

TREASURY ANALYSIS - AASB 101

AASB 101 *Presentation of Financial Statements* (September 2007) replaced AASB 101 *Presentation of Financial Statements* (October 2006).

Major impact of changes

- Introduction of concept of 'total comprehensive income'; i.e. the change in equity during a period other than changes resulting from transactions with owners in their capacity as owners.
- All items of income and expense (i.e. comprehensive income) must be presented in a single statement or in two statements, separately from owner changes in equity. NSW Treasury will mandate a single statement of comprehensive income to align with Government Finance Statistics (GFS) for general government sector agencies.
- There is no longer an option to present owner as owner changes in equity as a note. The statement of changes in equity must be presented as a separate financial statement.

Key features of Standard

- AASB 101 (September 2007) applies to annual reporting periods beginning on or after 1 January 2009 (i.e. years ending on or after 30 June 2010, for 30 June year-end entities).
- The revised AASB 101 substantially replicates the requirements of AASB 101 (October 2006), except as discussed under 'main differences' below. However, there are major changes to the structure and format of financial statements.

Main differences applicable for 2009/10 compared to 2008/09

A complete set of financial statements

- Introduces the concept of total comprehensive income (i.e. non-owner changes in equity) and includes a definition for 'other comprehensive income' (i.e. items of income and expense, including reclassification adjustments, that are not recognised in profit or loss as required or permitted by other Australian Accounting Standards).
- Owner changes in equity must be presented as a separate financial statement, not in the notes.
- Changes in titles for the primary financial statements, but these are not mandatory; e.g. statement of financial position (rather than balance sheet), statement of cash flows (rather than cash flow statement).
- New requirement for a statement of financial position as at the beginning of the earliest comparative period when an entity has made any retrospective restatements; e.g. due to a change in accounting policy or correction of a previous error or when it reclassifies items.

Reporting owner changes in equity and comprehensive income

- Income and expenses may be presented in one statement (a statement of comprehensive income) or in two statements (a separate income statement and a statement of comprehensive income), separately from owner changes in equity. NSW Treasury will mandate a single statement of comprehensive income to align with GFS for general government sector agencies.
- Other comprehensive income must be shown in the statement of comprehensive income and total comprehensive income must also be presented.

Dividends

- Dividends recognised as distributions to owners and the related amount per share are to be presented in the statement of changes of equity or in the notes, not in the statement of comprehensive income.

Reclassification adjustments and related tax effects

- Reclassification adjustments (amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in prior periods) and income tax relating to each component of other comprehensive income must be disclosed in the statement of comprehensive income or in the notes.

Impact on the public sector

- No differential impact on the public sector arises from the Standard. However, NSW Treasury will mandate a single statement of comprehensive income for general government sector agencies.

Policy and Implementation issues*Mandating option*

- Treasury's Mandates will be updated to require a single statement of comprehensive income for general government sector agencies, consistent with GFS.

Application

- The revised AASB 101 applies retrospectively and therefore must also be reflected in the comparative period (2008/09).

This summary has been written in general terms and is intended for reference only. Agencies should review the contents of the AASB Standard to determine its application in particular circumstances.