The Treasury

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Accounting Policy: Financial Reporting Code for NSW General Government Sector Entities

Policy & Guidelines Paper

Preface

The *Financial Reporting Code for NSW General Government Sector Entities* (the Code) sets out the financial reporting framework for all New South Wales General Government Sector (NSW GGS) entities. The Code provides a model financial reporting framework which promotes consistency across the NSW GGS. It is no longer mandatory in its entirety and agencies can tailor the model to their individual circumstances. However, financial reports must be prepared in accordance with Australian Accounting Standards (AAS) and other Treasury requirements, including annual Treasury Circulars on *Mandates of options and major policy decisions under AAS*.

This version of the Code applies for financial years ending on or after 30 June 2017. Special purpose staff agencies are not required to follow the Code, however, they should refer to Treasury Circular NSWTC15-07.

To assist entities, the Code includes references to various accounting standards, Treasury Circulars and Treasury Policy and Guidelines Papers. The Code does not reflect all accounting standards disclosure requirements; rather, it illustrates those accounting standards that are typically relevant to a GGS entity. Where an accounting standard or Treasury Policy requires a disclosure not covered by the Code, entities must also include this disclosure in the financial statements.

The Code generally does not contemplate a group structure/consolidation. Therefore, if preparing consolidated financial statements, please refer to the relevant accounting standards to understand the reporting and disclosure requirements. Some references to a consolidated entity have been included to provide pointers for those agencies required to prepare consolidated financial statements.

This edition of the Code supersedes the previous version, issued as NSW Treasury Policy and Guidelines Paper TPP15-04.

The main changes to the Code are summarised in Appendix 4.

Some Treasury Circulars may be superseded before financial year end. References to Treasury Circulars in this document should be read as references to the replacement Circulars where applicable. Agencies should refer to Treasury's website for the latest Circulars and Policy Papers http://www.treasury.nsw.gov.au/Publications_Page.

Entities may obtain further information concerning the operation of the Code from Treasury's Accounting Policy section.

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Treasury Ref: TPP17-05

Note
Entities should initially direct general inquiries concerning this document to NSW Treasury's Accounting Policy section:
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This publication is available in electronic format only and can be accessed from the NSW Treasury's website [www.treasury.nsw.gov.au].
Please ensure that you access the most current edition of this document from the website.

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Executive Summary

1.1 Overview

The Financial Reporting Code for NSW General Government Sector Entities (the Code) provides a framework to promote uniformity across all NSW GGS entities[1], consistent with the current focus of financial reporting in New South Wales. The Consolidated Financial Statements of New South Wales report on the General Government Sector (GGS) entities and the Total State Sector. Similarly, the NSW Budget Papers focus on the GGS.

The Code sets out the financial reporting framework for NSW GGS entities. It provides illustrative guidance on the form and content of the financial statements, including the note disclosures.

The Code incorporates the disclosure requirements of Australian Accounting Standards (AAS) applicable to NSW GGS entities. The Code, however, generally does not contemplate a group structure/ consolidation. Therefore when preparing consolidated financial statements, please refer to the relevant accounting standards to understand the reporting and disclosure requirements.

The references provided are correct at the time of publishing this document, however, some Treasury Circulars may be superseded before financial year end. References to Treasury Circulars in this document should be read as references to the replacement Circulars where applicable. Agencies should refer to the Document and Resources library on the NSW Treasury website for the latest Circulars and Policy Papers www.treasury.nsw.gov.au.

1.2 Reporting Framework

In preparing the annual financial statements, NSW GGS entities must comply with the *Public Finance and Audit Act 1983* (PFAA) and *Public Finance and Audit Regulation 2015* (Regulation), AAS, and mandatory NSW Treasury accounting publications. The Code as a model is no longer mandatory and is not required to be referenced in the basis of preparation.

In accordance with AAS and the PFAA and Regulation, financial statements must present fairly the financial position, financial performance and cash flows of the entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria for assets, liabilities, income and expenses. Applying AAS (in conjunction with the PFAA and Regulation and NSW Treasury accounting policies), with additional disclosure when necessary, should result in financial statements that achieve a fair presentation.

In the absence of a specific accounting standard, entities should consider the hierarchy of pronouncements as outlined in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

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[1] With the exception of those special purpose staff agencies that are exempt from the requirements of the Code (refer to Treasury Circular NSWTC15-07).

1.3 Structure of the Code

The Code provides a model format for the financial statements and the accompanying notes. The Code also provides extensive commentary (text boxes) to assist in the preparation of the financial statements.

The Code incorporates key mandatory disclosure requirements of AAS specifically applicable to NSW GGS entities; i.e. requirements applicable to departments and not-for-profit public sector entities. **It is not the intention of the Code to reflect all AAS disclosure requirements (apart from those specifically applicable to NSW GGS entities). Where an Accounting Standard requires a disclosure not covered by the Code, entities must include the disclosure in the notes to the financial statements.**

The Code provides a cross reference to certain Accounting Standards and NSW Treasury requirements by listing the relevant references adjacent to the disclosure items and the related commentary.

Entities may also include additional disclosures in the following prescribed instances:

- Additional details relating to the components of items within a prescribed note. The details should appear beneath the prescribed note.
- Additional disclosures required by an accounting standard but not covered by the Code. These note disclosures should appear with the related subject matter.
- Further note disclosures on matters of particular relevance to the entity. These note disclosures should appear with the related subject matter.

The structure of the Code is as follows:

- Financial statements:
  - Statement of comprehensive income
  - Statement of financial position
  - Statement of changes in equity
  - Statement of cash flows
- Accompanying notes:
  - Summary of significant accounting policies
  - Other note disclosures
- Appendices:
  - Definitions
  - Key References
  - Current Treasury Circulars / Policy and Guidelines Papers on Accounting Policy Matters
  - Main changes compared to the previous version of the Code (TPP15-04).

Each set of note disclosures is accompanied by a commentary section.

Note 1, Summary of significant accounting policies is an illustrative example. It should be suitable for most entities, subject to appropriate adaptations. Agencies may prefer to include the relevant accounting policies within the related disclosure note instead of at note 1. **In preparing the accounting policy note, each entity must review its own circumstances, taking into account the requirements in AASB 101 *Presentation of Financial Statements* and AASB 108.**

The Code is primarily a disclosure document. Although it discusses various Accounting Standards, NSW Treasury Circulars and Policy Papers, the Code does not incorporate the requirements of all Standards, Circulars and Policy Papers.

Unless otherwise stated, references in the Code to AASs are references to currently operative Accounting Standards.

Entities must not early adopt new Accounting Standards, unless otherwise determined by NSW Treasury.

1.4 Application

In preparing the annual financial statements, NSW GGS entities must comply with the PFAA and Regulation, AAS, and other mandatory NSW Treasury accounting publications. The Code as a model is no longer mandatory and is not required to be referenced in the basis of preparation.

The Code is appropriate for all NSW GGS entities that prepare general purpose financial statements in respect of financial years ending on or after 30 June 2017. Special purpose staff agencies should refer to Treasury Circular NSWTC15-07.

This Policy Paper supersedes the previous edition of the *Financial Reporting Code for General Government Sector Entities* (TPP15-04). The main changes to the Code for 2016-17 relate to the change to a model format and the application of AASB 124 *Related Parties* to not-for-profit entities. These and other changes are summarised in Appendix 4.

Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2017

AASB 101.49
AASB 101.10(b)(ea)
AASB 101.10A
AASB 101.51(c)
AASB 1055.6(b)(e)

		Notes	Actual 2017 $'000	Budget 2017 $'000	Actual 2016 $'000
AASB 101.113 AASB 101.51(d)(e)					
AASB 101.81A	**Continuing operations**				
	Expenses excluding losses				
AASB 101.99, 102	Employee-related expenses	2(a)			
AASB 101.99, 102	Operating expenses	2(b)			
AASB 101.99, 102	Depreciation and amortisation	2(c)			
AASB 101.99, 102	Grants and subsidies	2(d)			
AASB 101.82(b)	Finance costs	2(e)			
AASB 101.99, 102	Other expenses	2(f)			
AASB 101.85	**Total expenses excluding losses**				
	Revenue				
AASB 1004.60	Appropriation	3(a)			
AASB 1004.63(b)	(Transfers to the Crown Entity)	3(b)			
AASB 118.35(b)(i)(ii)	Sale of goods and services	3(c)			
AASB 101.85	Investment revenue	3(d)			
AASB 101.85	Retained taxes, fees and fines	3(e)			
AASB 1004.18(a)	Grants and other contributions	3(f)			
AASB 1004.63(b)	Acceptance by the Crown Entity of employee benefits and other liabilities	3(g)			
AASB 101.85	Other income	3(h)			
AASB 101.82(a)	**Total revenue**				
AASB 101.85	**Operating result**				
AASB 101.85	Gains / (losses) on disposal	4			
AASB 101.85	Other gains / (losses)	5			
AASB 101.85	**Net result from continuing operations**				
AASB 101.82(ea) AASB 5.33(a)	**Net result from discontinued operations**				
AASB 101.81A(a)	**Net result**				
	Other comprehensive income				
AASB 101.82A(a)(i)	*Items that will not be reclassified to net result in subsequent periods*				
AASB 116.39	Changes in revaluation surplus of property, plant and equipment				
Interpretation 1.6(d)	Changes in revaluation surplus arising from changes in restoration liability				
AASB 101.85	Others [specify]				
AASB 101.82A(a)(ii)	*Items that may be reclassified to net result in subsequent periods*				
AASB 7.20(a)(ii)	Available-for-sale financial assets				
	- Net gains / losses during the period				
	- Reclassified to net result				
AASB 101.85	Others [specify]				
AASB 101.81A(b)	**Total other comprehensive income**				
AASB 101.81A(c)	**TOTAL COMPREHENSIVE INCOME**				

The accompanying notes form part of these financial statements.

Commentary on Statement of Comprehensive Income

Format of Statement of Comprehensive Income

AASB 101.81A
AASB 101.82
AASB 101.82A

1. AASB 101 sets out the format for the Statement of Profit or Loss and Other Comprehensive Income (referred to in the Code as the Statement of Comprehensive Income), including certain line items entities must disclose on the face of the Statement: revenue; finance costs; share of the profit or loss of associates; joint ventures accounted for using the equity method; net result; items of other comprehensive income classified by nature; share of any other comprehensive income of associates and joint ventures accounted for using the equity method; and total comprehensive income.

AASB 101.82A

2. Line items in the other comprehensive income section must be grouped into those that, in accordance with other Australian Accounting Standards (AAS):
   - will not be reclassified to profit or loss and;
   - will be reclassified to profit or loss when specified conditions are met.

AASB 101.7

Total comprehensive income is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.

Treasury Mandates

3. NSW Treasury mandates a single Statement of Comprehensive Income for all NSW GGS entities.

AASB 101.85-86

4. Additional line items, headings and subtotals shall be presented in the Statement of Comprehensive Income when such presentation is relevant to an understanding of the entity's financial performance.

   The Code includes certain specific additional line items in the pro forma Statement of Comprehensive Income. In NSW, the inclusion of any other new line items on the face of the Statement of Comprehensive Income not already prescribed by AAS (see para 5 below) will no longer require an exemption from the Treasurer. However, GGS entities are encouraged to follow the format of the Code to promote consistency in financial reporting across NSW.

AASB 101.81B

5. AASB 101 mandates the following additional line items to be included in the Statement of Comprehensive Income:
   - profit or loss attributable to non-controlling interest and owners of the parent; and
   - comprehensive income attributable to non-controlling interest and owners of the parent.

   In general these disclosures are not applicable to GGS entities. Where they are applicable and material, entities must include these line items on the face of the Statement of Comprehensive Income.

Expenditure classification and disclosure

AASB 101.29, 99
Treasury Mandates

6. Entities must classify all expenses either according to their nature or according to their function and must disclose the amount in each (material) class on the face of the Statement of Comprehensive Income or in the notes. Expenses are required to be presented on the basis of their nature.

AASB 101.97

   When items of income and expenses are material, their nature and amount shall be disclosed separately either in the Statement of Comprehensive Income or in the notes to the financial statements.

Offsetting

AASB 101.32, 34-35
AASB 137.54

7. Entities must not offset income and expenses unless required or permitted by an AAS. Examples of items that must be offset include gains and losses on disposal of non-current assets, including investments and operating assets. Also, expense relating to a provision that is expected to be reimbursed by another entity may be presented net of the amount recognised for a reimbursement.

Commentary on Statement of Comprehensive Income

	Material Items
AASB 101.97	8. Entities shall disclose material items of income and expense separately, either on the face of the Statement of Comprehensive Income or in the notes.
AASB 101.87	Entities shall not present any items of income and expense as extraordinary items, either in the Statement of Comprehensive Income or in the notes.
	Proceeds on sale of assets
Treasury Mandates	9. 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.
	Net result
AASB 101.88	10. Entities must include all items of income and expense recognised in a period in profit or loss (i.e. net result) unless an AAS requires otherwise (e.g. revaluation surplus under AASB 116 *Property, Plant and Equipment*).
	Changes in accounting policy
AASB 108.19(a)(b)	11. Changes in accounting policy resulting from amendments in AASs should be accounted for in accordance with that standard or in the absence of transitional provisions, retrospectively.
AASB 108.19(b), 22, 24, 42	12. Voluntary changes in accounting policy or the correction of material prior period errors must be accounted for retrospectively by adjusting the opening balance of accumulated funds for the comparative period (or by adjusting the comparative period if the error occurred in that period).
	Personnel services
NSWTC15-07	13. For entities impacted by NSWTC15-07 regarding employment arrangements, the face of the Statement of Comprehensive Income must disclose, where applicable: ▪ entity receiving personnel services (i.e. statutory body) – additional line item under 'Operating expenses' for 'Personnel services' ▪ entity providing personnel services [i.e. a public service agency under the Government Sector Employment Act 2013 (GSE Act)] – additional line item under 'Revenue' for 'Personnel services revenue' A personnel service entity is referred to as a Staff Agency under the GSE Act.
	Other comprehensive income
AASB 101.7	14. The components of other comprehensive income include: ▪ changes in revaluation surplus ▪ gains and losses on remeasuring available-for-sale financial assets ▪ re-measurements of defined benefit plans [where appropriate]
AASB 101.92-94	15. The entity shall disclose reclassification adjustments relating to items of other comprehensive income, either in the Statement of Comprehensive Income or in the notes. A reclassification adjustment is included with the related items of other comprehensive income in the period that the adjustment is reclassified to profit or loss.
AASB 101.95-96	16. Reclassification adjustments arise, for example, on derecognition of available-for-sale financial assets. They do not arise on changes in revaluation surplus.

Statement of financial position as at 30 June 2017

AASB 101.10(a)(ea)(f)
AASB 101.49
AASB 101.51(c)
AASB 101.54-80
AASB 1055.6(a)(e)

Reference		Notes	Actual 2017 $'000	Budget 2017 $'000	Actual 2016 $'000	1 July 2015* $'000
AASB 101.113 AASB 101.51(d)(e)						
	ASSETS					
	Current Assets					
AASB 101.60, 66	Cash and cash equivalents	10				
AASB 101.54(i)	Receivables	11				
AASB 101.54(h)	Inventories	12				
AASB 101.54(g)	Financial assets at fair value	13				
AASB 101.54(d)	Other financial assets	14				
AASB 101.54(d)	Other current assets	18				
AASB 101.54(j) AASB 5.38	Non-current assets held-for-sale	19				
	Total Current Assets					
AASB 101.60	**Non-Current Assets**					
AASB 101.54(h)	Receivables	11				
AASB 101.54(g)	Inventories	12				
AASB 101.54(d)	Financial assets at fair value	13				
AASB 101.54(d)	Other financial assets	14				
	Property, plant and equipment	15				
AASB 101.78a	- Land and buildings					
AASB 101.78a	- Plant and equipment					
AASB 101.78a	- Infrastructure systems					
AASB 101.54(a)	Total property, plant and equipment					
AASB 101.54(b)	Investment property	16				
AASB 101.54(c)	Intangible assets	17				
AASB 101.55	Other non-current assets	18				
	Total Non-Current Assets					
	Total Assets					
	LIABILITIES					
AASB 101.60, 69	**Current Liabilities**					
AASB 101.54(k)	Payables	22				
AASB 101.54(m) AASB 7.8 (e)(f)	Borrowings	23				
AASB 101.54(l)	Provisions	24				
AASB 101.55	Other current liabilities	25				
AASB 101.54(p) AASB 5.38	Liabilities associated with non-current assets held-for-sale	19				
	Total Current Liabilities					
AASB 101.60, 69	**Non-Current Liabilities**					
AASB 101.54(m) AASB 7.8 (e)(f)	Borrowings	23				
AASB 101.54(l)	Provisions	24				
AASB 101.55	Other non-current liabilities	25				
	Total Non-Current Liabilities					
	Total Liabilities					
	Net Assets					
AASB 101.54(r), 78(e)	**EQUITY**	26				
	Reserves					
	Accumulated funds					
AASB 5.38	Amounts recognised in equity relating to non-current assets held-for-sale	19				
	Total Equity					

The accompanying notes form part of these financial statements.

* This column is ***only*** required when an entity makes retrospective adjustments / restatements (refer to commentary following). The column **must** be omitted where this has not occurred.

Commentary on Statement of Financial Position

Presentation of assets and liabilities

AASB 101.60 Treasury Mandates	1. AASB 101 requires the current / non-current presentation of assets and liabilities unless the liquidity presentation provides more relevant and reliable information. However Treasury requires NSW GGS entities to adopt the current / non-current presentation.
AASB 101.32 AASB 132.42	2. Assets and liabilities must not be offset, unless an AAS requires or permits offsetting. An entity shall only offset a financial asset and financial liability and present the net amount in the Statement of Financial Position when the entity has a legally enforceable right to offset the recognised amounts; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
AASB 101.66 AASB 101.69	3. The terms 'current asset' and 'current liability' are those items an entity: ▪ expects to realise (or settle) in the entity's normal operating cycle; ▪ holds primarily for the purpose of trading; ▪ expects to realise (or settle) within twelve months after the reporting period (including AASB 5 *Non-current Assets Held for Sale and Discontinued Operations 'held for sale' assets and liabilities)*; ▪ classifies as cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; or ▪ for a liability, does not have an unconditional right to defer settlement thereof for at least twelve months after the reporting period.
AASB 101.68, 70, 71 Treasury Mandates	4. When an entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months. In NSW, public sector entities generally adopt a 12 month operating cycle. Where an entity intends to adopt a longer time period, they must notify NSW Treasury immediately.
AASB 101.72, 73	5. Financial liabilities shall be categorised as current when they are due to be settled within 12 months of the reporting period, even if: ▪ the original term was for a period longer than 12 months; and ▪ an agreement to refinance, or to reschedule payments, on a long term basis is completed after the reporting period and before the financial statements are authorised for issue.
AASB 101.74	In classifying a liability as current or non-current, certain events after the reporting period are ignored. For example, an entity classifies a liability as 'current' where a long-term covenant is breached on or before the end of the reporting period even if, after the end of the reporting period and before the financial statements are authorised for issue, the lender has agreed not to demand payment.
AASB 101.73	However, if an entity expects, and has the discretion, to refinance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no arrangement for refinancing), the entity does not consider the potential to refinance the obligation and classifies the obligation as current.
AASB 101.74	When an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender has agreed, after the reporting period, and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least 12 months after that date.
AASB 101.75	However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least 12 months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.
AASB 101.10(f) AASB 101.40A-44	6. An additional Statement of Financial Position (represented in the pro forma by the additional column) is required in the Statement of Financial Position as at the beginning of the preceding period **only** when an entity: ▪ applies an accounting policy retrospectively ▪ makes a retrospective restatement; e.g. the correction of an error or ▪ reclassifies items in the financial statements;

	Commentary on Statement of Financial Position
	and the retrospective application, retrospective restatement or reclassification has a material effect on the information in the Statement of Financial Position at the beginning of the preceding period.
	Therefore, if none of the above has occurred during the year, entities should delete the additional column from the pro forma Statement of Financial Position.
AASB 101.41-44 AASB 108.28, 29, 49	When an entity is required to present an additional Statement of Financial Position, it must disclose the information required by paragraphs 41-44 of AASB 101 (disclosures regarding reclassifications of comparative amounts) and AASB 108 (paras 28, 29 and 49). However, an entity is not required to present the related notes to the opening Statement of Financial Position as at the beginning of the preceding period.
AASB 5.40	7. An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the statements of financial position for prior periods to reflect the classification in the Statement of Financial Position for the latest period presented.
	Disclosures on the face of the Statement of Financial Position
AASB 101.29, 54-55, 77	8. Entities must disclose certain classes of items separately on the face of the Statement of Financial Position. In addition, an entity must disclose, either on the face of the Statement of Financial Position or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations.

Statement of changes in equity for the year ended 30 June 2017

Reference		Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Available-for-sale Reserve $'000	Other Reserves [specify] $'000	Total $'000
AASB 101.10(c)(ea) AASB 101.49 AASB 101.51(c) AASB 101.106(d) AASB 101.113 AASB 101.51(d)(e)							
	Balance at 1 July 2016						
AASB 101.106(b), 110	Changes in accounting policy						
AASB 101.106(b), 110	Correction of errors						
	Restated balance at 1 July 2016						
AASB 101.106(d)(i)	**Net result for the year**						
	Other comprehensive income						
AASB 101.106A	Net change in revaluation surplus of property, plant and equipment						
	Available-for-sale financial assets:						
	Net gains / (losses) during the period						
	Reclassification to net result						
	Net change in restoration liability						
	Others [specify]						
AASB 101.106(d)(ii)	**Total other comprehensive income**						
	Total comprehensive income for the year						
AASB 101.106(d)(iii)	**Transactions with owners in their capacity as owners**						
	Increase / (decrease) in net assets from equity transfers	26					
	Balance at 30 June 2017						

AASB 101.10(c)(ea) AASB 101.49 AASB 101.51(c) AASB 101.106(d) AASB 101.113 AASB 101.51(d)(e)		Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Available-for-sale Reserve $'000	Other Reserves [specify] $'000	Total $'000
	Balance at 1 July 2015						
AASB 101.106(b), 110	Changes in accounting policy						
AASB 101.106(b), 110	Correction of errors						
	Restated balance at 1 July 2015						
AASB 101.106(d)(i)	**Net result for the year**						
	Other comprehensive income						
AASB 101.106A	Net change in revaluation surplus of property, plant and equipment						
	Available-for-sale financial assets:						
	Net gains / (losses) during the period						
	Reclassification to net result						
	Net change in restoration liability						
	Others [specify]						
AASB 101.106(d)(ii)	**Total other comprehensive income**						
	Total comprehensive income for the year						
AASB 101.106(d)(iii)	**Transactions with owners in their capacity as owners**						
	Increase / (decrease) in net assets from equity transfers	26					
	Balance at 30 June 2016						

Commentary on Statement of Changes in Equity

Requirements

AASB 101.106

1. An entity shall present on the face of the Statement of Changes in Equity:
   - total comprehensive income for the period
   - the effects of retrospective application or retrospective restatement recognised in accordance with AASB 108 for each component of equity
   - a reconciliation for each component of equity between the carrying amount at the beginning and end of the period, separately disclosing changes from:
     - profit or loss;
     - other comprehensive income; and
     - transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.

AASB 101.106A

Treasury Mandates

2. An entity may present an analysis of other comprehensive income by item either in the statement of changes of equity or in the notes. NSW Treasury has mandated that the analysis of other comprehensive income by item must be presented in the Statement of Changes in Equity.

Adjustments

AASB 1004.48-49

3. All contributions by or distributions to owners are to be adjusted against the equity account when they qualify for recognition.

AASB 101.110

4. Retrospective adjustments to effect changes in accounting policies and retrospective restatements to correct errors are not changes in equity. They are adjustments to the opening balance of retained earnings, except when an AAS requires retrospective adjustment of another component of equity. An entity discloses these adjustments for each prior period and the beginning of the period.

Statement of Cash Flows for the year ended 30 June 2017

AASB 101.10(d)(ea)
AASB 101.49, 51(c)
AASB 107.10-11
AASB 1055.6(d)(e)

Reference		Notes	Actual 2017 $000	Budget 2017 $000	Actual 2016 $000
AASB 101.113 AASB 101.51(d)(e)					
AASB 107.10, 14, 18(a)	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Payments				
AASB 107.14(d)	Employee related				
AASB 107.14(c)	Suppliers for goods and services				
	Grants and subsidies				
AASB 107.31	Finance costs				
	Other				
	Total Payments				
AASB 1004.63	**Receipts**				
	Appropriations (excluding equity appropriations)				
	Reimbursements from the Crown Entity				
	(Transfers to the Crown Entity)				
AASB 107.14(a)	Sale of goods and services				
AASB 107.31	Interest received				
AASB 107.14(b)	Retained taxes, fees and fines				
	Grants and other contributions				
	Other				
	Total Receipts				
	NET CASH FLOWS FROM OPERATING ACTIVITIES	30			
AASB 107.10, 16, 21	**CASH FLOWS FROM INVESTING ACTIVITIES**				
AASB 107.16(b)	Proceeds from sale of land and buildings, plant and equipment and infrastructure systems				
AASB 107.16(d)	Proceeds from sale of financial assets				
AASB 107.16(f)	Advance repayments received				
AASB 107.16(a)	Purchase of land and buildings, plant and equipment and infrastructure systems				
AASB 107.16(c)	Purchase of financial assets				
AASB 107.16(e)	Advances made				
	Other				
	NET CASH FLOWS FROM INVESTING ACTIVITIES				
AASB 107.10, 17, 21	**CASH FLOWS FROM FINANCING ACTIVITIES**				
TPP09-3, AASB 107.17(a)	Capital appropriation – equity appropriation				
AASB 107.17(c)	Proceeds from borrowings and advances				
AASB 107.17(a)	Cash equity injection to for-profit entities				
AASB 107.17(d)	Repayment of borrowings and advances				
	Other				
	NET CASH FLOWS FROM FINANCING ACTIVITIES				
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS				
	Opening cash and cash equivalents				
Treasury Mandates	Cash transferred in / (out) as a result of administrative restructuring	26			
AASB 107.45	**CLOSING CASH AND CASH EQUIVALENTS**	10			

The accompanying notes form part of these statements.

	Commentary on Statement of Cash Flows
	Presentation of cash flows
AASB 107.10, 18(a), 21, 22 Treasury Mandates	1. The Statement of Cash Flows must report cash flows during the period classified by operating, investing and financing activities and separately disclose certain cash flows. Cash flows must be presented on a gross basis except to the extent that cash flows described in AASB 107.22 are reported on a net basis. NSW Treasury mandates the direct method of reporting cash flows from operating activities.
AASB 107.31	Cash flows from interest and dividends received and paid shall be disclosed separately.
Treasury Mandates	NSW Treasury mandates interest paid, interest received and dividends received as operating cash flows, and dividends paid as financing cash flows.
	Equity transfers – impact on the Statement of Cash Flows
Treasury Mandates	2. 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 must be adjusted to include any cash received or paid as a result of restructuring.
	Goods and Services Tax (GST)
Interpretation 1031.10	3. Interpretation 1031 Accounting for the GST provides that entities must include cash flows in the Statement of Cash Flows on a gross basis in accordance with AASB 107 *Statement of Cash Flows*.
Interpretation 1031.11	The Interpretation also states that the GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority must be classified as operating cash flows. Therefore, cash flows arising from investing and financing activities are included **net** of GST recoverable from or payable to the Australian Taxation Office. The GST component is regarded as being of an operating nature irrespective of what asset / expense it is associated with.
NSWTC11-16	**Commonwealth Paid Parental Leave (CPPL)**
	4. CPPL receipts and payments must be reported in the Statement of Cash Flows as a cash flow from operating activities (i.e. included as part of 'other' cash flows from operating activities).

Commentary on Financial Statements

Budgeted amounts

AASB 1055.6-7

1. Where an entity's budgeted financial statements were presented to Parliament (i.e. in the NSW Government Budget Papers), the entity's financial statements must comply with AASB 1055 *Budgetary Reporting*. In respect of the actual amount of each item in the financial statements for the current financial year, entities must present the corresponding budgeted amount for that item for the current financial year.

AASB 1004.64 (a)(b)
AASB 1055.6-7

The budgeted amounts must be drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period and must be prepared on the same basis as the financial statements.

AASB 1055.11
Treasury Mandates

Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgetary information.

Explaining Variances

AASB 1055.6(f)

2. Major variances between the original budgeted amounts and the actual amounts in the financial statements should be explained in a note to the financial statements (Note 29).

Where relevant, variances may relate to transfers of functions or restructures. The format of disclosures in Note 29 could include columns to explain the components of the overall variance between the original budget and actual information. For instance, where an entity has been impacted by a restructure, a column disclosing the budget after amendments for the restructure could be included. However these columns should not be referred to as a 'revised budget'.

Regardless, major variances between actual amounts and the original budget must be explained.

Other requirements under AASB 1055

AASB 1055.8

3. Comparative budgetary information in respect of the previous period need not be disclosed.

AASB 1055.7(a), 13

4. An entity with administered items included in its original budgeted financial statements presented to Parliament must disclose the corresponding budgeted amount for those items for the current financial year (Note 33).

Entities not required to include AASB 1055 information

AASB 1055.14

5. Entities for which budgeted financial information was not presented to Parliament do not need to include AASB 1055 information.

Treasury Mandates

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.

Consistency of presentation

AASB 101.45

6. The presentation and classification of items in the financial statements shall be retained from one reporting period to the next unless:
   - it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate (having regard to the criteria for the selection and application of accounting policies in AASB 108) or
   - an AAS requires a change in presentation

AASB 101.41-42

When making changes in presentation or classification, an entity reclassifies its comparative information, unless impracticable. Entities must disclose the nature and amount of, and reason for, the reclassification. When it is impracticable to reclassify, the entity 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. 'Impracticable' is defined as occurring when the entity cannot apply a requirement after making every reasonable effort to do so.

AASB 101.7

Commentary on Financial Statements

Materiality and aggregation

AASB 101.29-31

AASB 101.7

7. Entities must present each material class of similar items separately in the financial statements. An immaterial item need not be disclosed. An item that is not sufficiently material to warrant separate presentation on the face of the statements may nevertheless be sufficiently material to be disclosed separately in the notes. Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Comparative information – general

AASB 101.38
AASB 101.10(ea)

8. In general, an entity must present comparative information for the preceding financial year for all amounts reported in the current period's financial statements, except where an AAS permits or requires otherwise.

AASB 101.38

Entities must include comparative information for narrative and descriptive information included in the financial statements if it is relevant to an understanding of the financial statements. In some cases, narrative information provided for the preceding period continues to be relevant in the current period; e.g. where an uncertainty was disclosed at the end of one reporting period, which is resolved in the next reporting period.

AASB 101.40A

When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements and they have a material effect on the information in the Statement of Financial Position at the beginning of the preceding period, it must present an additional Statement of Financial Position as at the beginning of the preceding period, in addition to the minimum comparative financial statements.

AASB 101.38C-38D

9. An entity may present comparative information in addition to the minimum comparative financial statements, as long as that information is prepared in accordance with AAS. It may comprise one or more of the components of the financial statements (with related note information) (e.g. a third Statement of Comprehensive Income), but it need not comprise a complete set of financial statements (i.e. need not present a third statement for all of the financial statements).

Comparatives – changes in accounting policy

AASB 108.5,19,22-25

10. When an entity changes an accounting policy upon initial application of an AAS that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it must apply the change retrospectively, where practicable. The entity must adjust the opening balance of each affected component of equity for the earliest prior period presented, and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. Where impracticable, the entity must adjust the comparative information to apply the new accounting policy prospectively from the earliest date possible, which may be the current period. The treatment of changes in accounting policy is further discussed in the commentary to Note 1.

Comparatives – restatement / correction of errors

AASB 108.42-48

11. An entity shall correct material prior period errors retrospectively in the first financial statements issued after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred, where practicable, or, if the error occurred before the earliest prior period presented, by restating the opening balances for the earliest prior period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information, the entity shall restate the opening balances for the earliest period for which retrospective restatement is practicable (which may be the current period).

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

	Commentary on Financial Statements
	Comparatives - Reclassification
AASB 101.41	12. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period): the nature of the reclassification; the amount of each item or class of items that is reclassified; and the reason for the reclassification.
AASB 101.42	When it is impracticable to reclassify comparative amounts, an entity 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.
	Revision of accounting estimates
AASB 108.32	13. As a result of the uncertainties inherent in business and other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimates may be required, for example, of the useful lives or expected pattern of consumption of future economic benefits of depreciable assets, of bad debts and inventory obsolescence. An estimate may be revised if there are changes in the circumstances on which the estimate was based or as a result of new information, more experience or subsequent developments.
AASB 108.36	The effect of a revision of an accounting estimate must be recognised prospectively by including it as revenue or expense in the Statement of Comprehensive Income in the reporting period in which the accounting estimate is revised, if the revision affects that reporting period only, or in the reporting period of the revision and future reporting periods, if the revision affects both the current and future reporting periods.
AASB 108.39-40 AASB 116.76 AASB 138.121	The nature and amount of a revision of an accounting estimate that affects the reported financial performance or financial position of the current or future reporting period(s) must be disclosed in the notes to the financial statements, except where impracticable for future periods. Where impracticable, an entity must disclose that fact.
AASB 108.35	Where there are difficulties in distinguishing between a change in an accounting policy and a revision of an accounting estimate, the transaction is treated as a revision of an accounting estimate.
	Transfer payments
AASB 1050.17-20	14. Transfer payments are not recognised in the Statement of Comprehensive Income, as the entity does not control these types of payments (see Note 8 on Transfer Payments). Those parts of appropriations that are in the nature of transfer payments are not to be recognised in the Statement of Comprehensive Income.
	Similarly, cash flows resulting from transfer payments are not recognised in the Statement of Cash Flows.
	Personnel services
NSWTC15-07	15. For entities impacted by NSWTC15-07 regarding employment arrangements, expenses, revenues, assets and liabilities not referred to elsewhere in the Code must be classified into existing line items in the financial statements and dissected in the notes, as appropriate.
	Special purpose staff agencies are not required to follow the format of the Code per NSWTC15-07.

Notes

Notes to the financial statements

AASB 101.10(e), 113, 117

1. *Summary of Significant Accounting Policies*

(a) Reporting entity

AASB 101.138
TPP05-4
AASB 1054.8(b)

The *[name of entity]* (the Entity), is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

For entities preparing consolidated financial statements, disclose the following:

AASB 101.10(e), 51
AASB 10.4,19, B86

[The [name of entity] as a reporting entity, comprises all the entities under its control, namely: [provide brief description].

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.]

AASB 110.17

These financial statements for the year ended 30 June 2017 have been authorised for issue by the [Secretary / Board] on [insert date].

(b) Basis of preparation

AASB 101.27, 112(a)
AASB 1054.7-9

The entity's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

AASB 101.117(a)
AASB 1054.9
Treasury Mandates

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- Financial Reporting Directions mandated by the Treasurer.

AASB 101.112(a)
AASB 101.117(a)
Treasury Mandates

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

AASB 101.122, 125

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

AASB 101.51(d)(e)

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

AASB 1054.7

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Administered activities

AASB 1050.7
AASB 1050.24

The entity administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of the entity's own objectives.

Transactions and balances relating to the administered activities are not recognised as the entity's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered Income', 'Administered Expenses', 'Administered Assets' and 'Administered Liabilities'.

AASB 1050.24

The accrual basis of accounting and applicable accounting standards have been adopted.

(e) Borrowing costs

AASB 123.5
AASB 123.Aus8.1
Treasury Mandates

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW GGS entities.

Notes to the financial statements

(f) Insurance

The entity's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

Interpretation 1031.6-11

(g) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the entity as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(h) Income recognition

AASB 118.35(a)
AASB 118.9
AASB 1004.11

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary appropriations and contributions

AASB 1004.12, 32

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are recognised as income when the entity obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

TPP09-3

Appropriations are not recognised as income in the following circumstances:

- 'Equity appropriations' to fund payments to adjust a for-profit entity's capital structure are recognised as equity injections (i.e. contribution by owners) on receipt and equity withdrawals on payment to a for-profit entity. The reconciliation between the Statement of Comprehensive Income, statement of summary of compliance with financial directives and the total appropriations is disclosed in Note 3(a).
- Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.
- The liability is disclosed in Note 25 as part of 'Current liabilities - Other'. The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 33 'Administered assets and liabilities'.

(ii) Sale of goods

AASB 118.14(a)

Revenue from the sale of goods is recognised as revenue when the entity transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

(iii) Rendering of services

AASB 118.20, 26, 35

Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Grants

AASB 1004.12,20

Income from grants (other than contribution by owners) is recognised when the entity obtains control over the contribution. The entity is deemed to have assumed control when the grant is received or receivable.

AASB 1004.11,44

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

Notes to the financial statements

Treasury Mandates		(v) Investment revenue
AASB 118.30(a)		Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.
AASB 117.50		Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.
AASB 118.30(b)		Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.
AASB 118.30(c)		Dividend revenue is recognised when the entity's right to receive payment has been established.
	(i)	Property, plant and equipment
		(i) Acquisition of property, plant and equipment
AASB 116.6, 15, 31		Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.
AASB 116.6, AASB 13.9		Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.
AASB 116.23		Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.
AASB 116.Aus15.1		Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 1(t)(i)
TPP06-6		(ii) Capitalisation thresholds
		Property, plant and equipment and intangible assets costing $5,000 [or amount determined by the entity] and above individually (or forming part of a network costing more than $5,000) are capitalised.
AASB 116.14		(iii) Major inspection costs
		When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.
AASB 116.16(c)		(iv) Restoration costs
		The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.
TPP06-6		(v) Maintenance
AASB 116.12-13		Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.
		(vi) Assets not able to be reliably measured
Framework 83, AASB 116.G1-G4 TPP14-01		The entity holds certain assets that have not been recognised in the Statement of Financial Position because the entity is unable to measure reliably the value for the assets and those assets are likely to be material. These assets are: [provide details of the quantum, nature and function of assets; reasons for the inability to obtain a reliable value; the heritage significance, where applicable; and an estimate of the annual costs of maintenance or preservation, where applicable].
		(vii) Depreciation of property, plant and equipment
AASB 116.50 TPP14-01		Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

Notes to the financial statements

AASB 116.43

All material identifiable components of assets are depreciated separately over their useful lives.

TPP14-01

AASB 116.61, G1-G4

Land is not a depreciable asset. Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

AASB 116.73(b)(c)

[Disclose details regarding useful lives or depreciation rates of each class of depreciable assets and other disclosures as required by AASB 116, where applicable].

(viii) Revaluation of property, plant and equipment

AASB 116.29, 31, 73-79

TPP14-01

Treasury Mandates

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 and AASB 140 *Investment Property*.

AASB 13.27-28

TPP14-01

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

AASB 13.61-62

TPP14-01

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 15 and Note 20 for further information regarding fair value.

AASB 116.31, 77

TPP14-01

Revaluations shall be made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The entity conducts a comprehensive revaluation at least every three years for its land and buildings (except infrastructure and land under infrastructure) where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment. The last comprehensive revaluation was completed on [date] and was based on an independent assessment.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. [An interim [formal/management] revaluation was completed on [date] as a result of a cumulative [increase / decrease] in indicators of [X]%. The entity used an external professionally qualified valuer to [conduct / review] the interim revaluation].

TPP14-01

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

AASB 116.35(b)

TPP14-01

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

AASB 116.Aus39.1

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

AASB 116.Aus40.1

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

AASB 116.Aus40.2

As a not-for-profit entity, revaluation increments and decrements are offset

Notes to the financial statements

against one another within a class of non-current assets, but not otherwise.

TPP14-01
AASB 116.35(a)
AASB 116.35(b)

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

AASB 116.41
TPP14-01

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

AASB 116.51

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(ix) Impairment of property, plant and equipment

TPP14-01
AASB 136.9-10
AASB 136.Aus6.1-Aus6.2
AASB 136.5(a), 59-60

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

AASB 136.9

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

AASB 136.60, 61

As a not for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

(j) Leases

AASB 117.8

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

AASB 117.20

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

AASB 117.27

Property, plant and equipment acquired under finance leases are depreciated over the asset's useful life. However if there is no reasonable certainty that the lessee entity will obtain ownership at the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

AASB 117.36

Amounts due from lessees under finance leases are recognised as receivables at the amount of the entity's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the entity's net investment outstanding in respect of the leases.

AASB 117.33

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

AASB 117.49, 50

Lease income from operating leases where the entity is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included by the lessor entity in the Statement of Financial Position based on their nature.

Notes to the financial statements

(k) Investment properties

AASB 140.20
AASB 140.Aus20.1
AASB 140.33
AASB 140.75(a)(e)
AASB 140.35

The entity owns properties held to earn rentals and / or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Where an investment property is acquired at no cost or for nominal cost, its cost is deemed to be its fair value as at the date of acquisition. Subsequent to initial recognition, investment properties are stated at fair value using the valuation technique that maximises the use of relevant observable inputs. Gains or losses arising from changes in the fair values of investment properties are included in the net result in the period in which they arise. No depreciation is charged on investment properties.

(l) Intangible assets

AASB 138.21
AASB 138.24, Aus24.1
AASB 138.74

The entity recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

AASB 138.54, 57

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

AASB 138.88, 118(a)

The useful lives of intangible assets are assessed to be finite/indefinite [specify as appropriate].

AASB 138.118(a) (b)

The entity's intangible assets are amortised using the straight line method over a period of [x] years [specify for each category]

AASB 138.97

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

AASB 138.107-109

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

AASB 136.9

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(m) Inventories

AASB 102.6, 9-Aus9.2
AASB 102.Aus10.1, 25, 36-Aus36.1

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the [weighted average cost or 'first in first out'] method.

AASB 102.Aus10.1
AASB 102.25
AASB 102.Aus36.1
AASB 102.6

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the entity would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Financial Instruments

AASB 139.9

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

AASB 7.21
AASB 139.43

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each

Notes to the financial statements

financial year end.

(i) Financial assets

AASB 139.9

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

AASB 139.38
AASB 139.9, Treasury Mandates

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

- Financial assets at fair value through profit or loss

AASB 139.9
AASB 139.46
AASB 139.AG14
AASB 139.55(a)

The entity subsequently measures financial assets classified as 'held-for-trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Gains or losses on these assets are recognised in the net result for the year. Financial assets are classified as 'held-for-trading' if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments under AASB 139.

AASB 139.9(b)(ii)

TPP08-1

The Hour-Glass Investment Facilities are designated at fair value through profit or loss as these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the entity's key management personnel.

[*Explain how designation at fair value through profit or loss is consistent with the entity's documented risk management strategy.*]

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

AASB 139.9

- Loans and receivables

AASB 139.46(a)
AASB 139.56

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or though the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of discounting is material.

AASB 139.9

- Held-to-maturity investments

AASB 139.45(b)

AASB 139.46(b)
AASB 139.AG5–8

AASB 139.56

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity are classified as 'held-to-maturity' investments. These financial assets are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or though the amortisation process.

AASB 139.9
AASB 139.45(d)

- Available-for-sale financial assets

Financial assets that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value. Gains or losses on available-for-sale financial assets are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Notes to the financial statements

- Impairment of financial assets

AASB 139.58

All financial assets, except those at fair value through profit and loss, are subject to an annual review for impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

AASB 139.63, 64

For certain categories of financial assets, such as trade receivables, the entity first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

AASB 139.AG84
AASB 139.63

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

AASB 139.67
AASB 139.68
AASB 139.69

When an available-for-sale financial asset is considered to be impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

AASB 139.70

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(ii) Financial liabilities

AASB 139.43, 47,
TPP08-1

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

- Financial liabilities at fair value through profit or loss

AASB 139.9
AASB 139.47(a)

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held-for-trading are recognised in the net result.

AASB 139.55(a)

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in the net result.

- Financial liabilities at amortised cost (including borrowings and trade payables)

AASB 139.43
AASB 139.47
AASB 139.56
AASB 139.9

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the entity and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Borrowings are financial liabilities at amortised cost. Gains or losses are recognised in the net result for the year on de-recognition of borrowings.

Finance lease liabilities are determined in accordance with AASB 117.

Notes to the financial statements

- Financial Guarantees

AASB 139.9, 43, 47

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

AASB 137.36

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially recognised at fair value plus, in the case of financial guarantees not at fair value through profit or loss, directly attributable transaction costs, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less accumulated amortisation, where appropriate.

The entity has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2017 and as at 30 June 2016. However, refer to Note 28 regarding disclosures on contingent liabilities.

(iii) Derecognition of financial assets and financial liabilities

AASB 139.17(a)
AASB 139.18(a)
AASB 139.18(b)

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the entity has not transferred substantially all the risks and rewards, if the entity has not retained control.

AASB 139.20(a)AASB 139.20(c)
AASB 139.18(b), 31

Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

AASB 139.30(a)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

AASB 139.39
AASB 139.40
AASB 139.41

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(iv) Offsetting financial instruments

AASB 132.42

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(o) Non-current assets (or disposal groups) held for sale

AASB 5.6, 15, 25
AASB 5.7

The entity has certain non-current assets (or disposal groups) classified as held-for-sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held-for-sale are recognised at the lower of their carrying amount and fair value less costs of disposal. These assets are not depreciated / amortised while they are classified as held-for-sale.

(p) Employee benefits

(i) Salaries and wages, annual leave and sick leave

AASB 119.9, 11, 16

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Notes to the financial statements

AASB 119.16

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

NSW TC15-09
AASB 101.69

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using X% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

AASB 119.17, 18

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave and superannuation

[Applicable where superannuation and long service leave liabilities are assumed by the Crown Entity. Otherwise tailor accounting policy to your circumstances.]

AASB 119.127-131
NSWTC15-09
NSWTC14-05

The entity's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The entity accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

AASB 119.72
AASB 119.155
NSWTC15-09
Treasury Mandates

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date

NSWTC14-05

AASB 119.51, 53

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iii) Consequential on-costs

NSWTC15-09

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(q) Provisions

AASB 137.14

AASB 137.53
AASB 137.54

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

AASB 137.72

Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

AASB 137.47, 60

If the effect of the time value of money is material, provisions are discounted at [X]% (2016: [X]%), which is a pre-tax rate that reflects the current market

Notes to the financial statements

assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

AASB 101.79(b)

(r) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the entity's policy on the revaluation of property, plant and equipment as discussed in Note 1(i)(viii).

(ii) Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

Treasury Mandates

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or AAS (e.g. revaluation surplus and foreign currency translation reserve).

TPP09-3

(iv) Equity Transfers

Interpretation 1038

AASB 1004.54-59

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' [refer Note 1(f)(i)] are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

AASB 138.63, 75
TPP09-3

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

(s) Trust funds

Framework 49(a)

The entity receives monies in a trustee capacity for various trusts as set out in Note 32. As the entity performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the entity's own objectives, these funds are not recognised in the financial statements.

(t) Fair value measurement and hierarchy

AASB 13.9, 16

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either In the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

AASB 13.61
AASB 1395

A number of the entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

AASB 13.72-90, 91-99

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable

Notes to the financial statements

inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 20 and Note 34 for further disclosures regarding fair value measurements of financial and non-financial assets.

(u) Budgeted amounts

AASB 1055.6

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained in Note 29.

(v) Comparative information

AASB 101.38

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(w) Changes in accounting policies, including new or revised AAS

(i) Effective for the first time in 2016-17

AASB 108.28

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised AAS that have been applied for the first time in 2016-17 [specify, where material]. The impact of these Standards in the period of initial application includes [specify information as required in AASB 108.28].

(ii) Issued but not yet effective

Treasury Mandates

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise.

AASB 108.30

The following new AAS have not been applied and are not yet effective [specify – refer NSW Treasury Mandates]. The possible impact of these Standards in the period of initial application includes [specify any known or reasonably estimable information].

Notes to the financial statements

Commentary on Summary of Significant Accounting Policies

Application of illustrative example accounting policy note

AASB 101.112, 117

1. AASB 101 requires entities to present information about the basis of preparation of the financial statements and the specific accounting policies used. In particular, entities must disclose the measurement basis (or bases) used in preparing the financial statements and the other accounting policies and additional information relevant to an understanding of the financial statements.

   This example accounting policy note should be suitable for most entities, subject to appropriate adaptations taking into account the requirements in AASB 101. Where an area or category is not relevant to an entity, then the accounting policy note in relation to that matter can be omitted (e.g. if an entity does not have any available-for-sale financial assets, then there is no need to have an accounting policy note on this category).

   Agencies may prefer to include the relevant accounting policies within the related disclosure note instead of at note 1.

Reporting entity disclosure

AASB 101.138(a)-(c)

2. Entities shall disclose the following, ***if not disclosed elsewhere in information published with the financial statements (i.e. annual report)***:
   - the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office);
   - a description of the nature of the entity's operations and its principal activities;
   - the name of the parent and the ultimate parent of the group.

   The ultimate parent of the entity is the State of New South Wales.

Reporting entity

AASB 10.4, Appendix A
NSWTC15-05

3. The consolidated financial statements are those of the economic entity, comprising the entity (parent entity) and all the entities that the entity controls (including controlled commercial activities of an entity). The objective of preparing consolidated financial statements is to reflect the economic entity as a single reporting entity for decision making and accountability purposes, regardless of the activities encompassed by the reporting entity.

   AASB 10.21, B86
   AASB 1052.15

   Notwithstanding the requirement for government entities to prepare consolidated financial statements, the extent of the entities' involvement in dissimilar activities is conveyed in the consolidated financial statements by the presentation of disaggregated information on a service group basis.

   NSWTC15-05

   The individual entities that comprise the economic entity (i.e. the parent entity and any controlled entities) are also separate reporting entities in their own right and must prepare financial statements. Controlled entities are subject to the same accounting and auditing requirements as the controlling entity. Further, the annual reporting legislation requires the annual financial statements of a controlled entity to be included in the annual report of the controlling entity.

Treasury Mandates

4. The financial statements of the parent entity must be included as a separate column adjacent to the consolidated financial statements.

Reporting periods – other than twelve months

AASB 101.36

5. If the entity's annual financial statements present information for current or prior annual reporting periods that are not equal to twelve months, the entity must disclose the period covered by the financial statements; the reason for a period other than twelve months being used; and the fact that comparative amounts are not comparable where the lengths of the reporting period differ.

Judgements, key assumptions and estimations

AASB 101.122

6. Entities must disclose the judgements (apart from those involving estimations) management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

   Entities must disclose information about assumptions concerning the future

Notes to the financial statements

Commentary on Summary of Significant Accounting Policies

AASB 101.125
AASB 101.129

and estimations that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next annual reporting period. Examples of types of disclosures include: the nature of the assumption or estimation uncertainty; sensitivity to the methods, assumptions and estimates, including reasons for sensitivity; expected resolution of an uncertainty and reasonably possible outcomes; and an explanation of changes made to past assumptions.

Disclosure of accounting framework

AASB 101.15
AASB 1054.8(a)

7. The financial statements are to be prepared in accordance with relevant AAS.

AASB 1054.9
Treasury Mandates

8. AASB 101 requires the summary of accounting policies note to state that the financial statements are general purpose financial statements which have been prepared in accordance with AAS (which include Australian Interpretations). In addition to the Standards' requirements, entities must state that the financial statements have been prepared in accordance with the PFAA and Regulation, and other Directions issued by the Treasurer under the Act.

AASB 101.16

9. Subject to below, in addition to disclosing that the financial statements and notes comply with AAS (including Australian Interpretations), an entity whose financial statements and notes comply with International Financial Reporting Standards (IFRS) shall make an explicit and unreserved statement of such compliance in the notes, where the entity complies with all the requirements of IFRS.

AASB 101.Aus16.3

Some Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. A not-for-profit entity will be unable to make an explicit and unreserved statement of compliance with IFRSs and AASB 101 clarifies that not-for-profit entities need not make such a statement.

Criteria for Selection and Application of Accounting Policies

AASB 108.11

10. In the absence of a specific AAS, the hierarchy of other pronouncements is to be considered, in the following order of preference:
    - requirements in AAS dealing with similar and related issues
    - the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

AASB 101.12

Management may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources above.

Changes in accounting policies

AASB 108.14

11. A change in an accounting policy must be made only when it:
    - is required by an AAS or
    - results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

AASB 108.19

12. A change in accounting policy made on initial adoption of an AAS must be accounted for in accordance with the specific transitional provisions, if any, in that Standard. If the Standard does not include transitional provisions applying to the change or where an entity changes an accounting policy voluntarily, the entity should apply the change retrospectively.

AASB 108.22

13. When a change in accounting policy is applied retrospectively, the entity calculates the amounts as if the new accounting policy had always been applied by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each prior period.

AASB 108.23, 24, 25

Where it is not practicable to determine the period-specific effects on comparative information, the entity must apply the accounting policy at the beginning of the earliest period for which retrospective application is practicable (i.e. cumulative effect), which may be the current period. When this is impracticable, the new accounting policy must be applied prospectively from the earliest date practicable.

Notes to the financial statements

	Commentary on Summary of Significant Accounting Policies
AASB 108.28-29	14. Where a new accounting policy or a voluntary change in accounting policy has an effect on the current financial year or any prior period or might have an effect in a subsequent financial year, the summary of accounting policies must disclose, or refer to a note disclosing: ▪ the title of the AAS (where applicable) ▪ when applicable, that the change is made in accordance with transitional provisions; a description of these provisions and the effect these transitional provisions might have on future periods ▪ the nature of and reasons for the change ▪ the amount of the adjustment for the current period and each prior period presented, to the extent practicable, 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 is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of the 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 these disclosures.
	Changes in accounting estimates
AASB 108.32 and 34	15. As a result of the uncertainties inherent in business and other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimates may be required, for example, of the useful lives or expected patterns of consumption of future economic benefits of depreciable assets, of bad debts and inventory obsolescence. An estimate may be revised if there are changes in the circumstances on which the estimate was based or as a result of new information, more experience or subsequent developments.
AASB 108.36	16. The effect of a revision of an accounting estimate must be recognised prospectively by including it as revenue or expense in the Statement of Comprehensive Income in the reporting period in which the accounting estimate is revised, if the revision affects that reporting period only, or in the reporting period of the revision and future reporting periods, if the revision affects both the current and future reporting periods.
AASB 108.39-40 AASB 116.76 AASB 138.121	17. The nature and amount of a revision of an accounting estimate that affects the reported financial performance or financial position of the current or future reporting period(s) must be disclosed in the notes to the financial statements, except where impracticable for future periods. Where impracticable, an entity must disclose that fact.
AASB 108.35	18. Where there are difficulties in distinguishing between a change in an accounting policy and a revision of an accounting estimate, the transaction is treated as a revision of an accounting estimate.
	Reclassification of financial information
AASB 101.41	19. When the presentation or classification of items in the financial statements is amended, comparative amounts should be reclassified unless immaterial or impracticable, and the nature and amount of and reason for the reclassification must be disclosed. Reclassification of financial information is further discussed in the 'General commentary on the financial statements'.
	Reclassification of financial assets
AASB 7.12	20. If the entity has reclassified a financial asset as one measured at cost or amortised cost, rather than at fair value or at fair value, rather than at cost or amortised cost, it shall disclose the amount reclassified into and out of each category and the reason for that reclassification (see para 51-54 of AASB 139).
AASB 7.12A	If the entity has reclassified a financial asset out of the fair value through profit or loss category in accordance with paragraph 50B or 50D of AASB 139 or out of the available-for-sale category in accordance with paragraph 50E of AASB

Notes to the financial statements

Commentary on Summary of Significant Accounting Policies

139, it must make additional disclosures under AASB 7 *Financial Instruments: Disclosures*, including the amount reclassified. Few entities are expected to be impacted.

Additional disclosures where compliance with Standards is misleading

AASB 101.23

Financial statements must present fairly the financial position, financial performance and cash flows of the entity. In the extremely rare circumstance where management concludes that compliance with AAS would be so misleading that it would conflict with the objective of financial statements as per the Framework, the entity must make certain additional disclosures, including the reason for coming to this conclusion.

2. Expenses Excluding Losses

		2017 $'000	2016 $'000
	(a) Employee related expenses		
	Salaries and wages (including annual leave)		
AASB 119.135	Superannuation – defined benefit plans		
AASB 119.53	Superannuation – defined contribution plans		
	Long service leave		
	Workers' compensation insurance		
	Payroll tax and fringe benefit tax		
	[Specify other major categories]		

Treasury Mandates

[Indicate the amount of employee related costs that have been capitalised in particular fixed asset accounts, and therefore excluded from the above; i.e. $X (2016: $X).]

Commentary on employee related expenses disclosure

Treasury Mandates

1. The notes to the Statement of Comprehensive Income are to disclose the major items recognised in determining employee related expenses: salaries and wages (including annual leave), superannuation, long service leave, workers' compensation insurance, payroll tax and fringe benefits tax and other major categories.

TPP06-6

2. Employee related maintenance expenses (i.e. employee expenses associated with day-to-day servicing costs) should be included as part of employee related expenses in the Statement of Comprehensive Income. Such expenses may include in-house trade staff, supervisors and managers directly involved in or related to day-to-day servicing costs.

3. The maintenance expense in Note 2(b) therefore excludes any employee related expenses. However, a reconciliation to 'total maintenance', including 'employee related maintenance', is provided underneath Note 2(b).

Treasury Mandates

4. Further, employee related expenses do not include those employee related costs that have been capitalised as an asset. However, the amounts of various employee-related costs that have been capitalised in particular fixed assets accounts must be separately disclosed in the notes.

Notes to the financial statements

Reference			2017 $'000	2016 $'000
	(b)	Other operating expenses include the following:		
AASB 1054.10		Auditor's remuneration		
		- audit of the financial statements		
AASB 102.36(d)		Cost of sales		
AASB 102.Aus36.1(c)		Cost of inventories held for distribution		
AASB 117.35(c)		Operating lease rental expense		
		- minimum lease payments		
AASB 101.97		Maintenance	X*	A*
AASB 101.97		Insurance		
AASB 101.97		Consultants		
AASB 101.97		Other contractors		
AASB 138.126		Research and development		
		[Specify other major categories]		
TPP06-6		**Reconciliation - Total maintenance*		
		Maintenance expense – contracted labour and other (non-employee related), as above	X	A
		Employee related maintenance expense included in Note 2(a)	Y	B
		Total maintenance expenses included in Note 2(a) + 2(b)	Z	C
TPP06-6		**Reconciliation - Total maintenance*		

Commentary on other operating expenses disclosure

AASB 101.97
AASB 1054.10
Treasury Mandates

1. Separate disclosures are to be made of any material items under 'Other operating expenses'. As a minimum, entities must disclose 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.

TPP06-6

2. As discussed in the commentary to Note 2(a) above, the maintenance expense excludes any employee-related expenses. However, to enable users of the financial statements to determine the 'total maintenance' expense, a reconciliation of maintenance expenses included in employee related expenses at Note 2(a) is also required.

Treasury Mandates
NSWTC15-07

For entities receiving personnel services (as discussed in NSWTC15-07), the reference to 'employee related maintenance expense' in Note 2(b) above 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.

AASB 1054.10, 11

3. The Auditor-General audits NSW public sector entities. The entity must disclose in the financial statements the amounts paid or payable to the Auditor-General for the audit of the entity's financial statements and all other services during the period. The entity should also describe the nature of other services, if any.

AASB 102.36(d), 38

4. Entities disclosing revenue from sale of goods must disclose cost of sales relating to the sale of those goods. 'Cost of sales' consists of those costs previously included in the measurement of inventory that has been sold and unallocated production overheads and abnormal amounts of production costs of inventories.

AASB 102.Aus34.1
AASB102.Aus36.1(c)

5. When inventories held for distribution by a not-for-profit entity are distributed, the carrying amount of these inventories must be recognised as an expense and disclosed.

AASB 117.35(c)

6. AASB 117 requires disclosure of the total amount of rental expense recognised in the financial year, with separate amounts for minimum lease payments, contingent rentals, and rental expense arising from sub-leases.

Notes to the financial statements

Commentary on other operating expenses disclosure	
AASB 138.54, 57 AASB 138.126	7. In accordance with AASB 138 *Intangible Assets*, all research costs are expensed. Development costs are only capitalised when certain criteria are met. Research and development expenditure recognised as an expense must be disclosed.
	Consultants and other contractors
C2004-17	8. A 'consultant' is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision-making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.
	9. An 'other contractor' expense in the Code is any individual or organisation (other than a consultant) who is engaged to undertake work that would or could be regarded as normally undertaken by an employee, but internal expertise is not available. Other contractors, however, excludes personnel service expenses (disclosed as a separate line item, per NSWTC15-07) and contractors related to maintenance (disclosed as part of maintenance expense).
	10. Employees are distinct from contractors as they are engaged under a different set of legal arrangements; e.g. taxation, superannuation and workers' compensation. The distinction between a contractor and employee is based on the relevant employment law categorisation of the payment. For the most part, in the various State and Commonwealth tax legislation, the categorisation of payments is based on the ordinary or common law distinction of employee / contractor, based on case law.
OSR Revenue Ruling PTA 038	11. For example, OSR Revenue Ruling No PTA 038 refers to a number of factors that should be considered in determining whether a worker is an employee, including whether the worker is subject to control and direction, the practical relationship, whether the contract is to achieve a given result, whether the worker is operating an independent business, risk, power to delegate, and the provision of tools and equipment. At a minimum, however, for an employment relationship to exist there must be a contract of service between the worker and the government entity. For this reason, if the contract is with a labour hire entity rather than the worker (i.e. where a labour hire entity is contracted to provide workers to perform work directly for clients and where the client pays the labour hire entity for this work), then a labour hire worker cannot be regarded as an employee of the government entity. Refer Australian Taxation Office: PAYG withholding and labour hire firms

(c) Depreciation and amortisation expense

		2017 $'000	2016 $'000
AASB 116. 75(a)	Depreciation [Specify for each class of depreciable asset]		
AASB 138.118(d)	Amortisation [Specify for each class of asset]		

AASB 108.39, 40

[Disclose other additional details as required by AASB 116 and AASB 138]
[Disclose details of a revision of accounting estimate on depreciable asset and intangible asset with finite life, where applicable]

Commentary on depreciation and amortisation expense disclosure	
AASB 116.75(a) AASB 138.118(d)	1. Depreciation for each class of depreciable asset is to be disclosed. The line item of the Statement of Comprehensive Income in which any amortisation of intangible assets is included should be disclosed.
AASB 116.73, 75-76	2. AASB 116 requires, among other things, the disclosure of (refer Note 15): ▪ the depreciation methods and useful lives or the depreciation rates used and

Notes to the financial statements

	Commentary on depreciation and amortisation expense disclosure
	▪ the accumulated depreciation.
	Depreciation and amortisation – recognition
AASB 116.61 AASB 138.104	3. Assets must be depreciated or amortised over their useful lives and the depreciation or amortisation rate reviewed annually in accordance with AASB 116 and AASB 138. Land is not a depreciable asset.
TPP14-01 AASB 116.G3-G4	In limited instances, heritage assets may not have limited useful lives (because of appropriate curatorial and preservation policies) and are not depreciated.
	Revision of accounting estimates
AASB 108.32 and 34	4. As a result of the uncertainties inherent in business and other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimates may be required, for example, of the useful lives or expected pattern of consumption of future economic benefits of depreciable assets, of bad debts and inventory obsolescence. An estimate may be revised if there are changes in the circumstances on which the estimate was based or as a result of new information, more experience or subsequent developments.
AASB 108.36	4. The effect of a revision of an accounting estimate must be recognised prospectively by including it as revenue or expense in the Statement of Comprehensive Income in the reporting period in which the accounting estimate is revised, if the revision affects that reporting period only, or in the reporting period of the revision and future reporting periods, if the revision affects both the current and future reporting periods.
AASB 108.39-40 AASB 116.76 AASB 138.121	6. The nature and amount of a revision of an accounting estimate that affects the reported financial performance or financial position of the current or future reporting period(s) must be disclosed in the notes to the financial statements, except where impracticable for future periods. Where impracticable, an entity must disclose that fact.
AASB 108.35	7. Where there are difficulties in distinguishing between a change in an accounting policy and a revision of an accounting estimate, the transaction is treated as a revision of an accounting estimate.

(d) Grants and Subsidies

	2017 $'000	2016 $'000
[Specify major categories]		

	Commentary on grants and subsidies disclosure
TPP09-3 Interpretation 1038	1. Except in limited circumstances, in the NSW public sector 'grants' have not been designated as contributions by owners under Interpretation 1038 and therefore must be treated as expenses. An exception to this is 'equity appropriations' to fund payments to adjust a for-profit entity's capital structure. For a fuller discussion of this matter, refer to the commentary to Note 3(e).
Treasury Mandates	2. The nature and amount of major categories of grant and subsidy expenses must be disclosed.

(e) Finance costs

		2017 $'000	2016 $'000
AASB 7.20(b), AASB 123.6	Finance lease interest charges		
AASB 7.20(b)	Interest expense from financial liabilities not at fair value through profit or loss		
AASB 137.60, 84(e)	Unwinding of discount on provisions		
	[Specify other major categories]		

Notes to the financial statements

	Commentary on finance costs disclosure
AASB 101.82(b) AASB 7.20 AASB 137.84(e)	1. Finance lease interest, interest expense, unwinding of the discount rate and other finance costs are to be separately disclosed.
AASB 137.60 AASB 123.5, 6	2. Finance costs include borrowing costs. AASB 137 provides that the increase in a provision resulting from the unwinding of the discount rate must be recognised as a borrowing cost. Under AASB 123 *Borrowing Costs*, borrowing costs are interest and other costs incurred in connection with borrowing funds; e.g.: ▪ interest on bank overdrafts and short and long-term borrowings ▪ amortisation of discounts or premiums relating to borrowings ▪ amortisation of ancillary costs incurred in connection with the arrangement of borrowings ▪ finance charges in respect of finance leases recognised in accordance with AASB 117.
Treasury Mandates	Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW GGS entities.

(f) Other expenses

		2017 $'000	2016 $'000
AASB 101.97	[Specify major categories]		

	Commentary on other expenses disclosure
AASB 101.97 AASB 7.20(c)	1. When items of expense are material, their nature and amount must be disclosed separately. If applicable, this should include fee expense (or income – refer Note 3(g)), other than amounts included in determining the effective interest rate, arising from: ▪ financial assets or financial liabilities that are not at fair value through profit or loss and ▪ trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.

Notes to the financial statements

3. *Revenue*

	Commentary on Revenue
AASB 118.7 AASB 118.35	1. Revenue is income that arises in the course of ordinary activities of an entity. AASB 118 para 35(b) of requires separate disclosure of certain categories of revenue.

(a) Appropriations and Transfers to the Crown Entity

Summary of Compliance	**2017 $'000** Appro-priation	Expen-diture	**2016 $'000** Appro-priation	Expen-diture
Original Budget per Appropriation Act				
Other Appropriations / Expenditure				
- Additional Appropriations				
- Treasurer's Advance				
- Section 22 – expenditure for certain works and services				
- Section 24 PFAA – transfers of functions between entities				
- Section 26 PFAA – Commonwealth specific purpose payments				
- Transfers to / from another entity (per Section 27 of the Appropriation Act) [section reference will need to be updated each year]				
Total Appropriations [Subtotal 2] / Expenditure / Net Claim on Consolidated Fund [Total 1] (includes transfer payments)				
Appropriation drawn down [Total 3] *		A		B
Liability to Consolidated Fund [Total 4] (refer Note 25)				

AASB 1050.17

***Comprising:**				
Transfer payments				
Equity appropriations				
Appropriations (per Statement of Comprehensive Income)**		C		D
		A		B

AASB 1004.64

Appropriations:	2017	2016
Recurrent		
Capital		
	C	D

Notes:

Treasury Mandates — 1. The summary of compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

Treasury Mandates — 2. If an entity receives an equity appropriation this must also be disclosed in the summary of compliance as part of the appropriation.

Treasury Mandates — 3. If there is a 'Liability to Consolidated Fund', the entity must state that this represents the difference between the 'Amount drawn down against Appropriation' and the 'Expenditure / Net Claim on Consolidated Fund'.

AASB 1004.64(d) — 4. In the notes, provide details of any material variations between the total appropriations and actual expenditure / net claim on Consolidated Fund for the year

Notes to the financial statements

Commentary on summary of compliance with financial directives

[ENTITIES RECEIVING A DIRECT APPROPRIATION ONLY]

Parliamentary Appropriations

AASB 1004.32-36
TPP09-3

1. In NSW, the Parliamentary appropriations received by an entity must be recognised as income, except as specified below:

NSW TC 15/11

   - 'Equity appropriations' used to fund payments to adjust a for-profit entity's capital structure are recognised as equity injections on receipt by the entity and equity withdrawals on payment to a for-profit entity.
   - Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to Consolidated Fund.

Format and basis of Summary of Compliance

2. The summary of compliance discloses the components of the total appropriation (including any 'equity appropriations'), comprising the original appropriations and 'other' appropriations. A column is provided to disclose actual expenditure against each item.

   The summary discloses the 'Total Appropriations'; 'Expenditure / Net Claim on Consolidated Fund'; 'Amount Drawn Down against Appropriation'; and the 'Liability to Consolidated Fund'. Unlike the financial statements, the summary **includes** transfer payments.

AASB 1004.64

3. **The summary of compliance is a cash (not an accrual) statement.** Therefore 'expenditure' refers to cash payments. The term 'expenditure' has been used for payments for consistency with AASB 1004 *Contributions*.

NSW TC 15/11

Pro forma 'Liability to Consolidated Fund'

4. To calculate the 'Liability to Consolidated Fund', a pro-forma has been developed and must be completed by entities and returned to NSW Treasury by the date specified in the Treasury Circular. The form provides most of the source information required in the summary of compliance.
5. The form is divided into four main sections for both recurrent and capital appropriations:

   A. **Net claim on Consolidated Fund:** identifies payments made during the financial year that can be met from the Consolidated Fund appropriations. To calculate this amount, entities must start with the relevant cash flow amount from their Statement of Cash Flows.

   As expenditure is not generally tracked against the source of funds (e.g. user charges as opposed to Consolidated Fund money), this calculation makes the general assumption that Consolidated Fund money is spent first. However where it is known that certain payments are required to be made from other funding sources, then these must be deducted to derive the 'Net Claim on Consolidated Fund Appropriations'.

   Logically, the 'Net Claim on Consolidated Fund ' cannot exceed the 'Net Available Appropriation'. Any excess, therefore, must represent payments that have been met from funding sources other than Consolidated Fund.

   Total 1 'Net Claim on Consolidated Fund' is included directly from the form in the summary of compliance. Entities should be able to determine the allocation of 'Expenditure / Net Claim on Consolidated Fund' across the various line items in the summary of compliance. However, if this is not possible, actual expenditure should be first matched with the original appropriation on the 'Appropriation Act' line.

   B. **Net available appropriations:** this represents the total appropriations as approved, including all supplementations less any under-expenditure against protected items, first year enhancements, supplementations and Commonwealth funding.

   Subtotal 2 in this section of the form is included in the summary of compliance as 'Total Appropriations'.

   C. **Amount drawn down against appropriations:** this amount is recorded in the Treasury ledgers and can be confirmed from the NSW Treasury

Notes to the financial statements

Commentary on summary of compliance with financial directives

print-outs that are made available to entities shortly after year end.

Total 3 'Amount drawn down against Appropriation' is included directly from the form in the summary of compliance.

D. **Liability to Consolidated Fund:** a liability will only exist where the 'Amount drawn down against Appropriation' exceeds the 'Net Claim on Consolidated Fund', and the liability is the difference between these two amounts.

Total 4 'Liability to Consolidated Fund' is included directly from the form in the summary of compliance and is the difference between Total 3 and Total 1.

NSW TC 15/11

6. To assist entities, the summary of compliance cross-references the totals from the pro forma (e.g. 'Total Appropriations'). The references to these totals (i.e. the words '[Subtotal 2]') should not be included in the summary of compliance published in the entity's financial statements.

AASB 1050.17

Transfer payments

7. The appropriations recognised in the Statement of Comprehensive Income do not include transfer payments. Transfer payments are not controlled by the entity and are therefore not recognised. Gross appropriations (i.e. including transfer payments), are disclosed in the summary of compliance. Refer to Note 8 for further discussion on transfer payments.

Additional disclosures

8. A small number of disclosures are also required below the summary of compliance:
   - Treasury Mandates — a statement that the Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first, unless otherwise identified or prescribed.
   - Treasury Mandates — 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').
   - AASB 1004.64(d) — AASB 1004 requirement to provide details of any material variations between the 'total' recurrent and capital appropriations and actual expenditure for the year.

Treasury Mandates

b) Transfers to the Crown Entity

	2017 $'000	2016 $'000
Asset sales proceeds transferred		
Transfers from commercial business unit(s)		
Other transfers [specify]		

Commentary on Transfers to the Crown Entity

Treasury Mandates

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).

Notes to the financial statements

(c) Sale of goods and services

		2017 $'000	2016 $'000
AASB 118.35(b)(i)	Sale of goods		
AASB 118.35(b)(ii)	Rendering of services		

Commentary on sale of goods and services

AASB 1050.12
AASB 118.35(b)(i) (ii)

1. AASB 118 requires disclosure of user charges recognised as revenue in the Statement of Comprehensive Income. User charges levied by an entity for the sale of goods and rendering of services are to be recognised as revenue when the entity obtains control of the assets that result from them.

AASB 118.14

2. According to AASB 118, revenue from the sale of goods must be recognised when all the following conditions have been satisfied:
   - The entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
   - The entity retains neither continuing managerial involvement to the degree normally associated with ownership nor effective control over the goods sold.
   - It is probable that the economic benefits associated with the transaction will flow to the entity.
   - The amount of revenue can be measured reliably and
   - The costs incurred or to be incurred in respect of the transaction can be measured reliably.

AASB 118.20

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction must be recognised by reference to the stage of completion of the transaction at the reporting date.

AASB 118.35(b)(i) (ii)

2. AASB 118 requires separate disclosure and identification of revenue from sale of goods and revenue from the rendering of services.

Treasury Mandates
AASB 118.35(b)(iii)–(v)

(d) Investment revenue

		2017 $'000	2016 $'000
AASB 7.20(b)	Interest income from financial assets not at fair value through profit or loss		
AASB 7.20(a) TPP08-1	TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss		
AASB 117.50	Rents		
AASB 118.35(b)(iv)	Royalties		
AASB 118.35(b)(v)	Dividends		
	[Specify other major categories]		

AASB 118.35(b)
Treasury Mandates

(e) Retained taxes, fees and fines

	2017 $'000	2016 $'000
Taxes		
[Disclose classes of taxes]		
Fees		
[Disclose classes of fees]		
Fines		
[Disclose classes of fines]		

Notes to the financial statements

	Commentary on retained taxes, fees and fines revenue
AASB 118.35(b) Treasury Mandates	1. AASB 118 requires disclosure of the amount of each significant category of revenue recognised in the Statement of Comprehensive Income.

AASB 1004.12, 15, 60, 62

(f) Grants and Other Contributions

	2017 $'000	2016 $'000
Contributions of assets		
[Specify other major categories]		

[Disclose other additional details as required by AASB 1004.60(b- (e)]
[Refer also Note 6]

	Commentary on grants and other contributions revenue
Interpretation 1038 TPP09-3	1. In NSW, all other contributions such as cash grants (to not-for-profit entities), donations, industry and developer contributions that have not been designated as 'contributions by owners' under Interpretation 1038 are recognised as revenue.
AASB 1004.54-59	2. NSW Treasury designates only certain transfers as a contribution by owners in accordance with Interpretation 1038, including transfers effected by Public Sector Employment and Management Orders (or equivalent Orders under the Government Sector Employment Act 2013), transfers of programs / functions or parts thereof and 'equity appropriations' that fund payments to adjust a for-profit entity's capital structure. 'Restructures of administrative arrangements' that are subject to AASB 1004 must be accounted for as contributions by owners.
	3. However, where an entity is of the view that other contributions are in the nature of a contribution by owners (i.e. equity adjustment), the entity must approach NSW Treasury for designation in accordance with Interpretation 1038 before the date of transfer.
	4. For a transfer to be designated as a contribution by owners, the entity will need to demonstrate that the transfer reflects a Government policy decision to increase or decrease the financial resources of the entity (i.e. the entity's equity).
TPP09-3	5. A capital (cash) grant will continue to be treated as revenue, unless the payment is intended to fund payments to adjust a for-profit entity's capital structure. For example, where a not-for-profit entity receives a cash grant, this must be treated as revenue rather than equity. This is because not-for-profit entities do not have an established capital structure.
	Recognition
AASB 1004.12, 20	6. Contributions (other than contributions by owners) are to be recognised as income when the entity obtains control over them, irrespective of whether restrictions or conditions are imposed on the use of the contributions. Further, AASB 1004 provides that income is recognised when all the following conditions are satisfied: the entity obtains control of the contribution or the right to receive the contribution; it is probable that the economic benefits comprising the contribution will flow to the entity; and the amount can be measured reliably.
AASB 1004.28	7. The timing of gaining control over contributed assets (and therefore the associated income) will depend upon the arrangements between the transferor and transferee. Control would normally occur when the grant eligibility criteria have been satisfied or the relevant services have been provided, which may coincide with the date of receipt.
AASB 1004.29	In determining at what point control is obtained, the guidance in AASB 1004 regarding multi-year grant agreements is relevant. The Standard provides that the entity does not control the contributed assets (and therefore should not recognise revenues) until the transferor has a present obligation that is binding. A present obligation only arises when entitlement conditions are satisfied for payment during a particular payment period. The entity does not

Notes to the financial statements

	Commentary on grants and other contributions revenue
	gain control of assets under a multi-year agreement until it has met eligibility conditions or provided the relevant services.
AASB 1004.11, 44	8. Contributions are to be recognised at their fair value. Contributions of services are to be recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.
	Disclosure
AASB 1004.62	9. Disclosure is required of the fair value of goods and services received free of charge, or for nominal consideration, during the financial year.
AASB 1004.60(a)-(d)	10. Entities must separately disclose the amounts, nature and related period of contributions: ▪ recognised as income during the reporting period in respect of which expenditure in a manner specified by a transferor contributor had yet to be made as at the reporting date, details of those contributions and the conditions attaching to them; ▪ recognised as income during the reporting period that were provided specifically for the provision of goods or services over a future period; and ▪ recognised as income during the reporting period that were obtained in respect of a future rating or taxing period identified by the local government, GGS or whole of government for the purpose of establishing a rate or tax.
AASB 1004.60(e)	11. Entities must disclose amounts and nature of contributions recognised in a prior reporting period that were obtained in respect of the current reporting period.

(g) Acceptance by the Crown Entity of employee benefits and other liabilities

The following liabilities and / or expenses have been assumed by the Crown Entity or other government entities:

		2017 $'000	2016 $'000
Treasury Mandates AASB 1004.39, 63(b) NSWTC15-09	Superannuation – defined benefit		
AASB 1004.39, 63(b)	Long service leave provision		
AASB 1004.18(b)	Borrowings		
AASB 101.97	[Other major categories]		

	Commentary on acceptance by the Crown Entity of employee benefits and other liabilities
AASB 1004.39	1. On initial incurrence of the liability, the entity should recognise a liability and an expense. When the liability is assumed by the Crown Entity, the entity is to recognise income of an amount equivalent to the liability assumed. See also Note 1(r)(ii) and Note 2(a).
NSWTC14-05	2. The defined contribution superannuation liability is the responsibility of each entity. It is not assumed by the Crown Entity.
NSWTC14-05	3. The cost of payroll tax on employer superannuation contributions is met by the Crown Entity for certain entities where the Crown Entity meets the employer superannuation contributions.

Notes to the financial statements

	(g) Other Income	2017 $'000	2016 $'000
AASB 1004.16, 18(b)	Forgiveness of liabilities		
AASB 101.97, 98	[Specify other major categories]		

	Commentary on Other Income
AASB 1004.16 AASB 101.97, 98 Treasury Mandates	1. Separate disclosure is to be made of major categories of other revenue, including forgiveness of liabilities and fee income (refer Note 2(g) above).

4. Gains / (Losses) on Disposal

		2017 $'000	2016 $'000
Treasury Mandates AASB 101.34(a), 98(c)(d) AASB 116.68 AASB 138.113 AASB 140.69 AASB 7.20(a)(i)	[Disclose details of the net gain/loss on disposal of relevant classes]		

Commentary on Gains / (Losses) on Disposal

AASB 101.98(c)(d)
AASB 116.68
AASB 138.113
AASB 140.69
AASB 7.20(a)
Treasury Mandates

1. Entities are to disclose the net gain/loss on disposal of certain classes of assets, in accordance with AAS, including:
   - Property, plant and equipment
   - Intangible assets
   - Investment properties and
   - Financial instrument categories, as follows:
     - Financial assets or liabilities at fair value through profit or loss, showing separately those designated as such upon initial recognition and those classified as held for trading
     - Available-for-sale financial assets
     - Held-to-maturity investments
     - Loans and receivables; and
     - Financial liabilities at amortised cost.

Notes to the financial statements

5. Other Gains / (Losses)

		2017 $'000	2016 $'000
Treasury Mandates AASB 5.41(c) AASB 101.97 AASB 7.20(e) AASB 136.126(a) AASB 102.36(e) AASB 102.Aus36.1(d)	[Disclose details of other gains/losses of relevant classes]		

	Commentary on Other Gains / Losses
AASB 5.41 AASB 7.20 AASB 136.126(a) AASB 102.36(e) AASB 101.98(a)(f)(g) AASB 7.20(b) AASB 7.20(e) Treasury Mandates	1. Entities must disclose material items of gains and losses recognised in the net result, including: ▪ Property, plant and equipment revaluations and impairment losses and reversals ▪ Investment properties revaluations fair value gains or losses ▪ Assets held-for-sale ▪ Other gains or losses resulting from each category of financial instrument (other than through disposal) (not otherwise recognised as investment revenue in Note 3(d)) ▪ Impairment losses for each class of financial asset; and ▪ Write-down of inventories.
	2. AASB 116, AASB 139, AASB 140 and AASB 5 further explain the accounting treatment for revaluation increments and decrements.

6. Conditions on Contributions

AASB 1004.60(a) — [Disclose details of conditions on contributions where applicable]

	Commentary on Conditions on Contributions
	Fiduciary responsibility
AASB 1004.61	1. Where conditions are placed on contributions, a strong fiduciary responsibility exists for the entity regarding the deployment of those assets. Although those fiduciary responsibilities do not constitute liabilities, information about conditions on contributions is likely to be relevant to the users of the financial statements in assessing the entity's performance and discharge of accountability.
	Other externally-imposed requirements
AASB 1004.64(e)	2. The financial statements must disclose the nature and probable financial effect of any non-compliance by the entity with externally-imposed requirements (in addition to the disclosure requirements relating to parliamentary appropriations) for the financial year which is relevant to the assessments of the entity's performance, financial position or financing and investing activities. Examples may be non-compliance with grant conditions or other external factors such as environmental and safety requirements.

7. Prior Period Errors

AASB 108.41-49 — [Disclose details of any material prior period errors, as required by AASB 108]

	Commentary on Prior Period Errors
AASB 108.41	1. Errors may occur in respect of the recognition, measurement, presentation or disclosure of elements of the financial statements. For example, errors may be the result of mathematical mistakes, mistakes in applying accounting policies, misinterpretation of facts, fraud or oversights. Errors that relate to the current reporting period are corrected before the financial statements are authorised for issue.
AASB 108.42	2. A material error made in a prior reporting period must be corrected retrospectively in the first financial statements authorised for issue after the error

Notes to the financial statements

	Commentary on Prior Period Errors
	is discovered by restating the comparative information for the prior period(s) presented in which the error occurred; or, if the error occurred before the earliest prior period presented, by adjusting the opening balances of assets, liabilities and equity for the earliest prior period presented.
AASB 108.44-45	3. When it is impracticable to determine the period-specific effects of an error on comparative information, the entity must restate the opening balances for the earliest period for which retrospective restatement is practicable; i.e. the cumulative effect (which may be the current period). When this is impracticable, the entity must restate the comparative information to correct the error prospectively from the earliest date practicable.
AASB 108.49	4. AASB 108 requires that certain disclosures be made in the first financial statements authorised for issue after the prior period error is discovered, including: ▪ the nature of the prior period error ▪ for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected and ▪ the amount of the correction at the beginning of the earliest prior period presented. 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.
AASB 101.10(f)	5. An additional Statement of Financial Position (represented in the pro forma by an additional column) is required as at the beginning of the preceding period when an entity restates items retrospectively in its financial statements; e.g. the correction of an error.

8. Transfer Payments

AASB 1050.22

[Disclose broad categories of recipients and amounts transferred]

	Commentary on Transfer Payments
AASB 1050.17, 20 Treasury Mandates	1. Transfer payments are defined as amounts received by government entities for transfer to eligible beneficiaries consistent with the parameters established by legislation or other authoritative requirements. They are not controlled by the entity. NSW Treasury extends the disclosure requirement to all NSW GGS entities. Examples of transfer payments may include grants and subsidies received on behalf of other entities which are not controlled by the entity.
AASB 1050.23	2. In some cases, it may not be clear whether the entity controls the amounts to be transferred to eligible beneficiaries; e.g. where amounts are appropriated to entities for subsequent transfer but the entity can exercise significant discretion in respect of the amount or timing of payment, the identity of beneficiaries and the conditions under which the payments are to be made. In such cases, preparers of financial statements will need to use their judgement in deciding whether the entity controls the amounts to be transferred.
AASB 1050.21	3. While transfer payments do not qualify for recognition in the financial statements, information about their nature and amount will be relevant for the assessment of the entity's performance.
AASB 1050.22	4. Relevant details of the broad categories of recipients and the amounts transferred to those recipients are to be reported in the notes. This note disclosure is expected to affect only a few entities in New South Wales.

Notes to the financial statements

AASB 1052.15(a)

9. Service group statements for the year ended 30 June 2017

Treasury Mandates	ENTITY'S EXPENSES & INCOME	Service Group 1* 2017 $'000	Service Group 1* 2016 $'000	Service Group 2* 2017 $'000	Service Group 2* 2016 $'000	Not Attributable 2017 $'000	Not Attributable 2016 $'000	Total 2017 $'000	Total 2016 $'000
AASB 1052.15(c)	**Expenses excluding losses**								
	Employee related expenses								
	Operating expenses								
	Depreciation and amortisation								
	Grants and subsidies								
	Finance costs								
	Other expenses								
	Total expenses excluding losses								
AASB 1052.15(d)	**Revenue****								
	Appropriation								
	(Transfers to the Crown Entity)								
	Sale of goods and services								
	Investment revenue								
	Retained taxes, fees and fines								
	Grants and other contributions								
	Acceptance by the Crown Entity of employee benefits and other liabilities								
	Other income								
	Total revenue								
	Gains / (losses) on disposal								
	Other gains / (losses)								
	Net result from continuing operations								
	Net result from discontinued operations								
	Net result								
	Other comprehensive income								
	Items that will not be reclassified to net result in subsequent periods								
	Changes in revaluation surplus of property, plant and equipment								
	Changes in revaluation surplus arising from changes in restoration liability								
	Others [specify]								
	Items that may be reclassified to net result in subsequent periods								
	Available-for-sale financial assets								
	- Net gains / losses during the period								
	- Reclassified to net result								

Notes to the financial statements

Treasury Mandates	ENTITY'S EXPENSES & INCOME	Service Group 1*		Service Group 2*		Not Attributable		Total	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
	Others [specify]								
	Total other comprehensive income								
	TOTAL COMPREHENSIVE INCOME								

* The names and purposes of each service group are summarised below.

** Appropriations are made on an entity basis and not to individual service groups. Consequently, appropriations must be included in the 'Not Attributable' column. Cluster grant funding is also unlikely to be attributable to individual service groups.

Notes to the financial statements

Service group statements (continued)

Treasury Mandates
AASB 1052.16

ENTITY'S ASSETS & LIABILITIES	Service Group 1*		Service Group 2*		Not Attributable		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current Assets								
Cash and cash equivalents								
Receivables								
Inventories								
Financial assets at fair value								
Other financial assets								
Other current assets								
Non-current assets held-for-sale								
Total current assets								
Non-current Assets								
Receivables								
Inventories								
Financial assets at fair value								
Other financial assets								
Property, plant and equipment								
Investment properties								
Intangible assets								
Other non-current assets								
Total non-current assets								
TOTAL ASSETS								
Current liabilities								
Payables								
Borrowings								
Provisions								
Other current liabilities								
Liabilities associated with assets held-for-sale								
Total current liabilities								
Non-current liabilities								
Borrowings								
Provisions								
Other non-current liabilities								
Total non-current liabilities								
TOTAL LIABILITIES								
NET ASSETS								

* The names and purposes of each service group are summarised below.

Notes to the financial statements

Service group statements (continued)

Treasury Mandates	ADMINISTERED EXPENSES & INCOME	Service Group 1*		Service Group 2*		Not Attributable		Total	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
AASB 1050.7(b)	**Administered Expenses**								
	Transfer payments								
	Other								
	Total Administered Expenses								
AASB 1050.7(a)	**Administered Income**								
	Transfer receipts								
	Consolidated Fund								
	• Taxes, fees and fines								
	• Other								
	Total Administered Income								
	Administered Income less Expenses								

* The names and purposes of each service group are summarised in below.
Administered assets and liabilities are disclosed in Note 33

Notes to the financial statements

	Commentary on Service Group Statements
Treasury Mandates	1. AASB 1052 Disaggregated Disclosures is applicable to government departments. NSW Treasury extends service group disclosure requirements to other NSW GGS entities where service group information is included in the Budget Papers.
Treasury Mandates	Service group statements must include the same line items as the entity's statement of comprehensive income and statement of financial position.
	Expenses and income of an entity
AASB 1052.15(c)(d) Treasury Mandates	2. AASB 1052 requires entities to 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. Separate disclosure is required 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.
AASB 1052.19	Where income and expenditure cannot be attributed to a particular service group, the 'Not Attributable' column must be used. Appropriations are made to the entity rather than the service group. Therefore, appropriations must be disclosed in the 'Not Attributable' column. Given that appropriations are not attributable to service groups, there will be a mismatch between income and expenses at a service group level.
	Assets and liabilities of an entity
AASB 1052.16, 19 Treasury Mandates	3. Entities must also disclose the assets deployed and liabilities incurred that are reliably attributable to their activities. In some instances, it may not be possible to reliably attribute assets and liabilities to each of the activities of the entity. In these circumstances, the 'Not attributable' column must be used.
	Reconciliation to entity statements and consolidated statements
Treasury Mandates	4. The information disclosed in the service group statements must be aggregated to agree with the related information in the financial statements of the entity.
Treasury Mandates	5. 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.
Treasury Mandates	6. 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
	Administered Expenses and Income
AASB 1050.11	7. Administered activities may be defined as those activities that are carried out on behalf of another entity (e.g. the Crown Entity). Therefore, the income and expenses and assets and liabilities relating to those activities should not be recognised in the financial statements of the entity.
AASB 1050.17	8. That is, entities will not recognise as assets or income items such as Consolidated Fund - taxes, fees and fines and other amounts which the entity collects but does not control. Similarly, an entity will not recognise as income and expenses amounts which the entity is responsible for transferring to eligible beneficiaries consistent with legislation or other authority and which the entity does not control.
AASB 1050.11	For example, an entity may be responsible for the levying and / or collection of taxes, fines and fees, the provision of goods and services for which charges are made or the transfer of funds to eligible beneficiaries. Under these arrangements, the entity is not permitted to spend the funds it collects and holds without further authorisation. Administered expenses for NSW GGS entities will predominantly be transfer payments.
AASB 1050.7(a)(b) Treasury Mandates	9. Administered expenses and income are not recognised in the Statement of Comprehensive Income but are required to be disclosed in the complete set of

Notes to the financial statements

Commentary on Service Group Statements

	financial statements, showing separately: ▪ each major class of expense and income and ▪ 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.
AASB 1050.24	10. Administered expenses and income must be reported on the same basis as the entity in terms of the recognition of expenses and income in the financial statements.
Treasury Mandates	11. 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.
AASB 1050.7(c)(d) Treasury Mandates	12. Administered assets and liabilities must also be disclosed, showing separately each major class of asset / liability. Please refer to Note 33 for disclosure of administered assets and liabilities.
	Comparative amounts
AASB 101.41 - 42	13. When the presentation or classification of items in the financial statements is amended, an entity shall reclassify comparative amounts unless the reclassification is impracticable. When comparative amounts are reclassified, the entity shall disclose (including as at the beginning of the preceding period) the: ▪ nature of the reclassification ▪ amount of each item or class of items that is reclassified and ▪ reason for the reclassification. When it is impracticable to reclassify comparative amounts, an entity shall disclose the: ▪ reason for not reclassifying the amounts and ▪ nature of the adjustments that would have been made if the amounts had been reclassified.
TPP09-3 Treasury Mandates	14. 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 TPP09-3.

AASB 1052.15(a)
AASB 1004.57
Treasury Mandates

Service Groups 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]

Notes to the financial statements

	Commentary on Service Groups Descriptions
	Identity and purpose of service groups
AASB 1052.15(a) Treasury Mandates	1. AASB 1052 requires disclosure, in summarised form, of the identity and purpose of each major activity undertaken by the entity during the financial year. AASB 1052 applies to government departments. Treasury Mandates extends service group disclosure requirements to all other NSW GGS entities, where service group information is included in the Budget Papers.
	Transfer of service groups
AASB 1004.57	3. Where service groups are transferred from one entity to another as a result of administrative restructuring, the transferee entity shall disclose the expenses and income attributable to the transferred service groups for the reporting period, showing separately those expenses and items of income recognised by the transferor during the reporting period. If this disclosure would be impracticable, the entity shall disclose this fact, together with an explanation of why this is the case.
AASB 1004.58	3. For each material transfer, the assets and liabilities transferred as a consequence of a restructure of administrative arrangements during the reporting period shall be disclosed by class, and the counterparty entity shall be identified. Where transfers are individually immaterial, the assets and liabilities transferred shall be disclosed on an aggregate basis. Refer Note 26.
TPP09-3	4. NSW Treasury's policy requires more detailed disclosures than AASB 1004. The notes to the financial statements of transferee entities are to disclose the following information for accountability and comparability for each transferred function or service group: ▪ The Statement of Comprehensive Income for each transferred activity / service group for the whole period, showing separately those expenses and revenues recognised by the transferor entity up to the date of transfer ▪ Comparative figures for the transferred function or service group ▪ The summary of significant accounting policies note of the transferee entity must briefly articulate the policy for recognising the restructure, including details / amounts of assets and liabilities transferred (per AASB 1004.58) and, where applicable, adjustments to the value of assets and liabilities as a result of the transfer. Where statutory financial statements are required, the transferor entity must briefly articulate the policy for recognising the restructure, including details / amounts of assets and liabilities transferred (consistent with AASB 1004.58) and where applicable, adjustments to the value of assets and liabilities as a result of the transfer
TPP09-3	5. NSW Treasury's policy requires that for any other equity transfer: i.e. involving transfers of parts of service groups / functions etc., the transferor and transferee entity should, as a minimum, briefly articulate in its summary of significant accounting policies note the policy for recognising the equity transfer, including details / amounts of assets and liabilities transferred (consistent with AASB 1004.58) and, where applicable, adjustments to the value of assets and liabilities as a result of the transfer.

Notes to the financial statements

Commentary on Service Groups Descriptions

AASB 1004.57
TPP09-3

6. Example disclosure - transfer of service groups (excluding summary of significant accounting policies note)

Note disclosure for Entity B

Service Group X was transferred from Entity A to Entity B as a consequence of a restructuring of administrative arrangements with effect from [date]. The following summarises the expenses and income, recognised by Entity A (up to date of transfer) and Entity B (from date of transfer to year end) for the reporting period. Refer Note 26 for details regarding transferred assets and liabilities.

	Entity A Service Group X 1 July to [transfer date]	Entity B Service Group X [transfer date] to 30 June	2017 Service Group X	2016 Service Group X
Expenses excluding losses				
Employee related				
Operating expenses				
Depreciation and amortisation				
Grants and subsidies				
Finance costs				
Other expenses				
Total expenses excluding losses				
Revenue				
Appropriation				
(Transfers to the Crown Entity)				
Sale of goods and services				
Investment revenue				
Retained taxes, fees and fines				
Grants and other contributions				
Acceptance by the Crown Entity of employee benefits and other liabilities				
Other income				
Total revenue				
Operating result				
Gains / (losses) on disposal				
Other gains/ (losses)				
Net result from continuing operations				
Net result from discontinued operations				
Net result				
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment				
Others [specify]				
Total other comprehensive income				
TOTAL COMPREHENSIVE INCOME				

Notes to the financial statements

Commentary on Service Groups Descriptions

Discontinued operations

AASB 5 Aus.2.1
TPP09-3

6. In limited instances, additional disclosures to those discussed above will be required by the transferor regarding 'discontinued operations' (see AASB 5). AASB 5 does not apply to administrative restructures subject to AASB 1004. However, the Standard may affect entities, for example, where there is a transfer of an operation at nil consideration involving a for-profit statutory authority / PTE, where it meets the definition of a discontinued operation.

AASB 5.App A

A 'discontinued operation' means a component of an entity that has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

10. Current Assets – Cash and Cash Equivalents

	2017 $'000	2016 $'000
Cash at bank and on hand		
Short-term deposits		
[Specify other major categories]		

AASB 107.6-8,
AASB 107.45-46,
AASB 101.54(i)
Treasury Mandates

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft [specify others where applicable].

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)		
Bank overdraft		
[Specify other adjustments where applicable]		
Cash and cash equivalents (per Statement of Cash Flows)		

Refer Note 34 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Commentary on Cash and Cash Equivalents

AASB 107.6-8

1. Cash and cash equivalents as disclosed in the Statement of Financial Position may differ from the equivalent line item in the Statement of Cash Flows – see below.
2. AASB 107 defines cash to include cash on hand and demand deposits. The term 'cash equivalents' is defined to mean short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank overdrafts repayable on demand that are integral to the cash management function are included as a component of cash and cash equivalents.

AASB 101.32

3. AASB 101 does not define 'cash and cash equivalents' but it states that assets and liabilities must not be offset unless required or permitted by an Australian Accounting Standard. Cash and cash equivalent assets in the Statement of Financial Position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the NSW Treasury Corporation's Hour-Glass cash facility, other Treasury Corporation deposits (less than 90 days) and other at-call deposits that are not quoted in an active market. Bank overdrafts are included within liabilities.
4. Therefore, the only difference in the disclosure of 'cash and cash equivalent assets' in AASB 101 in the Statement of Financial Position and AASB 107 is that AASB 107 includes certain borrowings (e.g. bank overdraft) while cash and cash equivalent assets in the Statement of Financial Position do not.

Notes to the financial statements

	Commentary on Cash and Cash Equivalents
AASB 107.45-46	5. Entities must disclose the components of cash and cash equivalents and the policy adopted for determining which items are classified as 'cash and cash equivalents' in the Statement of Cash Flows. The amount of cash as at the end of the financial year in the Statement of Cash Flows must be reconciled to the related item in the Statement of Financial Position.
	Administrative restructures
Treasury Mandates	6. 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' figure is to be adjusted to include any cash received or paid as a result of restructuring.

11. Current / Non-Current Assets – Receivables

		2017 $'000	2016 $'000
AASB 101.78(b) AASB 7.6			
Treasury Mandates	Sale of goods and services		
Treasury Mandates	Retained taxes, fees and fines		
AASB 7.20(e)	Less Allowance for impairment*		
AASB 101.78(b)	Prepayments		
	[Specify other major categories]		
AASB 7.16	*Movement in the allowance for impairment		
	Balance at 1 July		
	Amounts written off during the year		
	Amounts recovered during the year		
	Increase/(decrease) in allowance recognised in profit or loss		
	Balance at 30 June		

AASB 7.36 — Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 34.

	Commentary on Receivables
	Disclosure
Treasury Mandates AASB 7.20(e) AASB 101.78(b) NSWTC15-07	1. The notes are to disclose 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 NSWTC15-07). Any allowance for impairment of receivables is to be shown as a deduction. The current and non-current portions of receivables are to be separately disclosed.
AASB 139.9	2. Normal trade receivables that are not quoted in an active market will typically be classified as 'loans and receivables' in accordance with AASB 139.
AASB 7.8	3. The carrying amounts for each of the AASB 139 categories of financial instruments must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements. Refer Note 34.
AASB 7.16	4. When receivables are impaired and the entity records the impairment in a separate account (e.g. an allowance account used to record individual impairments or a similar account used to record a collective impairment of assets), it must disclose a reconciliation of changes in that account during the period for each class of financial assets.
AASB 7.37(b)	At the end of the reporting period, an entity should also disclose the amount of the financial assets that are individually determined to be impaired, including the factors the entity considered in determining that they are impaired.

Notes to the financial statements

	Commentary on Receivables
AASB 7.31-42	5. AASB 7 requires quantitative and qualitative disclosures for each type of risk (i.e. credit risk, liquidity risk and market risk) to evaluate the nature and extent of risks from financial instruments to which the entity is exposed, including financial assets that are either past due or impaired. Refer Note 34.
	Measurement
AASB 139.43, 43A, 46(a), 58, 63, AG76	6. Loans and receivables (per AASB 139) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. If the fair value on initial recognition differs from the transaction price, the entity must apply AASB 139.AG76.
	7. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.
AASB 139.58-70	8. AASB 139 requires that all financial assets, except those measured at fair value through profit and loss, must be subject to an annual review for impairment. Impairment losses are incurred only if there is objective evidence of impairment arising from events that impact on the estimated future cash flows of the financial asset or group of financial assets.
Interpretation 1031	**Goods and Services Tax**
	9. Receivables and payables must be stated with the amount of GST included. This also includes accruals. Accruals form part of 'receivables' and 'payables' and should be treated similarly. That is, where an accrual is made, it should include GST, even though a tax invoice may not have been received. This is because an event or transaction has occurred that will give rise to GST payable / receivable in the future.
	10. The net amount of GST recoverable from or payable to the taxation authority must be included as part of receivables or payables.
	Reclassification
AASB 7.12-12A	11. If the entity has reclassified a financial asset as one measured at cost or amortised cost rather than at fair value or at fair value, rather than at cost or amortised cost, it must disclose the amount reclassified into and out of each category and the reason for that reclassification (see paras 51-54 of AASB 139). If the entity has reclassified a financial asset out of the fair value through profit or loss category in accordance with paragraph 50B or 50D of AASB 139 or out of the available-for-sale category in accordance with paragraph 50E of AASB 139, it must make additional disclosures under AASB 7, including the amount reclassified. Few entities are expected to be impacted.

Notes to the financial statements

12. Current / Non-Current - Inventories

		2017 $'000	2016 $'000
AASB 101.78(c), AASB 102.36(b), AASB 102.Aus36.1	*Held-for-distribution*		
	[Specify category - at cost or current replacement cost]		
	Held-for-resale		
	[Specify category – at cost or net realisable value]		

Commentary on Inventories

AASB 102.36, Aus36.1(b)

1. Entities are to classify inventories into major categories relevant to the entity's operations, e.g. raw materials, work in progress, finished goods, land and buildings (classified as either held for distribution or held for resale). Examples of other inventories include: publications, books and medical supplies. The current and non-current portions are to be separately disclosed.

AASB 102.Aus6.1

2. In respect of not-for-profit entities, inventories held for distribution are assets:
   - held for distribution;
   - in the process of production for distribution; or
   - in the form of materials or supplies to be consumed in the production process or in rendering services

   at no or nominal consideration.

3. Entities should also disclose the following, where applicable:

AASB 102.Aus36(c)-(f)
AASB 102.Aus36.1(c)-(h)

   - the amount of inventories held for distribution recognised as an expense during the period;
   - the amount of any write-down of inventories held for distribution recognised as an expense in the period;
   - the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories held for distribution recognised as expense;
   - the circumstances or events that led to the reversal of a write-down of inventories held for distribution;
   - the carrying amount of inventories held for distribution pledged as security for liabilities; and
   - the basis on which any loss of service potential of inventories held for distribution is assessed, or the bases when more than one basis is used.

AASB 102.9, Aus9.1-2
AASB 102.36, Aus36.1

4. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. 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 carrying amount.

Notes to the financial statements

13. Current / Non-Current– Financial Assets at Fair Value

AASB 7.8(a)
Treasury Mandates

	2017 $'000	2016 $'000
Derivatives		
TCorp Hour-Glass Investment Facilities [specify facility]		
Investment in equity shares		
[Specify other major categories]		

Refer to Note 34 for further information regarding fair value measurement, credit risk, liquidity risk and market risk arising from financial instruments.

Commentary on Financial Assets at Fair Value

Recognition and measurement

AASB 139.46, 55

1. AASB 139 requires financial assets classified or designated at 'fair value through profit or loss' (including 'assets held for trading') and 'available-for-sale' assets to be valued at fair value. Changes in fair value for available-for-sale assets are recognised directly in equity, until impaired or disposed, while financial assets 'at fair value through profit or loss' are recognised directly in profit or loss.

AASB 139.9

2. A financial asset is classified as 'held for trading' if it is:
   - acquired or incurred principally for the purpose of selling or repurchasing it in the near term
   - part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or
   - a derivative (except for a derivative that is a designated and effective hedging instrument). This also includes embedded derivatives, where required to be separated from the host contract (refer AASB 139 para 11-13).

AASB 139.10-13
AASB 139 AG27-33B

3. An embedded derivative is part of a combined instrument that includes both a derivative and a non-derivative host contract. It causes the cash flows of the host contract to be modified based on a variable such as an interest rate or commodity price. An embedded derivative is required to be separated and recorded at fair value, with gains and losses taken through profit and loss, if and only if:
   - the economic substance and risks of the embedded derivative are not closely related to the economic substance and risks of the host contract
   - it would otherwise meet the definition of a derivative on a stand-alone basis and
   - the combined instrument is not measured at fair value with changes in fair value recognised in profit or loss.

TPP08-1
AASB 139.9

7. An entity may designate a financial instrument at 'fair value through profit or loss', in limited circumstances, where:
   - it satisfies the AASB 139 fair value option i.e. there is an accounting mismatch or it is managed and evaluated on a fair value basis
   - the entity determines it is appropriate for its operations (e.g. NSW TCorp) and
   - it is approved by NSW Treasury (except for designation of TCorp Hour-Glass investment facilities – refer below).

TPP08-1

8. NSW Treasury's Financial Instruments Policy requires that all entities designate TCorp Hour-Glass Investment Facilities at 'fair value through profit or loss', if not otherwise classified as 'held for trading'. Movements in the Hour-Glass Investment Facilities (including distributions) must be recognised as 'investment revenue' Note 3(d).

AASB 139.9
TPP08-1

9. 'Available-for-sale' financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as:
   - loans and receivables
   - held-to-maturity investments or
   - financial assets at fair value through profit or loss.

Notes to the financial statements

Commentary on Financial Assets at Fair Value

Designation as 'available-for-sale' requires NSW Treasury approval – refer NSW Treasury's Financial Instruments Policy TPP08-1.

AASB 139.46(c)

10. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured must be measured at cost.

Reclassification

AASB 7.12-12A

11. If the entity has reclassified a financial asset as one measured at cost or amortised cost rather than at fair value or at fair value, rather than at cost or amortised cost, it must disclose the amount reclassified into and out of each category and the reason for that reclassification (see paras 51-54 of AASB 139).

If the entity has reclassified a financial asset out of the fair value through profit or loss category in accordance with paragraph 50B or 50D of AASB 139 or out of the available-for-sale category in accordance with paragraph 50E of AASB 139, it must make additional disclosures under AASB 7, including the amount reclassified.

Disclosure

Treasury Mandates

AASB 101.66

12. The notes are to disclose 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. The current and non-current portions are to be separately disclosed. However, AASB 101 requires assets held primarily for trading in accordance with AASB 139 to be classified as current assets.

AASB 7.8

AASB 101.78

13. The carrying amounts for each of the AASB 139 categories of financial instruments must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements. Refer Note 34.

14. Current / Non-Current – Other Financial Assets

Treasury Mandates

TPP08-1

	2017 $'000	2016 $'000
Other loans and deposits		
Advances receivable		
[Specify other major categories]		

AASB 7.31-42

Refer to Note 34 for further information regarding credit risk and market risk arising from financial instruments.

Commentary on Other Financial Assets

Disclosure and recognition

Treasury Mandates

1. The notes are to disclose 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. The current and non-current portions are to be separately disclosed.

AASB 139.46

2. Other financial assets are generally 'loans and receivables' and 'held-to-maturity' investments in accordance with AASB 139 and are measured at amortised cost, using the effective interest method.

AASB 7.8

3. The carrying amounts for each of the AASB 139 categories of financial instruments must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements. Refer Note 34.

Notes to the financial statements

	Commentary on Other Financial Assets
	Loans and receivables
AASB 139.9	4. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: ▪ those classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss ▪ those that the entity upon initial recognition designates as available-for-sale or ▪ those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which must be classified as available-for-sale.
AASB 139 AG26	5. Common examples of financial instruments that, subject to the above, may be classified as 'loans and receivables' include loan assets, trade receivables, investments in non-quoted debt instruments and deposits held in banks.
	Held-to-maturity investments
AASB 139.9, 51-52 TPP08-1	6. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity (e.g. bank bills and bonds) that an entity has the positive intention and ability to hold to maturity, other than those designated as at fair value through profit or loss, available-for-sale or that meet the definition of loans and receivables. There are restrictions on the use of the 'held-to-maturity' category where an entity sells or reclassifies more than an insignificant amount of held-to-maturity investments before maturity (apart from limited circumstances). If this restriction is breached, the category cannot be used for a prescribed period and any remaining financial assets in the category must be reclassified as 'available-for-sale' and recognised at fair value (this applies at the individual entity and whole of government level).
AASB 139 AG17	8. Examples of financial assets that could potentially be classified as 'held-to-maturity' include quoted debt securities (such as bonds). However, investments in equity instruments, such as shares, cannot be regarded as 'held-to-maturity' as they do not have a fixed maturity.
TPP08-1	9. Given the consequences of incorrect classification, NSW Treasury's Financial Instruments Policy requires that entities can only use the held-to-maturity category after obtaining written approval from NSW Treasury each year. NSW Treasury will require the entity to demonstrate the basis and reasons for the classification.
	Impairment
AASB 139.58-70	10. AASB 139 requires that all financial assets, except those measured at fair value through profit and loss, must be subject to an annual review for impairment. Impairment losses are incurred only if there is objective evidence of impairment arising from events that impact on the estimated future cash flows of the financial asset or group of financial assets.
	Interest free or low interest loan
AASB 139.43, 46(a) AASB 139.AG 64 TPP08-1	11. In accordance with AASB 139, an interest free or low interest loan or receivable must initially be measured at its fair value (consistent with other financial instruments) and amortised cost thereafter. The fair value of a long-term loan or receivable that carries no or low interest can be estimated as the present value of all future cash receipts discounted using the prevailing market rates of interest for a similar instrument with a similar credit rating. Any additional amount lent is an expense or grant unless it qualifies for recognition as some other type of asset. In the public sector context, the market rate of interest is represented by the NSW TCorp Government bond rate, for the relevant term of the loan.
	Financial assets at fair value
AASB 139.9, 46 AASB 101.59	12. Financial assets that are classified as 'held-for-trading', designated at 'fair value through profit or loss' or 'available-for-sale' are recognised at fair value subsequent to initial measurement and are disclosed separately (refer Note 13). AASB 101 provides that, where different measurement bases are used for different classes of assets, they should be presented as separate line items in the Statement of Financial Position.

Notes to the financial statements

	Commentary on Other Financial Assets
	Reclassification
AASB 7.12-12A	13. If the entity has reclassified a financial asset as one measured at cost or amortised cost rather than at fair value or at fair value, rather than at cost or amortised cost, it must disclose the amount reclassified into and out of each category and the reason for that reclassification (see paras 51-54 of AASB 139). If the entity has reclassified a financial asset out of the fair value through profit or loss category in accordance with paragraph 50B or 50D of AASB 139 or out of the available-for-sale category in accordance with paragraph 50E of AASB 139, it must make additional disclosures under AASB 7, including the amount reclassified. Few entities are expected to be impacted.

Notes to the financial statements

15. Property, Plant and Equipment

AASB 101.78(a)
AASB 116.73(d)

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Leased assets [specify class] $'000	Total $'000
At 1 July 2016 – fair value					
Gross carrying amount					
Accumulated depreciation and impairment					
Net carrying amount					
At 30 June 2017 – fair value					
Gross carrying amount					
Accumulated depreciation and impairment					
Net carrying amount					

AASB 116.73(e)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the reporting period is set out below:

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Leased assets [specify class] $'000	Total $'000
Year ended 30 June 2017					
Net carrying amount at beginning of year					
Additions					
Assets held for sale					
Disposals					
Acquisitions through administrative restructures					
Net revaluation increment less revaluation decrements					
Impairment losses* *(recognised in 'other gains/losses')*					
Depreciation expense					
Other movements [specify]					
Net carrying amount at end of year					

*[For additional details regarding impairment losses / reversals – refer AASB 136.126-137]

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 20

Notes to the financial statements

AASB 101.78(a)
AASB 116.73(d)

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Leased assets [specify class] $'000	Total $'000
At 1 July 2015 – fair value					
Gross carrying amount					
Accumulated depreciation and impairment					
Net carrying amount					
At 30 June 2016 – fair value					
Gross carrying amount					
Accumulated depreciation and impairment					
Net carrying amount					

AASB 116.73(e)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the reporting period is set out below:

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Leased assets [specify class] $'000	Total $'000
Year ended 30 June 2016					
Net carrying amount at beginning of year					
Additions					
Assets held-for-sale					
Disposals					
Acquisitions through administrative restructures					
Net revaluation increment less revaluation decrements					
Impairment losses* *(recognised in 'other gains/losses')*					
Depreciation expense					
Other movements *[specify]*					
Net carrying amount at end of year					

*[For additional details regarding impairment losses / reversals – refer AASB 136.126-137]

Notes to the financial statements

Commentary on Property, Plant and Equipment	
	Classification
Treasury Mandates AASB 117.31(a)	1. The notes to the Statement of Financial Position are to disclose separately 'land and buildings', 'plant and equipment', 'infrastructure systems'. 'Leased assets' [specify class of leased assets], where applicable, are to be disclosed as a sub-category, within the above categories, in the notes to the financial statements.
Treasury Mandates	2. 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.
Treasury Mandates	3. 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 AAS 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-category within 'land and buildings', 'plant and equipment' and 'infrastructure systems' in the notes.
AASB 5.3, 25	4. However, where property, plant and equipment meet the criteria for 'held-for-sale' per AASB 5 *Non-current Assets Held for Sale* and Discontinued Operations, they must be reclassified as current assets and are no longer depreciated. Refer Note 19.
	Reconciliations
AASB 116.73(d)(e)	5. AASB 116 requires disclosure of the gross carrying amount and accumulated depreciation for each class of property, plant and equipment at the beginning and end of the reporting period. A reconciliation must also be provided of each class of property, plant and equipment at the beginning and end of the reporting period, disclosing specified categories.
AASB 116 TPP14-01	6. For an outline of the valuation policies for the NSW Public Sector, see AASB 116, AASB 13 and NSW Treasury Policy and Guidelines Paper 'Valuation of Physical Non-Current Assets at Fair Value' (TPP14-01).
AASB 116.29 TPP14-01	7. AASB 116 requires entities to measure a class of non-current assets on either the cost basis or fair value basis, subsequent to initial recognition. In accordance with TPP14-01, NSW Treasury requires entities to adopt fair value in regard to physical non-current assets.
TPP14-01	8. In accordance with TPP14-01, where the entity has assessed that the difference between fair value and depreciated historical cost for non-specialised assets with short useful lives is unlikely to be material, measurement at depreciated historical cost is an acceptable surrogate for fair value. In accordance with AASB 13, these assets do not require fair value hierarchy disclosures.
AASB 116.35(a) TPP14-01	9. In accordance with AASB 116, para 35(a) and TPP14-01, when revaluing non-current assets, NSW entities are to separately proportionally restate the gross amount and the related accumulated depreciation when an entity revalues depreciable assets using the cost approach.
AASB 116.35(b) TPP14-01	10. Conversely, where the income approach or market approach is used to revalue assets, any accumulated depreciation must be eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset (in accordance with paragraph 35(b) of AASB 116).
AASB 116.31 TPP14-01	11. AASB 116 requires fair value revaluations to be kept up to date. This means revaluations must be made with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the reporting date. To comply with the Standard,

Notes to the financial statements

	Commentary on Property, Plant and Equipment
	TPP14-01 includes requirements regarding the conduct of revaluations. For example, entities must conduct a comprehensive revaluation: • At least every 3 years for land and buildings, (except infrastructure and land under infrastructure) where the market or income approach is the most appropriate valuation technique for that asset under AASB 13 • At least every 5 years for all other classes of property, plant and equipment.
TPP14-01 NSWTC15-02	12. Revaluations must be performed in time for Treasury's mandatory early close procedures. Revalued assets must be depreciated based on the revalued amounts from the day after the date of the revaluation. At reporting date the fair value must again be assessed for any material movement in fair value. Where there is an indication that the carrying amount differs materially from fair value entities must update asset values, for example, by using relevant indices to roll forward the balances to year end.
TPP14-01	13. TPP14-01 includes additional requirements regarding interim revaluations, use of indicators/ indices and external professionally qualified valuers, and the management of a revaluation.
	Impairment
AASB 136.5, 6, 9, 59 TPP14-01	14. AASB 136 requires an entity to assess at each reporting date whether there is any indication of impairment. If any indication exists, the entity must estimate the recoverable amount. Where the recoverable amount is less than the carrying value, the entity must write down the assets or cash generating unit to recoverable amount. Recoverable amount is defined as the higher of fair value less costs of disposal and value in use. Providing that property, plant and equipment are carried at fair value or an amount that approximates fair value, impairment is considered unlikely particularly for not-for-profit entities. The only difference between an asset's fair value and fair value less costs of disposal is the direct incremental costs attributable to the disposal of the asset. This means that where the disposal costs is negligible (expected to be likely), the recoverable amount of a revalued asset is close to, or greater than, the revalued amount and the recoverable amount need not be estimated.
AASB 136.5-6, Aus6.1, Aus6.2, TPP05-4, TPP14-01	15. Where disposal costs are not negligible, the revalued asset will be impaired if its value in use is less than its revalued amount. This is considered unlikely for most not-for-profit entities given the definition of 'value in use'. That is, for not-for-profit entities (refer TPP05-4), 'value in use' is defined as depreciated replacement cost when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows (i.e. non-cash generating assets of not-for-profit entities) and where the entity would, if deprived of the asset, replace its future economic benefits.
	Assets not able to be reliably measured
TPP14-01 AASB 116.G1-G4	16. For those assets which are used by an entity but cannot be reliably valued (e.g. certain heritage assets) and are likely to be material, the following information is to be disclosed (see Note 1(i)(v)): • reasons for the inability to obtain a reliable value • the quantum, nature and functions of the assets and, where applicable, their heritage significance; and • estimate of the annual costs of maintenance / preservation, where applicable.
	Pre transfer carrying amounts
AASB 1004 BC28. TPP09-3	17. Where assets have been transferred between not-for-profit entities as part of an administrative restructure under AASB 1004, NSW TPP09-3 permits a transferee entity to measure assets transferred as part of an administrative restructure at the amounts at which the assets were

Notes to the financial statements

Commentary on Property, Plant and Equipment

recognised by the transferor immediately prior to the transfer. These assets need not be revalued until the class of non-current assets is next required to be revalued under the Accounting Standards and Treasury's Asset Valuation Policy (TPP14-01).

AASB 116.31
AASB 116.34

18. Subject to paragraph 20 below, in most cases there will not be a material difference between the fair value and the carrying amount of the asset (i.e. where the existing use is the same). This is because AASB 116 provides that where fair value is adopted, revaluations must be made with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the reporting date. Items with significant and volatile changes in fair value may have to be revalued annually.

TPP09-3

19. Other equity transfers, not covered by AASB 1004, must be recognised at fair value in accordance with NSW Treasury's Policy (subject to paragraph 20 below).

TPP09-3
AASB 138.63-64
AASB 138.75
AASB 127.10

20. Other exceptions to the fair value measurement principle:

- Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market (AASB 138.75), the transferee recognises the asset at the transferor's carrying amount.
- Where the transferor does not recognise an internally generated intangible subject to AASB 138.63-64 (i.e. internally generated brands, mastheads, customer lists etc.), the transferee must not recognise that asset.
- Where the only change is that a government controlled entity becomes a subsidiary of another government controlled entity, as described in TPP09-3 Section 6.5, Treasury's Policy permits, but does not require, entities to measure in the parent entity's financial statements the parent entity's investment in the subsidiary at cost as permitted under AASB 127 Separate Financial Statements; and in the consolidated financial statements, the assets and liabilities based on their previous carrying amounts.

Fair value disclosures under AASB 13

AASB 13.91-99

21. AASB 13 requires extensive disclosures for assets measured at fair value on a recurring basis (e.g. property, plant and equipment measured on a fair value basis under AASB 116) or non-recurring basis (e.g. assets (or disposal groups) held for sale under AASB 5 measured at fair value less costs to sell) in the Statement of Financial Position after initial recognition. This includes disclosing the valuation techniques and inputs used to develop those measurements and for Level 3 fair value measurements, the effect of the measurements on the net result or other comprehensive income for the period. This is illustrated in Note 20.

Non-specialised assets with short useful lives measured using depreciated historical cost as an approximation of fair value do not require fair value hierarchy disclosures under AASB 13.

Agreements equally proportionately unperformed

Framework 91

22. In practice, obligations under contracts that are equally proportionately unperformed are generally not recognised as liabilities in the financial statements. However, such obligations may meet the definition of liabilities and, provided the recognition criteria are met, may qualify for recognition. In such circumstances, recognition of liabilities requires recognition of related assets or expenses. Therefore, where another Australian Accounting Standard sets out requirements for the recognition of assets and liabilities arising from agreements which are equally proportionately unperformed, the requirements of that Standard must be applied.

Notes to the financial statements

	Commentary on Property, Plant and Equipment
	Goods and Services Tax
Interpretation 1031.7-8	23. Revenues, expenses and assets must be recognised net of the amount of GST, except: • The amount of GST incurred by a purchaser that is not recoverable from the taxation authority must be recognised as part of the cost of acquisition of an asset or as part of an item of expense. • Receivables and payables must be stated with the amount of GST included.
Interpretation 129.6	**Service Concession Arrangements**
	24. There are significant disclosure requirements for entities with service concession arrangements, including a description of the arrangement; significant terms, nature and extent of rights and obligations; renewal and termination options; and changes in the arrangement during the period. Refer Interpretation 129 para 6.

Notes to the financial statements

16. Investment Property

AASB 140. 75-76

	2017 $'000	2016 $'000
Opening balance as at 1 July – fair value		
Additions [separately identify those from acquisitions or subsequent expenditure]		
Disposals and assets held for sale		
Net gain / (loss) from fair value adjustment		
[Other changes]		
Closing balance as at 30 June – fair value		

AASB 140.75(e)

Investment properties are valued at fair value by [state whether or not valued by an independent, professionally qualified valuer with recent experience in the location and state the category of investment property.]

AASB 140.75(f)

The following amounts have been recognised in the net result for the year:

	2017 $'000	2016 $'000
Rental income		
AASB 140.75(f)(ii) Direct operating expenses arising from investment properties that generated rental income		
AASB 140.75(f)(iii) Direct operating expenses that did not generate rental income		

Further details regarding the fair value measurement of investment property are disclosed in Note 20.

Commentary on Investment Properties

AASB 140.5, Aus9.1

1. Investment property is held to earn rentals or for capital appreciation, or both. However, for not-for-profit entities, property held to meet service delivery objectives rather than to earn rental or for capital appreciation does not meet the definition of investment property and is accounted for under AASB 116. It is expected that investment properties held by NSW GGS not-for-profit entities would be rare.

AASB 140.Aus20.1

2. Where an investment property is acquired at no cost or for nominal cost, its cost is deemed to be its fair value as at the date of acquisition.

AASB 140.6, 30
TPP14-01,
Treasury Mandates

Measurement of investment property after recognition is at either cost or fair value. NSW public sector entities must use the fair value method. Further, NSW public sector entities must classify property interests held by a lessee under an operating lease as investment property, if they would otherwise meet the definition of an investment property.

AASB 140.75

3. AASB 140 disclosures include:
   - Whether the entity applies the fair value or cost model.
   - If it applies the fair value model, whether, and in what circumstances, property interests held under operating leases are classified and accounted for as an investment property.
   - When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business.
   - Extent to which the fair value is based on a valuation by a qualified and experienced independent valuer. If there has been no such valuation, the entity must disclose that fact.
   - Amounts recognised in profit or loss for:
     - Rental income
     - Direct operating expenses (including repairs and maintenance) arising from investment property that either generated or did not generate rental income during the period
   - Existence and amounts of restrictions and
   - Various contractual obligations; e.g. to develop or repair.

Notes to the financial statements

	Commentary on Investment Properties
AASB 140.76	4. In addition to the above, the entity must disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the reporting period.
AASB 13.91-99	5. AASB 13 requires extensive disclosures for assets measured at fair value on a recurring or non-recurring basis in the Statement of Financial Position after initial recognition. Investment property measured at fair value is an example of a recurring fair value measurement. The required disclosures are illustrated in Note 20.

17. Intangible Assets

AASB 138.118 (c)-(e)

	Software $'000	[Other Major Categories] $'000	Total $'000
At 1 July 2016			
Cost (gross carrying amount)			
Accumulated amortisation and impairment			
Net carrying amount			
At 30 June 2017			
Cost (gross carrying amount)			
Accumulated amortisation and impairment			
Net carrying amount			

	Software $'000	[Other Major Categories] $'000	Total $'000
Year ended 30 June 2017			
Net carrying amount at beginning of year			
Additions [separately identifying those from internal development or acquired separately]			
Reclassification to assets held-for-sale			
Impairment losses			
Amortisation (recognised in 'depreciation and amortisation')			
Other movements [specify]			
Net carrying amount at end of year			

[For additional details regarding impairment losses – refer AASB 136.126-137]

AASB 138.118(c)-(e)

	Software $'000	[Other Major Categories] $'000	Total $'000
At 1 July 2015			
Cost (gross carrying amount)			
Accumulated amortisation and impairment			
Net carrying amount			
At 30 June 2016			
Cost (gross carrying amount)			
Accumulated amortisation and impairment			
Net carrying amount			

Notes to the financial statements

AASB 138.118(c)-(e)

	Software $'000	[Other Major Categories] $'000	Total $'000
Year ended 30 June 2016			
Net carrying amount at beginning of year			
Additions [separately identifying those from internal development or acquired separately]			
Reclassification to assets held-for-sale			
Impairment losses			
Amortisation (recognised in 'depreciation and amortisation')			
Other movements [specify]			
Net carrying amount at end of year			

[For additional details regarding impairment losses – refer AASB 136.126-137]

Commentary on Intangible Assets

AASB 138. 21, 24
AASB 138. Aus24.1

1. The entity recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably.

AASB 138.78, 81

Intangible assets are initially measured at cost. For a not-for-profit entity, where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Subsequent measurement is at fair value only if there is an active market. It is uncommon for an active market to exist for an intangible asset; in this situation, the asset is carried at cost less any accumulated amortisation and impairment.

AASB 138.54, 57

2. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

AASB 138.63

3. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance must not be recognised as intangible assets. However, such items may be capitalised where they are externally acquired; i.e. outside of the public sector.

AASB 138.88, 92

4. The entity must assess whether the useful life of an intangible asset is finite or indefinite. An intangible asset with a finite life is amortised. Given the history of rapid changes in technology, computer software and many other intangible assets are susceptible to technological obsolescence. Therefore, it is likely their useful life is short.

AASB 136.9

5. Intangible assets are tested for impairment where an indicator of impairment exists and entities must make certain disclosures where required (refer to AASB 136.126-137). If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

AASB 138.122-127

6. AASB 138 Intangible Assets requires additional disclosures in the rare circumstances where an intangible asset is assessed as having an indefinite useful life. Certain disclosures are also required where intangible assets are acquired by way of government grant. These and other disclosures are detailed at AASB 138, paragraphs 122-127.

AASB 13.91-99

7. AASB 13 also requires extensive disclosures where an entity is able to revalue intangibles to fair value (i.e. where there is an active market). These fair value disclosures for intangible assets are not illustrated in the Code, as the Code assumes that there is no active market for intangibles. However, where intangible assets can be revalued to fair value (as there is an active market), then the AASB 13 disclosures must be made and should be included as part of Note 20.

Notes to the financial statements

18. Current / Non-Current – Other assets

	2017 $'000	2016 $'000
[Specify major categories]		

Commentary on Other Assets	
AASB 101.118 Treasury Mandates	1. The notes are to disclose major categories of other assets. The current and non-current portions are to be separately disclosed. Other assets are generally recognised at historical cost.

19. Non-Current Assets (or Disposal Groups) Held-for-Sale

		2017 $'000	2016 $'000
AASB 5.38, 40	**Assets held-for-sale**		
	Land and buildings		
	Plant and equipment		
	Infrastructure systems		
	[Specify other major categories]		
	Liabilities associated with assets held for sale		
	[Specify major categories]		

		2017 $'000	2016 $'000
AASB 5.38	**Amounts recognised in other comprehensive income relating to assets held-for-sale**		
	Net change in revaluation surplus of property, plant and equipment		
	[Specify other major categories]		

AASB 5.41
AASB 13.93(a)

[Description of non-current assets (or disposal groups) held-for-sale, reasons for the classification / measurement as held-for-sale, description of the facts and circumstances leading to the expected disposal and the expected manner and timing of that disposal.]

AASB 5.42

[If an entity ceases to classify an asset (or disposal group) as held for sale, a description of the facts and circumstances leading to the decision and the effect of the decision on the results of operations.]

Further details regarding fair value measurement are disclosed in Note 20.

Commentary on Assets Held-for-Sale	
AASB 5.3, 15, 20, 25	1. A non-current asset (or disposal group) must be classified as held for sale where it satisfies strict criteria. Assets held for sale are measured at the lower of carrying amount and fair value less costs of disposal; not depreciated; reclassified from non-current to current; and separately presented in the Statement of Financial Position. An impairment loss is recognised in profit or loss for any initial and subsequent write down from the carrying amount measured immediately before re-measurement to fair value less costs of disposal.
AASB 5.Aus2.1 AASB 5.30-37	2. AASB 5 does not apply to the restructuring of administrative arrangements subject to AASB 1004. These are addressed in Note 26.

Notes to the financial statements

Commentary on Assets Held-for-Sale		
AASB 5. TPP09-3		However, the discontinued operation requirements may apply where there are restructures involving other NSW public sector entities not subject to AASB 1004. Where this is the case, AASB 5 requires additional disclosures on the face of the Statement of Comprehensive Income and in the notes (refer AASB 5, paras 30-37).
AASB 5.12	3.	Additional disclosures are required where non-current assets (or disposal groups) meet the criteria for classification as held for sale after the Statement of Financial Position date.
AASB 13.91-99	4.	AASB 13 requires extensive disclosures for assets measured at fair value on a recurring or non-recurring basis in the Statement of Financial Position after initial recognition. Assets held for sale measured at fair value less costs to sell is an example of a non-recurring fair value measurement. The required disclosures are illustrated in Note 20.

20. Fair value measurement of non-financial assets

AASB 13.93(a)(b)
AASB 13.94

(a) Fair value hierarchy

	2017			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total fair value $'000**
Property, plant and equipment (Note 15)				
Land and buildings				
Plant and equipment				
Infrastructure systems				
Investment properties (Note 16)				
Non-current assets (or disposal groups) held-for-sale (Note 19)				
[Specify relevant classes]				

	2016			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total fair value $'000**
Property, plant and equipment (Note 15)				
Land and buildings				
Plant and equipment				
Infrastructure systems				
Investment properties (Note 16)				
Non-current assets (or disposal groups) held-for-sale (Note 19)				
[Specify relevant classes]				

AASB 13.93(c)

[There were no transfers between Level 1 or 2 during the periods.]

Notes to the financial statements

AASB 13.91(a)

(b) Valuation techniques, inputs and processes

Commentary on fair value measurement AASB 13 disclosures

AASB 13.93(d)

For the current and prior year, the entity must disclose the following information:

[For recurring and non-recurring Level 2 and Level 3 fair value measurements, a description of the valuation technique(s) and inputs. If there has been a change in valuation technique, the entity must disclose that change and reasons for making it.]

AASB 13.93(i)

[For recurring and non-recurring fair value measurements, if the highest and best use of the asset differs from current use, the entity must disclose this and why the asset is used in a manner that differs from highest and best use.]

AASB 13.93(g)

[For recurring and non-recurring Level 3 fair value measurements, a description of the valuation processes used by the entity (including, for example, how the entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).]

[Additional disclosure requirements for assets categorised within Level 3 of the fair value hierarchy:

AASB 13.93(d)

- quantitative information about significant unobservable inputs used, where reasonably available (recurring and non-recurring).

AASB 13.93(h)(i)

- a narrative description of sensitivity to changes in unobservable inputs that may significantly impact on fair value, including a description of the interrelationships between those inputs and other unobservable inputs and how they might magnify / mitigate the effect of the changes (recurring). To comply with this disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed.

AASB 13.Aus93.1

Note – these Level 3 disclosure requirements are not mandatory for not-for-profit entities with property, plant and equipment held primarily for their current service potential rather than to generate future net cash inflows]

[**N.B.** 'Property, plant and equipment' and 'investment properties' are examples of recurring fair value measurements, while 'assets (or disposal groups) held-for-sale' measured at fair value less costs to sell is an example of a non-recurring fair value measurement. Plant and Equipment measured using depreciated replacement cost as an approximation of fair value do not require fair value hierarchy disclosures.]

AASB 13.91(b)
AASB 13.93(e)(f)

(c) Reconciliation of recurring Level 3 fair value measurements

	[Class/es]	**Total Recurring Level 3 Fair value**
	$'000	**$'000**
Fair value as at 1 July 2016		
Additions		
Revaluation increments/decrements recognised in Net result – included in the line item 'Other gains / (losses)'		
Revaluation increments/ decrements recognised in other comprehensive income – included in line item / Changes in revaluation surplus of property, plant and equipment'		
Transfers from Level 1 / 2		
Transfers to Level 1 / 2		
Disposals		
Depreciation expense		
[Other categories – specify]		
Fair value as at 30 June 2017		

Notes to the financial statements

	[Class/es]	Total Recurring Level 3 Fair value
	$'000	$'000
Fair value as at 1 July 2015		
Additions		
Revaluation increments/decrements recognised in Net result – included in the line item 'Other gains/ (losses)'		
Revaluation increments/ decrements recognised in other comprehensive income – included in line item / Changes in revaluation surplus of property, plant and equipment'		
Transfers from Level 1 / 2		
Transfers to Level 1 / 2		
Disposals		
Depreciation		
[Other categories – specify]		
Fair value as at 30 June 2016		

AASB 13.93(f)

[For recurring Level 3 fair value measurements disclose the change in unrealised gains/losses for the current and prior period included in the net result for assets held at the end of each reporting period and the line item in which those unrealised gains/losses are recognised.

AASB 13.Aus93.1

Note - this disclosure requirement is not mandatory for not-for-profit entities with property, plant and equipment held primarily for their current service potential, rather than to generate future net cash inflows.]

AASB 13.93(e)(iv)
AASB 13.95

[For recurring fair value measurements disclose reasons for transfers into or out of Level 3 during the current and prior year]. Refer Note 1(t) for the entity's policy for determining when transfers are deemed to have occurred.

Notes to the financial statements

		Commentary on Fair Value Measurement AASB 13 Disclosures
AASB 13.91	1.	AASB 13 introduces a comprehensive disclosure framework for fair value measurements. The objective of the disclosures under AASB 13 is to provide information that helps users assess the valuation techniques, inputs and for Level 3 recurring fair value measurements, the effect of the measurements on profit/loss or other comprehensive income for the current and prior period.
AASB 13.92	2.	To meet the disclosure objectives the entity must consider: ▪ the level of detail necessary to satisfy the requirements ▪ how much emphasis to place on each of the requirements ▪ how much aggregation or disaggregation to undertake ▪ whether users require additional information to evaluate the quantitative information disclosed. Where disclosures under AASB 13 and other AAS are insufficient to meet the objectives described above, an entity shall disclose additional information necessary to meet those objectives.
AASB 13.93	3.	AASB 13 sets out the minimum disclosures required for each class of assets and liabilities measured at fair value in the Statement of Financial Position after initial recognition – refer AASB 13.93(a) to (i).
AASB 13.93(a)	4.	Some of the specific AASB 13 disclosure requirements depend on whether fair value measurements are recurring or non-recurring. Recurring fair value measurements are those that other Accounting Standards require or permit in the Statement of Financial Position at the end of each reporting period. However, this does not mean that a comprehensive revaluation is performed every reporting period. For example, revaluation of property, plant and equipment under AASB 116 is a "recurring" fair value measurement under AASB 13. Non-recurring are those that other Accounting Standards require or permit in the Statement of Financial Position in particular circumstances (e.g. under AASB 5).
AASB 13.94	5.	An entity needs to determine appropriate classes on the basis of nature, characteristics and risks of the asset and level of the fair value hierarchy. The number of classes may need to be greater for level 3 valuations as measurements have a greater degree of uncertainty and subjectivity. A single class may include valuations at different levels of the fair value hierarchy, but an entity may need to further disaggregate if different categories indicate the assets are different in nature, characteristics or risks. For example, if the entity determines after considering the nature, characteristics and risks of the asset, that "land and buildings" needs to be further disaggregated into a number of classes then the proforma disclosure in Note 20 will need to be amended / disaggregated accordingly.
AASB 13.95	6.	An entity must disclose and consistently follow the policy for determining when transfers between levels in hierarchy are deemed to have occurred and must apply the same policy for transfers in and transfers out of levels. This is illustrated in Note 1(t).
AASB 13.99	7.	In addition, an entity must present quantitative disclosures in a table unless another format is more appropriate.

Notes to the financial statements

21. Restricted Assets

	2017 $'000	2016 $'000
[Disclose restricted assets and the nature of those restrictions]		

Commentary on Restricted Assets

AASB 107.48
AASB 116.74(a)
AASB 138.122(d)
AASB 140.75(g)

1. Various standards require disclosure of restricted assets and the nature of those restrictions. For example, investments in fixed interest bearing deposits may be restricted assets where these funds represent donations held by the entity to be used for a specific project or purpose.

22. Current Liabilities – Payables

AASB 101.77
Treasury Mandates

	2017 $'000	2016 $'000
Accrued salaries, wages and on-costs		
Creditors		
[Specify other major categories]		

AASB 7.31-42

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 34.

Commentary on Payables

Disclosure

NSWTC15-07
Treasury Mandates

1. The notes are to disclose separately accrued salaries, wages and on-costs, creditors and other major categories (e.g. personnel services payable for entities receiving personnel services per NSWTC15-07). Aggregate employee benefits and related on-costs are reconciled in Note 24.

TPP08-1

2. Normal trade payables will typically be classified as 'non-trading financial liabilities' in accordance with AASB 139.47 and NSW Treasury's Financial Instruments Policy (TPP08-1).

AASB 7.8

3. The carrying amounts for each of the AASB 139 categories of financial instruments must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements

AASB 7.31-42

4. AASB 7 requires a variety of quantitative and qualitative disclosures for each type of risk (including credit risk, liquidity risk and market risk) to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed. This includes a maturity analysis for financial liabilities showing the remaining contractual maturities. Refer Note 34.

AASB 139.43A, 47

Measurement

5. Non-trading financial liabilities (per AASB 139) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, if the fair value on initial recognition differs from the transaction price, the entity must apply AASB 139.AG76.

AASB 7.29
TPP08-1

6. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Interpretation 1031

Goods and Services Tax (GST)

7. Receivables and payables must be stated with the amount of GST included. This also includes accruals. Accruals form part of 'receivables' and 'payables' and should be treated similarly. That is, where an accrual is made, it should include GST, even though a tax invoice may not have been received. This is because an event or transaction has occurred that will give rise to GST payable/ receivable in the future.
8. The net amount of GST recoverable from or payable to the taxation authority must be included as part of receivables or payables.

Notes to the financial statements

	Commentary on Payables
	Commonwealth Paid Parental Leave (CPPL)
NSWTC11-16	9. Where the entity receives CPPL payments but has not yet paid these to employees, the entity must recognise these payments as a liability (payable), as the entity has a present obligation to pay these amounts to employees.

AASB 101.54(m)
Treasury Mandates

23. Current / Non-Current Liabilities – Borrowings

	2017 $'000	2016 $'000
Bank overdraft		
Treasury advances repayable		
TCorp borrowings		
Other loans and deposits		
Finance leases (see Note 27)		
[Specify other major categories]		

AASB 7.14
AASB 116.74(a)

[Disclose the carrying amount/fair value of any assets pledged as security / collateral for liabilities and the related existence and amounts of restrictions on title]

AASB 7.31-42

Details regarding liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 34.

	Commentary on Borrowings
	Disclosure
Treasury Mandates AASB 101.60	1. The notes are to separately disclose the following categories: 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 – refer paras 8-11 below)). Current and non-current portions are to be separately disclosed.
AASB 7.8	2. The carrying amounts for each of the AASB 139 categories of financial instruments must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements. Refer Note 34.
AASB 139.47 TPP08-1	3. Borrowings are generally 'non-trading financial liabilities' per NSW Treasury's Financial Instruments Policy and are measured at amortised cost using the effective interest method in AASB 139.
TPP08-1 AASB 101.58(c)	4. In the rare circumstances where borrowings are 'held–for-trading', they must be separately disclosed in a line item in the Statement of Financial Position from other 'borrowings' that are measured at amortised cost. A borrowing can only be designated at fair value through profit or loss in limited circumstances (i.e. satisfies fair value option, appropriate for operations and approved by NSW Treasury).
AASB 7.31-42	5. AASB 7 requires a variety of quantitative and qualitative disclosures for each type of risk (including credit risk, liquidity risk and market risk) to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed. This includes a maturity analysis for financial liabilities showing the remaining contractual maturities. Refer Note 34.
	Interest free or low interest loan
AASB 139.AG64 AASB 13 TPP08-1	6. An interest free or low interest loan must initially be measured at its fair value (consistent with other financial instruments) and amortised cost thereafter. The fair value of a long-term interest free or low interest loan can be estimated as the present value of all future cash payments discounted using the prevailing market rates of interest for a similar instrument with a similar credit rating. Any additional amount lent is grant revenue. In the public sector context, the market rate of interest is represented by the NSW TCorp government bond rate for the relevant term of the loan.
	Finance lease
AASB 117.20, 25	7. The finance lease liability is determined in accordance with AASB 117.

Notes to the financial statements

	Commentary on Borrowings
	Financial guarantee contracts
AASB 139.9 TPP08-1	8. A financial guarantee contract is defined as a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
TPP08-1	8. In NSW, for entities other than the Crown Entity, financial guarantee contracts are most likely to arise where a financial guarantee relates to debts of parties outside the NSW public sector. Entities should review all contracts for any guarantees (where they are the issuer) that may meet the definition of a financial guarantee contract.
AASB 139.43, 43A. 47(c) AASB 139.AG76	9. Under AASB 139, financial guarantee contracts must initially be recognised by the issuer at fair value plus, in the case of financial guarantees not at fair value through profit or loss, directly attributable transaction costs. However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, an entity shall apply paragraph AASB 139.AG76. After initial recognition, unless at fair value through profit or loss, the issuer of a financial guarantee contract must measure it at the higher of: ▪ the amount determined in accordance with AASB 137 (but under AASB 137, financial guarantees are likely only to be disclosed as contingent liabilities and therefore not recognised unless the specified debtor has defaulted or is likely to default) and ▪ the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with AASB 118.
TPP08-1	10. In determining the fair value, a number of factors should be considered, including the probability of default, the likely loss, the level of gearing, the industry in which the guaranteed party operates and its capital management framework. Common methodologies include the use of interest rate differential analysis and expected liability based on loss events and probability of default.

24. Current / Non-Current Liabilities – Provisions

		2017 $'000	2016 $'000
Treasury Mandates	**Employee benefits and related on-costs**		
	Annual leave		
	Long service leave		
	[Specify other major categories]		
Treasury Mandates	**Other Provisions**		
	Restoration costs		
	[Specify other major categories]		
	Total Provisions		

		2017 $'000	2016 $'000
Treasury Mandates	**Aggregate employee benefits and related on-costs**		
	Provisions – current		
	Provisions - non-current		
	Accrued salaries, wages and on-costs (Note 22)		

AASB 137.85

[For each class of provision (other than employee benefits), entities must disclose a brief description of the nature of the obligation, expected timing of outflows, indication of uncertainties about the amount (including relevant major assumptions) or timing of those outflows and the amount of any related expected reimbursement.]

Notes to the financial statements

AASB 101.61

[For each liability line item that combines amounts expected to be settled no more than 12 months after the reporting date and more than 12 months after the reporting date, an entity must disclose the amount expected to be settled after more than 12 months.]

AASB 137.84

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2017	[Class] $'000	[Class] $'000	Total $'000
Carrying amount at 1 July 2016			
Additional provisions recognised			
Amounts used			
Unused amounts reversed			
Unwinding / change in the discount rate			
Carrying amount at 30 June 2017			

[Comparative information is not required.]

Commentary on Provisions

Treasury Mandates

1. The notes are to separately disclose:
   - employee benefits and related on-costs: including annual leave and other major categories
   - other provisions including major categories (e.g. personnel services liabilities for entities receiving personnel services per NSWTC15-07).

AASB 101.60

Current and non-current portions are to be separately disclosed.

Employee benefits – recognition and measurement

AASB 119.8, 11

2. Employee benefits are defined in AASB 119 to mean all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment. The Standard outlines recognition criteria and disclosure requirements for employee benefits, including salaries and wages (including non-monetary benefits), annual leave, sick leave, long service leave, profit sharing and bonus plans, termination benefits and other post-employment benefits.

AASB 119. 9, 16

3. AASB 119 provides that short-term employee benefits such as salaries and wages (including non-monetary benefits) (see note 22), sick leave and other employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the period in which the employees render the service must be measured at undiscounted amounts. The Standard requires the remuneration rates to be based on what the entity expects to pay as at each reporting date.

AASB 119.66, 156

Treasury Mandates

NSWTC15-09

4. Present value measurement is required for long-term employee benefit liabilities that are not expected to be settled wholly before 12 months after the end of the period in which the employees render the related service (although 'short-hand' measurement techniques can be used). Long-term employee benefits are unlikely to include annual leave, because annual leave is typically not expected to be settled wholly within 12 months.

NSWTC14-05, NSWTC15-09

5. For certain NSW GGS entities where the Crown Entity assumes their long service leave and defined benefit superannuation liabilities, they do not recognise these liabilities in their Statement of Financial Position as their liability is extinguished. Instead they recognise a revenue and an expense equivalent to the liability assumed by the Crown. Refer Notes 1(p)(ii), 2(a) and 3(g).

NSWTC15-09

However, for employee benefit liabilities that are not assumed by the Crown Entity, such as certain long service leave related on-costs and additional employee benefit costs that arise on incurring long service leave, including payroll tax, workers compensation insurance, annual leave accrued while on long service leave taken in service and defined contribution superannuation, a liability must be recognised per NSWTC15-09.

Notes to the financial statements

	Commentary on Provisions
NSWTC15-09	6. Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using X% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.
	Employee benefits disclosure
Treasury Mandates	7. 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.
AASB 101.69 NSWTC15-09	8. In accordance with AASB 101, all annual leave and unconditional long service leave must be classified as a current liability, even where the entity does not expect to settle the liability wholly within 12 months. This does not necessarily align with the distinction between short-term and long-term employee benefits under AASB 119. For example annual leave must be classified as 'current' in the Statement of Financial Position, but it is likely to be recognised and measured, as a long-term employee benefit.
AASB 101.61	9. Notwithstanding this, AASB 101 provides that for each liability line item that combines amounts expected to be settled no more than 12 months after the reporting date and more than 12 months after the reporting date, an entity must disclose the amount expected to be settled after more than 12 months.
	Superannuation liabilities
NSWTC14-05	10. Where superannuation is not assumed by the Crown, there may be an unfunded superannuation liability that must be fully recognised and disclosed by the entity.
AASB 119.135-152 NSWTC14-05	AASB 119 and NSWTC14-05 set out the recognition and disclosure requirements in regard to defined benefit superannuation plans where the superannuation liabilities are not assumed by the Crown. Where the superannuation liabilities are not assumed, information to satisfy the AASB 119 disclosure requirements are provided to entities as part of the annual Superannuation Position Statement issued by Pillar Administration or the Energy Industries Superannuation Scheme.
	Other provisions- recognition and measurement
AASB 137.5, 7	11. AASB 137 prescribes requirements for the recognition, measurement and disclosure of provisions and reimbursements receivable and disclosure of contingent liabilities and assets. Among other things, the Standard generally does not apply to 'employee benefits', which are subject to AASB 119 or 'financial instruments' that are within the scope of AASB 139. The term 'provisions' does not include depreciation and doubtful debts as these are adjustments to the carrying amounts of assets. Provisions are a subset of liabilities. A provision is defined in AASB 137 as ‘a liability of uncertain timing or amount’.
AASB 137.10 AASB 137.14, 23	12. A provision must be recognised in the Statement of Financial Position when and only when: ▪ an entity has a present obligation (legal or constructive) as a result of a past event ▪ it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and ▪ a reliable estimate can be made of the amount of the obligation.
AASB 137.17	13. A past event that leads to a present obligation is called an obligating event. For an event to be an obligating event, it is necessary that the entity

Notes to the financial statements

	Commentary on Provisions
	has no realistic alternative to settling the obligation. This is the case only: ▪ where the settlement of the obligation can be enforced by law (a legal obligation exists) or ▪ in the case of a constructive obligation, where the event (which may be an action of the entity) creates valid expectations in other parties that the entity will discharge the obligation.
AASB 137.36, 42, 45, 47	14. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditure expected to be required to settle the obligation. The discount rate shall be a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks for which future cash flow estimates have been adjusted.
NSWTC11-17 AASB 119 Aus83.1	The discount rate is to be based on the market yield on Commonwealth government bonds as published by the Reserve Bank of Australia, modified to reflect entity / liability specific risks.
	Reimbursements
AASB 137.53	15. The Standard provides that when some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised as a separate asset when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation.
AASB 137.54	16. In these circumstances the expense recognised in respect of the provision may be presented net of the reimbursement.
	Restoration provisions
AASB 137.17, 19-22	17. AASB 137 applies to provisions for the retirement or disposal of long lived assets. Obligations may be legal or constructive. However, it is only those obligations arising from past events that exist independently of an entity's future actions that are recognised as provisions. This may arise as a consequence of installation or as a consequence of using an item. Provisions cannot be recognised for major periodic maintenance or overhauls as there is no present obligation.
AASB 137.Appendix C	Examples in the Standard for provisions for restoration / remediation include: ▪ penalties or clean-up costs for unlawful environmental damage ▪ decommissioning costs of an oil installation or nuclear power station to the extent the entity is obliged to rectify damage already caused
Interpretation 1.6, Aus6.1	18. Any changes in decommissioning and restoration provisions must be accounted for in accordance with Interpretation 1. Under the revaluation model, any decrease in the liability must be credited directly to the asset revaluation surplus, except that it must be recognised in profit/loss to the extent that it reverses a previous revaluation decrease in respect of that class that is recognised in profit or loss. Any increase in the liability must be recognised in profit or loss, except that it must be debited to the revaluation surplus to the extent of any credit balance existing in the reserve for that class. However, where a decrease in the liability exceeds the amount that would have been recognised had the asset been carried under the cost model, the excess must be recognised immediately in profit or loss.
	Restructuring
AASB 137.71, 72 AASB 137.10	19. The Standard specifies the conditions under which provisions for restructurings are recognised, including restructurings occurring as a consequence of an acquisition of an entity or operation, and the costs that are included in such provisions. Restructuring is defined to mean a program that is planned and controlled by the entity's management and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

Notes to the financial statements

Commentary on Provisions

Onerous contracts

AASB 137.66, 68

20. If an entity has an onerous contract, the present obligation under the contract must be recognised and measured as a provision. An onerous contract is a contract under which the entity's unavoidable costs of meeting its obligations under the contract exceed the economic benefits expected to be received. While not explicit in the Australian Accounting Standard, the concept of onerous contracts is only relevant to the public sector in limited circumstances.

For example, where a public sector entity provides social benefits by delivering health, education, transport and other social services to the community, any contract to provide such benefits cannot be regarded as an onerous contract. This is because the nature of the benefit is such that there is no expectation that the public sector entity will receive consideration approximately equal to the value of goods and services provided, from the recipients of these benefits (i.e. the community).

Other provisions – disclosure

21. Entities must disclose material categories of other provisions.

AASB 137.85

AASB 137 requires disclosure for each class of provision of:

- a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits
- an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, the entity shall disclose the major assumptions made concerning future events, and
- the amount of any expected reimbursement, stating the amount of any asset recognised for that expected reimbursement.

AASB 137.84

22. Movements during the reporting period for each class of provision must also be disclosed. Comparatives are not required.

AASB 137.92

23. Entities are exempt from disclosure in the rare circumstances where disclosure would be expected to seriously prejudice the position of the entity in a dispute with other parties on the subject matter of the provision. However, the entity shall disclose the general nature of the dispute, together with the fact and reason why that information has not been disclosed.

25. Current / Non-Current Liabilities – Other liabilities

Treasury Mandates

	2017 $'000	2016 $'000
Liability to Consolidated Fund		
Unearned revenue		
[Specify other major categories]		

Commentary on Other Liabilities

Treasury Mandates

1. The notes are to disclose the liability to Consolidated Fund, unearned revenue and any major categories of other liabilities. Current and non-current portions are to be separately disclosed.

Treasury Mandates

Liability to Consolidated Fund

2. Any liability to Consolidated Fund calculated (excluding any liability in respect of transfer payments) must be recognised as a current liability. Transfer payments are not recognised in an entity's financial statements as the entity does not control these types of payments.

For further information regarding the calculation of the liability to Consolidated Fund, refer to the commentary.

Multi-year government grant agreements

Treasury Mandates

AASB 137.Aus26.1-Aus26.2

3. Where a government entity intends to make payments to other parties, whether as a result of government budget policy, election promises or a statement of intent, this does not of itself create a present obligation which is binding on the government entity. A liability would be recognised only where

Notes to the financial statements

	Commentary on Other Liabilities
	the government entity is committed in the sense that it has little or no discretion to avoid the sacrifice of future economic benefits. For example, a government entity does not have a present obligation to sacrifice future economic benefits under multi-year public policy grant agreements until the grantee meets conditions, such as grant eligibility criteria, or has provided the services or facilities required by the grant agreement. Where the grantee meets these conditions, only amounts outstanding in relation to current or previous periods satisfy the definition of liabilities.

26. Increase / Decrease in Net Assets from Equity Transfers

AASB 1004.58
TPP09-3
Treasury Mandates

[Details of assets and liabilities transferred in broad categories and a reconciliation to the change in net assets from equity transfers; including comparative figures for the previous financial year for the transferred function or activity.]

	Commentary on Increase / Decrease in Net Assets from Equity Transfers
	Contribution by or distribution to owners
TPP09-3	1. In NSW, the transfer of net assets as a result of transfers effected by Orders under the Government Sector Employment Act 2013, other transfers of programs / functions or part thereof, equity appropriations and certain other transfers are designated by NSW Treasury as 'contributions by owners'. These transfers are regarded as contributions by owners, in terms of Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities, as the Government has in effect made a policy decision to increase the financial resources of a public sector entity (i.e. the entity's equity). Transfers that are a 'restructure of administrative arrangements' with government controlled not-for-profit entities and for-profit government entities subject to AASB 1004 must be recognised as 'contributions by owners'.
AASB 1004.54-58 AASB 1004.Appendix A AASB 3.Appendix A	2. A 'restructure of administrative arrangements' is defined in AASB 1004 as: "The reallocation or reorganisation of assets, liabilities, activities and responsibilities amongst the entities that the government controls that occurs as a consequence of a rearrangement in the way in which activities and responsibilities are prescribed under legislation or other authority are allocated between the government's controlled entities". The scope of the requirements relating to 'restructures of administrative arrangements' is limited to the transfer of a 'business' (as defined in AASB 3 *Business Combinations*). A 'business' is defined in AASB 3 as "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants" (AASB 3, Appendix A).
	Disclosure
AASB 1004.58	3. AASB 1004 requires separate disclosure of the total amounts of any assets and liabilities recognised as a result of a restructuring of administrative arrangements during the financial year.
TPP09-3	4. This is further elaborated on in NSW Treasury's Policy. This Policy requires certain disclosures to be made in regard to transfers designated as contributions by owners (i.e. equity transfers), including details / amounts of assets and liabilities transferred.
AASB 5.Aus2.1, 33	5. AASB 5 does not apply to restructuring of administrative arrangements subject to AASB 1004. However, the AASB 5 discontinued operation disclosure requirements may apply in limited circumstances where restructures are not subject to AASB 1004. Where this is the case, AASB 5 requires additional disclosures.
	Value of assets and liabilities transferred
AASB 1004.BC28 TPP09-3	6. In determining the value of assets transferred as a result of administrative restructuring that is subject to AASB 1004, assets need not be recognised at their fair values and may be recognised at the amounts at which the assets were recognised by the transferor entity immediately prior to the

Notes to the financial statements

Commentary on Increase / Decrease in Net Assets from Equity Transfers

restructuring of administrative arrangements.

TPP09-3
AASB 116.31

7. Subject to para 8 below, in most instances there will not be a material difference between the fair value and the carrying amount of the asset (i.e. where the existing use is the same). This is because AASB 116 provides that where fair value is adopted, revaluations must be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

8. For other equity transfers that are not subject to AASB 1004, the transferee must recognise transfers at fair value (subject to para 8 below). Where the existing use of the physical assets is different between the two entities, the transferor's fair value prior to the transfer will be different to the fair value of the asset recognised by the transferee. As a result, the difference in value between the carrying amount previously recognised by the transferor and the fair value to be recognised by the transferee is to be recognised by the transferor in its financial statements immediately prior to transfer.

TPP09-3

9. Other exceptions to the fair value measurement principle:

AASB 138.63-64, 75

- Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market (AASB 138.75), the transferee recognises the asset at the transferor's carrying amount.

AASB 127.10

- Where the transferor does not recognise an internally generated intangible subject to AASB 138.63-64 (i.e. internally generated brands, mastheads, customer lists etc.), the transferee must not recognise that asset.
- Where the only change is that a government controlled entity becomes a subsidiary of another government controlled entity, as described in TPP09-3 Section 6.5, Treasury's Policy permits but does not require entities to measure in the parent entity's financial statements, the parent entity's investment in the subsidiary at cost as permitted under AASB 127; and in the consolidated financial statements, the assets and liabilities based on their previous carrying amounts.

Example note disclosure

The following example disclosure relates to an entity that has received / transferred out a service group and that has received an equity appropriation.

AASB 1004.58

Example Note Disclosure for Entity A

(a) Service Group X was transferred to Entity A from Entity C.
(b) Service Group Y was transferred to Entity B from Entity A.
(c) Equity appropriation received by Entity A to fund payment to for-profit Entity D.

Descriptions of the purposes of the above service groups are in Note 9.

Responsibility assumed for Service Group X
Assets transferred from Entity C
Plant and equipment
Liabilities transferred from Entity C
Provision for employee benefits
Responsibility relinquished for Service Group Y
Assets transferred to Entity B
Plant and equipment
Liabilities transferred to Entity B
Provision for employee benefits

Equity appropriation received
Payment to adjust for-profit Entity D's capital structure (funded from equity Appropriation)

Increase in net assets from equity transfers

Notes to the financial statements

27. *Commitments*

	2017 $'000	2016 $'000

(a) **Capital Commitments**

AASB 116.74(c)
AASB 138.122(e)

	2017 $'000	2016 $'000
Aggregate capital expenditure for the acquisition of [specify] contracted for at balance date and not provided for:		
Within one year		
Later than one year and not later than five years		
Later than five years		
Total (including GST)		

(b) **Operating Lease Commitments**

AASB 117.35(a)

Entity as lessee

Future minimum rentals payable under non-cancellable operating lease as at 30 June are, as follows:

	2017 $'000	2016 $'000
Within one year		
Later than one year and not later than five years		
Later than five years		
Total (including GST)		

AASB 117.35(d)

[General description of the lessee's leasing arrangements]

AASB 117.56(a)

Entity as lessor

Future minimum rentals receivable under non-cancellable operating lease as at 30 June are, as follows:

	2017 $'000	2016 $'000
Within one year		
Later than one year and not later than five years		
Later than five years		
Total (including GST)		

AASB 117.56(d)

[General description of the leasing arrangements]

(c) **Finance Lease Commitments**

AASB 117.31(b)

Future minimum lease payments under finance lease, together with the present value of the net minimum lease payments are, as follows:

	2017 $'000	2016 $'000
Within one year		
Later than one year and not later than five years		
Later than five years		
Minimum lease payments		
Less: Future finance charges		
Present value of minimum lease payments		

The present value of finance lease commitments is as follows:

	2017 $'000	2016 $'000
Within one year		
Later than one year and not later than five years		
Later than five years		
Classified as:		
Current (Note 23)		
Non-current (Note 23)		

AASB 117.31(e)

[General description of the lessee's leasing arrangements]

Interpretation 1031

[Where applicable, the amount of tax recoverable from or payable to the Australian Taxation Office included within commitments must be disclosed.]

Notes to the financial statements

Commentary on Commitments

Disclosure

AASB 117.31-35

1. AASB 117 requires entities to disclose, in respect of finance leases, a reconciliation between the total of future minimum lease payments at the end of the reporting period, and their present value. In addition, an entity shall disclose the total of future minimum lease payments at the end of the reporting period, and their present value, for each of the following periods:
   - within 12 months
   - 12 months or longer and not longer than five years
   - longer than five years.

   In respect of non-cancellable operating leases, entities must disclose the total of future minimum lease payments for the same periods as for finance leases above.

AASB 12.23(a)

2. Commitments relating to joint ventures and associates must be separately disclosed from other commitments.

Interpretation 1031

Goods and Services Tax

3. Consistent with Interpretation 1031 Accounting for the GST commitments must be shown inclusive of GST.

   However, the amount of any tax recoverable from or payable to the Australian Taxation Office included within commitments must also be disclosed.

28. Contingent Liabilities and Contingent Assets

	2017 $'000	2016 $'000
[Specify]		

Contingent liabilities

AASB 137.86

[For each class of contingent liabilities, the following must be disclosed: a brief description of the nature of the contingent liability; an estimate of the potential financial effect (or statement that this is not practicable); an indication of the uncertainties relating to the amount or timing of any outflow; and the possibility of any reimbursement.]

AASB 7.14-15

[Disclose the carrying amount/fair value of any financial assets pledged as security / collateral for contingent liabilities.]

AASB 137.89

Contingent Assets

[For each class of contingent assets, the following must be disclosed: brief description of the nature of the contingent assets; and, where practicable, an estimate of the potential financial effect (or statement that this is not practicable).]

Commentary on Contingent Liabilities and Contingent Assets

AASB 137.10

1. AASB 137 provides that contingent liabilities are:
   - possible liabilities that arise from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the entity or
   - provisions that fail either or both the criteria for recognition as liabilities i.e. not probable or cannot be measured reliably.

AASB 137.10

2. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

AASB 137.33-34, 53, 89

3. AASB 137 adopts a 'prudent' approach and requires a separate asset to be recognised when the related realisation of revenue or expected recovery receivable is virtually certain. AASB 137 requires disclosure of contingent

Notes to the financial statements

Commentary on Contingent Liabilities and Contingent Assets		
AASB 137.30, 86		assets when realisation is probable. Therefore, the AASB 137 treatment of contingent assets and recoveries receivable is inconsistent with the treatment of contingent liabilities because liabilities are recognised when outflows of resources are probable and contingent liabilities are disclosed when the possibility of outflows is higher than remote but less than probable.
AASB 137.86, 89	4.	The Standard provides that the following information for each class of contingent liabilities and contingent assets must be disclosed: ▪ a brief description of the nature of the contingent liability / asset ▪ an estimate of the financial effect, or a statement that it is not practicable to make such an estimate when that is the case ▪ in relation to contingent liabilities, an indication of the uncertainties relating to the amount or timing of any outflow and ▪ the possibility of any reimbursement.
AASB 137.28, 34,	5.	When the probability of the contingent liability is remote, the entity need not make the above disclosures. For contingent assets, the above disclosures are required when the inflow of economic benefits is probable.
AASB 12.23(b)	6.	Contingent liabilities relating to joint ventures and associates must be separately disclosed from other contingent liabilities.
AASB 137.92	7.	Entities are exempt from disclosure in the rare circumstances where disclosure would be expected to seriously prejudice the position of the entity in a dispute with other parties on the subject matter of the contingent asset or liability. However, the general nature of the dispute, together with the fact and reason why that information has not been disclosed, must be stated.
AASB 137.32, Appendix C, Ex 10	8.	Examples of contingent liabilities and assets are included in the Standard – e.g. legal proceedings where damages are sought from the entity, but where lawyers advise that it is not probable the entity will be found liable.

29. Budget Review

AASB 1055.6(f)

Net result

The actual net result was lower / higher than budget by $X, primarily due to:

[Give detailed reasons for and quantify major variances between original budget and actual for expenses, revenue and gains/losses contributing to the Net Result variance].

AASB 1055.6(f)

Assets and liabilities

[Give detailed reasons for and quantify major variances between original budget and actual for current and non-current categories of assets and liabilities].

AASB 1055.6(f)

Cash flows

[Give detailed reasons for and quantify major variances between original budget and actual for cash flows from operating, investing and financing activities].

Commentary on Budget Review		
AASB 1055.6(f), 15	1.	Entities are to quantify major variances between actual and original budgeted amounts in the financial statements; and to give detailed reasons for these variances.
AASB 1055.6(f), 11	2.	The nature of budgets means that variances are related to the timing of budget preparation and knowledge of factors at that time. This is the main reason for budget variances and should be explained, together with any other relevant information (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders).
AASB 1055.7(b)	3.	Entities disclosing budgeted amounts for administered items in Note 33 must explain major variances between the original budgeted and actual figures for these items, and give detailed reasons for the variances.

Notes to the financial statements

	Commentary on Budget Review
Treasury Mandates	4. 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.

30. Reconciliation of Cash Flows from Operating Activities to Net Result

AASB 107.Aus20.2

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2017 $'000	2016 $'000
Net cash used on operating activities		
Depreciation and amortisation expense		
Allowance for impairment		
Decrease / (increase) in provisions		
Increase / (decrease) in prepayments and other assets		
Decrease / (increase) in payables		
Net gain / (loss) on sale of property, plant and equipment and investment properties		
Net result		

	Commentary on Reconciliation of Cash Flows from Operating Activities to the Net Result
AASB 1054.16	The financial statements shall provide a reconciliation of the net cash flow from operating activities to profit or loss or net result.

31. Non-cash Financing and Investing Activities

	2017 $'000	2016 $'000

AASB 107.43

[Disclose investing and financing transactions / other events which do not result in cash flows]

	Commentary on non-cash financing and investing activities
	Examples include: assets received by donation; plant and equipment acquired by finance lease; liabilities and expenses assumed by the Government; and assets and liabilities assumed or relinquished as a result of restructuring of administrative arrangements.

32. Trust Funds

Framework 49(a)

The entity holds money in a Miscellaneous Trust Fund which is used for [specify]. These monies are excluded from the financial statements as the entity cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2017 $'000	2016 $'000
Cash balance at the beginning of the financial year		
Add: Receipts		
Less: Expenditure		
Cash balance at the end of the financial year		

Notes to the financial statements

Commentary on Trust Funds

Disclosure of trust funds

Framework 49(a)

1. As the entity performs only a custodial role in respect of trust monies, and because the monies cannot be used to obtain benefits from its activities (i.e. the definition criteria for assets are not met), trust funds are not brought to account in the financial statements, but are shown in the notes for information purposes.

Treasury mandates

2. Disclosure of types, purposes and movements of trust funds by broad categories.

AASB 1050.7(c)(d)
AASB 1055.7(a) Treasury Mandates

33. Administered Assets and Liabilities

	2017 $'000	Budget* 2017 $'000	2016 $'000
Administered Assets			
Receivables			
Land and buildings			
[Other material categories]			
Total Administered Assets			

*This column is ***only*** required when an entity has included administered items in its original budgeted financial statements presented to Parliament. The column **must** be omitted where this has not occurred.

[Refer Note 29 for details regarding major variances between budget and actual for 2017].

	2017 $'000	Budget* 2017 $'000	2016 $'000
Administered Liabilities			
Liability to Consolidated Fund			
[Other material categories]			
Total Administered Liabilities			

*This column is ***only*** required when an entity has included administered items in its original budgeted financial statements presented to Parliament. The column **must** be omitted where this has not occurred.
[Refer Note 29 for details regarding major variances between budget and actual for 2017].

Commentary on Administered Assets and Liabilities

AASB 1050.11

1. An entity may manage government assets in the capacity of an agent and may incur liabilities which may, for example, involve a future disbursement from the Consolidated Fund or other Fund, but which will not involve a reduction of assets controlled by the entity. Assets and liabilities of this type are referred to in AASB 1050 Administered Items as administered assets and liabilities.

AASB 1050.7(c)(d)
AASB 1050.11
Treasury Mandates

2. Administered assets and liabilities are not recognised in the Statement of Financial Position but are required by AASB 1050 to be disclosed in the notes, showing separately each major class of asset and liability. The Code extends these requirements to all NSW GGS entities.

AASB 1050.24

3. Administered assets and liabilities are reported on the same basis adopted for the recognition of assets and liabilities in the financial statements.
4. Entities must disclose administered assets and liabilities including receivables, land and buildings and other material categories. Receivables include administered income receivable (e.g. Consolidated Fund - taxes, fees and fines) and any deductions for the allowance for impairment.

AASB 1050.17
Treasury Mandates

5. Any liability to Consolidated Fund calculated in the summary of compliance that relates to transfer payments must be disclosed in the administered

Notes to the financial statements

Commentary on Administered Assets and Liabilities		
		assets and liabilities note. For further information regarding the calculation, refer to the commentary to the summary of compliance.
AASB 1055.7(a)	6.	An entity with administered items included in its original budgeted financial statements presented to Parliament must disclose the corresponding budgeted amount for these items for the current financial year.
AASB 1055.7(b)	7.	Entities disclosing original budgeted amounts for administered items must quantify major variances between the budgeted and actual amounts for these items, and give detailed reasons for the variances in Note 29.

34. Financial Instruments

AASB 7

[Entities must comply with AAS AASB 7 Financial Instruments: Disclosures, AASB 132 Financial Instruments: Presentation, AASB 139 and AASB 13.]

General commentary on disclosure of financial instruments		
AASB 7.31-42 AASB 7.7	1.	AASB 7 requires detailed disclosures to assist users in assessing the nature and extent of risk related to financial instruments and how they are managed. An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance.
AASB 7.8	2.	The Standard allows disclosure of the prescribed information in either a separate note, or across existing notes to the financial statements. The suggested disclosures below are based on the core financial instrument information being presented in one note. The disclosures in this note cover the following main areas: ▪ categories of financial instruments (AASB 7.8) ▪ fair value (AASB 7.25-30) ▪ financial risk management objectives and policies (AASB 7.31-42) Other AASB 7 disclosures, however, are disclosed across existing notes to the financial statements.
AASB 13.91-99	3.	In addition, AASB 13 requires extensive disclosures for assets measured at fair value in the Statement of Financial Position after initial recognition. This includes disclosing the valuation techniques and inputs, and for Level 3, fair value measurements, the effect of the measurements on the net result or other comprehensive income for the period.
AASB 7.34	4.	Entities should modify or add to NSW Treasury's suggested disclosures below to suit their own circumstances, including quantitative disclosures based on information provided internally to the entities' key management personnel. The format of presentation is a decision to be made by each entity. The note is based on those financial instruments that are typically held by General Government Sector entities in the NSW Public Sector.

Example note disclosure

Note 34 Financial instruments

AASB 7.31

The entity's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the entity's operations. The entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The entity's main risks arising from financial instruments are outlined below, together with the entity's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The [Secretary / Board] has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the entity, to set risk limits and controls and to monitor risks.

Notes to the financial statements

Compliance with policies is reviewed by the entity on a continuous basis.

(a) Financial instrument categories

AASB 7.8

Financial Assets	Note	Category	2017 $'000 Carrying Amount	2016 $'000 Carrying Amount
Class:				
Cash and cash equivalents	10	N/A		
Receivables[1]	11	Loans and receivables (at amortised cost)		
Financial assets at fair value	13	Financial assets at fair value through profit or loss – classified as held-for-trading		
		Financial assets at fair value through profit or loss – designated as such at initial recognition		
		Available-for-sale financial assets (at fair value)		
Other financial assets	14	Loans and receivables (at amortised cost)		
		Held-to-maturity investments (at amortised cost)		

Financial Liabilities	Note	Category	2017 $'000 Carrying Amount	2016 $'000 Carrying Amount
Class:				
Payables[2]	22	Financial liabilities measured at amortised cost		
Borrowings	23	Financial liabilities measured at amortised cost		

AASB 132.AG11-AG12

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (not within scope of AASB 7).

Notes to the financial statements

(b) Credit Risk

[NB: entity must review its own circumstances and amend this note accordingly.]

AASB 7.7, 33
AASB 7.36

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the entity, including cash, receivables, and authority deposits. No collateral is held by the entity. The entity has not granted any financial guarantees [details are required to be disclosed where collateral is held or guarantees have been granted].

Credit risk associated with the entity's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash and cash equivalents

AASB 7.21, B22

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

AASB 7.B22
AASB 7.36(c)
AASB 7.34(c)

All trade debtors are recognised at the amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on [X] day terms.

The entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Most of the entity's debtors have a [XXX] credit rating.

AASB 7.37

As at 30 June, the ageing analysis of trade debtors is as follows:

		2017 $'000	2016 $'000
	Neither past due nor impaired		
	Past due but not impaired		
	< 3 months overdue		
	3 months – 6 months overdue		
	> 6 months overdue		
	Impaired		
	< 3 months overdue		
	3 months – 6 months overdue		
	> 6 months overdue		
AASB 7.6	Total receivables - gross of allowance for impairment		

AASB 132.AG12

Notes: The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 11..

Notes to the financial statements

AASB 7.21,
AASB 7.36 (c)

Authority Deposits

The entity has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at reporting date were earning an average interest rate of [X]% (2016 – [X]%), while over the year, the weighted average interest rate was [X]% (2016 – [X]%) on a weighted average balance during the year of $[X] (2016 – $[X]). None of these assets are considered past due or impaired.

(c) Liquidity risk

AASB 7.33, 39(c)

Liquidity risk is the risk that the entity will be unable to meet its payment obligations when they fall due. The entity continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

[Details of credit standby arrangements of the entity; and a summary of the used and unused loan facilities of the entity, as this is considered a best practice disclosure.]

AASB 7.18

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The entity's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSWTC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was [X]% (2016 – [X]%).

The table below summarises the maturity profile of the entity's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

Notes to the financial statements

Note 34 Financial Instruments (continued)

Maturity analysis and interest rate exposure of financial liabilities

AASB 7.39(a)(b)

	$'000							
			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	**Nominal Amount[1]**	**Fixed Interest Rate**	**Variable Interest Rate**	**Non-interest bearing**	**< 1 year**	**1-5 years**	**> 5 years**
2017								
Payables								
Borrowings								
Bank overdraft								
Advances repayable								
TCorp borrowings								
Other loans and deposits								
Finance leases								
[Specify other major classes]								
2016								
Payables								
Borrowings								
Bank overdraft								
Advances repayable								
TCorp borrowings								
Other loans and deposits								
Finance leases								
[Specify other major classes]								

Notes:
1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the amounts in the Statement of Financial Position.

AASB 7.B10A

2. Of the $X disclosed in the 2017 'other loans and deposits' time band 1-5 years, the entity intends to repay $X in the first quarter of 2018.

Notes to the financial statements

(d) Market risk

AASB 7.33

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The entity's exposures to market risk are primarily through interest rate risk on the entity's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The entity has no exposure to foreign currency risk and does not enter into commodity contracts.

AASB 7.40, B17-21

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2016. The analysis assumes that all other variables remain constant.

Interest rate risk

AASB 7.B22

Exposure to interest rate risk arises primarily through the entity's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The entity does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- X% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The entity's exposure to interest rate risk is set out below.

AASB 7.40(a)

	$'000			
	-1%		1%	
	Profit	Equity	Profit	Equity
2017				
Financial assets				
Cash and cash equivalents				
Financial assets at fair value				
Other financial assets				
Financial liabilities				
Borrowings				
2016				
Financial assets				
Cash and cash equivalents				
Financial assets at fair value				
Other financial assets				
Financial liabilities				
Borrowings				

Notes to the financial statements

AASB 7.B25 - B28

Other price risk – TCorp Hour-Glass facilities

AASB 7.21

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The entity has no direct equity investments. The entity holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2017 $'000	2016 $'000
Cash facility	Cash and money market instruments	Up to 1.5 years		
Strategic cash facility	Cash and money market instruments	1.5 years to 3 years		
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	3 years to 7 years		
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	7 years and over		

[Note: Only disclose those facilities in which the entity has an investment (current or prior year)]

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

AASB 7.40(b)

TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

AASB 7.40(a)

	Impact on profit/loss		
	Change in unit price	2017 $'000	2016 $'000
Hour-Glass Investment – Cash facility	+/-V%		
Hour-Glass Investment – Strategic cash facility	+/-W%		
Hour-Glass Investment – Medium-term growth facility	+/-Y%		
Hour-Glass Investment – Long-term growth facility	+/-Z%		

Notes to the financial statements

(e) Fair value measurement

(i) Fair value compared to carrying amount

AASB 13.93(d)
AASB 13.97
AASB 7.29

TCorp Hour Glass facilities are measured at fair value. Management assessed that the carrying amount of all other financial instruments, except as specified below, approximate their fair values, largely due to the short-term maturities of these instruments. The following table details the financial instruments, by class, where the fair value differs from the carrying amount:

AASB 13.93(a)
AASB 7.25, 26, 29

	2017		2016	
	Fair Value $'000	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000
Financial assets				
[Describe]				
Financial liabilities				
[Describe]				

[For Level 2 and Level 3 fair value measurements, a description of the valuation techniques and the inputs used in the fair value measurement. If there has been a change in valuation technique, the entity must disclose that change and the reason for making it.]

(ii) Fair value recognised in the Statement of Financial Position

AASB 13.93(b)

	2017			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value				
Derivatives				
TCorp Hour-Glass Investment Facility		XX		
Shares				
[Other categories]				

	2016			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value				
Derivatives				
TCorp Hour-Glass Investment Facility		XX		
Shares				
[Other categories]				

AASB 13.93(c)

[The tables above include only financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position.]

AASB 13.93(d)

[There were no transfers between Level 1 or 2 during the periods.]

AASB 13.93(d)
AASB 13.93(d)(g)(h)(i)

The value of the Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

[For other Level 2 and 3 fair value measurements, a description of the valuation technique(s) and inputs used in the fair value measurement. If there has been a change in valuation technique, the entity must disclose that change and reasons for making it.]

[Additional disclosure requirements for Level 3 measurements including:

- quantitative information about significant unobservable inputs, where reasonably available
- a description of the valuation processes used
- a narrative description of sensitivity to changes in unobservable inputs that may significantly impact on fair value, including a description of interrelationships

Notes to the financial statements

between those inputs and other unobservable inputs and how the entity might magnify or mitigate the effects of the changes. To comply with this disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed

- if significant, the effect of a change to reasonably possible alternative assumptions. How the effect of a change to reflect a reasonably possible alternative assumption was calculated.]

AASB 13.93(e)

(iii) Reconciliation of Level 3 fair value measurements

	[Class/es] $'000	Total Level 3 $'000
Opening balance 1 July 2016		
Total gains or losses		
- in net result ('other gains/losses')		
- in other comprehensive income ('other net increases/ decreases in equity')		
Purchases		
Sales		
Issues		
Settlements		
Transfers into Level 3		
Transfers out of Level 3		
[Other categories – specify]		
Closing balance 30 June 2017		

	[Class/es] $'000	Total Level 3 $'000
Opening balance 1 July 2015		
Total gains or losses		
- in net result ('other gains/losses')		
- in other comprehensive income ('other net increases/ decreases in equity')		
Purchases		
Sales		
Issues		
Settlements		
Transfers into Level 3		
Transfers out of Level 3		
[Other categories – specify]		
Closing balance 30 June 2016		

AASB 13.93(f)

AASB 13.93(e)(iv)

Of total gains or losses included in the net result, $X ($Y in 2016) relates to assets held at the end of the reporting period.[Disclose reasons for transfers into or out of Level 3]. Refer Note 1(t) for the entity's policy for determining when transfers are deemed to have occurred.

Commentary on Financial Instruments Disclosure

Background

AASB 7.34

1. The commentary below discusses the AASB 7,AASB 13 and AASB 132 disclosure requirements that are illustrated above in the example note disclosure. Entities should modify or add to NSW Treasury's suggested disclosures to suit their own circumstances, including quantitative disclosures based on information provided internally to the entities' key management personnel. The format of presentation is a decision to be made by each entity. The note is based on those financial instruments that are typically held by General Government Sector entities in the NSW Public Sector.

AASB 7.31-42
AASB 7.7

2. AASB 7 requires detailed disclosures to assist users in assessing the nature and extent of risk related to financial instruments and how they are managed. An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance.

Notes to the financial statements

Commentary on Financial Instruments Disclosure

AASB 7.8

3. The Standard allows disclosure of the prescribed information in either a separate note, or across existing notes to the financial statements. The suggested disclosures above are based on the core financial instrument information being presented in one note. The disclosures in this note cover the following main areas:

- categories of financial instruments (AASB 7.8)
- fair value (AASB 7.25-30)
- financial risk management objectives and policies (AASB 7.31-42)

Other AASB 7 disclosures, however, are disclosed across existing notes to the financial statements.

Categories of financial instruments

AASB 7.8

4. An entity must disclose the following categories, as defined in AASB 139, either on the face of the Statement of Financial Position or in the notes:
   - Financial assets at fair value through profit or loss, showing separately (i) those designated upon initial recognition; and (ii) those classified as held for trading in accordance with AASB 139
   - Held-to-maturity investments
   - Loans and receivables
   - Available-for-sale financial assets
   - Financial liabilities at fair value through profit or loss, showing separately (i) those designated upon initial recognition; and (ii) those classified as held for trading in accordance with AASB 139 and
   - Financial liabilities measured at amortised cost.

Statutory liabilities or assets

AASB 132.AG12

5. Liabilities or assets that are not contractual (e.g. taxes created as a result of statutory requirements imposed by governments, such as GST receivable/payable) are not financial liabilities or financial assets. Therefore, any statutory liabilities or assets are excluded from the scope of AASB 7.

Capital management objectives

AASB 101.Aus1.7

6. Not-for-profit entities are exempt from the capital management disclosure requirements in AASB 101.134-136.

AASB 7.31-42

Nature and extent of risks arising from financial instruments

AASB 7.App A

7. An entity must disclose information to allow users to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date and how they are managed. These risks include:
   - Credit risk; i.e. the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
   - Liquidity risk; i.e. the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
   - Market risk; i.e. the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; i.e. currency risk, interest rate risk and other price risk.

AASB 7.33-35

Qualitative and quantitative disclosures

8. For each type of risk arising from financial instruments, an entity must disclose the exposures to risk and how they arise, its objectives, policies and processes for managing the risk and the methods to measure risk, as well as any changes from the previous period.

9. For each type of risk, an entity must disclose summary quantitative data about its exposure to that risk at the reporting date, based on the information provided internally to key management personnel of the entity (as defined in AASB 124 Related Party Disclosures); for example, the Board or chief executive officer.

10. Entities are also required to disclose the credit risk, liquidity risk and market risk disclosures discussed below, to the extent not already provided (unless the risk is not material) and the concentrations of risk if this is not apparent from the disclosures provided. If the quantitative data disclosed at the reporting date is not representative of the exposure to risk during the period, an entity must

Notes to the financial statements

Commentary on Financial Instruments Disclosure

provide further information that is representative.

11. To assist in these disclosures, NSW TCorp will provide the following information to entities, where relevant:
    - Unrealised gains / losses on derivatives, including commodity swaps, FX forwards and currency options (AASB 7.20).
    - Contractual maturity analysis for entity liabilities payable to TCorp, based on undiscounted cash flows (including fixed / variable loans) (AASB 7.39).
    - Sensitivity analysis information for each of the TCorp Hour-Glass facilities and for derivatives (AASB 7.40).
    - For managed asset and debt clients, additional qualitative disclosures (see extract below) and certain quantitative disclosures.
12. Suggested disclosures for TCorp managed asset and debt clients:

Managed debt portfolios

NSW Treasury Corporation (TCorp) manages interest rate risk exposures applicable to specific borrowings of [the entity] in accordance with a debt portfolio mandate agreed between the two parties. TCorp receives a fee for this service. At reporting date the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at $XX million (2016: $XX million).

Managed asset portfolios

NSW Treasury Corporation (TCorp) manages credit risk and interest rate risk exposures applicable to specific fixed-interest investments of [the entity] in accordance with an asset portfolio mandate agreed between the two parties. For this service TCorp receives a fee based on the dollar value of the portfolio [and a fixed component – if applicable]. The various risks are managed by TCorp within limits stipulated in the portfolio mandate, as summarised below:

- Credit risk – fixed-interest holdings are categorised by the Standard & Poors (S&P) or Moody's credit rating applicable to the underlying securities. The amount of securities held must not exceed the limit for the relevant S&P or Moody's equivalent category. Limits also apply to the amounts that may be held with individual counterparties. To be eligible for investment, counterparties must satisfy minimum credit rating criteria. Monitoring processes ensure that credit rating information is up-to-date and portfolio holdings are maintained within the approved credit limits.
- Interest rate risk – TCorp uses derivatives, primarily interest rate futures, to manage the duration and maturity profile of the portfolio within specified tolerance limits.

At reporting date the carrying value of securities, derivatives, and funds at call, managed by TCorp stood at $XX million (2016: $XX million).

Credit Risk

AASB 7.36-38
AASB 7.App B9-B10

13. An entity must disclose by class of financial instrument:
    - The amount that best represents its maximum exposure to credit risk at the reporting date, excluding any collateral held or other credit enhancements. For a financial asset this is typically the gross carrying amount, net of any offsets and impairment losses. This disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk.
    - A description of collateral held as security and other credit enhancements, and their financial effect (e.g. a quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk.
    - Information about the credit quality of financial assets that are neither past due nor impaired.
14. Activities that give rise to credit risk include granting loans and receivables to customers, placing deposits with other entities and granting financial guarantees. For a financial guarantee, the maximum exposure to credit risk is the maximum amount the entity would have to pay if the guarantee is called on, which may be significantly greater than the amount recognised.

AASB 7.37

15. An entity must disclose by class of financial asset:
    - an analysis of the age of financial assets that are past due as at the reporting date but not impaired; and

Notes to the financial statements

Commentary on Financial Instruments Disclosure

- an analysis of financial assets that are individually determined to be impaired as at the reporting date, including factors the entity considered in determining that they are impaired.

AASB 7.38

16. When an entity takes possession during the period of collateral or other credit enhancements that meet the recognition criteria, the entity must disclose for such assets held at the reporting date the nature and carrying amount of the assets; and its policies for disposing of such assets or using them in its operations (when not readily convertible to cash).

Liquidity risk

17. An entity must disclose:

AASB 7.39

AASB 7.App B10A-B11F

- a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities;
- a maturity analysis for derivative financial liabilities, including the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows; and
- a description of how it manages the liquidity risk inherent in the above.

The amounts disclosed in the contractual maturity analysis are the contractual undiscounted cash flows, which may differ from the amount recognised in the Statement of Financial Position, which is based on discounted cash flows. In preparing this disclosure, an entity shall not separate an embedded derivative from a hybrid (combined) financial instrument.

AASB 7.B11C(a)-(c)

18. When a counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which the entity can be required to pay the amount. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

AASB 7.B10A

19. An entity discloses summary information about its exposure to liquidity risk based on information provided internally to key management personnel. An entity shall explain how the information is determined.

AASB 7.B11E

20. An entity shall disclose a maturity analysis of financial assets it holds for managing liquidity risk if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk.

Market risk

AASB 7.40-42
AASB 7.App B17-B21

21. Unless an entity prepares a sensitivity analysis such as value-at-risk (VaR) that reflects interdependencies between risk variables, an entity must disclose a sensitivity analysis for each type of market risk (e.g. interest rate risk, currency risk or other price risk) to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date. The entity must also disclose the methods and assumptions used in preparing the sensitivity analysis and any changes from the previous period and the reasons for such changes.

22. In determining a reasonably possible change in the relevant risk variable, an entity should consider the economic environment in which it operates (it should not include remote or worst case scenarios or stress tests) and the time frame over which it is making the assessment. The sensitivity analysis must show the effects of changes that are considered to be reasonably possible over the period until its next annual reporting period.

Fair value

AASB 13
AASB 7.25

23. An entity must disclose for each class of financial assets and liabilities (except where, for example, the carrying amount is a reasonable approximation of fair value), the fair value of that class compared to its carrying amount.

AASB 13.91

24. Where financial instruments are measured at fair value in the Statement of Financial Position after initial recognition, an entity must disclose information to help users assess the valuation techniques, inputs and for level 3 measurements, the effect on the profit/loss or other comprehensive income.

AASB 13.92

25. In making disclosures, the entity must consider the level of detail necessary,

Notes to the financial statements

	Commentary on Financial Instruments Disclosure
	the emphasis on each of the requirements, the level of aggregation and whether users need additional information to evaluate the quantitative information. Where disclosures provided in accordance with the Accounting Standards are insufficient to help users' assessments, additional information must be disclosed.
AASB 13.93, 97	26. To help users make their assessments, AASB 13 sets out the minimum disclosures required for each class of assets and liabilities measured at fair value in the Statement of Financial Position after initial recognition – refer AASB 13.93(a) to (i). In addition, certain disclosures are also required for assets and liabilities not measured at fair value in the Statement of Financial Position but for which the fair value is disclosed (AASB 13.97).
AASB 13.93(a)	27. The illustrative disclosure provided in Note 34 assumes that all fair value disclosures of financial instruments are 'recurring' fair value measurements under AASB 13.
AASB 13.94	28. An entity needs to determine appropriate classes on the basis of nature, characteristics and risks of the asset and level of the fair value hierarchy. The number of classes may need to be greater for level 3 valuations as measurements have a greater degree of uncertainty and subjectivity. A single class may include valuations at different levels of the fair value hierarchy, but an entity may need to further disaggregate if different categories indicate the assets are different in nature, characteristics or risks.
AASB 13.95	29. An entity must disclose and consistently follow the policy for determining transfers between levels in hierarchy and must apply the same policy for transfers in and transfers out of levels. Refer Note 1(v).
AASB 13.99	30. An entity must present quantitative disclosure in a table unless another format is more appropriate.
AASB 7.28	31. In respect of any 'day one' gains or losses, the entity must disclose by class of financial asset or financial liability the: ▪ accounting policy for recognising that difference in profit or loss to reflect a change in factors that market participants would consider when pricing and ▪ aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference. ▪ why the entity concluded the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.
AASB 7.13A-13F	**Offsetting financial assets and financial liabilities**
	32. Additional disclosures are required for all recognised financial instruments set off in accordance with AASB 132.42. These disclosures also apply to recognised financial instruments subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with AASB 132.42. Refer AASB 7.13A-13F for details of disclosure requirements.
AASB 7.42A-42H	**Transfer of financial assets**
	33. Separate note disclosure is required for transferred financial assets that are: ▪ not derecognised in their entirety and ▪ derecognised in their entirety but the entity has continuing involvement in the transferred financial assets Please refer to AASB 7.42A-42H for the requirements.

Notes to the financial statements

35. Related Party Disclosures

AASB 124.17

The entity's key management personnel compensation are as follows:

	2017 $'000
Short-term employee benefits:	
Salaries	
Other monetary allowances	
Non-monetary benefits	
Other long-term employee benefits	
Post-employment benefits	
Termination benefits	
Total remuneration	

AASB 124.18, 19

During the year, the entity entered into transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof. The aggregate value of the material transactions and related outstanding balances as at and for the year ending 30 June 2017 are as follows:

AASB 124.18, 21

Nature of transaction	**Transaction value $'000**	**Net receivable/ (payable) $'000**
Sales of goods		
Purchases of goods		
Services received		

[Refer to AASB 124.21 for further examples of categories of transactions that could be disclosed]

[Also to be disclosed in respect of the outstanding balances are details (if material) of any guarantees given or received, provisions/write-off of doubtful debts etc.]

AASB 124.26

During the year, the entity entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the entity's sale of goods/ rendering of services/ receiving of services [refer to AASB 124.21 for more transaction categories].

AASB 124.18A

During the year, the entity incurred $XX in respect of the key management personnel services that are provided by a separate management entity [name of the entity].

Commentary on related party disclosures

Key management personnel compensation

AASB 124.9

1. Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

AASB 124.17
NSW TC 16-12

2. Compensation is aggregated by the following categories: (a) short-term employee benefits (b) post-employment benefits (c) other long-term benefits and (d) termination benefits. Each of these four categories may be disaggregated by position of KMP e.g. Secretary, Deputy Secretary, Board of Directors (executive / non-executive), Other Senior executives etc.

AASB 124.9

3. Compensation includes:
   a. Short-term employee benefits including wages, salaries, social security contributions, paid annual leave and paid sick leave, allowances, profit-sharing or bonuses (if payable within twelve months of the end of the financial year) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services);
   b. Other long-term employee benefits (benefits other than short-term, termination or post-employment benefits), such as long service leave or sabbatical leave,

Notes to the financial statements

Commentary on related party disclosures

jubilee or other long service benefits, long-term disability benefits and, if not payable wholly within twelve months of the end of the financial year, profit-sharing, bonuses and deferred compensation; and

c. Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance, and post-employment medical care.

4. If an entity provides non-monetary benefits to Ministers, they should calculate the monetary value of such benefits and disclose them as 'non-monetary benefits' under 'short-term employee benefits' as part of KMP compensation disclosure.

Management entity

AASB 124.17A

5. In situations where a reporting entity obtains KMP services from another entity ('management entity'), the reporting entity is not required to disclose KMP compensation paid or payable by the management entity.

AASB 124.18A

Instead, where the reporting entity reimburses the management entity for KMP services provided, the reporting entity must disclose the name of the management entity and amounts paid/payable to the management entity for such KMP services.

AASB 124.IG8

If the reporting entity does not reimburse the management entity for KMP services provided, then no disclosure is required in the reporting entity. An example of a management entity is NSW Legislature that pays Ministerial compensation. No disclosure is required by relevant agencies as they are not obliged to reimburse NSW Legislature.

AASB 124.18, 19
NSW TC 16-12

Related party transactions

6. The extent of information disclosed about related party transactions and balances is subject to the application of professional judgement by preparers of financial statements. This includes the extent to which related party items of a similar nature can be disclosed in aggregate.

7. Therefore it is important to understand that the disclosures in the following examples could vary depending on the circumstances of the entity making the disclosures and factors such as the nature of the transactions, the relationships and materiality.

8. **Disclosure Example 1:**

The following arm's length transactions have been identified as material for disclosure in the financial statements of Government agency 'XYZ' for FY 2017:

A controlled entity of the daughter of the CEO entered in to a cleaning contract with XYZ to provide cleaning services for the office buildings. During the year, services of $1.5 million were rendered and a payable of $0.2 million remained outstanding in the books of XYZ at the year end.

Mrs. A, wife of the CFO, provided consultancy services of $1 million during the year to XYZ, which was fully settled before the year end.

The CEO and CFO are assessed to be KMP of XYZ.

<u>The following would be the likely disclosure in XYZ's financial statements:</u>

"During the year, XYZ entered in to transactions on arm's length terms and conditions with the close family members and controlled entities of key management personnel. The total expense for services received was $2.5 million, of which $0.2 million was payable as at the reporting date."

If deemed material, similar disclosure will be made in the financial statements of the General Government and Total State Sector.

9. **Disclosure Example 2:**

The following arm's length transactions have been identified as material for disclosure in the financial statements of Government agency 'ABC' for FY 2017:

ABC sold $5 million worth of goods during the year to the jointly controlled entity of the son of the CEO, of which $0.5 million was receivable at the year end.

ABC purchased office equipment worth $1 million during the year from the controlled entity of the daughter of the Executive Director, of which $0.2 million was payable as

Notes to the financial statements

Commentary on related party disclosures

at the year end.

Mrs. Y, wife of the CFO, provided consultancy services of $1 million during the year to ABC, which was fully settled before the year end.

A controlled entity of the COO provided legal services of $1.5 million during the year to ABC, of which $0.2 million was payable as at year end.

The CEO, Executive Director, CFO and COO are assessed to be KMP of ABC.

The following would be the likely disclosure in ABC's financial statements:

During the year, the entity entered in to transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof. The aggregate value of the transactions and outstanding balances are as follows:

Nature of transaction	Transaction value $'000	Net receivable / (payable) as at 30 June 2017 $'000
Sales of goods	5,000	500
Purchases of goods	1,000	(200)
Services received	2,500	(200)

If deemed material, similar disclosure will be made in the financial statements of the General Government and Total State Sector.

Government-related entities

AASB 124.26

10. Government-related entities are those that are controlled or jointly controlled or significantly influenced by the NSW Government. The nature and amount of each individually significant transaction must be disclosed.

Treasury Mandates

For transactions with government-related entities that are collectively, but not individually, significant, agencies must provide a qualitative description.

36. Events after the Reporting Period

AASB 110

[Disclose details of events after the reporting period as required by AASB 110]

Commentary on Events after the Reporting Period

AASB 110.19-20

1. AASB 110 Events after the Reporting Period requires disclosure of certain information for material non-adjusting events, including the nature of the event and an estimate of its financial effect or a statement that such an estimate cannot be made.
2. If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it must update disclosures that relate to these conditions, in the light of the new information.

End of audited financial statements

Appendix 1 Definitions

'Administered' activities give rise to income and expenses which are not attributable to the entity. The entity may also manage government assets in the capacity of an agent and may incur liabilities which may involve a future disbursement from the Consolidated Fund but which do not involve a sacrifice of the assets that the entity controls. These administered income, expenses, assets and liabilities should not be recognised in the entity's Statement of Comprehensive Income or Statement of Financial Position.

'Department' refers to an entity subject to Division 4A of Part 3 of the *Public Finance and Audit Act 1983*

'General Government Sector' consists of those public sector entities which provide, in the main, goods and services outside the market mechanism, as well as providing for the transfer of income for public policy purposes – in accordance with Australian Bureau of Statistics classification. The major form of financing these goods and services is by taxation, imposed by the State or by the Commonwealth and subsequently passed on to the State.

'Infrastructure systems' means assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems.

'Restricted assets' means assets whose use by the entity is limited by externally imposed restrictions.

'Taxes, fees and fines' means compulsory levies which are not directly related to the specific provision of goods or services provided by the entity.

'Transfer payments' are amounts received by government entities for transfer to eligible beneficiaries consistent with the parameters established by legislation or other authoritative requirements and are not controlled by the entity.

'User charges' means revenues of the entity, which result from the voluntary acquisition by the purchaser of particular goods or services of direct benefit to the purchaser.

Appendix 2 Key references and acronyms

AASB	Australian Accounting Standards Board
Framework	Framework for the Preparation and Presentation of Financial Statements (AASB Framework)
FRC	Financial Reporting Code for General Government Sector Entities
Interpretation	Australian Accounting Interpretation
NSWTC	NSW Treasury Circular
PFAA	Public Finance and Audit Act 1983
TCorp	NSW Treasury Corporation
TPP	NSW Treasury Policy and Guidelines Paper
Treasury Mandates	Treasury Circular *Mandates of Options and Major Policy Decisions under Australian Accounting Standards*

Appendix 3 Current Treasury Circulars / Policy and Guidelines Papers on accounting policy matters

The NSW Treasury accounting policies issued as Treasury Circulars and Treasury Policy Papers currently in force (at date of publication) are listed below. In addition, entities are required to comply with all future NSW Treasury Circulars and policies on accounting policy matters, where the circular/policy paper specifically indicates that it will be mandatory.

Title	**Treasury Circular No**	**Mandatory / Non Mandatory**
Financial Reporting Code for NSW General Government Sector Entities	TPP17-05	Non-mandatory
Valuation of Physical Non-Current Assets at Fair Value	TPP14-01	Mandatory
Accounting for Long Service Leave and Annual Leave	NSWTC15-09	Mandatory
Mandates of Options and Major Policy Decisions under Australian Accounting Standards	NSWTC17-04	Mandatory
Financial and Annual Reporting requirements arising from personnel service arrangements	NSWTC15-07	Mandatory
Financial reporting requirements for NSW Government entities including those affected by restructures	NSWTC15-05	Explains mandatory legislative requirements
Determining the present value of a provision	NSWTC11-17	Non-mandatory
Accounting for Commonwealth Paid Parental Leave	NSWTC11-16	Mandatory
Accounting for Superannuation	NSWTC14-05	Mandatory
Lessor classification of long-term land leases	TPP11-01	Mandatory
Financial Distribution Policy for Government Businesses	NSWTC16-04	Mandatory
Contributions by owners made to wholly-owned Public Sector Entities	TPP09-3	Mandatory
Accounting for Financial Instruments	TPP08-1	Mandatory
Accounting for Privately Financed Projects	TPP06-8	Mandatory
Guidelines for Capitalisation of Expenditure on Property, Plant and Equipment	TPP06-6	Mandatory
Distinguishing For-Profit from Not-For-Profit entities	TPP05-4	Mandatory
Agency guidelines for the 2016-17 Mandatory Early Close	NSWTC16-13	Mandatory
Agency guidelines for the 2015-16 Mandatory Annual Returns to Treasury	NSWTC16-06	Mandatory
Related Party disclosures	NSWTC16-12	Mandatory

Appendix 4 Main changes in the Financial Reporting Code for NSW General Government Sector Entities (TPP17-05) compared to the previous version TPP15-04

TPP17-05 *Financial Reporting Code for NSW General Government Sector Entities* (the Code) has been updated for changes in AAS and Treasury policy requirements. The main changes are a result of AASB 124 *Related Parties* extended to include not-for-profit (NFP) public sector entities and the financial reporting code moving from a prescribed format to a model format.

The Code has also been updated for other miscellaneous amendments to the Accounting Standards and other revised Treasury Circulars and Treasury Policy Papers.

For 2016-17, the following main changes have been made to the Code:

- AASB 124 related parties disclosures extending to NFP entities in the public sector requires:

    - For all related parties – material transactions and outstanding balances; and
    - For related parties who are also Key Management Personnel (KMP) - compensation (monetary and non-monetary) in aggregate by category.

  The objective of the Standard is to "ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties". The Standard is not directed at the integrity of KMPs. It is intended to allow more informed use of financial statements.

  Treasury Circular 16-12 provides further guidance for all NSW public sector entities.

- Formatting and updates were required thought the document as a result of the Code changing from a prescribed to a model format. AAS references have been updated to include specific paragraphs, where required, for easy reference. GGS entities should note as the financial reporting code is not prescribed, it is not required to include the Code in the basis of preparation.

- Supplementary financial statements will now be included in the notes to reduce duplication and provide entities with greater flexibility with these disclosures.

- Capital and Recurrent Appropriations have been combined in the Appropriations Act and are now shown together in the 2016/17 State Budget papers. Agencies should also show this appropriation together in the financial statements.

- Note 1 has been amended for better clarity on significant accounting policies.