, that differ in substance from those previously occurring; and
- the application of a new accounting policy for transactions, other events or conditions, that did not occur previously or were immaterial.

Reference: AASB 108.16

Changes in accounting policy can relate to recognition, measurement and presentation:

- Recognition – e.g. an agency can change the recognition policy relating to the sale of goods and services from contracts with customers;
- Measurement – e.g. an agency can change the measurement basis of property, plant and equipment from cost to fair value (and vice versa); and
- Presentation – e.g. an agency can change the classification of an item within the operating statement, balance sheet or statement of cash flows.

An example of a change in accounting policy is where an agency decides to change its property, plant and equipment capitalisation threshold as this is a policy decision that determines the amount which is expensed and the amount that is capitalised. An agency might decide to reduce its capitalisation threshold from $5,000 to $2,000 as it considers that this is more appropriate for the recording and tracking of its assets. This would have the effect of increasing assets and reducing expenses.

2.2 ACCOUNTING TREATMENT

An agency shall account for a change in accounting policy resulting from the initial application of an Australian Accounting Standard in accordance with the specific transitional provisions, if any, in that Australian Accounting Standard. In the absence of any transitional provisions, or in the case where an agency voluntarily changes accounting policies, the change shall be applied retrospectively.

Reference: AASB 108.19(a)(b)

Retrospective application is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

Reference: AASB 108.5

When either initially applying an Australian Accounting Standard that does not include specific transitional provisions, or where a voluntary change in accounting policy is made, they are to be accounted for retrospectively by adjusting the opening balance of each affected component of equity for the earliest prior period presented and also by restating the comparative information.

References: AASB 108.19(a)(b), AASB 108.22

If it is impracticable for the agency to identify the effects of changing an accounting policy, AASB 108 requires that the new accounting policy be applied to the carrying amounts of assets and liabilities as at the beginning of the earliest period for which application is practicable.

Reference: AASB 108.24

Applying a requirement is impracticable when the agency cannot apply it after making every reasonable effort to do so. For a particular prior period, it is impracticable to apply a change in an accounting policy retrospectively or to make a retrospective restatement to correct an error if:

(a) the effects of the retrospective application or retrospective restatement are not determinable;

(b) the retrospective application or retrospective restatement requires assumptions about what management's intent would have been in that period; or

(c) the retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that:

(i) provides evidence of circumstances that existed on the date(s) as at which those amounts are to be recognised, measured or disclosed; and

(ii) would have been available when the financial statements for that prior period were authorised for issue from other information.

Reference: AASB 108.5

2.3 DISCLOSURE REQUIREMENTS

2.3.1 Initial Application of an Australian Accounting Standard

When initial application of an Australian Accounting Standard has an effect on the current reporting period or any prior reporting period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an Agency shall disclose:

- the title of the Australian Accounting Standard;
- when applicable, that the change in accounting policy is made in accordance with its transitional provisions;

- the nature of the change in accounting policy;
- when applicable, a description of the transitional provisions;
- when applicable, the transitional provisions that might have an effect on future periods;
- for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected;
- the amount of the adjustment relating to periods before those presented, to the extent practicable; and
- if retrospective application required by AASB 108.19(a) or (b) is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Financial statements of subsequent periods need not repeat any of these disclosures.

Reference: AASB 108.28

2.3.2 Voluntary Changes

Where a voluntary change in accounting policy has an effect in the current reporting period, prior periods or future periods, the following must be disclosed:

- the nature of the change;
- the reasons why applying the new accounting policy provides reliable and more relevant information;
- the amount of any adjustment for current period and each prior period for each financial statement line item affected;
- the amount of the adjustment relating to prior reporting periods; and
- if retrospective application is impracticable for a particular reporting period or for prior reporting periods, a description of:
    - the circumstances that led to that condition; and
    - how, and from when, the change in accounting policy has been applied.

Financial statements of subsequent periods need not repeat any of these disclosures.

Reference: AASB 108.29

3. CORRECTION OF PRIOR PERIOD ERRORS

3.1 OVERVIEW

Prior period errors are omissions from, and misstatements in, the agency's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Reference: AASB 108.5

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Financial statements do not comply with Australian Accounting Standards if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an agency's financial position, financial performance or cash flows. Potential current reporting period errors discovered in that reporting period are corrected before the financial statements are authorised for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent reporting period.

Reference: AASB 108.41

Where a prior period error is material then agencies must correct the error on the face of the financial statements, in the notes and must also include a separate specific note (titled *'Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error'*) in their financial statements. Where an immaterial prior period error is discovered, it is recommended that the most recent comparative year in the agency's financial statements be adjusted on the face of the statements and in the notes. A brief paragraph should be included at the bottom of the note outlining the error. However, in the case of an immaterial prior period error, a full retrospective restatement and a separate specific note (titled *'Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error'*) are not required. See **Appendix D** for an example disclosure.

Reference: ACT Disclosure Policy

3.2 ACCOUNTING TREATMENT

Under AASB 108, an agency must correct a material prior period error(s) in the first financial statement authorised for issue after the discovery by:

- **restating the comparative amounts for the reporting period(s) presented when the error(s) occurred; or**
- **if the error occurred before the earliest prior reporting period presented, restating the opening balances of assets, liabilities, and equity for the earliest prior period presented.**

Reference: AASB 108.42 (a) & (b)

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period specific effects of an error on comparative information the agency shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods the agency shall restate the comparative information to correct the error prospectively from the earliest date practicable.

Reference: AASB 108.43, AASB 108.44 & AASB 108.45

See Section 2.2 of this disclosure paper for guidance in relation to when the effect of an error is considered to be impractical to determine.

3.3 DISCLOSURE REQUIREMENTS

In order to disclose the correction of a material prior period error(s), an agency must disclose the following:

- the nature of the prior period error(s);

- for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected;
- the amount of the correction at the beginning of the earliest prior period presented; and
- if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

Financial statements of subsequent periods need not repeat any of these disclosures.

Reference: AASB 108.49

For an example disclosure of a 'Correction of a Material Prior Period Error' please see **Appendix A** to **Appendix C** of this disclosure paper.

4. CHANGES IN ACCOUNTING ESTIMATES

4.1 OVERVIEW

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Estimation involves judgements based on the latest available, reliable information. For example, estimates may be required of:

- bad debts;
- inventory obsolescence;
- the fair value of financial assets or financial liabilities; and
- the useful lives of, or expected pattern of consumption of the future economic benefits embodied in, depreciable assets.

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

Reference: AASB 108.5, AASB 108.32 and AASB 108.35

An example of a change in accounting estimate is where an agency reviews the useful lives and residual values of its property, plant and equipment and determines that both the useful life and residual value of some of these assets need to be changed as this represents the best current assessment of the period in which the future economic benefits of these assets will be consumed.

This needs to be distinguished from the situation where an agency has made an assessment of the useful life of an item of property, plant and equipment and then has failed to depreciate the asset based on this useful live. In this case this would be considered an error. For example, if it is assessed that a bridge has a useful life of 100 years however it has accidently been depreciated based on a useful life of only 50 years then this would be considered an error.

Agencies should also be aware that AASB 116 states that a change in depreciation method is considered to be a change in accounting estimate rather than a change in accounting policy.

4.2 ACCOUNTING TREATMENT

The effect of a change in an accounting estimate, shall be recognised prospectively by including it 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.**

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. For example, a change in the estimate of the amount of bad debts affects only the current period's profit or loss and therefore is recognised in the current period. However, a change in the estimated useful life of, or the expected pattern of consumption of the future economic benefits embodied in, a depreciable asset affects depreciation expense for the current period and for each future period during the asset's remaining useful life.

Reference: AASB 108.36 and AASB 108.38

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

Prospective recognition of the effect of a change in an accounting estimate means that the change is applied to transactions, other events and conditions from the date of the change in estimate, i.e. from the point of the change onwards and not retrospectively. As such, a change in an accounting estimate does not cause any restatements to be made of comparatives.

Reference: AASB 108.38

4.3 DISCLOSURE REQUIREMENTS

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

Agencies with changes in accounting estimates should refer to Note 4 *Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error* as appearing in the 2022-23 Model Financial Statements, for examples of the disclosures required.

5. OTHER RECLASSIFICATIONS

5.1 OVERVIEW

From time to time, an agency will present their information in a different manner to how it was classified in prior years. Agencies are only allowed to do this if the changed presentation provides information that is reliable and more relevant to users of the financial statements and the revised structure is likely to continue so that comparability is not impaired. Agencies are also allowed to present their information in a different manner where required by an Australian Accounting Standard.

Reference: AASB 101.45 and AASB 101.46

5.2 ACCOUNTING TREATMENT

If reclassification occurs in the current period, an agency should reclassify comparative amounts in order to maintain the comparability across periods, unless reclassification in prior periods is impracticable.

This reclassification does not result from a change in accounting policy or a correction of an error, but is still subject to the disclosure requirements as mentioned below.

Reference: AASB 101.41

5.3 DISCLOSURE REQUIREMENTS

When the agency reclassifies comparative amounts, the agency shall disclose:

- the nature of the reclassification;
- the amount of each item or class of items that is reclassified; and
- the reason for the reclassification.

Reference: AASB 101.41

When it is impracticable to reclassify comparative amounts, an agency shall disclose:

- the reason for not reclassifying the amounts; and
- the nature of the adjustments that would have been made if the amounts had been reclassified.

Reference: AASB 101.42

For an example disclosure of an 'Other Reclassification' please see **Appendix E** of this disclosure paper.

6. FURTHER REQUIREMENTS/CONSIDERATIONS

In addition to the individual disclosure requirements mentioned in each case above, the following requirements also apply to each case of restatement where applicable.

6.1 ADDITIONAL BALANCE SHEET AND NOTE REQUIREMENTS

When an agency applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, and the adjustment has a material effect on the information in the balance sheet, it shall present, as a minimum, three **balance sheets** as at:

- the end of the current financial period (i.e. 30 June 2023);
- the end of the preceding financial period (i.e. 30 June 2022); and
- the beginning of the preceding financial period (i.e. 1 July 2021 which is the same as 30 June 2021).

The agency will also need to disclose the information contained in Section 5.3 *'Disclosure Requirements'* of this paper as well as the relevant disclosure requirements in AASB 108 (outlined in Section 2.3 *'Disclosure Requirements'* and Section 3.3 *'Disclosure Requirements')*. However, related notes need only be presented for the end of the current period and the end of the preceding period.

Reference: AASB 101.40A-40D

Where a retrospective restatement has no impact on the second comparative year figures (i.e. the 2021 figures) then a column for the second comparative year is not required to be disclosed and a brief statement to that affect should be included in the Financial Statements. An example of wording that could be used for this brief statement is as follows:

> 'Burley Griffin Agency' has made a retrospective restatement due to [a change in accounting policy/correction of prior period error], however, as this change only affected the 2022 financial year no column for the 2021 financial year has been provided."

An agency must disclose a figure against each line item (where applicable) in the second comparative column (i.e. the 2021 column) of the balance sheet, rather than simply disclosing those line items that have been restated.

6.2 ADDITIONAL STATEMENT OF CHANGES IN EQUITY REQUIREMENTS

Each component of equity in the Statement of Changes in Equity must be separately restated in accordance with AASB 108.

Reference: AASB 101.106(b)

Retrospective adjustments and retrospective restatements are not changes in equity but they are adjustments to the opening balance of retained earnings, except when an Australian Accounting Standard requires retrospective adjustment of another component of equity. The statement of changes in equity needs to disclose the total adjustment to each component of equity resulting from changes in accounting policies and, separately, from corrections of errors.

These adjustments are disclosed for each prior period and the beginning of the period.

Reference: AASB 101.110

6.3 MATERIALITY CONSIDERATIONS

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual agency's financial report. For more guidance in relation to materiality see Section 1.2 of the 2022-23 Model Financial Statements.

Only material prior period errors, material changes in accounting policy and material other reclassifications require comparatives to be restated and appropriate disclosure to be made in the statements and notes. In addition, it is only material changes in accounting estimates, material changes in accounting policy, material prior period errors, and material other reclassifications that are required to be separately disclosed in Note 4 *'Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error'*.

Agencies should apply their professional judgement when assessing all quantitative or qualitative considerations to indicate whether any situations, or parts thereof, are considered material.

Reference: AASB 108.5 & 6 and AASB Conceptual Framework.2.11

If one part of the restatement is considered material, then the whole restatement is considered material and must be applied in an appropriate manner with the appropriate disclosures being made.

Agencies should correct any immaterial prior period errors or immaterial changes in accounting policy through their accounting system in the current year, and are encouraged to restate any prior year comparatives where practical. Agencies are also encouraged to include a disclosure outlining that a restatement has occurred in the note to which the restatement relates (see **Appendix D** for an example of an immaterial correction of a prior period error). However, agencies should not include a disclosure in Note 4 *Change in Accounting Policy and*

Accounting Estimates, and Correction of a Prior Period Error for an immaterial change in accounting policy or for an immaterial error.

In addition, agencies are encouraged but not required to disclose an immaterial change in accounting estimate in the note to which the change relates. There maybe certain circumstances where it is not appropriate or necessary to disclose an immaterial change, so under this policy agencies have discretion about whether or not to include a disclosure.

Reference: ACT Disclosure Policy

7. PROCESS

When a situation is identified, which may lead to a restatement of comparatives to be made, the following process should be followed:

1. clearly identify the situation arising (See Section 7.1.1 below);
2. determine what type of restatement will be required (i.e. correction of an error / change in accounting policy / reclassification) (See Section 7.1.2 below);
3. work out the financial statement line items affected and what period the restatements will affect (See Section 7.1.3 below);
4. if material, prepare appropriate disclosure for Note 4 and Other Notes (See Section 7.1.4 below); and
5. adjust financial statements where necessary with restated figures and additional disclosures (See Section 7.1.5 below).

7.1 EXAMPLE OF PROCESS – CORRECTION OF A MATERIAL ERROR

7.1.1 Identify the Situation

On 1 February 2019, the Agency received Land, Buildings and Plant and Equipment from XYZ Directorate, as part of an Administration Arrangement (AA). These assets were acquired at no cost and taken up at the carrying amount of the transferor. Only some items were recorded in the books of 'Burley Griffin Agency' at the date of the transfer, with 5 buildings (valued at $25,000,000) and the corresponding land (valued at $15,000,000) not taken up by mistake. On 30 June 2020, the buildings and land were revalued and their fair value was determined to be $30,000,000 and $23,500,000 respectively. However, the fair value of the buildings and land was not taken up in the books of 'Burley Griffin Agency' at that date.

7.1.2 Determine Type of Restatement

Error

The example situation has given rise to errors in the financial statements because there was a failure to use reliable information that was available when the financial statements were being prepared. This oversight has caused misstatements in certain line items.

Therefore, comparatives, depending on the materiality of the prior period error, may need to be restated retrospectively in order to correct the misstatements, which appeared in the 2021-22 Financial Statements, and prevent them from being carried forward into the 2022-23 Financial Statements.

7.1.3 Materiality Impact and Financial Statement Line Items Affected

In order to assess materiality, the agency needs to determine, amongst other qualitative considerations, the effect it has on each financial statement line item for any period it effects.

[For this purpose please refer to **Appendix C** for calculations supporting how the effect on the line items below were calculated].

For the purpose of this example, this error is considered to be material. Therefore, the disclosures concerning this error require full disclosure in the 2022-23 Financial Statements.

1 July 2021 Opening Comparative

As this error was made in a reporting period prior to the comparative period (i.e. 2021-22), the Balance Sheet opening balances as at 1 July 2021 were restated, in accordance with AASB 101 *Presentation of Financial Statements*, as follows:

- Property, plant and equipment was increased by $52,000,000 to record the land and building that were not previously recorded in the Agency's Balance Sheet. This increase to property, plant and equipment was as follows:
    - land by $23,500,000;
    - buildings by $30,000,000; and
    - accumulated depreciation on the buildings by $1,500,000.
- Accumulated funds were increased by $36,700,000.
- Asset revaluation surplus was increased by $15,300,000, which was made up as follows:
    - an increase of $8,500,000 for the Asset Revaluation Surplus for Land; and
    - an increase of $6,800,000 for the Asset Revaluation Surplus for Buildings.

30 June 2022 Comparatives

In addition, this error was still uncorrected in the 2021-22 Financial Statements, and therefore, similar adjustments are required to be made to the balance sheet items in the 2022 comparative column. Therefore, this has resulted in the restatement of the following line items for the year ended 30 June 2022:

- Property, plant and equipment was increased by $50,500,000 to record the land and building that were not previously recorded in the Agency's Balance Sheet and movement in depreciation. This increase to property, plant and equipment was as follows:
    - land by $23,500,000;
    - buildings by $30,000,000; and
    - accumulated depreciation on the buildings by $3,000,000 ($1,500,000 for 2021 and $1,500,000 for 2022).
- Accumulated funds were increased by $35,200,000 ($36,700,000 increase 2021, and $1,500,000 decrease 2022).
- Asset revaluation surplus was increased by $15,300,000, which was made up as follows:
    - an increase of $8,500,000 for the asset revaluation surplus for land; and
    - an increase of $6,800,000 for the asset revaluation surplus for buildings.

In addition to these items, the following adjustments to the operating statement are made:

- depreciation was increased by $1,500,000;
- operating result was decreased by $1,500,000.

7.1.4 Appropriate Disclosure for Note 4 and Other Notes

[Please refer to **Appendix B** for Example Note Disclosures showing how this Error should be disclosed]

Colours

Items appearing in the disclosures coloured **blue** are additional disclosures or 2021 figures that are required to be inserted.

Items appearing in the disclosures coloured **red** are 2022 figures that have been restated.

Please note that all items in an agency's financial statements should appear in the one font colour, and only appear differently in this ACT Accounting Disclosure Paper to allow agencies to understand the differences arising from a restatement of comparatives.

The restatements, caused by this error, require disclosures to the following notes:

Notes which are always affected when any material restatement of comparative disclosures are required		
Note Title	**Disclosures** **[Refer to corresponding numbered box appearing on the disclosure in Appendix B]**	**Disclosure information to include**
Note 4. Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error.	1. description of error; 2. line items affected; 3. restatement of comparative year (2022) o Operating Statement (Extract) o Balance Sheet (Extract) o Statement of Changes in Equity (Extract)	As in step 1 outlined in Section 7.1.1 above As in step 3 outlined in Section 7.1.3 above As in step 3 outlined in Section 7.1.3 above
Note 4. Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error.	4. restatement of opening balance for the comparative year (2021) o Balance Sheet Extract	As in step 3 outlined in Section 7.1.3 above
Note affected by this example only		
Note Title	**Disclosures** **[Refer to corresponding numbered box appearing on the disclosure in Appendix B]**	**Disclosure information to include**
Note 19. Property, Plant and Equipment	5. restated comparative figures (2022)	As in step 3 outlined in Section 7.1.3 above

Most disclosures concerning restatements will be presented within an agency's financial statements in Note 4 *Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error.*

7.1.5 Adjust Financial Statements to Include Restated Amounts and Additional Disclosures

[Please refer to **Appendix A** for Example Adjusted Financial Statements showing how this error and the associated adjustments have affected the financial statements.]

Colours

Items appearing in the disclosures coloured **blue** are additional disclosures or 2021 figures that are required to be inserted.

Items appearing in the disclosures coloured **red** are 2022 figures that have been restated.

Please note that all items in an agency's financial statements should appear in the one font colour, and only appear differently in this ACT Accounting Disclosure Paper to allow agencies to understand the differences arising from a restatement of comparatives.

Statement Title	Disclosures [Refer to corresponding numbered box appearing on the disclosure in Appendix A]	Info to include
Operating Statement	6. restate 2022 figures as necessary.	Using numbers calculated in step 3 (Section 7.1.3 above)
Balance Sheet	7. restate any 2022 figures as necessary.	Using numbers calculated in step 3 (Section 7.1.3 above)
	8. add additional comparative column which includes all 2021 balances. Please note that all line items need to be stated, even though only Note 19 Property, Plant and Equipment has been altered (in this example).	Using prior year published financial statements where lines have not been altered and numbers calculated in step 3 (Section 7.1.3 above) for lines which have been altered.
	9. include a foot note to the column indicating that for further information the user can refer to note 4.	
Statement of Changes in Equity	10. include additional opening balance restatement section.	Additional Disclosure. (See **Appendix A**)
	11. restate individual items (i.e. 'Operating Result' for this example).	Using numbers calculated in step 3 (Section 7.1.3 above)

APPENDIX A: RESTATED FINANCIAL STATEMENTS – MATERIAL ERROR

'Burley Griffin Agency'
Operating Statement
For the Year Ended 30 June 2023

Reference		Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Restated Actual 2022 $'000
AASB 101.85	**Income**				
AASB 101.85 AASB 1004.63(a) AASB 1058.26(c)	Controlled Recurrent Payments	#	300,711	298,244	290,599
AASB 15.113(a)	Sales of Goods and Services from Contracts with Customers	5	29,650	22,467	27,016
AASB 1058.26(a), (b)	Grants and Contributions Revenue	6	12,025	11,116	11,610
AASB 118.35(b)(iii), 101.82(a))	Investment Revenue	7	5,016	4,223	3,160
AASB 101 para 82	Interest Revenue	7	4,776	2,687	3,180
AASB 101.98(c),(d)	Gains from Disposal, Derecognition and Remeasurement of Assets	8	1,970	2,689	2,630
AASB 101.85	Other Income	9	20,942	13,438	25,704
AASB 101.85	**Total Income**		**375,090**	**354,864**	**363,899**
AASB 101.85	**Expenses**				
AASB 101.85 & 102	Employee Expenses	10	86,706	87,192	83,246
AASB 101.85 & 102	Supplies and Services	11	110,750	92,045	108,018
AASB 101.85 & 102	Depreciation and Amortisation	19,21	97,039	98,089	95,564
AASB 101.85 & 102	Grants and Purchased Services	12	72,348	73,665	62,928
AASB 101.85 & 102	Cost of Goods Sold and Distributed	17	13,713	12,113	9,329
AASB 101.82 (b)	Borrowing Costs	13	1,411	1,416	1,749
AASB 101.85 & 102	Other Expenses	14	14,817	8,530	7,669
AASB 101.85	**Total Expenses**		**396,784**	**373,050**	**368,503**
AASB 101.82 (c)	Share of Operating Profit from Joint Venture accounted for using the Equity Method	34	4,104	5,110	6,831
AASB 101.81A(a)	**Operating Result**		**(17,590)**	**(13,076)**	**2,227**
AASB 101.85	**Other Comprehensive Income**				
	Items that will not be reclassified subsequently to profit or loss				
AASB 101.82A(a)(i)	Increase/(Decrease) in Asset Revaluation Surplus		27,396	18,847	182,058
AASB 101.82A(b)(i)	Increase/(Decrease) in Asset Revaluation Surplus attributable to Joint Ventures		2,500	-	2,000
	Total Other Comprehensive Result		**29,896**	**18,847**	**184,058**
AASB 101.81(A)(c)	**Total Comprehensive Result**		**12,306**	**5,771**	**186,285**

6. restated 2022 figures

The above Operating Statement is to be read in conjunction with the accompanying notes.

APPENDIX A: RESTATED FINANCIAL STATEMENTS – MATERIAL ERROR

'Burley Griffin Agency'
Balance Sheet
As at 30 June 2023

8. restated opening balance column

Reference		Note No.	Actual 2023 $'000	Original Budget 2023 $'000	Restated Actual 2022 $'000	Restated Actual[1] 2021 $'000
AASB 101.60	**Current Assets**					
AASB 101.54 (i)	Cash and Investments	15	43,656	31,220	15,484	11,005
AASB 101.54 (h)	Receivables	16	10,246	4,132	3,515	3,017
AASB 101.54 (g)	Inventories	17	1,852	2,284	1,965	2,165
AASB 101.54 (j)	Non-Current Assets Held for Sale	18	5,021	1,100	750	177
AASB 101.55	Other Assets	23	2,164	4,650	2,312	2,465
AASB 101.55	**Total Current Assets**		**62,939**	**43,386**	**24,026**	**18,829**
AASB 101.60	**Non-Current Assets**					
AASB 101.54 (d)	Investments	15	1,711	3,842	1,141	311
AASB 101.54 (h)	Receivables	16	42,200	29,313	29,762	28,208
AASB 101.54(g)	Inventories	17	60,159	52,753	41,963	44,221
AASB 101.54 (e)	Investment – Joint Venture	34	84,340	80,329	73,581	60,595
AASB 101.54 (a)	Property, Plant and Equipment	19	3,696,213	3,703,513	3,699,882	3,525,295
AASB 101.54 (b)	Investment Properties	20	29,344	28,543	25,751	18,190
AASB 101.54 (c)	Intangible Assets	21	635	1,918	720	820
AASB 101.55	Capital Works in Progress	22	283,964	258,038	301,515	285,739
AASB 101.55	Other Assets	23	413	294	625	822
AASB 101.55	**Total Non-Current Assets**		**4,198,979**	**4,158,543**	**4,174,940**	**3,964,201**
AASB 101.55	**Total Assets**		**4,261,918**	**4,201,929**	**4,198,966**	**3,983,030**
AASB 101.60	**Current Liabilities**					
AASB 101.54 (k)	Payables	24	15,210	22,559	15,513	15,175
AASB 101.54(m)	Borrowings	25	384	314	428	272
AASB 16.47(b)	Lease Liabilities	26	2,800	2,451	2,855	2,694
AASB 101.54 (l)	Employee Benefits	27	30,437	22,009	22,486	18,917
AASB 101.54 (l)	Other Provisions	28	5,194	2,243	1,246	-
AASB 101.55	Other Liabilities	29	9,379	11,896	5,820	4,282
AASB 101.55	**Total Current Liabilities**		**63,404**	**61,472**	**48,348**	**41,340**
AASB 101.60	**Non-Current Liabilities**					
AASB 101.54 (k)	Payables	24	4,821	7,875	4,970	5,042
AASB 101.54(m)	Borrowings	25	7,740	9,083	8,676	10,619
AASB 16.47(b)	Lease Liabilities	26	4,200	5,010	4,283	4,042
AASB 101.54 (l)	Employee Benefits	27	1,123	721	798	585
AASB 101.54 (l)	Other Provisions	28	1,732	1,154	416	-
AASB 101.55	Other Liabilities	29	407	214	255	225
AASB 101.55	**Total Non-Current Liabilities**		**20,023**	**24,057**	**19,398**	**20,513**
AASB 101.55	**Total Liabilities**		**83,427**	**85,529**	**67,746**	**61,853**
	Net Assets		**4,178,491**	**4,116,400**	**4,131,220**	**3,921,177**
AASB 101.55	**Equity**					
	Contributed Equity		308,123	285,145	300,123	310,076
	Accumulated Funds		3,484,770	3,487,015	3,490,625	3,470,432
	Asset Revaluation Surplus		246,113	219,985	216,217	32,159
	Other Reserves		139,485	124,255	124,255	108,510
	Total Equity		**4,178,491**	**4,116,400**	**4,131,220**	**3,921,177**

7. restated figures in red

9. foot note for additional column

1) See Note 4 for details.

The above Balance Sheet is to be read in conjunction with the accompanying notes.

APPENDIX A: RESTATED FINANCIAL STATEMENTS – MATERIAL ERROR

'Burley Griffin Agency'
Statement of Changes in Equity
For the Year Ended 30 June 2023

Reference		Note No.	Contributed Equity Actual 2023 $'000	Accumulated Funds Actual 2023 $'000	Asset Revaluation Surplus Actual 2023 $'000	Other Reserves Actual 2023 $'000	Total Equity Actual 2023 $'000	Total Equity Original Budget 2023 $'000
	Balance at 1 July 2022		**300,123**	**3,490,625**	**216,217**	**124,255**	**4,131,220**	**4,068,675**
	Comprehensive Income							
AASB 101.106(d)(i)	Operating Result		-	(17,590)	-	-	(17,590)	(13,076)
AASB 101.106(d)(ii)	Increase/(Decrease) in the Asset Revaluation Surplus		-	-	29,896	-	29,896	18,847
	Other Comprehensive Result		-	-	-	-	-	-
AASB 101.106 (a)	**Total Comprehensive Result**		**-**	**(17,590)**	**29,896**	**-**	**12,306**	**5,771**
	Transfers to/(from) reserves		-	(15,230)	-	15,230	-	-
	Transactions Involving Owners Affecting Accumulated Funds							
AASB 101.106 (d)(iii)	Capital Injections	#	13,500	-	-	-	13,500	15,952
AASB 101.106 (d)(iii)	Capital Distributions		(5,500)	-	-	-	(5,500)	(5,000)
AASB 101.106 (d)(iii)	Net Assets transferred in as part of an Administrative Restructure	30	-	29,195	-	-	29,195	30,050
AASB 101.106 (d)(iii)	Net Assets transferred out as part of an Administrative Restructure	30	-	(10,000)	-	-	(10,000)	(10,000)
	Net Assets transferred in/(out) from Other Agencies		-	8,000	-	-	8,000	10,952
AASB 101.107 AASB 101.106 (d)(iii)	Dividend Approved		-	(230)	-	-	(230)	-
	Total Transactions Involving Owners Affecting Accumulated Funds		**8,000**	**26,965**	**-**	**-**	**34,965**	**41,954**
	Balance at 30 June 2023		**308,123**	**3,484,770**	**246,113**	**139,485**	**4,178,491**	**4,116,400**

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Refer to the Statement of Appropriation.

'Burley Griffin Agency'
Statement of Changes in Equity - Continued
For the Year Ended 30 June 2023

10. opening balance restatement section

Reference		Note No.	Contributed Equity Actual 2022 $'000	Accumulated Funds Actual 2022 $'000	Asset Revaluation Surplus Actual 2022 $'000	Other Reserves Actual 2022 $'000	Total Equity Actual 2022 $'000
	Balance at 1 July 2021		**310,076**	**3,433,732**	**16,859**	**108,510**	**3,869,177**
AASB 101.106 (b)	Net Effect of Change in Accounting Policy	4	-	-	-	-	-
AASB 101.106 (b)	Net Effect of a Correction of an Error	4	-	36,700	15,300	-	52,000
	Restated Balance at 1 July 2021		**310,076**	**3,470,432**	**32,159**	**108,510**	**3,921,177**
	Comprehensive Income						
AASB 101.106(d)(i)	Operating Result		-	2,227	-	-	2,227
AASB 101.106(d)(ii)	Increase/(Decrease) in the Asset Revaluation Surplus		-	-	184,058	-	184,058
	Other Comprehensive Result		-	-	-	-	-
AASB 101.106 (a)	**Total Comprehensive Result**		**-**	**2,227**	**184,058**	**-**	**186,285**
	Transfers to/(from) reserves		-	(15,745)	-	15,745	-
	Transactions Involving Owners Affecting Accumulated Funds						
AASB 101.106 (d)(iii)	Capital Injections	#	7,500	-	-	-	7,500
AASB 101.106 (d)(iii)	Capital Distributions		(17,453)	-	-	-	(17,453)
AASB 101.106 (d)(iii)	Net Assets transferred in as part of an Administrative Restructure	30	-	43,894	-	-	43,894
AASB 101.106 (d)(iii)	Net Assets transferred out as part of an Administrative Restructure	30	-	-	-	-	-
	Net Assets transferred in/(out) from Other Agencies		-	(9,953)	-	-	(9,953)
AASB 101.107 AASB 101.106 (d)(iii)	Dividend Approved		-	(230)	-	-	(230)
	Total Transactions Involving Owners Affecting Accumulated Funds		**(9,953)**	**33,711**	**-**	**-**	**23,758**
	Balance at 30 June 2022		**300,123**	**3,490,625**	**216,217**	**124,255**	**4,131,220**

11. restated figures

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Refer to the Statement of Appropriation.

APPENDIX B: NOTE DISCLOSURES

Reference

NOTE 4. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR

1. description of error

Correction of Prior Period Errors

AASB 108.49 (a)

AASB 108.49 (b)(i) & (c)

On 1 February 2019, the Agency received Land, Buildings and Plant and Equipment from XYZ Directorate, as part of an Administration Arrangement (AA). These assets were acquired at no cost and taken up at the carrying amount of the transferor. Only some items were recorded in the books of the Agency at the date of the transfer, with 5 buildings (valued at $25,000,000) and the corresponding land (valued at $15,000,000) not being taken up by mistake. On 30 June 2020, these buildings and land were revalued and their fair value was determined to be $30,000,000 and $23,500,000 respectively. However, the fair value of the buildings and land were not taken up in the books of 'Burley Griffin Agency' at that date.

As this error was made in a reporting period prior to the comparative period, the Balance Sheet balances as at 30 June 2021 were restated as follows:

- Property, plant and equipment was increased by $52,000,000 to record the land and buildings that were not previously recorded in the Agency's Balance Sheet. This increase to property, plant and equipment was as follows:
    - land by $23,500,000;
    - buildings by $30,000,000; and
    - accumulated depreciation on the buildings by $1,500,000.
- Accumulated funds were increased by $36,700,000.
- Asset revaluation surplus was increased by $15,300,000, which was made up as follows:
    - an increase of $8,500,000 for the asset revaluation surplus for land; and
    - an increase of $6,800,000 for the asset revaluation surplus for buildings.

2. line items affected and by how much

In addition, the balance sheet balances were still understated as at 30 June 2022, so this error resulted in the restatement of the following line items for the year ended 30 June 2022:

- land by $23,500,000;
- buildings by $30,000,000; and
- accumulated depreciation on the buildings by $3,000,000 ($1,500,000 for 2021 and $1,500,000 for 2022).

- Accumulated funds were increased by $35,200,000.
- Asset revaluation surplus was increased by $15,300,000, which was made up as follows:
    - an increase of $8,500,000 for the asset revaluation surplus for land; and
    - an increase of $6,800,000 for the asset revaluation surplus for buildings.
- Depreciation was increased by $1,500,000.
- Operating result was decreased by $1,500,000.

APPENDIX B: NOTE DISCLOSURES

Reference

AASB 108.28 & 29

NOTE 4. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR - CONTINUED

30 June 2022 Comparative year

3. Restatement of comparative year figures

Financial Statement Line Item / Balance Affected	Note	Actual 2022 $'000	Change in Acc. Policy Adj $'000	Correction of Error Adj $'000	Restated Actual 2022 $'000
Operating Statement (Extract)					
Expenses					
Depreciation and Amortisation	19,21	94,064	-	1,500	95,564
Total Expenses		**367,003**	**-**	**1,500**	**368,503**
Operating Result		**3,727**	**-**	**(1,500)**	**2,227**
Balance Sheet (Extract)					
Non-Current Assets					
Property, Plant and Equipment	19	3,649,382	-	50,500	3,699,882
Total Non-Current Assets		**4,124,440**	**-**	**50,500**	**4,174,940**
Total Assets		**4,148,466**	**-**	**50,500**	**4,198,966**
Net Assets		**4,080,720**	**-**	**50,500**	**4,131,220**
Equity					
Accumulated Funds		3,455,425	-	35,200	3,490,625
Asset Revaluation Surplus		200,917	-	15,300	216,217
Total Equity		**4,080,720**	**-**	**50,500**	**4,131,220**
Statement of Changes in Equity (Extract)					
Operating Result		3,727	-	(1,500)	2,227

Last year's published Financial Statement 2022 figures

Figures now appearing in 2022 comparative column in this year's financial Statements.

If an agency has no changes in accounting policy or prior period error adjustments, the corresponding column may be deleted. It is only shown here in this example to indicate layout if needed.

Reference

NOTE 4. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR - CONTINUED

Restatement of Financial Statement as a Result of Change in Accounting Policy and Correction of an Error

4. restatement of comparative year opening balances

1 July 2021 (Comparative year opening balances)

Last year's published Financial Statement 2021 figures

If an agency has no changes in accounting policy or prior period error adjustments, the corresponding column may be deleted. It is only shown here in this example to indicate layout if needed.

Financial Statement Line Item / Balance Affected	Note	Actual 2021 $'000	Change in Acc. Policy Adj	Correction of Error Adj $'000	Restated Actual 2021 $'000
Balance Sheet (Extract)					
Non-Current Assets					
Property, Plant and Equipment	19	3,473,295	-	52,000	3,525,295
Total Non-Current Assets		**3,912,201**	-	**52,000**	**3,964,201**
Total Assets		**3,931,030**	-	**52,000**	**3,983,030**
Net Assets		**3,869,177**	-	**52,000**	**3,921,177**
Equity					
Accumulated Funds		3,433,732	-	36,700	3,470,432
Asset Revaluation Surplus		16,859	-	15,300	32,159
Total Equity		**3,869,177**	-	**52,000**	**3,921,177**

APPENDIX B: NOTE DISCLOSURES – MATERIAL ERROR

NOTE 19. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Property, Plant and Equipment - 2022-23

Reference		Land $'000	Buildings $'000	Right-of-Use Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Right-of-Use Plant and Equipment $'000	Infrastructure Assets $'000	Heritage and Community Assets $'000	Total $'000
AASB 116.73 (e)	Carrying Amount at the Beginning of the Reporting Period (Restated- see Note 4)	31,411	62,049	5,069	5,958	6,455	2,767	3,457,034	129,139	3,699,882
AASB 116.73 (e) (i)	Additions	6,400	4,064	1,756	600	5,682	-	32,250	-	50,752
AASB 116.73 (e) (ii)	Assets Classified as Held for Sale	-	-	-	-	(5,318)	-	-	-	(5,318)
AASB 116.73 (e) (iv)	Revaluation Increment/(Decrement)	8,660	12,776	-	-			-	7,610	29,046
AASB 116.73 (e) (iv)	Impairment Losses Recognised in Other Comprehensive Income	-	(1,650)	-	-	-	-	-	-	(1,650)
AASB 116.73 (e) (vii)	Depreciation	-	(1,733)	(475)	(752)	(1,470)	(630)	(85,889)	(5,650)	(96,599)
AASB 116.73 (e) (ix)	Acquisition/(Disposal) through Administrative Restructuring	1,640	1,260	-	-	-	-	-	15,640	18,540
AASB 116.73 (e) (ix)	Acquisition/(Disposal) from Transfers	3,120	1,560	-	-	-	-	-	(871)	3,809
AASB 116.73 (e) (v)	Impairment Losses Recognised in the Operating Result	-	-	-	-	(950)	-	-	-	(950)
AASB 116.73 (e) (vi)	Reversal of Impairment Losses Recognised in the Operating Result	-	-	-	-	-	-	-	-	-
AASB 16.53	Changes in right-of-use assets due to changes in lease liability	-	-	-	-	-	-	-	-	-
AASB 116.73 (e) (ix)	Other Movements	(1,092)	(600)	-	-	1,523	-	-	(1,130)	(1,299)
AASB 116.73 (e)	**Carrying Amount at the End of the Reporting Period**	**50,139**	**77,726**	**6,350**	**5,806**	**5,922**	**2,137**	**3,403,395**	**144,738**	**3,696,213**
	Carrying Amount at the End of the Reporting Period, is represented by:									
AASB 116.73(a) &(d)	Gross Book Value	50,139	85,947	7,628	10,152	15,888	5,800	5,209,131	173,399	5,558,084
AASB 116.73(d)	Accumulated Depreciation	-	(6,017)	(1,278)	(4,346)	(8,586)	(3,663)	(1,805,736)	(28,661)	(1,858,287)
AASB 116.73(d)	Accumulated Impairment Losses	-	(2,204)	-	-	(1,380)	-	-	-	(3,584)

5. restated 2023 figures

APPENDIX B: NOTE DISCLOSURES – MATERIAL ERROR

Appendix B: Note Disclosures – Note 19. Property, Plant and Equipment – Continued

Reference	Reconciliation of Property, Plant and Equipment - 2021-22	Land $'000	Buildings $'000	Right-of-Use Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Right-of-Use Plant and Equipment $'000	Infrastructure Assets $'000	Heritage and Community Assets $'000	Total $'000
AASB 116.73 (e)	Carrying Amount at the Beginning of the Reporting Period (Restated- see Note 4)	24,608	53,973	4,504	5,863	5,097	3,613	3,330,135	97,502	3,525,295
AASB 116.73 (e) (i)	Additions	1,548	4,039	15	665	4,022	-	28,418	-	38,707
AASB 116.73 (e) (ii)	Assets Classified as Held for Sale	-	-	-	-	(2,050)	-	-	-	(2,050)
AASB 116.73 (e) (iv)	Revaluation Increment/(Decrement)	-	-	-	-	-	-	182,612	-	182,612
AASB 116.73 (e) (iv)	Impairment Losses Recognised in Other Comprehensive Income	-	(554)	-				-	-	(554)
AASB 116.73 (e) (vii)	Depreciation	-	(1,578)	(325)	(570)	(1,794)	(846)	(84,131)	(4,120)	(93,364)
AASB 116.73 (e) (ix)	Acquisition/(Disposal) through Administrative Restructuring	3,205	5,875	-	-	-	-	-	31,048	40,128
AASB 116.73 (e) (ix)	Acquisition/(Disposal) from Transfers	2,821	925	-	-	-	-	-	5,510	9,256
AASB 116.73 (e) (v)	Impairment Losses Recognised in the Operating Result	-	-	-	-	(430)	-	-	-	(430)
AASB 116.73 (e) (vi)	Reversal of Impairment Losses Recognised in the Operating Result	-	-	-	-	-	-	-	-	-
AASB 16.53	Changes in right-of-use assets due to changes in lease liability	-	-	875	-	-	-	-	-	875
AASB 116.73 (e) (ix)	Other Movements	(771)	(631)	-	-	1,610	-	-	(801)	(593)
AASB 116.73 (e)	**Carrying Amount at the End of the Reporting Period**	**31,411**	**62,049**	**5,069**	**5,958**	**6,455**	**2,767**	**3,457,034**	**129,139**	**3,699,882**
	Carrying Amount at the End of the Reporting Period, is represented by:									
AASB 116.73(a) &(d)	Gross Book Value	31,411	66,887	5,872	9,552	14,001	5,800	5,176,881	152,150	5,462,554
AASB 116.73(d)	Accumulated Depreciation	-	(4,284)	(803)	(3,594)	(7,116)	(3,033)	(1,719,847)	(23,011)	(1,761,688)
AASB 116.73(d)	Accumulated Impairment Losses	-	(554)	-	-	(430)	-	-	-	(984)

6. restated 2022 figures

APPENDIX C: CALCULATIONS – MATERIAL ERROR

Calculations

Illustrative Calculation of a Prior Period Error

In order to demonstrate the calculations behind the disclosures made in Note 4, further data is provided below. This data is not required to be disclosed in order to satisfy AASB 108, however it will demonstrate the level of analysis which may be required in order to restate any comparative figures.

Financial Statement Line Item / Balance Affected	2022 $'000	Ref	Balance Adjustment	2021 $'000	Ref	2020 $'000	Ref	2019 $'000	Ref
Effect on Expenses									
Depreciation and Amortisation	1,500	(h)		1,500	(g)	1,300	(d)	500	(c)
Effect on Operating Result	(1,500)			(1,500)		(1,300)		(500)	
Effect on Assets									
Land	23,500		23,500	23,500		23,500	(e)	15,000	(a)
Buildings	30,000		30,000	30,000		30,000	(f)	25,000	(b)
Accumulated Depreciation	(3,000)	(h)	(1,500)	(1,500)	(g)	-	(f)	(500)	(c)
Total Effect on Assets	50,500		52,000	52,000		53,500		39,500	
Effect on Equity									
Accumulated Funds	35,200		36,700	36,700		38,200		39,500	
Asset Revaluation Surplus - Buildings	6,800		6,800	6,800		6,800	(f)	-	
Asset Revaluation Surplus - Land	8,500		8,500	8,500		8,500	(e)	-	
Total Effect on Equity	50,500		52,000	52,000		53,500		39,500	

Value on Transfer

(a) On 1 February 2019, the Land had a book value of $15,000,000 and had an indefinite useful life.

(b) On 1 February 2019, the Buildings had a book value of $25,000,000 and had a useful life of 20 years.

Depreciation Notes and Calculations

(c) Depreciation for 2019 is $25,000,000 / 20 years / 12 months x 5 months = $520,833 (rounded to $500,000)

(d) Depreciation for 2020 (prior to revaluation) is $25,000,000 / 20 years = $1,250,000 pa (rounded to $1,300,000)

(g) Depreciation for 2021 (post revaluation) is $30,000,000 / 20 years = $1,500,000 pa

(h) Depreciation for 2022 (post revaluation) is $300,000 / 20 years = $1,500,000 pa

APPENDIX C: CALCULATIONS – MATERIAL ERROR

Revaluations

(e) On 30 June 2020, the land was revalued. The fair value was assessed at $23,500,000 with an indefinite useful life. Prior to revaluation the book value was $15,000,000. Therefore, an Asset Revaluation Surplus of $8,500,000 has been raised.

(f) On 30 June 2020, the building was revalued. The fair value was assessed at $30,000,000 with a remaining useful life of 20 years. Prior to revaluation, the book value was $23,229,200. Therefore, an Asset Revaluation Surplus of $6,770,800 has been raised.

This calculation is provided in order to work out all restated amounts that need to appear in the statements and associated notes. However, this part is not required to be disclosed in the financial statements.

Illustrative Calculation of a Prior Period Error - Continued						
	2022			2021		
	Published Financial Statements $'000	Adjustment $'000	Restated Actual $'000	Published Financial Statements $'000	Adjustment $'000	Restated Actual $'000
Land and Buildings						
Land at Fair Value [a]	7,911	23,500	31,411	1,108	23,500	24,608
Total Land Assets at Fair Value	**7,911**	**23,500**	**31,411**	**1,108**	**23,500**	**24,608**
Buildings at Fair Value [b]	36,887	30,000	66,887	26,402	30,000	56,402
Less: Accumulated Depreciation	(1,284)	(3,000)	(4,284)	(929)	(1,500)	(2,429)
Less: Accumulated Impairment Losses	(554)	-	(554)	-	-	-
Total Buildings at Fair Value	**35,049**	**27,000**	**62,049**	**25,473**	**28,500**	**53,973**
Right-of-Use Buildings at Cost	5,872	-	5,872	5,259	-	5,259
Less: Accumulated Depreciation	(803)	-	(803)	(755)	-	(755)
Less: Accumulated Impairment Losses	-	-	-	-	-	-
Total Right-of-use Buildings at Cost	**5,069**	**-**	**5,069**	**4,504**	**-**	**4,504**
Total Land and of Buildings	**48,029**	**50,500**	**98,529**	**31,085**	**52,000**	**83,085**
Leasehold Improvements						
Leasehold Improvements at Fair Value	9,552	-	9,552	8,887	-	8,887
Less: Accumulated Depreciation	(3,594)	-	(3,594)	(3,024)	-	(3,024)
Less: Accumulated Impairment Losses	-	-	-	-	-	-
Total Leasehold Improvements at Fair Value	**5,958**	**-**	**5,958**	**5,863**	**-**	**5,863**
Plant and Equipment						
Plant and Equipment at Cost	14,001	-	14,001	11,133	-	11,133
Less: Accumulated Depreciation	(7,116)	-	(7,116)	(6,036)	-	(6,036)
Less: Accumulated Impairment Losses	(430)	-	(430)	-	-	-
Total Plant and Equipment at Cost	**6,455**	**-**	**6,455**	**5,097**	**-**	**5,097**

APPENDIX C: CALCULATIONS – MATERIAL ERROR

	2022			2021		
	Published Financial Statements $'000	Adjustment $'000	Restated Actual $'000	Published Financial Statements $'000	Adjustment $'000	Restated Actual $'000
Right-of-Use Plant and Equipment						
Right-of-Use Plant and Equipment at Cost	5,800	-	5,800	5,636	-	5,636
Less: Accumulated Depreciation	(3,033)	-	(3,033)	(2,023)	-	(2,023)
Less: Accumulated Impairment Losses	-	-	-	-	-	-
Total Right-of-use Plant and Equipment at Cost	**2,767**	**-**	**2,767**	**3,613**	**-**	**3,613**
Infrastructure Assets						
Infrastructure Assets at Fair Value	5,176,881	-	5,176,881	4,965,851	-	4,965,851
Less: Accumulated Depreciation	(1,719,847)	-	(1,719,847)	(1,635,716)	-	(1,635,716)
Less: Accumulated Impairment Losses	-	-	-	-	-	-
Total Infrastructure Assets at Fair Value	**3,457,034**	**-**	**3,457,034**	**3,330,135**	**-**	**3,330,135**
Heritage and Community Assets						
Heritage and Community Assets at Fair Value [c]	152,150	-	152,150	116,393	-	116,393
Less: Accumulated Depreciation	(23,011)	-	(23,011)	(18,891)	-	(18,891)
Less: Accumulated Impairment Losses	-	-	-	-	-	-
Total Heritage and Community Assets at Fair Value	**129,139**	**-**	**129,139**	**97,502**	**-**	**97,502**
Total Property, Plant and Equipment	**3,649,382**	**50,500**	**3,699,882**	**3,473,295**	**52,000**	**3,525,295**
Total Non-Current Assets	**4,124,440**	**50,500**	**4,174,940**	**3,912,201**	**52,000**	**3,964,201**
Total Assets	**4,148,466**	**50,500**	**4,198,966**	**3,931,030**	**52,000**	**3,983,030**
Net Assets	**4,080,720**	**50,500**	**4,131,220**	**3,869,177**	**52,000**	**3,921,177**
Equity						
Contributed Assets	300,123	-	300,123	310,076	-	310,076
Accumulated Funds	3,455,425	35,200	3,490,625	3,433,732	36,700	3,470,432
Asset Revaluation Surplus	200,917	15,300	216,217	16,859	15,300	32,159
Other Reserves	124,255	-	124,255	108,510	-	108,510
Total Equity	**4,080,720**	**50,500**	**4,131,220**	**3,869,177**	**52,000**	**3,921,177**

APPENDIX C: CALCULATIONS – MATERIAL ERROR

	2022			2021		
	Published Financial Statements $'000	Adjustment $'000	Restated Actual $'000	Published Financial Statements $'000	Adjustment $'000	Restated Actual $'000
Depreciation						
Buildings	78	1,500	1,578	N/A	-	N/A
Right-of-Use Buildings	325	-	325	N/A	-	N/A
Infrastructure Assets	84,131	-	84,131	N/A	-	N/A
Plant and Equipment	1,794	-	1,794	N/A	-	N/A
Right-of-Use Plant and Equipment	846	-	846	N/A	-	N/A
Heritage and Community Assets	4,120	-	4,120	N/A	-	N/A
Leasehold Improvements	570	-	570	N/A	-	N/A
Total Depreciation	**91,864**	**1,500**	**93,364**	**N/A**	**-**	**N/A**
Amortisation						
Intangible Assets	2,200	-	2,200	N/A	-	N/A
Total Amortisation	**2,200**	**-**	**2,200**	**N/A**	**-**	**N/A**
Total Depreciation and Amortisation	**94,064**	**1,500**	**95,564**	**N/A**	**-**	**N/A**

APPENDIX D: EXAMPLE DISCLOSURE OF AN IMMATERIAL ERROR

Example 1 - Incorrect Recognition of a Separate Asset Class

The five step process outlined in Section 7 of this paper has been applied in this example.

Step 1 Identify the Situation

In this example, 'Burley Griffin Agency' recognised a separate asset class for 'Land Improvements' in its 2021-22 financial statements. When preparing its 2022-23 Financial Statements 'Burley Griffin Agency' realised that 'Land Improvements' should have been included in the 'Building' Asset Class in accordance with its own accounting policy (which is based on the ACT Government Accounting Policy set by Treasury). The ACT Government Accounting Policy states that there are 10 classes of Property, Plant and Equipment in the ACT Government including Land, Buildings, Right-of-Use Buildings, Leasehold Improvements, Plant and Equipment, Right-of-Use Plant and Equipment, Infrastructure Assets, Right-of-Use Infrastructure Assets, Heritage and Community Assets and Property, Plant and Equipment Held for Transfer. To correct this error in 'Burley Griffin Agency's' 2022-23 Financial Statements, the 'Land Improvements' asset class has been removed and these figures included in the building asset class within Note 19 'Property, Plant and Equipment'.

Step 2 Determine type of Restatement

Error

In this example the situation has given rise to errors in the financial statements because there was a failure to correctly follow 'Burley Griffin Agency's' own accounting policy that was in place when the financial statements were being prepared. This oversight has caused an incorrect disclosure of information.

Step 3 Materiality Impact and Financial Statement line items affected

In order to assess materiality, the agency needs to determine, amongst other qualitative considerations, the effect it has on each financial statement line item for any period it effects.

Given this error only involved the separate disclosure of a Land Improvements Asset Class instead of correctly including land improvements in the Building Asset Class (i.e. the figures themselves were correct and correctly included against each relevant line item in this note disclosure) this is considered to be an immaterial error. Therefore, the restatement of comparatives is recommended (rather than required). 'Burley Griffin Agency' has chosen to restate the comparatives which in this example is in Note 19 'Property, Plant and Equipment'. Given that 'Burley Griffin Agency' has elected to restate its comparatives it has also included an explanation regarding the restatement.

Step 4 Appropriate Disclosure for Note 4 and Other Notes

Given this is an immaterial error a Note 4 'Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error' disclosure should not be included for this error. The restatement in this example can be seen in the extract from Note 19 'Property, Plant and Equipment' below.

Colours

Items appearing in the disclosures coloured **red** are 2022 figures that have been restated. The column in ~~red strikethrough~~ was included in the 2021-22 financial statements, however this column has been deleted with all the figures in it now being included in the building column in red text in the 2022-23 financial statements.

APPENDIX D: EXAMPLE DISCLOSURE OF AN IMMATERIAL ERROR

Please note that all items in an agency's financial statements should appear in the one font colour and no strikethrough, and only appears differently in this ACT Accounting Disclosure Paper to allow agencies to understand the differences arising from a restatement of comparatives.

The restatements, caused by this error, are to the following note:

Various notes affected by this example only		
Note Title	**Disclosures** **[Refer to corresponding numbered box appearing on the disclosure below]**	**Disclosure information to include**
Note 19. Property, Plant and Equipment	1. restated comparative figures (2022)	As in step 3 outlined
Note 19. Property, Plant and Equipment	2. Removal of 'Land Improvements' from the 2022-23 Financial Statements.	As in step 3 outlined
Note 19. Property, Plant and Equipment	3. Explanation of the immaterial error and the restatement.	As in step 3 outlined

Where an agency elects to restate an immaterial error the agency <u>should not</u> include any disclosure relating to the immaterial restatement in Note 4 *Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error.*

Step 5 Adjust financial statements to include restated amounts and additional disclosures

In this example there were no adjustments required to the face of the Financial Statements.

APPENDIX D: EXAMPLE DISCLOSURE OF AN IMMATERIAL ERROR

1. The figures in red text in the 'Buildings' column have been restated and now include all figures relating to Land Improvements.

Reconciliation of Property, Plant and Equipment – 2021-22

2. The 'Land Improvements' column that appeared in the 2021-22 financial statements has been deleted from the 2022-23 Financial Statements.

	Land	~~**Land Improvements**~~	**Buildings**	**ROU Buildings**	**Leasehold Improvements**	**Plant and Equipment**	**ROU Plant and Equipment**	**Infrastructure Assets**	**Heritage/ Community Assets**	**Total**
	$'000	~~**$'000**~~	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Carrying Amount at the Beginning of the Reporting Period	24,608	~~6,123~~	53,973	4,504	5,863	5,097	3,613	3,330,135	97,502	3,525,295
Additions	1,548	~~532~~	4,039	15	665	4,022	-	28,418	-	38,707
Assets Classified as Held for Sale	-	-	-	-	-	(2,050)	-	-	-	(2,050)
Revaluation Increment/(Decrement)	-	-	-	-	-	-	-	182,612	-	182,612
Impairment Losses Recognised in Other Comprehensive Income	-	-	(554)	-	-	-	-	-	-	(554)
Depreciation	-	~~(205)~~	(1,578)	(325)	(570)	(1,794)	(846)	(84,131)	(4,120)	(93,364)
Acquisition/(Disposal) through Administrative Restructuring	3,205	~~487~~	5,875	-	-	-	-	-	31,048	40,128
Acquisition/(Disposal) from Transfers	2,821	-	925	-	-	-	-	-	5,510	9,256
Impairment Losses Recognised in the Operating Result	-	-	-	-	-	(430)	-	-	-	(430)
Reversal of Impairment Losses Recognised in the Operating Result	-	-	-	-	-	-	-	-	-	-
Changes in right-of-use assets due to changes in lease liability	-	-	-	875	-	-	-	-	-	875
Other Movements	(771)	-	(631)	-	-	1,610	-	-	(801)	(593)
Carrying Amount at the End of the Reporting Period	**31,411**	~~**6,937**~~	**62,049**	**5,069**	**5,958**	**6,455**	**2,767**	**3,457,034**	**129,139**	**3,699,882**
Carrying Amount at the End of the Reporting Period, is represented by:										
Gross Book Value	31,411	~~7,960~~	66,887	5,872	9,552	14,001	5,800	5,176,881	152,150	5,462,554
Accumulated Depreciation	-	~~(1,023)~~	(4,284)	(803)	(3,594)	(7,116)	(3,033)	(1,719,847)	(23,011)	(1,761,688)
Accumulated Impairment Losses	-	-	(554)	-	-	(430)	-	-	-	(984)

In the 2021-22 financial statements 'Burley Griffin Agency' included Land Improvements as a separate asset class. However, in this year's financial statements 'Burley Griffin Agency' has removed the 'Land Improvement' column and included land improvement figures in the building asset class in accordance with its accounting policy. As such, the figures disclosed in the building asset class column in the above table now include land improvements.

3. Paragraph explaining the restatement of figures between the 2021-22 and the 2022-23 Financial Statements.

APPENDIX E: EXAMPLE DISCLOSURE OF OTHER RECLASSIFICATIONS

Example 2 – Incorrect Disclosure of Revenue Received Free of Charge

The five step process outlined in Section 7 of this paper has been applied in this example.

Step 1 Identify the Situation

In this example, 'Burley Griffin Agency' disclosed 'Restructure Fund Receipts' as Other Income (Other Gains) in their 2021-22 financial statements. However, when preparing its 2022-23 financial statements 'Burley Griffin Agency' considered that it would be more helpful to users of the financial statements to disclose 'Restructure Fund Receipts' as Grants and Contributions Revenue (Other Grants and Contributions).

Step 2 Determine type of Restatement

Reclassification

In this example the situation has given rise to a reclassification in the financial statements because 'Burley Griffin Agency' considered that one of its disclosures should be changed in order to enhance the understandability of the financial statements. This change does not involve a change in accounting policy or an error.

Step 3 Materiality Impact and Financial Statement line items affected

In order to assess materiality, the agency needs to determine, amongst other qualitative considerations, the effect it has on each financial statement line item for any period it effects.

Given this change only involves disclosing the 'Restructure Fund Receipts' line item in Note 6 'Grants and Contributions Revenue' rather than Note 9 'Other Income' (i.e. the figures themselves were correct and have not changed) this is considered to be an immaterial change.

Both the current and comparative period amounts have been reclassified in order to maintain the comparability of periods. In this example 'Restructure Fund Receipts' are now included in Note 6 'Grants and Contributions Revenue' under the 'Other Grants and Contributions' heading rather than in Note 9 'Other Income' under the 'Other Gains' heading. It is not necessary to include a Note 4 'Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error' disclosure for this change.

'Burley Griffin Agency' has included an explanation regarding the reclassification.

Step 4 Appropriate Disclosure for Note 4 and Other Notes

This reclassification does not require a Note 4 'Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error' disclosure. The restatement in this example can be seen in the extract from Note 6 'Grants and Contributions Revenue' below.

APPENDIX E: EXAMPLE DISCLOSURE OF OTHER RECLASSIFICATIONS

Colours

Items appearing in the disclosures coloured red relate to the line item that has been moved to Note 6 ‘Grants and Contributions Revenue’.

Please note that all items in an agency’s financial statements should appear in the one font colour, and only appears differently in this ACT Accounting Disclosure Paper to allow agencies to understand the differences arising from the reclassification. In order to explain this change, a paragraph has been included in the Note. Where an agencies decides to restate comparatives of a similar reclassification in their financial statements, an explanation of the restatement is required.

The reclassification is to the following note:

Various notes affected by this example only		
Note Title	**Disclosures** **[Refer to corresponding numbered box appearing on the disclosure below]**	**Disclosure information to include**
Note 6 Grants and Contributions Revenue	1. The entire ‘Restructure Fund Receipts’ line item has been moved, along with the related figures from the ‘Other Income’ Note to the ‘Grants and Contributions Revenue’ Note	As in step 3 outlined
Note 6 Grants and Contributions Revenue	2. Explanation of the reclassification	As in step 3 outlined

Step 5 Adjust financial statements to include restated amounts and additional disclosures

In this example there were no adjustments required to the face of the Financial Statements.

APPENDIX E: EXAMPLE DISCLOSURE OF OTHER RECLASSIFICATIONS

Note 6. Grants and Contributions Revenue

	2023 $'000	2022 $'000
Resources Received Free of Charge		
Legal Services	3,456	3,125
Financial Services provided by Shared Services	5,102	4,289
Human Resources Services provided by Shared Services	3,183	2,850
Record Management Services provided by the Territory Records Office	2,854	2,579
Investigation Services provided by the Professional Standards Unit	2,312	2,055
COVID-19 Administration and Logistical Support	3,777	3,386
Project Management Services provided by Major Projects Canberra	4,658	4,003
Total Resources Received Free of Charge	**25,342**	**22,287**
Other Grants and Contributions		
Concessional Loan Discount Income	1,530	1,450
Grants with Sufficiently Specific Performance Obligations	11,799	10,216
Grants without Sufficient Performance Obligations	12,878	10,997
Grants to Acquire or Construct Assets to be Controlled by the Agency	9,754	8,577
Donations	1,522	1,502
Gain Arising from the Contribution of Assets	4,216	3422
Donations of Property, Plant and Equipment	1,953	1,612
Restructure Fund Receipts	3,513	3,012
Volunteer Services – External Volunteers	1,371	1,303
Total Other Grants and Contributions	**48,536**	**42,091**
Total Grants and Contributions	**73,878**	**64,378**

1. This Line Item has been moved from the 'Other Income' Note to the 'Grants and Contributions Revenue' Note.

In the 2021-22 Financial Statements 'Burley Griffin Agency' disclosed 'Restructure Fund Receipts' under Note 9 'Other Income'. However, in this year's financial statements 'Burley Griffin Agency' has moved the 'Restructure Fund Receipts' line item to this note. This is because 'Burley Griffin Agency' considers that it is more helpful to users of the financial statements to disclose 'Restructure Fund Receipts' as a Grant/Contribution given it better reflects the nature of the revenue.

2. Paragraph explaining the change between the 2021-22 and the 2022-23 Financial Statements.

Version	Date	Author	Revision notes
1.0	May 2019	Financial Reporting and Framework Branch	First release
2.0	June 2020	Financial Reporting and Framework Branch	Second release
3.0	July 2022	Financial Reporting and Framework Branch	Third release
4.0	June 2023	Financial Reporting and Framework Branch	Fourth release

Chief Minister, Treasury and Economic Development Directorate

June 2023