

## SUMMARY OF SIGNIFICANT CHANGES IN 2008-09 UPDATE OF FINANCIAL REPORTING REQUIREMENTS FOR QUEENSLAND GOVERNMENT AGENCIES

This summary outlines the more significant amendments made to the Financial Reporting Requirements for Queensland Government Agencies (FRR's) during the 2008-09 update, as compared to the version issued for 2007-08.

As a result of the Australian Accounting Standards Board's short-term review of AAS27 *Financial Reporting by Local Governments*, AAS 29 *Financial Reporting by Government Departments* and AAS 31 *Financial Reporting by Governments*, those standards have been withdrawn as from 2008-09. In the case of AAS29, its content has been re-located to other standards as follows:

- AASB 1004 *Contributions* (revised);
- AASB 1050 *Administered Items* (new);
- AASB 1051 *Land Under Roads* (new); and
- AASB 1052 *Disaggregated Disclosures* (new).

Consequently, throughout the FRR's, references to AAS 29 have been replaced by references to the current relevant standard.

Apart from minor editorial changes, the following significant updates were made to the mandatory policies contained in Part B:

- FRR 6.3.1 *Employee Expenses* – amendments and additional guidance have been incorporated into this section (as well as APG 10 *Accounting for Employee Benefits* and the Sunshine Department Model Financial Statements) following the introduction of the Annual Leave Central Scheme in June 2008. The requirements for disclosures of executive remuneration have also been updated to reflect changed processes as a result of the introduction of the *Public Service Act 2008*.
- FRR 7.3 *Non-Current Physical Assets* – certain disclosures are now mandatory in respect of temporarily idle assets, and assets permanently retired from active use but not classified as held for sale. Such disclosures were only encouraged in previous years, based on AASB 116 *Property Plant and Equipment*.
- FRR 7.6 *Intangible Assets* – certain disclosures are now mandatory in respect of temporarily idle assets, and assets permanently retired from active use but not classified as held for sale. Such disclosures were only encouraged in previous years.
- FRR 7.11 *Goods and Services Tax Receivable/Payable* – guidance on accounting for GST associated with accrued revenues and expenses has been clarified and re-located from FRR 9.1 *Disclosure of GST*.
- FRR 7.13 *Statement of Assets and Liabilities by Outputs/Major Activities* – requirements for this new statement have been included, due the disclosures required by the new standard AASB 1052 *Disaggregated Disclosures*. A corresponding new statement has therefore been included in the Sunshine Department Model Financial Statements.
- FRR 11 *Reporting Requirements for Shared Service Providers* – given the abolition of performance return arrangements as from 2008-09, associated financial statement disclosures have been removed.

The most significant amendments to Part A Introduction and Prescribed Requirements relate to new wording in a number of places to acknowledge that Schedule 4 of the *Financial*

*Management Standard 1997* does not reflect the latest accounting standards and interpretations. However, the new wording also states 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. Similar wording has been included at the beginning of APG 1 *Australian Accounting Standards Board Pronouncements*.

The following points reflect the more significant updates made to the Accounting Policy Guidelines (APGs - Part C):

- APG 1 *Australian Accounting Standards Board Pronouncements* has been updated to list those Australian Accounting Standards and Interpretations that are applicable to 2008-09, and those Australian Accounting Standards and Interpretations that have been released but are not applicable until future reporting periods. APG 1 also outlines certain impacts on future reporting periods (arising from standards and interpretations) that agencies need to be aware of and plan for accordingly.
- APG 3 *Contributions, Grants and Government Assistance Received* – the flowchart illustrating the applicability of relevant accounting standards under various circumstances has been to reflect the revised AASB 1004 *Contributions*, and further simplified.
- APG 11 *Definition and Recognition of Equity* has been withdrawn due to a comprehensive revision of APG 13 *Accounting for Non-Reciprocal Transfers by Owners* (which includes similar guidance to APG 11) and the re-location of requirements regarding reserves from APG 11 to FRR 8.
- APG 12 *Controlled and Administered Transactions and Balances* – further guidance has now been included about the rare circumstances in which transactions may be classified as agent/trust transactions, as opposed to “administered” or “transfer payments” (described earlier in APG 12).
- APG 13 *Accounting for Non-Reciprocal Transfers by Owners* has been comprehensively revised. Key outcomes of this revision have been to:
  - clarify that statutory bodies are considered to be wholly-owned entities of the State for the purposes of financial reporting;
  - better incorporate the requirement for “formal designation” (as required by Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*) to allow certain transactions to be adjusted against contributed equity;
  - demonstrate how the requirements of Interpretation 1038 apply to various types of adjustments and transfers in a Queensland Government context;
  - clarify the date of effect of transfers of assets and liabilities between agencies under various circumstances; and
  - clarify the expectations for disclosure of comparatives where there have been significant changes in an agency’s activities due to machinery-of-Government changes or other non-reciprocal transfers at the direction of Government.
- APG 14 *Consolidated Financial Statements* – guidance on the circumstances indicating control of an entity in a public sector context has been revised, due to the inclusion in AASB 127 *Consolidated and Separate Financial Statements* of new paragraphs applying the concept of “control” to public sector situations.
- APG 16 *Recognition, Presentation and Disclosure of Financial Instruments* has been updated to clarify the requirements for initial and subsequent measurement of loans.

In addition to matters already mentioned above, and a wide range of minor amendments throughout, revisions have been made to the Sunshine Department Model Financial Statements as follows:

- Note 1(ag) Judgements – updated to better illustrate the disclosure requirements of AASB 101 *Presentation of Financial Statements*;
- Note 23 Investment Property – the movements reconciliation now includes comparative figures, consistent with AASB 101; and
- Note 29 Asset Revaluation Reserve by Class – this disclosure now includes comparative figures, consistent with AASB 101.