

DRAFT COMPILED AASB 1004

**Agenda Paper 3.1.1
(M153)**

This draft version of AASB 1004 *Contributions* presents the Standard incorporating the consequential amendments arising from AASB 10XX (as set out in Appendix D of AASB 10XX). Parts of the main body of the Standard are highlighted to indicate changes, but the main body of the Standard is not otherwise marked-up.

The Basis for Conclusions is marked-up for staff-suggested amendments, including deletions of sections that relate to content deleted from the main body. Basis for Conclusions amendments are simply included in compiled versions of the Standard.

ACCOUNTING STANDARD AASB 1004

CONTRIBUTIONS

Application

1–5 [Deleted]

- 6 The following table identifies which paragraphs are applicable to each type of entity to which this Standard applies:

Type of entity to which the paragraph is applicable	Content of paragraphs	Para No.
Government departments	Parliamentary appropriations	32
	Liabilities of government departments assumed by other entities	39 – 43A
	Contributions by owners and distributions to owners	48 – 53
	Restructure of administrative arrangements	54 – 59
Other government controlled not-for-profit entities	Restructure of administrative arrangements	54 – 59
Local governments and whole of governments	Contributions by owners and distributions to owners	48 – 53

Comment [CMA1]: The current version of AASB 1004 distinguishes for-profit and not-for-profit government departments.

Based on information obtained through HoTARAC, no jurisdictions have for-profit government departments. As they are unlikely to exist, all references to such departments (in AASB 1004 and other Standards) are being removed via the amendments in AASB 10XX, Appendix D.

6A This Standard does not apply to inflows of resources within the scope of AASB 10XX *Income of Not-for-Profit Entities*.

- 7 **This Standard applies to annual reporting periods beginning on or after 1 July 2008.**

[Note: For application dates of paragraphs changed or added by an amending Standard, see Compilation Details.]

- 8 **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2008, provided there is early adoption for the same annual reporting period of the following pronouncements being issued at about the same time, as applicable:**

- (a) *AASB 1049 Whole of Government and General Government Sector Financial Reporting;*
- (b) *AASB 1050 Administered Items;*
- (c) *AASB 1051 Land Under Roads;*
- (d) *AASB 1052 Disaggregated Disclosures;*
- (e) *AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31; and*
- (f) *AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.*

9 [Deleted]

10 When applicable, this Standard, together with the Standards referred to in paragraph 8, supersede:

- (a) *AASB 1004 Contributions as notified in the Commonwealth of Australia Gazette No S 294, 22 July 2004;*
- (b) *AAS 27 Financial Reporting by Local Governments, as amended;*
- (c) *AAS 29 Financial Reporting by Government Departments, as amended; and*
- (d) *AAS 31 Financial Reporting by Governments, as amended.*

11–31 [Deleted]

Parliamentary Appropriations to Government Departments

Paragraph 32 of this Standard applies only to government departments.

- 32** Parliamentary appropriations over which a government department gains control during the reporting period shall be recognised as a direct adjustment to equity where the appropriation satisfies the definition of a contribution by owners.

33–38 [Deleted]

Liabilities of Government Departments Assumed by Other Entities

*Paragraphs 39 to **43A** of this Standard apply only to government departments.*

- 39** A liability of a government department that is assumed by the government or other entity shall be accounted for as follows:
- (a) on initial incurrence of the liability by the government department, the government department shall recognise a liability and an expense;
 - (b) on assumption of the liability by the government or other entity, the government department shall extinguish the liability and:
 - (i) when the assumption is not in the nature of a contribution by owners, the government department shall recognise income of an amount equivalent to the liability assumed; or
 - (ii) when the assumption of the liability is in the nature of a contribution by owners, the government department shall make a direct adjustment to equity of an amount equivalent to the liability assumed.
- 40** The obligation to make payments to employees in respect of long-service leave and other employee benefits may rest with the government, a central agency or other entity. However, the costs of long-service leave and other employee benefits are part of the cost of the goods and services provided by the government department for which those employees work. Employment contracts or employment arrangements may be such that a government or other entity, rather than the government department, directly incurs the obligation to settle liabilities that arise in respect of benefits of the government department's employees. Alternatively, it may be that the government department initially incurs the obligation to settle such liabilities, and the government or other entity then assumes that obligation.
- 41** A government or other entity may initially incur, and then settle, obligations in respect of the wages, salaries and other costs of the employees of a government department during the reporting period. Similarly, other expenses of operating the government department during the reporting period, such as building occupancy expenses, may be incurred and settled by the government or other entity. In such

cases, the government department does not recognise a liability when the expenses are initially incurred. Rather, the government department recognises income equivalent to the fair value of the employee services or other assets it receives, and recognises expenses of the same amount to reflect that the economic benefits represented by those employee services or other benefits have been consumed by the government department. For employee services, this normally occurs when the services are provided, but in some instances the costs of these services forms part of the cost of acquiring an asset.

- 42 When an employee transfers from one government department to another government department, the liability in respect of employee benefits accrued up to the transfer date is usually transferred to the transferee government department. In such cases, the transferor government department may make a payment to the transferee government department for the employee's accrued benefits. When an employee transfers from one government department to another government department:
- (a) the transferor government department extinguishes any liability for employee benefits recognised in respect of the employee, and recognises income equivalent to the liability extinguished. When a payment is made or is to be made by the transferor government department in consideration for the assumption of the liability by the transferee government department, the transferor government department extinguishes the liability and recognises a decrease in assets (cash) or an increase in liabilities (cash payable). When the payment is less than the total amount of the liability, the transferor government department recognises income equal to the amount of that shortfall; and
 - (b) the transferee government department recognises an expense and a liability in respect of any present obligations to pay accrued employee benefits in the future that are assumed as a consequence of the transfer. When a payment is made or is to be made to the transferee government department in consideration for the assumption of the liability, the transferee government department recognises the liability assumed and an increase in assets (cash or cash receivable). When the payment is less than the total amount of the liability for employee entitlements assumed, the transferee government department recognises an expense equal to the amount of that shortfall.
- 43 As noted in paragraphs 39 to 41, a government may initially incur or subsequently assume all obligations to make payments to employees of a government department in respect of long-service leave and other employee benefits. In such cases, the transfer of employees between

government departments will not give rise to the need for the transferee government department to recognise expenses and liabilities or for the transferor government department to extinguish liabilities and recognise income as outlined in paragraph 42.

43A A government department shall disclose liabilities that were assumed during the reporting period by the government or other entity.

44–47 [Deleted]

Contributions by Owners and Distributions to Owners of Local Governments, Government Departments and Whole of Governments

Paragraphs 48 to 53 of this Standard apply only to local governments, government departments and whole of governments.

- 48 Contributions by owners shall be recognised as a direct adjustment to equity when the contributed assets qualify for recognition.**
- 49 Distributions to owners shall be recognised as a direct adjustment to equity when the associated reduction in assets, rendering of services or increase in liabilities qualifies for recognition.**
- 50** It is important to distinguish contributions by owners from other contributions. It may be argued that contributions that are provided on the condition that they be expended on assets that increase the capacity of the entity to provide particular services should be classified as contributions of equity. However, such contributions would be contributions by owners, as defined in Appendix A to this Standard, only when the contributor establishes by way of the contribution a financial interest in the net assets of the entity that:
- (a) conveys entitlement both to a financial return on the contribution and to distributions of any excess of assets over liabilities in the event of the entity being wound up; and/or
 - (b) can be sold, transferred or redeemed.
- 51** Contributions by owners are examples of non-reciprocal transfers. Examples of contributions by owners (and distributions to owners) are non-reciprocal transfers between a government department and the controlling government acting in its capacity as owner. Transactions with owners in their capacity as owners are not common in a local

Comment [SS2]: Paragraph 43A retains the disclosure previously required by paragraph 63(b) in this Standard. This disclosure is relocated to this section because all other disclosures required by paragraphs 60–68 have been addressed in AASB 10XX and so deleted from this Standard.

government context. A local government may on occasions receive contributions by owners, as defined in Appendix A to this Standard, such as investments in the capital of companies controlled by the governing body of the local government. Such contributions would need to be recognised as contributions of equity.

- 52 Contributions by owners can occur upon establishment of the entity or at a subsequent stage of the entity's existence. Contributions by owners can be in the form of cash, nonmonetary assets such as property, plant and equipment, or the provision of services. In some instances, the contribution may result from the conversion of the entity's liabilities into equity.
- 53 Reductions in equity as a result of distributions to owners (either dividends or returns of capital) can be in the form of a transfer of assets, a rendering of services or an increase in liabilities. Distributions from government departments to governments are made at the discretion of the government.

Restructure of Administrative Arrangements

Paragraphs 54 to 59 of this Standard apply only to government departments and other government controlled not-for-profit entities.

- 54 In relation to a *restructure of administrative arrangements*, a government controlled not-for-profit transferor entity shall recognise distributions to owners and a government controlled not-for-profit transferee entity shall recognise contributions by owners in respect of assets transferred.
- 55 In relation to a restructure of administrative arrangements, a government controlled not-for-profit transferor entity shall recognise contributions by owners and a government controlled not-for-profit transferee entity shall recognise distributions to owners in respect of liabilities transferred.
- 56 When both assets and liabilities are transferred as a consequence of a restructure of administrative arrangements, a government controlled not-for-profit transferor entity and a government controlled not-for-profit transferee entity shall recognise a net contribution by owners or distribution to owners, as applicable.
- 57 When activities are transferred as a consequence of a restructure of administrative arrangements, a government controlled not-for-profit transferee entity shall disclose the expenses and income

attributable to the transferred activities for the reporting period, showing separately those expenses and items of income recognised by the transferor during the reporting period. If disclosure of this information would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.

- 58 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 transferor/transferee entity shall be identified. With respect to transfers that are individually immaterial, the assets and liabilities transferred shall be disclosed on an aggregate basis.
- 59 The disclosures required by paragraph 58 will assist users to identify the assets and liabilities recognised or derecognised as a result of a restructure of administrative arrangements separately from other assets and liabilities and to identify the transferor/transferee entity.

60–68 [Deleted]

APPENDIX A

DEFINED TERMS

This Appendix is an integral part of AASB 1004.

Contributions	Non-reciprocal transfers to the entity.
Contributions by owners	<p>Future economic benefits that have been contributed to the entity by parties external to the entity, other than those which result in liabilities of the entity, that give rise to a financial interest in the net assets of the entity which:</p> <ul style="list-style-type: none"> (a) conveys entitlement both to distributions of future economic benefits by the entity during its life, such distributions being at the discretion of the ownership group or its representatives, and to distributions of any excess of assets over liabilities in the event of the entity being wound up; and/or (b) can be sold, transferred or redeemed.
Non-reciprocal transfer	A transfer in which the entity receives assets or services or has liabilities extinguished without directly giving approximately equal value in exchange to the other party or parties to the transfer.
Restructure of administrative arrangements	<p>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 as prescribed under legislation or other authority are allocated between the government's controlled entities.</p> <p>The scope of the requirements relating to restructures of administrative arrangements is limited to the transfer of a business (as defined in AASB 3 <i>Business Combinations</i>). The requirements do not apply to, for example, a transfer of an individual asset or a group of assets that is not a business.</p>

BASIS FOR CONCLUSIONS

This Basis for Conclusions accompanies, but is not part of, AASB 1004. The Basis for Conclusions addresses the issue of a revised AASB 1004 in December 2007. Paragraphs have been deleted where the corresponding requirements have been addressed in AASB 10XX Income of Not-for-Profit Entities ([Month] 2016) and deleted from AASB 1004.

Introduction

- BC1 This Basis for Conclusions summarises the Board's considerations in revising AASB 1004 *Contributions* in the context of the Board's short-term review of the requirements in AAS 27 *Financial Reporting by Local Governments*, AAS 29 *Financial Reporting by Government Departments* and AAS 31 *Financial Reporting by Governments*.

Background

- BC2 The Board considered it timely to review the requirements in AASs 27, 29 and 31, in particular to:
- (a) review the extent to which local governments, government departments and governments should continue to be subject to requirements that differ from requirements applicable to other not-for-profit entities and for-profit entities contained in Australian Accounting Standards. The Board concluded that differences should be removed, where appropriate and timely, to improve the overall quality of financial reporting;
 - (b) bring requirements applicable to local governments, government departments and governments up-to-date with contemporary accounting thought;
 - (c) consider the implications of the outcomes of its project on the harmonisation of Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS), in particular, on the requirements in AAS 31;
 - (d) decide whether the encouragements in AASs 27, 29 and 31 should be made mandatory or removed; and
 - (e) remove uncertainty in the application of cross-references to other Australian Accounting Standards and the override provisions in AASs 27, 29 and 31 that made the requirements in AASs 27, 29 and 31 take precedence over other requirements.

- BC3 The Board considered the following alternative mechanisms for implementing the approach of updating and improving the requirements for local governments, government departments and governments:
- (a) review the requirements in AASs 27, 29 and 31 and, where appropriate:
 - (i) amend other Australian Accounting Standards to pick up any issues that are addressed in AASs 27, 29 and 31 that are not adequately addressed in the latest Australian Accounting Standards and have them apply to local governments, government departments and governments; or
 - (ii) create public sector specific topic-based Standards; and consequently withdraw AASs 27, 29 and 31; or
 - (b) review AASs 27, 29 and 31 and re-issue them in light of the latest Australian Accounting Standards, retaining/amending where necessary any issues that are addressed in AASs 27, 29 and 31 that are not adequately addressed in the latest Australian Accounting Standards.
- BC4 The Board chose alternative (a) given the improvements in the quality of financial reporting by local governments, government departments and governments since AASs 27, 29 and 31 were first issued.
- BC5 Where the Board identified that the material in AASs 27, 29 and 31 could be improved within time and resource constraints, improvements have been made. Much of the material in AASs 27, 29 and 31 has been retained substantively unamended. Improvements will be progressed in due course in line with the AASB's Public Sector Policy Paper *Australian Accounting Standards and Public Sector Entities*.
- BC6 The first stage of the short-term review of the requirements in AASs 27, 29 and 31 was the preparation of a paragraph-by-paragraph analysis of each of AASs 27, 29 and 31, listing each paragraph of each Standard alongside corresponding Standards or other pronouncements that would apply to local governments, government departments or governments in the absence of AASs 27, 29 and 31. The Board's conclusions and rationale for the treatment of each paragraph in the context of the review were also provided in the analysis. The Board's primary focus was on dealing with the

requirements from the three Standards in such a way as to not leave a vacuum.

- BC7 Each paragraph from AASs 27, 29 and 31 was classified as being:
- (a) no longer needed or adequately dealt with in other Standards;
 - (b) more appropriately dealt with in other Standards; or
 - (c) not adequately and/or appropriately dealt with in other Standards and therefore should be retained or improved and incorporated into other Standards.

The paragraph-by-paragraph analyses considered by the AASB in developing the Exposure Draft ED 156 *Proposals Arising from the Short-term Review of the Requirements in AAS 27, AAS 29 and AAS 31* that gave rise to this Standard are available on the AASB website. They support, but do not form part of, this Basis for Conclusions.

- BC8 In reviewing the paragraphs, the Board noted that some material in AASs 27, 29 and 31 would, under the current style of writing Standards, be located in a separate Basis for Conclusions. Given the short-term nature of the review of AASs 27, 29 and 31, the Board concluded that explanations of technical issues that both originated in and are being relocated from AASs 27, 29 and 31 should, when appropriate, be located in the body of the Standard to which they are relocated.
- BC9 The Board decided not to retain the illustrative general purpose financial reports provided in AASs 27, 29 and 31, because their purpose, which was to provide an educational tool in the initial stages of accrual reporting by local governments, government departments and governments is no longer needed.

~~BC10–~~
~~BC19 [Deleted]~~

~~BC10– The remainder of this Basis for Conclusions focuses on issues specific to contributions.~~

Contributions

General Approach

~~BC11 The Board decided to broadly retain the material on contributions from AASs 27, 29 and 31 and locate it in separate sections within AASB 1004 because it was not adequately covered in existing Australian Accounting Standards.~~

~~BC12 The Board concluded that, in the short term, minimal changes should be made to the content of the material. The Board considered that it is appropriate to review the requirements and guidance for contributions as part of a longer term project as outlined in the AASB's Public Sector Policy Paper. A review by the Board of non-exchange income, which will incorporate a review of contributions, is in progress at the time of revision of this Standard.~~

~~BC13 The Board considered two options for relocating the requirements on contributions into AASB 1004:~~

- ~~(a) merging the AASs 27, 29 and 31 paragraphs into the then existing AASB 1004 requirements; or~~
- ~~(b) adding the AASs 27, 29 and 31 paragraphs into the existing AASB 1004 as separate sections.~~

~~The paragraphs in AASs 27, 29 and 31 containing guidance about contributions were very detailed and contained a large amount of commentary whereas the then existing guidance in AASB 1004 was significantly less detailed. The Board concluded that merging the requirements in AASs 27, 29 and 31 with the AASB 1004 requirements would, in effect, require the redrafting of the entire Standard, which is beyond the scope of this project. The integration approach was also considered more likely to raise controversial revenue recognition issues for all not for profit entities that, as noted in paragraph BC12, the Board will deal with as a separate longer term project applicable to a broader range of entities.~~

~~BC14 The Board also considered whether the guidance from AASs 27, 29 and 31 should be merged into a single set of generic requirements or expressed separately for local governments, government departments or governments. The Board concluded that the three sets of guidance from AASs 27, 29 and 31 were sufficiently similar to be merged to form one set of requirements noting that such an approach results in some changes for some entities. One area where this occurs is the disclosure of contributions, where government~~

departments and governments are now required to make disclosures not previously required, because AAS 27 was more onerous than AASs 29 and 31.

~~BC15 The Board decided to include specific references to the application of this Standard to General Government Sectors (GGSs) to support/clarify the AASB 1049 *Financial Reporting of General Government Sectors by Governments* requirement for GGSs to adopt other Australian Accounting Standards, including this Standard. As this Standard has many parts, applicable to different groups of entities, the Board considered it would aid users to explicitly refer to GGSs in paragraph 1(d) and throughout this Standard.~~

~~BC16 In addition, the Board decided to extend the application of the requirements relating to ‘contributions of services’ to apply beyond government departments to local governments, GGSs and whole of governments, for consistency across these types of entities.~~

~~BC17 Because the guidance from AASs 27, 29 and 31 partly overlapped with the guidance in the superseded AASB 1004, the Board amended the requirements to reduce duplication.~~

~~BC18 The Board considered whether the paragraphs of AAS 29 that address the accounting for parliamentary appropriations, which are only applicable to government departments, should be incorporated into this Standard as a separate section. The Board noted the view that the requirements are no longer needed given the nature of current arrangements between governments and government departments for parliamentary appropriations compared with past arrangements and government departments’ familiarity with accrual accounting. However, the Board concluded that the paragraphs should be retained, in keeping with Board’s short term intention of retaining the guidance from AASs 27, 29 and 31 where there are no comparable requirements in existing Australian Accounting Standards and thereby avoid creating a vacuum.~~

~~BC19 Paragraph 15.2.1 of AAS 31 dealt with the disclosure of policies adopted for recognising tax revenues. Given the nature of the commentary, the Board concluded that it would be most logical to locate the contents of this paragraph in paragraph 30 of this Standard within the area that relates to recognition of ‘contributions, other than contributions by owners, by local governments, government departments, GGSs or whole of governments’ and within the section ‘control over assets’ in a paragraph that discusses control over assets acquired from involuntary non-reciprocal transfers, such as rates, taxes and fines. In doing this, the Board decided to extend the~~

~~requirements beyond whole of governments to local governments,
government departments and GGSs.~~

Liabilities Assumed by Other Entities

- BC20 The Board decided to substantially retain the guidance in AAS 29 relating to the treatment of liabilities assumed by other entities in the financial statements of a government department. The Board concluded that, although the superseded AASB 1004 specified requirements for liabilities that are forgiven, it did not explicitly deal with liabilities that are assumed by other entities.
- BC21 The Board considered whether to align the requirements in paragraphs 8.2, 8.2.1 and 8.2.3-8.2.5 of AAS 29 for derecognition of liabilities with the corresponding requirements in AASB 139 *Financial Instruments: Recognition and Measurement*. The Board noted that the AAS 29 requirements, which reflected a symmetrical accounting approach, may not be consistent with the criteria for derecognition of a liability in AASB 139, which does not necessarily result in symmetry and refers to liabilities arising from contracts. Given the relationship between an entity assuming a government department's liability (such as the controlling government) and the government department, the Board concluded that the symmetrical accounting adopted in AAS 29 is appropriate for derecognition of liabilities.

~~BC22–~~

~~BC23 [Deleted]~~

Government Department Disclosures Relating to Revenue

- ~~BC22 The Board decided that it would be most logical to incorporate the requirements from paragraphs 12.2(b) (d) of AAS 29 relating to disclosure requirements for certain revenue items (that is, appropriations by class; liabilities that were assumed during the reporting period by the government or other entity; and the fair value of goods and services received free of charge, or for nominal consideration, and recognised during the reporting period) into this Standard. This is because they are disclosures of items of revenue that, for the purpose of the short-term review, are considered to be sufficiently related to the scope of the superseded AASB 1004.~~
- ~~BC23 The Board decided to limit the requirements in paragraphs 12.2(b) and (c) of AAS 29 to government departments, in keeping with its approach of retaining AASs 27, 29 and 31 requirements in the short term. In keeping with the Board's decision to extend the application~~

~~of the section on 'contribution of services' to apply beyond government departments to local governments, GGSs and whole of governments (see paragraph BC16), the Board concluded that the disclosure requirements in paragraph 12.2(d) of AAS 29 relating to revenue disclosures about contributions of services should also be extended to apply to local governments, GGSs and whole of governments. Furthermore, the Board concluded that the paragraph in question should be amended to refer to recognised contributions of services to be consistent with the requirements under which not all contributions received would be required to be recognised.~~

Restructures of Administrative Arrangements

BC24 The Board considered it timely to amend the requirements in paragraphs 7.4, 7.4.2 and 10.6-10.9.3 of AAS 29 for restructures of administrative arrangements as part of the short-term review of AAS 29 and in light of the existing definition of contributions by owners that is contained in this Standard. The Board decided to define restructures of administrative arrangements and to specify that they are in the nature of transactions with owners in their capacity as owners to be recognised on a net basis. In particular, the Board concluded that a transfer of net assets arising as a consequence of a restructure of administrative arrangements is faithfully represented as a distribution to owners by the transferor and a contribution by owners by the transferee. The Board also noted that this would result in greater consistency in accounting for restructures of administrative arrangements. The Board concluded that this approach is preferable to the superseded approach whereby transfers need to be designated as contributions by owners at the time of the transfer to be treated as such. The Board noted that this would result in a significant change in the current AAS 29 requirements as the possibility of treating a transfer as a revenue/expense item would no longer be available, and would give rise to amendments to Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* to make it consistent with this Standard. Consistent with the short-term nature of the review of AASs 27, 29 and 31, the Board intends making amendments to Interpretation 1038 to make it consistent with this Standard. In the longer term, the Board intends to undertake a fundamental review of Interpretation 1038.

BC25 The Board concluded that the effect of the requirements should be expanded beyond government departments to include all government controlled not-for-profit public sector entities and for-profit government departments, noting that this would increase the consistency with the scope of Interpretation 1038 which applies to all wholly-owned public sector entities that prepare general purpose financial statements, not just government departments. This will

assist in harmonising requirements and guidance in relation to contributions by owners. It is not intended that the amended requirements for restructures of administrative arrangements necessarily apply in analogous circumstances. For example, it is not intended that the amended requirements apply in the accounting for restructures of commonly-controlled private sector entities.

- BC26 Although assets and/or liabilities assumed by another entity as a consequence of a restructure of administrative arrangements were not explicitly dealt with in the superseded AASB 1004, the Board concluded that this Standard is an appropriate location for this material as it is the Standard that is best suited to dealing with contributions, including contributions by owners, to not-for-profit reporting entities and for-profit government departments.
- BC27 In addition, in accordance with its decision to issue AASB 2005-6 *Amendments to Australian Accounting Standards [AASB 3]*, the Board concluded that AASB 3 *Business Combinations* is not an appropriate Standard in which to locate specific requirements relating to restructures of administrative arrangements because business combinations involving entities or businesses under common control are now excluded from the scope of AASB 3. However, a cross-reference from AASB 3 to AASB 1004 is provided to assist in understanding the relationship between the two Standards.
- BC28 The Board also concluded that it is not necessary at this time to explicitly address the measurement basis to be adopted for transferred assets and liabilities due to a restructure of administrative arrangements. An asset acquired by a government controlled not-for-profit entity or a for-profit government department as a consequence of a restructure of administrative arrangements is considered to be a contribution by owners. Not specifying the measurement basis is consistent with Interpretation 1038, which also does not specify the measurement basis to be adopted with respect to contributions by owners or distributions to owners. In addition, AASB 3 does not address the measurement issue for a restructure of entities under common control. The Board also noted that measurement requirements in AASB 116 *Property, Plant and Equipment* (including paragraph Aus15.1) do not apply to assets transferred under a restructure of administrative arrangements because they are acquired by the transferee as part of a business. The Board acknowledges that, as the proposed amendments do not specify the measurement basis to be adopted, assets and liabilities transferred in the course of a restructure of administrative arrangements could be measured at fair value or book value.

BC29 The Board noted that the scope of the requirements relating to restructures of administrative arrangements is limited to the transfer of a business (as defined in AASB 3). The Board does not intend the requirements to apply where, for example, an individual asset or a group of assets that are not a business are transferred, noting that transfers of an individual asset and a group of assets are scoped out by the definition of a business in AASB 3.

~~BC30–~~

~~BC33 [Deleted]~~

~~Compliance with Parliamentary Appropriations and Other Externally Imposed Requirements by Government Departments~~

~~BC30– The Board noted that issues relating to compliance with parliamentary appropriations and other externally imposed requirements are important for government accountability. Accordingly, the Board concluded that the requirements in paragraphs 12.6 and 12.6.2–12.6.4 of AAS 29 for disclosure of compliance with parliamentary appropriations and other externally imposed requirements should be retained.~~

~~BC31– The Board concluded that the requirements for the disclosure by government departments of compliance with parliamentary appropriations and other externally imposed requirements are sufficiently related to the topic of contributions to be incorporated into this Standard.~~

~~BC32– Consistent with the short term nature of the project, the requirements are to be limited to government departments rather than applying them more broadly to not for profit public sector entities. In due course, the Board will consider extending the application of the requirements.~~

~~BC33– The Board concluded that it is appropriate to not retain paragraph 12.6.1 of AAS 29, which explains the meaning of parliamentary appropriations, as it is no longer necessary.~~