

**TREASURY'S RESPONSES TO STAKEHOLDER FEEDBACK RECEIVED  
ON DRAFT 2008-09 FINANCIAL REPORTING REQUIREMENTS (FRRs)**

This document:

- summarises all feedback received from stakeholders on the draft 2008-09 FRRs made available for agency comment during mid February 2009; and
- explains how Treasury has addressed each item of feedback, and if not, the reason for this.

The final Financial Reporting Requirements applicable for 2008-09 are available at:

<http://www.treasury.qld.gov.au/office/knowledge/docs/fin-reporting-req/index.shtml>

Any questions on the FRRs should be forwarded via email to [fmhelpdesk@treasury.qld.gov.au](mailto:fmhelpdesk@treasury.qld.gov.au).

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
Stakeholder 1	General	Will requirements for special purpose financial reports be included in the FRRs at some stage?	Financial Management Branch plans to complete a project on special purpose financial statements during the next 12 months. This will take into account forecast amendments to AASB 101 arising from GAAP/GFS harmonisation work by the AASB, as well as any progress made by the AASB on differential reporting.
	Part A  <i>APG 1 Australian Accounting Standards Board Pronouncements</i>	Can all the latest AASB standards and interpretations be applied by agencies, if Schedule 4 of the <i>Financial Management Standard 1997</i> does not refer to them?	Part A and APG 1 have been updated to acknowledge that Schedule 4 of the FMS does not reflect the latest accounting standards and interpretations and to communicate that agencies must comply with the latest standards and interpretations, despite Schedule 4 not having been updated, pending the new financial management legislation coming into force.

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
	FRR 5.9 Consolidation, Associates and Joint Ventures	We suggest that this section include a requirement for all entities to apply consistent accounting policies on consolidation, including not-profit-entities consolidating for-profit subsidiaries.	Consideration of expansion of this guidance is the subject of a separate project within FMB. Any outcomes from this work are expected to be reflected in the 2009-10 FRR update.
	FRR 5.12 Cessation of Entity	While we agree that the current disclosures are appropriate from the abolished entity's point of view, we still have a concern with the accounting treatment by the entity to which the assets and liabilities are transferred (i.e. the receiving entity). Section 40AAA allows the receiving entity to account for MOG changes from the first day of the next month when the transferor is not abolished. However, if the transferor is abolished, the receiving entity must account for the transferred assets and liabilities from the date of abolition. These requirements should be reinforced in the FRRs (either 5.12 or APG 13).	Wording in APG 13 has been clarified accordingly; FRR 5.12 "Application" already includes a cross-reference to APG 13.
	FRR 6.1 Controlled Income Statement	AASB 5 does not appear to contain a paragraph 33(d). Nor can we identify any new requirements in AASB 5 that mandate these disclosures.	This disclosure will now be deferred to the 2009-10 FRR update.

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	FRR 7.3 Non-Current Physical Assets	<p>The “Application” section of the draft FRRs includes a statement about the forthcoming land under roads policy. However, as this is not really about how to apply the current FRRs and this statement is the only application paragraph in the draft FRRs, it may be more appropriate to include this statement under a separate heading.</p> <p>In previous years FRR 7.3 has included information about how to apply the requirements for temporarily idle assets, etc. Given that these disclosures are now required rather than encouraged, there is still benefit in having this type of application information available.</p>	<p>The final version of the FRRs issued at the end of February 2009 will not include the land under roads policy, pending consultation with the Auditor-General. An Addendum to the 2008-09 FRRs is planned to be issued by the end of March 2009 advising of this policy. The Non-current Asset Policies update for 2008-09 will also include the land under roads policy.</p> <p>This content has now been re-inserted in FRR 7.3, with similar content inserted in the Application section of FRR 7.6 Intangible Assets.</p>
	FRR 7.5 Restricted Assets	Is it possible to get an indication of when the Non-Current Asset Policies will address issues surrounding DOGIT land?	These issues are expected to be addressed in the updated Non-Current Asset Policies, planned for release around the end of March 2009.
	FRR 7.6 Intangible Assets	<p>It is suggested that the prescribed requirements also refer to AASB Interpretation 132 <i>Intangible Assets – Web Site Costs</i>, as it is referred to in the application paragraphs.</p> <p>It would be worthwhile providing some examples of when Treasury would consider intangible assets to be “temporarily idle” or “retired from active use”.</p>	<p>FRR 7.6 prescribed requirements have been updated accordingly.</p> <p>Previous Application paragraphs included in FRR 7.3 have now been copied into FRR 7.6 and tailored accordingly. While these disclosures are not required by AASB 116, it is Treasury policy to require these for intangible assets for consistency across non-current asset categories.</p>

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		The link to capitalisation policies for SAP is marked as “still to be confirmed” and is not working.	The new link is now active and FRR 7.6 has been updated accordingly.
	FRR 7.10 Borrowings and Loan Facilities	The section presently identifies AASB 107 <i>Cash Flow Statements</i> as the only prescribed requirement. Given the section relates to “Borrowings and Loan Facilities”, we don’t consider this to be a relevant prescribed requirement for this section, and appropriate references would be to AASB 7, AASB 132 and AASB 139 Financial Instruments	<p>Title of FRR 7.10 amended to “Undrawn Borrowing Facilities” to more accurately reflect the accompanying policy.</p> <p>AASB 107 paragraph 50(a) encourages disclosure of the amount of undrawn borrowing facilities that may be available – thus we believe AASB 107 is relevant to FRR 7.10.</p> <p>Although AASB 7, AASB 132 and AASB 139 contain requirements for financial instruments, they do not specifically allude to the policy in FRR 7.10 (FRR10.10 relates to Financial Instruments, and AASB 7, AASB 132 and AASB 139 are listed there as prescribed requirements.</p>
	FRR 7.13 Statement of Assets and Liabilities by Outputs/Major Activities	Clarification required regarding the fifth dot point which refers to the Income Statement by Outputs/Major Activities.	Reference now amended to read Statement of Assets and Liabilities by Outputs/Major Activities.
	FRR 9.1 Disclosure of GST	<p>We suggest it would be more appropriate to include some of the application paragraphs in FRR 7.11 Goods and Services Tax Receivable/Payable (rather than as part of cash flows).</p> <p>We recommend the requirements for inclusion/exclusion of GST from creditors and accruals be clarified further.</p>	<p>Most “Application” paragraphs from FRR 9.1 have now been relocated to FRR 7.11.</p> <p>This wording has been amended.</p>

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
	<p>FRR 11 Reporting Requirements for Shared Service Providers</p>	<p>Any policy that mandates the preparation of financial reports by CBUs/SSPs, rather than the consolidation packs which are presently prepared by some CBUs, needs to address the requirement for consistent accounting policies to be applied in the consolidated financial report. It should be noted, however, that if CBUs are required to prepare full general purpose financial reports in the future (consistent with SSPs), then, for for-profit CBUs, these reports would have to comply with all the for-profit requirements in the accounting standards. General purpose financial reports for for-profit entities cannot be prepared using the not-for-profit policies of the parent. Significant adjustments would then need to be made as part of the consolidation process to ensure all accounting policies of the parent are consistently applied in the consolidated accounts.</p> <p><b>Note:</b> the exemption afforded to for-profit CBUs from segment reporting (AASB 114) and related party disclosures (AASB 124) under FRR 10.12 would need to be removed if all for-profit CBUs were required to prepare general purpose financial statements.</p>	<p>A separate project to review reporting requirements for CBUs and SSPs is being undertaken. This work will consider these comments. It is planned that Treasury's final policy position will be communicated to agencies by the end of March 2009 via an Addendum to the 2008-09 FRR's.</p>

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	<p>APG 1 <i>Australian Accounting Standards Board Pronouncements</i></p>	<p>Given the number of different versions of the same accounting standards that can exist at any point in time it is suggested to identify either the issue date or operative date as identified on the AASB website so it is clear which version of the standards and interpretations are being referred to.</p> <p>Expansion of the future requirements section is recommended to state Treasury’s accounting policy planned to be mandated if the AASB allows not-for-profit entities to continue to expense borrowing costs (if Treasury is undecided), perhaps a statement to this effect could be included.</p> <p>With respect to the future requirements section in relation to investment property, care should be taken to ensure that investment property is clearly distinguishable from inventories.</p>	<p>The link to the AASB URL for locating accounting standards and interpretations by reporting period has been added in APG 1 above the tables of standards and interpretations that apply to 2008-09.</p> <p>Wording in APG 1 re the future impact of AASB 123 now refers to the release of ED 176 and Treasury’s policy for expensing of borrowing costs by not-for-profit entities if ED 176 is implemented.</p> <p>Text has been inserted to clarify that “investment property” is that defined in AASB 140 <i>Investment Property</i>.</p>
	<p>APG 3 <i>Contributions, Grants and Government Assistance Received</i></p>	<p>We believe this APG could be further expanded to clarify the following:</p> <ul style="list-style-type: none"> <li>• nature of grant agreements being reciprocal or non-reciprocal re AASB 1004 requirements;</li> <li>• recognition of a contribution upon control or the right to control it;</li> <li>• the significance of a “refund” clause in an agreement re a “present obligation”; and</li> <li>• that unearned revenue does not represent amounts unspent at balance date, and the timing for recognition of unearned revenue for both reciprocal and non-reciprocal grants.</li> </ul>	<p>Due to -</p> <ul style="list-style-type: none"> <li>• the AASB's continuing project on revenue from non-exchange transactions; and</li> <li>• the Council of Australian Governments (COAG) changes to the funding of State Government entities from 1 July 2009,</li> </ul> <p>Financial Management Branch has deferred full consideration of all these issues to the 2009-10 FRR update process.</p>

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
		<p>Consideration should be given to revising the flow chart at the end of APG 3, as AASB 1004 is now applicable to for-profit government departments as well as not-for-profit entities. Hence, if Queensland were ever to have a for-profit government department, that entity could not apply AASB 120 as the flow chart currently suggests.</p>	<p>The existence of for-profit government departments is unlikely given the nature/purpose of government departments. The flowchart at the end of APG 3 already allows for-profit government agencies to apply AASB 120. However, this flowchart has now been amended to reflect the revised AASB 1004 <i>Contributions</i>, and further simplified.</p>
	<p>APG 12 <i>Controlled and Administered Transactions and Balances</i></p>	<p>AASB 1050 <i>Administered Items</i> implies there would not be agency/trust transactions/balances that are neither controlled nor administered.</p>	<p>AAS 29 acknowledged the existence of transactions and balances that are neither controlled nor administered (eg. refer to paragraph 5.2.4 in AASB 29). At the same time, AAS 29 also contained certain paragraphs (ie. paras 11 and 20 in AASB 1050) that describe “administered” transactions and balances.</p> <p>However, with the withdrawal of AAS 29 and introduction of AASB 1050, there is no evidence that the AASB believes “agent/trust” transactions and balances no longer exist. The AASB 1050 Basis for Conclusions BC15 indicates that the AASB has simply chosen to defer the development of clear requirements for agent/trust transactions and balances.</p> <p>Guidance about agency/trust transactions has now been expanded to suggest that such transactions would be rare, and that an assessment needs to first be made against the criteria for “administered” or “transfer payments” earlier in APG 12.</p>

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		<p>We also feel that the guidance in relation to Transfer Payments could be expanded to incorporate more detail about the requirements in AASB 1050.</p>	<p>A cross-reference has now been included in APG 12 to the guidance on transfer payments in AASB 1050.</p>
	<p>APG 13 <i>Accounting for Non-Reciprocal Transfers by Owners</i></p>	<p>Second paragraph under heading “Identification of Non-reciprocal Transfers Undertaken by Owners” refers to the owners, not the types of transfers. Therefore, we recommend some re-structuring of this content.</p> <p>We recommend that the following aspects be clarified –</p> <ul style="list-style-type: none"> <li>• approval needs to be at or before the time of transfer;</li> <li>• values of assets/liabilities to be transferred needs to be in approval; and</li> <li>• once a transaction is formally designated as either income or equity, it cannot be reclassified even with appropriate approval.</li> </ul> <p>What is the authority for the content in the section “Non-Reciprocal Transfers to/from Non-Queensland State Public Sector Entities”?</p>	<p>Title of section amended to read “Non-Reciprocal Transfers Undertaken by Owners”.</p> <p>Appropriate amendments have been made to address all these issues.</p> <p>This content has been in APG 13 since the 2005-06 version of the FRRs, and was determined in the context of the transition to AeIFRS. It reflects Treasury’s guidance for accounting for these transactions, as this is not addressed in accounting standards. This guidance is reviewed annually by FMB for continued appropriateness.</p>

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		<p>The final paragraph in the ‘disclosure requirements’ at the end of APG 13 should clarify the requirements re disclosure of comparatives where there have been significant MOG changes or non-reciprocal transfers (the present wording implies they can be excluded).</p> <p>In relation to the reference to section 40AAA, it should also be stated that that section does not apply to abolished entities and as such these transfers take place from the abolition day and not the first day of the next month (for both the transferor and transferee).</p>	<p>This wording has been updated to clarify that comparatives need not be re-cast or adjusted to reflect the transfer of activities between departments as a result of such changes. Treasury’s guidance reflects a view that in the case of significant changes in a department’s functions, any re-casting of actuals is likely to be unreliable. Re-casting of comparatives is not required for budget purposes.</p> <p>Additional text has been inserted to clarify this issue.</p>
	<p><i>APG 14 Consolidated Financial Statements</i></p>	<p>We believe APG 14 could be expanded to include a reference to the specific requirements for employing offices and why these should be consolidated by the respective departments/statutory bodies to which they relate.</p> <p>We believe the last couple of paragraphs of APG 14 under the heading “Preparation of Consolidated Accounts” should be expanded to include reference to the requirement for not-for-profit parent entities with for-profit subsidiaries to adjust the accounting policies of the for-profit entities on consolidation to ensure that the consolidated accounts are solely prepared using consistent not-for-profit accounting policies.</p>	<p>Treasury has issued the “Guidance Paper on Reporting and Accounting Requirements for Statutory Bodies and Employing Offices” as a separate document to the FRRs. The reporting and accounting requirements for individual statutory bodies and employing offices must be considered on a case by case basis.</p> <p>Consideration of expansion of this guidance is the subject of a separate project within Financial Management Branch. Any outcomes from this work are expected to be reflected in the 2009-10 FRR update.</p>

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	Sunshine Department Model Financial Statements note 1(n)	<p>This currently states that “only those assets, the total values of which are material compared to the value of the class of assets to which they belong, are comprehensively revalued”. In our view this statement contravenes AASB 116 paragraph 36 which states that "if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs <b>shall</b> be revalued".</p> <p>Consequently, we do not believe the Sunshine Department accounting policy is permissible under Australian accounting standards. Materiality can only be assessed (in terms of revaluing assets), once all assets have been revalued. Only after going through this process can you determine if an asset’s value has changed materially or not. If no material change has occurred for a class or a particular asset, then you would be permitted to not take up the revaluation.</p>	<p>Financial Management Standard s.45(8) only requires revaluations to be made of “material assets”, as defined in s.45(11). Refer also paragraph 5 of accompanying commentary. The FMS requirement overrides the requirements of AASB 116 for Queensland Government agencies.</p> <p>In practice, agencies should be revaluing all assets in each relevant class. For example, although only certain assets may be comprehensively revalued in a given year, the remainder are likely to be subject to indexation in the same year – such that all assets are effectively revalued in the given year.</p>
	Sunshine Department Model Financial Statements note 23	The presentation of the comparative figures is confusing eg. could land and buildings be disclosed side by side under the headings 2009 and 2008 rather than land (for 2009 and 2008) and then buildings (for 2009 and 2008); or two tables be included – one for 2009 and a second for 2008?	Note 23 has been amended as per the first suggestion.
Stakeholder 2	Throughout	A marked-up version of the FRRs should be issued to agencies to highlight changes made, as the summary of expected changes placed on web site in December does not capture all major changes.	Financial Management Branch has a policy of not releasing documents in Word or Excel, to ensure integrity of the material. Further, if a marked-up version was converted and made available in .pdf format, the document would be largely unreadable due to the number of minor changes made in finetuning the documentation, in addition to more significant changes.

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
	<p>FRR 5.7 Consistency in Accounting Policies</p> <p>FRR 6.3.1 Employee Expenses</p> <p>FRR 7.3 Non-current Physical Assets</p>	<p>We request clarification about the need to consult Treasury before implementing any changes in accounting policy that will materially impact the agency's own financial statements, so the impact on whole-of-Government may be assessed.</p> <p>Regarding the senior executives relevant to executive remuneration disclosures, we request clarification of the reference to "all senior executives appointed under the <i>Public Service Act 2008</i>" (vs "all senior executives appointed by Governor in Council" as per the 2007-08 FRRs), and who is the "commission chief executive".</p> <p>Content in the Application section defining temporarily idle and permanently retired assets, and detailing the disclosure requirements for such assets, no longer appears.</p>	<p>Treasury expects agencies to consult with their Treasury Analyst about likely material impacts that changes in accounting policies may have on the agency's financial statements. The Treasury Analyst would then consult with Fiscal Reporting Branch about whole-of-Government impacts.</p> <p>The introduction of the <i>Public Service Act 2008</i> has resulted in changed processes for the appointment of senior executives, which need to be reflected in FRR 6.3.1. The term "commission chief executive" has now been amended to "the Public Service Commissioner".</p> <p>This content has now been re-inserted in FRR 7.3, with similar content inserted in the Application section of FRR 7.6 Intangible Assets.</p>
Stakeholder 3	<p>Part A section 3.2</p> <p>FRR 6.6 Income Statement by Outputs/Major Activities</p> <p>FRR 7.13 Statement of Assets and Liabilities by Outputs/Major Activities</p> <p>FRR 11 Reporting Requirements for Shared Service Providers</p>	<p>We request a review of the reporting requirements for SSPs and CBUs regarding preparation of their own general purpose financial statements. Further, we request a review of the requirement for separate columns for SSPs and CBUs in the Income Statement by Outputs/Major Activities and the Statement of Assets and Liabilities by Outputs/Major Activities.</p>	<p>The reporting requirements for CBUs and SSPs are being reviewed by Treasury and will consider the presentation in the Income Statement by Outputs/Major Activities and the Statement of Assets and Liabilities by Outputs/Major Activities. It is planned that an Addendum to the 2008-09 FRRs will be issued by the end of March 2009, for application to 2008-09 reporting.</p>

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
	<p>FRR 7.3 Non-Current Physical Assets</p> <p>Sunshine Department Model Financial Statements note 5 and note 15</p>	<p>Having to report temporarily idle assets imposes a significant task of reviewing assets to identify any idle assets and then determining whether the idle assets are material to the relevant asset class</p> <p>Notes 5 &amp; 15 refer to the abolition of the Cash Management Incentives Regime from 1 January 2007. The need to still refer to this in the 2008-09 financial statements is questioned.</p>	<p>These disclosures are consistent with disclosures suggested by paragraph 79 of AASB 116, and the FRRs have encouraged agencies to disclose such information since 2005-06. Treasury considers such information is important in assessing accountability regarding asset management. Agencies were advised at the outset that such disclosures would be mandated in future, and the 2007-08 FRRs advised those disclosures would be mandated as from 2008-09.</p> <p>The Cash Management Incentives Regime did exist for part of the comparative year, therefore this disclosure has been retained in the 2008-09 Sunshine Department financial statements (it will be removed for the 2009-10 update). This disclosure is only illustrative. Therefore, agencies have the discretion to decide whether or not to include such disclosure, depending on whether it would assist in explaining any difference in figures between 2007-08 and 2008-09.</p>

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
	Sunshine Department Model Financial Statements (throughout)	The earlier we can be advised of any impacts that the new Financial Accountability Bill may have on the Sunshine Statements, the better. Also, if the exposure draft proposing amendments to AASB 101 impacts on the 2008-09 financial statements, prompt advice of necessary changes would be appreciated.	The new Financial Accountability Bill was tabled in Parliament late in 2008, and its progress will depend on the outcome of the State election on 21 March 2009. There are no expected significant implications for the format of the Sunshine Department financial statements. Comments on the exposure draft (ED 174) proposing further amendments to AASB101 for GFS/GAAP harmonisation are not due to the AASB until 19 May 2009. Those proposed amendments are not expected to be applicable until 2010-11. As it is not expected that the amendments will be finalised by the AASB until the second half of 2009, Treasury does not anticipate adding to the disclosures already illustrated in 2008-09 Sunshine Department note 1(ai). The outcomes of ED174 will be considered during the 2009-10 FRR update.
Stakeholder 4	<p>FRR 5.9 Consolidation, Associates and Joint Ventures</p> <p>FRR 5.10 Controlled and Administered Transactions and Balances</p> <p>FRR 7.12 Administered Balance Sheet</p>	<p>The last bullet point “the cost method is to be used when accounting for investment in associates and joint ventures in agencies separate financial statements” is not clear.</p> <p>Policy statements regarding the need to prepare financial statements for administered items appear in both FRR 5.10 and FRR 7.12, causing confusion.</p>	<p>To prevent any confusion, this has now been rephrased to read “The cost method is to be used in agencies’ separate financial statements when accounting for investments in associates and joint ventures”.</p> <p>FRR 5.10 has been amended to instead refer to FRR 6.5 Administered Income Statement and FRR 7.12</p>

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
	<p>FRR 7.13 Statement of Assets and Liabilities by Outputs/Major Activities</p> <p>FRR 9.1 Disclosure of GST (relevant wording now revised and re-located to FRR 7.11 Goods and Services Tax Receivable/Payable)</p> <p>FRR 10.10 Financial Instruments</p>	<p>Can we get clarification about the draft requirement to disclose the allocation of income and expenses to corporate services? In the draft Sunshine Department statements, the Income Statement by Outputs/Major Activities has these lines, but not the Statement of Assets and Liabilities by Outputs/Major Activities.</p> <p>Interpretation 1031 is silent on the issue of GST relating to accrued revenues/expenses. Could we have a policy that mandates either we accrue for the GST or not? Should a provision or contingency instead be recognised?</p> <p>Can examples be provided in relation to the different valuations eg cost, fair value and amortised cost (specifically amortised cost method of measurement)</p>	<p>The bullet point stating “The allocation to corporate services (included in relevant output income and expenses) must be disclosed separately” has now been deleted.</p> <p>The relevant wording from FRR 9.1 has now been simplified and re-located to FRR 7.11. The FRR guidance on inclusion/exclusion of GST in creditors and accruals is consistent with paragraph 8 of Interpretation 1031 and reflects QAO’s views on this. The inclusion/exclusion of GST must also reflect the provisions of the relevant taxation legislation about tax invoices (ie. it must be consistent with treatment for BAS purposes).</p> <p>FRR 10.10 is designed to only deal with financial statement disclosure aspects (and does not deal with measurement issues). APG 16 now contains a minor amendment for brief guidance on amortised cost using the effective interest method.</p>

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
Stakeholder 5	FRR 9.1 Disclosure of GST (relevant wording now revised and re-located to FRR 7.11 Goods and Services Tax Receivable/Payable)	<p>Up to what point in time is a department required to monitor invoices received (for potential inclusion of GST) to be reflected in departmental financial statements?</p> <p>What is the significance about the timing of the BAS completion (ie 21 July) regarding the recognition of GST inclusive liabilities?</p> <p>Where it is stated that the liability is to be recognised inclusive of GST (if material), does the test of materiality apply at the individual invoice level or to an accumulated total of invoices eg. one invoice worth \$50,000 or 80 invoices totalling \$600,000?</p>	<p>Decisions about cut-off dates for inclusion of new information in financial statements are to be made in respect of all elements of the financial statements. Therefore, whether or not to include GST in receivables/payables would reflect the cut-off dates agreed for those receivables/payables. This is a matter to be negotiated between agencies and QAO when agreeing on timeframes for the preparation of financial statements to meet the earlier timeframes.</p> <p>The revised guidance in FRR 7.11 no longer refers to the timing of the BAS in including or excluding GST from creditors and accruals.</p> <p>In preparing their financial statements, agencies need to make their own judgements of materiality in accordance with AASB 1031 <i>Materiality</i>. In the context of including GST in creditors and accruals, paragraph 13 of AASB 1031 is the most relevant. Materiality is something to be judged based on all available information, hence the total dollar value of all relevant items (not just how many there are) needs to be considered when determining what to include in the financial statements.</p>

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
Stakeholder 6	FRR 6.3.1 Employee Expenses APG 10 <i>Accounting for Employee Benefits</i>	Re the Annual Leave Central Scheme, the FRRs indicate that the reimbursements recoverable and levy payable should be grossed-up in the balance sheet (i.e. separately classified as receivables and payables). However, set-off of a financial asset against a financial liability is allowed by AASB 139.	<p>Paragraph 42(b) of AASB 139 allows a financial asset and a financial liability to be offset, but <b>only when</b> an entity currently has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.</p> <p>In this regard, the Annual Leave Central Scheme Guidelines state (under the heading “Remittance and Claim Procedures”) that levies are due to be paid on the 12<sup>th</sup> working day after the end of the quarter, and claims are to be submitted by the 14<sup>th</sup> working day after the end of the quarter. Further, it is stated that “annual leave levies and claim reimbursements are not to be netted off by agencies”, and that “no claims will be remitted if an agency has not paid its AL levy for the quarter”. Therefore, the criteria in AASB 139 for set-off aren’t satisfied.</p>

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
	<p>APG 2 <i>Definition and Recognition of Income</i> Sunshine Department Model Financial Statements note 1(e)</p> <p>APG 11 (withdrawn)</p>	<p>Can unearned revenue be recognised for appropriations under AASB 1004 <i>Contributions</i>?</p> <p>APG 11 is not currently included on the web site, preventing review of the revisions to this guideline referred to in the December 2008 'Summary of Expected Changes' document.</p>	<p>Relevant wording in the Sunshine Department financial statements and APG 2 reflects the wording of certain paragraphs in AASB 1004 <i>Contributions</i> under the heading "Parliamentary Appropriations as Income".</p> <p>Due to the above factors, coupled with -</p> <ul style="list-style-type: none"> <li>• the AASB's continuing project on revenue from non-exchange transactions (effectively revisiting the issues of "reciprocal" and "non-reciprocal" revenue); and</li> <li>• the Council of Australian Governments (COAG) changes to the funding State Government entities from 1 July 2009,</li> </ul> <p>Financial Management Branch has deferred full consideration of all these issues to the 2009-10 FRR update process.</p> <p>Agencies needing assistance can forward a request for advice to <a href="mailto:fmhelpdesk@treasury.qld.gov.au">fmhelpdesk@treasury.qld.gov.au</a>.</p> <p>As explained in the draft FRRs, APG 11 has been withdrawn due to a comprehensive revision of APG 13 <i>Accounting for Non-Reciprocal Transfers by Owners</i> (which includes similar guidance to APG 11). Requirements regarding reserves have been re-located from APG 11 to FRR 8.</p>

Source	Location in FRRs	Stakeholder Feedback	Treasury Response
	APG 13 <i>Accounting for Non-Reciprocal Transfers by Owners</i>	In situations of non-reciprocal transfers to/from non-Queensland state public sector entities (e.g. local governments, commonwealth and universities) it is preferred that the transfer of assets/liabilities from controlled to administered balances only be an optional treatment.	This content has effectively been in APG 13 since the 2005-06 version of the FRRs, and was determined in the context of the transition to AelFRS. This guidance is reviewed annually by Treasury for continued appropriateness, and Treasury believes it continues to be appropriate. For consistency of accounting across the sector, Treasury does not support an optional treatment for such transfers.
Stakeholder 7	Sunshine Department Model Financial Statements	Three minor formatting issues were submitted for correction – duplicated page numbers, incorrect spelling and missing text.	These items have now been corrected.