The Treasury

Treasury Circular

TC17-04
30 March 2017

Mandates of options and major policy decisions under Australian Accounting Standards

This Circular updates NSW Treasury mandates under Australian Accounting Standards to be applied in all NSW public sector entity financial statements for financial years ending on or after 30 June 2017. This Circular applies to all entities required to prepare general purpose financial statements under the *Public Finance and Audit Act 1983*, including Statutory State Owned Corporations. It supersedes and withdraws the previous NSW Treasury Circular TC16-02 with the same title.

Summary:

All NSW public sector entities must apply Australian Accounting Standards. This Circular updates the mandates of accounting policy options and major policy decisions under Australian Accounting Standards to be applied in entity financial statements for financial years ending on or after 30 June 2017.

The main changes to the mandates are to include Treasury directives previously included in the Financial Reporting Code which is now a non-mandatory model, and to update the list of Standards issued but not yet effective and confirm that Accounting Standards cannot be early adopted.

This Circular is issued as a Direction in accordance with sections 9 and 45E of the *Public Finance and Audit Act 1983*. A specific reference to this Treasury Circular will also be included in the Statement of Corporate Intent of Statutory State Owned Corporations. Accordingly, this Circular applies to all entities required to prepare general purpose financial statements under the Act, including Statutory State Owned Corporations.

This Circular supersedes and withdraws Treasury Circular TC16-02 *Mandates of Options and Major Policy Decisions under Australian Accounting Standards.*

This Circular should be read in conjunction with relevant Treasury Circulars and Treasury Policy Papers (refer Treasury's website).

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1. Background

Australian Accounting Standards provide certain accounting policy options. This Circular updates the mandates of accounting policy options and major policy decisions for recent amendments to Australian Accounting Standards and Treasury requirements (refer section 3 of the Circular).

The main changes to the mandates are to include Treasury directives previously included in the Financial Reporting Code (FRC), which is now a non-mandatory model, and to update the list of Standards issued but not yet effective and confirm that Accounting Standards cannot be early adopted.

2. Application

This Circular applies to financial years ending on or after 30 June 2017. This Circular is issued as a Direction in accordance with sections 9 and 45E of the Public Finance and Audit Act 1983. A specific reference to this Treasury Circular will also be included in the Statement of Corporate Intent of Statutory State Owned Corporations. Accordingly, this Circular applies to all entities required to prepare general purpose financial statements under the Act, including Statutory State Owned Corporations.

This Circular supersedes and withdraws TC16-02 *Mandates of Options and Major Policy Decisions under Australian Accounting Standards.*

This Circular must be read in conjunction with Treasury's other Circulars and Policy Papers regarding Australian Accounting Standards. Only major policy decisions are listed in this Circular and, where applicable, the Circular cross refers to the particular Treasury Circular or Policy Paper.

3. Mandates of options and major policy decisions under Australian Accounting Standards

Options / Requirements	Treasury Mandate	FRC Reference
For-profit (FP) / not-for-profit (NFP) entity classification		
The FP / NFP classification is used across a number of Standards. More significant impacts occur in the areas of impairment and grants.	Refer TPP05-4 Distinguishing For-Profit from Not-For-Profit Entities. NSW public sector entities must consider the following factors when deciding whether to classify an entity as FP or NFP, for general purpose financial statement purposes: • Statements by owners about the objectives of the entity, such as statements contained in legislation, regulations, entity constitutions and shareholder resolutions. • The governance framework applied to the entity; i.e. the corporate structure adopted and the formal relationship with owners. • The purpose, nature and extent of funding from owners, focusing on the extent to which ongoing budget support is provided to an entity. • The targeted financial performance of the entity, as agreed between owners and the board/management, focusing on the extent to which the entity funds its expenses, maintains its asset base and provides returns to owners. • The classification of the entity under Government Finance Statistics (GFS).	*Summary of significant accounting policies [Note 1(a)]*
Reserve accounting		
Legislation or Australian Accounting Standards may require agencies to create and recognise reserve accounts in their annual financial statements.	All NSW public sector entities must not create and recognise reserve accounts in their annual financial statements unless required by specific legislation or Australian Accounting Standards.	*Statement of Changes in Equity* *Note 1(r)(iii)*
Public private partnerships		
In the absence of an Australian Accounting Standard on Privately Financed Projects (PFPs), Treasury's policy on Accounting for PFPs applies. Treasury's policy is largely based on the principles in UK standard FRS 5.	Refer TPP06-8. Agencies are required to adopt Treasury's policy on Accounting for PFPs. The policy deals with recognition of infrastructure assets or the right to receive them, recognition of up-front contributions and accounting for associated land leases.	

Options / Requirements	Treasury Mandate	FRC Reference
Appropriations and Transfers to the Crown Entity		
Additional disclosures to enable users to understand the impact of specific transactions.	• If an entity receives an equity appropriation this must also be disclosed in the summary of compliance as part of the appropriation. • Entities receiving direct appropriation must additionally disclose the following below the summary of compliance: 1. a statement that the summary is based on the assumption that Consolidated Fund moneys are spent first, unless otherwise identified or prescribed. 2. an explanation of how the 'Liability to Consolidated Fund' is calculated (i.e. the difference between 'Amount drawn down against Appropriation' and 'Expenditure / Net Claim on Consolidated Fund'). • Where an entity must remit either all or a portion of the proceeds on sale of assets to the Crown Entity, such remittances must be included in 'transfers to the Crown Entity' after the line item 'appropriation' in the statement of comprehensive income. • Entities must separately disclose transfers to the Crown Entity, including asset sales proceeds transferred and transfers from commercial business units. Where there is only one category of transfers to the Crown Entity, a note disclosure is not required (although, the nature of the transfer must be included on the face of the statement of comprehensive income; e.g. Transfers to the Crown Entity - asset sale proceeds).	*Note 3(a)* *Summary of compliance with financial directives - Commentary No.8* *Statement of Comprehensive Income - Commentary No.9* *Note 3(b)*
Trust Funds		
Additional disclosures are provided to enable users to understand the impact of particular transactions.	Trust funds are not brought to account in the financial statements, but are shown in the notes for information purposes. Mandate disclosure of types, purposes and movements of trust funds by broad categories.	*Note 32*
AASB 10 *Consolidated Financial Statements*		
A parent may elect not to present consolidated financial statements where certain conditions are satisfied, in accordance with AASB 10, para 4 and Aus4.1.	Mandate that a parent entity must present consolidated financial statements. Mandate the financial statements of the parent entity must be included as a separate column adjacent to the consolidated financial statements.	*Note 1 - Commentary No.4 on Summary of significant accounting policies*

Options / Requirements	Treasury Mandate	FRC Reference
AASB 101 *Presentation of Financial Statements*		
AASB 101 para 10A allows either: • the presentation of a single statement of profit or loss and other comprehensive income (statement of comprehensive income) or • two statements: a separate statement of profit or loss and a statement presenting comprehensive income (displaying components of other comprehensive income; i.e. non owners' changes in equity, such as asset revaluation surplus movements).	Mandate a single statement of comprehensive income for all General Government Sector (GGS) entities, consistent with GFS. Allow either the presentation of a single statement of comprehensive income or two statements for Public Trading Enterprises (PTE) and Public Financial Enterprises (PFE).	*Statement of Comprehensive Income*
For each component of equity, an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item (para 106A).	Mandate the analysis of other comprehensive income by item must be presented in the statement of changes in equity for all GGS entities. PTE/PFE entities may present an analysis of other comprehensive income by item either in the statement of changes in equity or in the notes.	*Statement of Changes in Equity*
An entity shall present an analysis of expenses using a classification based on either their nature or their function in the entity, whichever provides information that is reliable and more relevant (para 99).	Mandate that expenses be presented on the basis of their nature.	*Statement of Comprehensive Income* *Note 2*
When items of income or expense are material, an entity shall disclose their nature and amount separately (para 97).	Mandate the following transactions, if material, be disclosed separately: • employee related expenses: salaries and wages (including annual leave), superannuation –defined benefit plans, superannuation –defined contribution plans, long service leave, workers compensation insurance, payroll tax and fringe benefits tax and other major categories • auditor's remuneration, cost of sales, costs of inventories held for distribution, operating lease rental expenses, maintenance, insurance, consultants, other contractors, research and development and other major categories of operating expenses • nature and amount of major categories of grant and subsidy expenses • investment revenue (including interest income, dividends, rents and royalties) • Major categories of other revenue, including forgiveness of liabilities and fee income. Note: For entities receiving personnel services (as discussed in TC15-07), the	*Note 2(a)(b)(d)* *Note 3(d)(g)* *Note 2(b)*

Options / Requirements	Treasury Mandate	FRC Reference
	reference to 'employee related maintenance expense' in TPP06-6 must be read as a reference to 'personnel services maintenance expense'. In effect, this amends the *Guidelines for Capitalisation of Expenditure on Property, Plant and equipment* (TPP06-6) to require the total maintenance expense to be dissected into personnel services related maintenance and other maintenance.	
An entity shall present current and non-current assets / liabilities as separate classifications in its statement of financial position *except* when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in order of liquidity (para 60).	• Mandate NSW GGS entities to adopt the current / non-current presentation. • Any liability to Consolidated Fund calculated (excluding any liability in respect of transfer payments) must be recognised as a current liability.	*Statement of financial position-Commentary No. 1* *Note 25*
When an entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months (para 68 and 70).	Mandate public sector entities to adopt a 12 month operating cycle. Where an entity intends to adopt a longer time period, they must notify NSW Treasury immediately.	*Statement of financial position-Commentary No. 4*
An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations (para 77).	Mandate following separate disclosures: • receivables, distinguishing between sale of goods and services, retained taxes, fees and fines, prepayments and other major categories of receivables (e.g. personnel services receivable for entities providing personnel services per TC15-07) • financial assets at fair value, separately disclosing derivatives, TCorp Hour-Glass investment facilities (other than the Hour-Glass cash facility which is included as 'cash assets'), shares and other major categories. The TCorp Hour-Glass investment facilities that are normally part of the 'financial assets at fair value' category include the strategic cash facility, medium-term growth and long-term growth facilities. • other financial assets, separately disclosing other loans and deposits (e.g. Treasury Corporation deposits greater than 90 days), advances receivable and other major categories of investments. • major categories of other assets • accrued salaries, wages and on-costs, creditors and other major categories (e.g. personnel services payable for entities receiving personnel services per TC15-07). • borrowings, separately disclosing bank overdrafts, NSW Treasury advances repayable, TCorp borrowings, other loans and deposits, finance leases and other major categories (e.g. financial guarantee liabilities, where material).	*Note 11* *Note 13* *Note 14* *Note 18* *Note 22* *Note 23*

Options / Requirements	Treasury Mandate	FRC Reference
	• provisions, separately disclosing (a) employee benefits and related on-costs (including annual leave and other major categories) (b) other provisions including major categories (e.g. personnel services liabilities for entities receiving personnel services per TC 15-07). • other liabilities, separately disclosing liability to Consolidated Fund, unearned revenue and any major categories of other liabilities.	*Note 24* *Note 25*
AASB 102 *Inventories*		
Each NFP entity must measure inventories held for distribution at cost, adjusted when applicable for any loss of service potential (para Aus9.1).	No mandate necessary. Refer AASB 102, para Aus9.2: "…For many inventories held for distribution, a loss of service potential would be identified and measured based on the existence of a current replacement cost that is lower than the original acquisition cost or other subsequent carrying amount".	
AASB 107 *Statement of Cash Flows*		
Cash flows from operating activities must be reported using either the (para 18): • direct method or • indirect method.	Mandate the direct method.	*Statement of Cash Flows* *- Commentary No. 1*
The Standard allows certain cash flows to be reported on a net basis, in limited circumstances (para 22-24) i.e. • cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and • cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.	Mandate that relevant cash flows must be reported net, in the limited circumstances referred to in paras 22-24. Cash flows must be reported gross in all other circumstances (para 18 and 21).	*Statement of Cash Flows* *- Commentary No. 1*
Interest paid and interest and dividends received may be classified as operating or financing / investing flows (para 33).	Mandate interest paid and interest and dividends received as operating cash flows, to harmonise with GFS.	*Statement of Cash Flows - Commentary No. 1*
Dividends paid may be classified as (para 34): • a financing cash flow or • a cash flow from operating activities.	Mandate dividends paid as a financing cash flow.	*Statement of Cash Flows*

Options / Requirements	Treasury Mandate	FRC Reference
Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition (para 7).	Mandate short-term deposits with a maturity of three months or less to be classified as cash and cash equivalents.	*Note 10*
Additional information may be relevant to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, is encouraged (para 50).	Where cash is transferred as part of an administrative restructure, the reconciliation of opening and closing cash balances in the statement of cash flows will be affected. To ensure that cash reconciles in the statement of cash flows, the 'Opening cash and cash equivalents' amount is to be adjusted to include any cash received or paid as a result of restructuring.	*Statement of Cash Flows/ Note 10*
AASB 116 *Property, Plant and Equipment* (PP&E)		
Cost model or revaluation model (fair value) (para 29).	Refer TPP14-01. Mandate the fair value (i.e. revaluation model) option.	*Note 1(i)*
Gross or net restatement option (para 35) i.e. where PP&E is revalued, any accumulated depreciation is treated in one of two ways: • Restated proportionately with the change in gross carrying amount so that the carrying amount of the asset after revaluation equals its revalued amount (gross restatement). • Eliminated against the gross carrying amount of the asset and the net carrying amount restated to the revalued amount of the asset (net restatement).	Refer TPP14-01. TPP14-01 mandates use of: • gross restatement where an asset is revalued using the cost approach • net restatement where an asset is revalued using the income approach or market approach.	*Note 1(i)*
Asset revaluation surplus may be transferred to retained earnings on derecognition or progressively as the asset is used (para 41).	Mandate the transfer of asset revaluation surplus on derecognition.	*Note 1(i)*
AASB 116 does not prescribe the unit of measure for recognising assets, that is, what constitutes an item of PP&E (para 9). This is relevant for FP entities, when offsetting revaluation increments and decrements on an individual asset basis (para 39 and 40).	Refer TPP14-01 section 3.1. For FP entities, asset revaluation increments and decrements must be offset for individual “assets” (para 39 and 40). An “asset”, not a “part of an asset”, is the basis for accounting for the movement in the asset revaluation surplus. Therefore, asset revaluation increments and decrements relating to components (or parts) of a complex infrastructure asset may be offset.	*Note 1(i)*

Options / Requirements	Treasury Mandate	FRC Reference
	For NFP entities asset revaluation increments and decrements are offset for classes of assets (para Aus39.1, Aus40.1 and Aus40.2).	
AASB 116 requires the disclosure of the amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction [para 74(b)]	Mandate that employee-related costs that have been capitalised in particular fixed assets' accounts must be separately disclosed under 'Employee related expenses'.	*Note 2(a)*
AASB 116 requires disclosures for each class of property, plant and equipment. A class of property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations (para 73 and 37).	• Mandate separate disclosure of classes: 'land and buildings', 'plant and equipment', 'infrastructure systems'. 'Leased assets' [specify type of leased assets], where applicable, are to be disclosed as a sub-class, within the above classes, in the notes to the financial statements. • Certain assets within the NSW GGS are normally classified as a separate class of infrastructure systems. For example, roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems. Land, buildings, plant or equipment which form an integral part of these infrastructure assets are to be disclosed as part of this class of assets. • Surplus property, plant and equipment (not 'held for sale' in accordance with AASB 5) must be included within either 'land and buildings', 'plant and equipment' or 'infrastructure systems'. These assets do not meet the definition of 'financial assets' in the Australian Accounting Standards which only include cash, a contractual right to receive cash and a contractual right to exchange financial instruments or equity instruments. Surplus assets, however, may be disclosed as a separate sub-class within 'land and buildings', 'plant and equipment' and 'infrastructure systems' in the notes.	*Note 15 – Commentary No.1* *Note 15 – Commentary No.2* *Note 15 – Commentary No.3*
AASB 119 *Employee Benefits*		
The rate used to discount post-employment benefit obligations must be determined by reference to market yields at the reporting date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields at the reporting date on government bonds must be used (para 83). For NFP public sector entities, post-employment benefit obligations denominated in Australian currency must be discounted using market yields on government bonds (para Aus83.1).	Refer TC14-05. For FP entities, mandate the government bond rate (rather than the high quality corporate bond rate). This means the government bond rate applies for NSW NFP and FP public sector entities. NSW Treasury considers that Australia does not have a sufficiently deep, active and liquid market for high quality corporate bonds. The above also applies to other long term employee benefits.	*Note 1(p)(ii)*

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AASB 119 requires certain disclosures regarding the effect of the defined benefit plan on the entity's future cash flows, including the funding arrangements and funding policy (para.135). However, the revised Standard no longer requires the disclosure of the net defined benefit liability on a "funding basis"; i.e. using the expected rate of after-tax return on plan assets based on AASB 1056 *Superannuation Entities*.	Refer TC14-05. NSW Treasury requires additional disclosures regarding the defined benefit surplus or deficit measured in accordance with AASB 1056 and other related disclosures. This information will be provided to agencies in the annual Superannuation Position Statement (i.e. provided centrally to agencies by Pillar Administration or the Energy Industries Superannuation Scheme (EISS), using actuarial information for the State Super Schemes and EISS).	
AASB 101 requires aggregation and disaggregation of financial information to provide more relevant information to the users and distinguishing current/non-current liabilities.	Entities must disclose the aggregate liability and the aggregate asset arising from employee benefits and related on-costs that have been recognised in the financial statements, identifying the current and non-current portions, where applicable. On-costs include workers compensation insurance and payroll tax.	*Note 24 – Commentary No.7*
AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* *- FP entities only*		
A government grant in the form of a non-monetary asset (e.g. land or other resource) may be accounted for at either (para 23): • fair value or • nominal amount.	Mandate that government grants of non-monetary assets are accounted for at fair value.	*Note 1(h)*
Government grants related to assets, including non-monetary grants at fair value, must be presented in the statement of financial position either by (para 24): • setting up the grant as deferred income or • deducting the grant in arriving at the carrying amount of the asset.	Mandate that government grants related to assets are presented as deferred income.	
Grants related to income are either (para 29): • presented as a credit in the statement of profit or loss or • deducted in reporting the related expense.	Mandate that grants related to income are presented as a credit (i.e. income) in the statement of profit or loss.	
AASB 121 *The Effects of Changes in Foreign Exchange Rates*		
An entity may present its financial statements in any currency (para 38) i.e. presentation currency.	Mandate the use of Australian dollars.	*Note 1(a)*

Options / Requirements	Treasury Mandate	FRC Reference
AASB 123 *Borrowing Costs*		
FP entities must capitalise borrowing costs relating to qualifying assets (para 8), while NFP public sector entities have the option to expense or capitalise (para Aus8.1).	Mandate that borrowing costs of all GGS NFP entities must be expensed, rather than capitalised, consistent with GFS. NFP PTE entities can choose to either expense or capitalise borrowing costs. Under AASB 123 there is no option for FP entities i.e. they must capitalise borrowing costs, where directly attributable. This amends TPP06-6 Accounting Policy - Guidelines for Capitalisation of Expenditure on Property, Plant and Equipment which provides that both FP and NFP PTE entities can choose to either expense or capitalise these costs.	*Note 1(e)*
AASB 124 *Related Party Disclosures*		
For transactions with government-related entities that are collectively, but not individually, significant, entities should provide a qualitative or quantitative indication of their extent [para 26(b)].	Mandate that agencies must provide a qualitative description of transactions with government-related entities that are collectively, but not individually, significant.	*Note 35 - Commentary No.10*
AASB 128 *Investments in Associates and Joint Ventures*		
An entity may elect not to use the equity method in accounting for its investment in an associate or joint venture where certain conditions are satisfied, in accordance with AASB 128, para 17–19 (para 16).	Mandate that the entity must use the equity method.	
AASB 138 *Intangible Assets*		
Cost model or revaluation model (fair value) (para 72).	Mandate the fair value (i.e. revaluation model) option. Note, it will be uncommon for fair value to exist, as there is unlikely to be an “active market” (although it may happen) (AASB 138, para 78). Where there is no active market, the asset shall be carried at its cost less any accumulated amortisation and impairment losses (AASB 138 para 81).	*Note 1(l)*
Easements are an interest in land (e.g. transmission and pipeline easements) that may be regarded as an intangible asset (subject to AASB 138) rather than a tangible property, plant and equipment item (subject to AASB 116).	Mandate that easements be accounted for as an intangible asset (subject to AASB 138).	

Options / Requirements	Treasury Mandate	FRC Reference
AASB *139 Financial Instruments: Recognition and Measurement* (June 2014 Compilation version) – refer also to Treasury's Financial Instruments Policy		
Designation as 'fair value through profit or loss' or 'available-for-sale' at initial recognition; and use of the 'held to maturity' category (para 9).	Refer TPP08-1 Accounting Policy - Accounting for Financial Instruments. TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss [refer section 5.4 of Financial Instruments Policy (TPP 08-1)]. Under NSW TPP 08-1: 1. Apart from Hour-Glass Investment facilities, an entity may only designate at 'fair value through profit or loss' where (refer section 5 of Financial Instruments Policy): ▪ it satisfies the fair value option criteria ▪ it determines it is appropriate for its operations (e.g. NSW TCorp) and ▪ it is approved by NSW Treasury. 2. An entity may only designate as 'available-for-sale' where approved by NSW Treasury (refer section 6 of Financial Instruments Policy). 3. An entity can only use the 'held to maturity' classification where approved by NSW Treasury (section 4 of Financial Instruments Policy).	*Note 1(n)*
Regular way contracts – AASB 139 provides the option of using either trade date or settlement date accounting for purchases or sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned (para 38 and paras AG53-56).	Mandate trade date accounting; i.e. date on which the entity commits itself to purchase or sell the asset (refer AASB 139 para AG55).	*Note 1(n)(i)*
Inputs to valuation techniques – current bid / asking price or mid-market price (AASB 13 para 70-71).	No mandate – the TCorp Medium and Long Term Hour-Glass growth facilities use the bid price.	
Hedges of firm commitments – a hedge of foreign currency risk of a firm commitment may be accounted for as either a fair value hedge or cash flow hedge (para 87).	No mandate – this should not be a material issue for most NSW public sector agencies.	

Options / Requirements	Treasury Mandate	FRC Reference
Hedging – where a hedge of a forecast transaction results in recognition of a non-financial asset or liability, or a forecast transaction becomes a firm commitment for which fair value hedge accounting is applied, the entity must either reclassify gains and losses recognised in other comprehensive income to profit or loss, OR include in the initial cost of the asset or liability (para 98).	Mandate inclusion in the initial cost of an asset or liability. This reduces the record-keeping burden involved in transferring amounts progressively from equity to profit or loss.	
AASB 140 *Investment Property*		
An entity may elect to use as its accounting policy either the fair value model or the cost model (para 30).	Refer TPP14-01 Accounting Policy - Valuation of Physical Non-Current Assets at Fair Value Mandate fair value model.	*Note 1(b)* *Note 1(k)*
Property interests held by a lessee under an operating lease may be classified and accounted for as investment property (para 6).	Mandate that such interests be classified as investment property.	
AASB 1004 *Contributions*		
AASB 1004 specifies required disclosures for restructure of administrative arrangements.	Mandate the following disclosures on equity transfers: • Details of assets and liabilities transferred in broad categories for each transfer; • Reconciliation to the change in net assets from equity transfers; and • Comparative figures for the previous financial year for each transferred function or activity.	*Note 26*
AASB 1050 *Administered Items*		
AASB 1050 specifies requirements for government departments relating to administered items.	Mandate extension of these requirements to all NSW GGS entities. Administered assets and liabilities are not recognised in the Statement of Financial Position but are required to be disclosed in the notes, showing separately each major class of asset and liability. Any liability to Consolidated Fund calculated in the summary of compliance that relates to transfer payments must be disclosed in the administered assets and liabilities note. Administered expenses and income are not recognised in the statement of comprehensive income but are required to be disclosed in the complete set of financial statements, showing separately: ▪ each major class of expense and income and	*Note 33 – Commentary No. 2* *Note 33 – Commentary No. 5* *Note 9 - Service group statements - Commentary No.9*

Options / Requirements	Treasury Mandate	FRC Reference
	▪ in respect of each of those classes of expenses and income, the amounts that can be attributed to each of the entity's activities and the amounts that cannot be attributed. For entities that may not be required to present service group statements, the summary of the administered expenses and income must be produced as a note.	*Note 9 – Service group statements - Commentary No.11*
AASB 1052 ***Disaggregated Disclosures***		
AASB 1052 is applicable to government departments.	Mandate extension of service group disclosure requirements to other NSW GGS entities where service group information is included in the Budget Papers.	*Note 9 - Service group statements - Commentary No.1*
AASB 1052 does not have specific disclosure requirements for comparative information. AASB 101 para 38 requires, except when Australian Accounting Standards permit or require otherwise, an entity to present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements.	Where there is only one service group, details of the expenses, income, assets and liabilities are not required in the service group statements as this information is available in the financial statements. Comparative information for the service group statements is not required in the first financial report of a new entity, or in relation to functions transferred in to an ongoing entity during the reporting period. However, certain comparative information in regard to the former entity and transferred function is required elsewhere in the notes to the financial statements as a result of TPP 09-3.	*Note 9 - Service group statements - Commentary No.6* *Note 9 - Service group statements - Commentary No.14*
Entities should disclose financial information about service costs and achievements on an activity basis. Entities must disclose expenses and income in the statement of comprehensive income that can be attributable to each of the major service activities of the entity (para 15).	Mandate following additional disclosures: 1. Service group statements must include the same line items as the entity's statement of comprehensive income and statement of financial position. 2. Separate disclosure of each major class of expenses as identified in the service group statements. Separate disclosure is also required of user charges, government contributions and other major classes of income as identified in the service group statements. 3. All information disclosed in the service group statements must be aggregated to agree with the related information in the financial statements of the entity. 4. Where an entity is a parent entity in an economic entity which has presented consolidated financial statements as required by AASB 10 *Consolidated Financial Statements*, the service group information must only be disclosed in relation to the economic entity and must be aggregated to agree with the related information in the consolidated financial statements.	*Note 9 - Service group statements - Commentary No.1* *Note 9 - Service group statements - Commentary No.2* *Note 9 - Service group statements - Commentary No.4* *Note 9 - Service group statements - Commentary No.5*

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	5. Presentation of Service Group descriptions: (a) Service Group 1 [specify name] Purpose: [specify] [Disclose details of service group transfers, where applicable] (b) Service Group 2 [specify name] Purpose: [specify] [Disclose details of service group transfers, where applicable] (c) Service Group 3 [specify name] Purpose: [specify] [Disclose details of service group transfers, where applicable]	*Note 9 – Service group descriptions*
Entities must disclose the assets deployed and liabilities incurred that are reliably attributable to their activities (para 16).	Mandate assets and liabilities that are not reliably attributable to each of the activities are disclosed in a 'Not attributable' column.	*Note 9 - Service group statements - Commentary No.3*
AASB 1053 ***Application of Tiers of Australian Accounting Standards***		
Public sector entities, whether FP or NFP (other than the Australian Government, State, Territory and Local Governments and General Government Sectors of the Australian Government, State and Territory Governments) may elect to apply: • Tier 1 (Australian Accounting Standards) reporting requirements or • Tier 2 (Australian Accounting Standards – Reduced Disclosure Requirements) reporting requirements in preparing general purpose financial statements (para 13).	Mandate that all NSW public sector entities must apply Tier 1 (Australian Accounting Standards) reporting requirements.	
AASB 1054 ***Australian Additional Disclosures***		
An entity shall disclose in the notes the statutory basis or other reporting framework, if any, under which the financial statements are prepared [para 8(a)].	Mandate all GGS entities to state that the financial statements have been prepared in accordance with the Australian Accounting Standards (which include Australian Interpretations), *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015* (the Act) and Financial Reporting Directions issued by the Treasurer under the Act.	*Note 1(b)*

Options / Requirements	Treasury Mandate	FRC Reference
AASB 1055 *Budgetary Reporting*		
Any revised budget that is presented to parliament during the reporting period may be disclosed in the financial statements in addition to the original budget (para 11).	Mandate all GGS entities not disclose a revised budget in their financial statements. Subsequent amendments to the original budget resulting in major variances between the actual amounts and original budget must be explained in the notes to the financial statements.	*Commentary No. 1 on financial statements*
If the budgeted information is presented to parliament only at a more highly summarised level than the level of information required by Australian Accounting Standards, that entity would not be required to report the budgeted information in its financial statements (para13).	Mandate all GGS entities that have an original budgeted financial statement presented to parliament present that information in the financial statements.	*Commentary No.1 on financial statements*
The entity shall disclose explanations of major variances between the actual amounts presented in the financial statements and the corresponding original budget amounts (para 6 and 7).	Variances from the original budget may be disclosed in a tabular format, using columns to disclose the original budget amended for restructures or transfers of functions. These columns must not be referred to as a 'revised budget' however, it must be appropriately described.	*Note 29 – Commentary No.4*
Entities for which budgeted financial information was not presented to Parliament do not need to include budgetary information specified in this Standard (para 14).	Where these entities choose to disclose budgeted financial information (as it was not required to be presented to Parliament) the entity's accounting policy and disclosures in respect of budgeted financial information must: ▪ state that the entity is not required to include budget information in accordance with AASB 1055 ▪ describe the basis of preparation of the budgetary information presented; and ▪ disclose who authorised the budget.	*Commentary No.5 on financial statements*
Early adoption of new or revised Accounting Standards / Interpretations		
Whether or not to early adopt the following Standards / Interpretations that have been issued but are not yet effective [1] [2]:	Mandate not to early adopt any of the new Standards / Interpretations.	*Note 1(w)*

[1] Where an entity does not early adopt a Standard (i.e. a Standard that has been issued but is not yet effective), in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the entity must disclose this fact and the known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard will have on the entity's financial statements in the period of initial application.

[2] For any Accounting Standards or Interpretations issued subsequent to the date of this Circular, unless otherwise notified, agencies should assume that the new requirements will not be early adopted.

Options / Requirements	Treasury Mandate	FRC Reference
AASB 9 *Financial Instruments* AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding *Revenue from Contracts with Customers* AASB 16 *Leases* AASB 1058 *Income of Not-for-profit Entities* AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions* AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts* AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities* AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* AASB 2017-1 *Amendments to Australian Accounting Standards – Transfer of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments* AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle* Interpretation 22 *Foreign Currency Transactions and Advance Consideration*		