

Implications of Revised AASB 101 for GAAP/GFS Harmonisation

1. A draft revised AASB 101 *Presentation of Financial Statements* is provided in agenda paper 8.2.
2. A draft AASB 1049 *Whole of Government and General Government Sector Financial Reporting* is provided in agenda paper 9.4. It addresses GAAP/GFS harmonisation. In relation to the presentation of financial statements, it uses the current AASB 101 as a base, modified to accommodate GFS principles. Agenda paper 9.4 does not reflect the imminent revisions reflected in agenda paper 8.2.
3. It is likely that the revised AASB 101 will be issued before (or at the same time) the revised AASB 1049 is issued.
4. Expected mandatory operative dates for WoGs/GGSs:
 - WoG GAAP/GFS harmonisation standard year ended 30 June 2009
 - revised AASB 101 year ended 30 June 2010.
5. Current AASB 101 allows transactions with owners and movements in reserves to be presented either on the face of the statement of changes in equity or in the notes (para 97). It allows dividends to be disclosed on the face of the income statement or the statement of changes in equity, or in the notes (para 95).
6. In contrast to current AASB 101, and of particular relevance in a GAAP/GFS harmonisation context, revised AASB 101 prohibits the presentation of transactions with owners (including dividends) on the face of the statement of comprehensive income. It requires transactions with owners and movements in reserves to be presented in the statement of changes in equity.
7. The interrelationship between AASB 101 and GAAP/GFS harmonisation gives rise to a number of issues:

| <i>Issue</i> | <i>Staff view</i> |
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| 1 Should the GAAP/GFS presentation requirements continue to be based on AASB 101? | Yes, consistent with the underlying principles upon which GAAP/GFS harmonisation is based |
| 2 Should revised AASB 101 be issued after a WoG standard? (Currently AASB 101 is scheduled to be issued first) | No. The relative timing is unfortunate but it is not necessary to reschedule planned issue dates |
| 3 Should a WoG standard reflect current or revised AASB 101? | Consistent with the relative operative dates, AASB 1049 should reflect current AASB 101 |
| 4 Should revised AASB 101 give rise to an amending standard that will amend the WoG standard to reflect the effect of AASB 101? | Yes, as soon as practicable |
| 5 Should WoG/GGS be permitted to early adopt revised AASB 101? | Not until the amending standard referred to in issue 4 immediately above is issued |
| 6 Should WoG be permitted to recognise, as distinct from disclose, dividends on the face of the operating statement? | No, consistent with both current and revised AASB 101. However, under current AASB 101 ¹ (unlike revised AASB 101), dividends can be disclosed on the face |

1 Paragraph 95 of current AASB 101 states “An entity shall disclose, either on the face of the income statement or the statement of changes in equity, or in the notes, the amount of dividends recognised as distributions to equity holders during the period, and the related amount per share.”