

Accounting Standard

AASB 2008-9
September 2008

Amendments to AASB 1049 for Consistency with AASB 101

Prepared by the
Australian Accounting Standards Board



Australian Government

**Australian Accounting
Standards Board**

Obtaining a Copy of this Accounting Standard

This Standard is available on the AASB website: www.aasb.gov.au.
Alternatively, printed copies of this Standard are available for purchase by contacting:

The Customer Service Officer
Australian Accounting Standards Board
Level 7
600 Bourke Street
Melbourne Victoria
AUSTRALIA

Postal address:
PO Box 204
Collins Street West Victoria 8007
AUSTRALIA

Phone: (03) 9617 7637
Fax: (03) 9617 7608
E-mail: publications@aaasb.gov.au
Website: www.aasb.gov.au

Other Enquiries

Phone: (03) 9617 7600
Fax: (03) 9617 7608
E-mail: standard@aaasb.gov.au

COPYRIGHT

© Commonwealth of Australia 2008

This work is copyright. Apart from any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior written permission. Requests and inquiries concerning reproduction and rights should be addressed to The Director of Finance and Administration, Australian Accounting Standards Board, PO Box 204, Collins Street West, Victoria 8007.

ISSN 1036-4803

CONTENTS

PREFACE

ACCOUNTING STANDARD
AASB 2008-9 AMENDMENTS TO AASB 1049 FOR CONSISTENCY
WITH AASB 101

	<i>Paragraphs</i>
Objective	1
Application	2 – 4
Amendments to AASB 1049	5 – 40

BASIS FOR CONCLUSIONS ON AASB 2008-9 *Page 26*

Australian Accounting Standard AASB 2008-9 *Amendments to AASB 1049 for Consistency with AASB 101* is set out in paragraphs 1-40. All the paragraphs have equal authority. Paragraphs in **bold type** state the main principles. AASB 2008-9 is to be read in the context of other Australian Accounting Standards, including AASB 1048 *Interpretation and Application of Standards*, which identifies the Australian Accounting Interpretations. In the absence of explicit guidance, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies.

PREFACE

Introduction

The Australian Accounting Standards Board (AASB) makes Australian Accounting Standards, including Interpretations, to be applied by:

- (a) entities required by the *Corporations Act 2001* to prepare financial reports;
- (b) governments in preparing financial statements for the whole of government and the General Government Sector (GGS); and
- (c) entities in the private or public for-profit or not-for-profit sectors that are reporting entities or that prepare general purpose financial statements.

Australian Accounting Standards incorporate International Financial Reporting Standards (IFRSs), including Interpretations, issued by the International Accounting Standards Board (IASB), with the addition of paragraphs on the applicability of the Standard in the Australian environment.

Australian Accounting Standards also include requirements that are specific to Australian entities. These requirements may be located in Australian Accounting Standards that incorporate IFRSs or in other Australian Accounting Standards. In most instances, these requirements are either restricted to the not-for-profit or public sectors or include additional disclosures that address domestic, regulatory or other issues. In developing requirements for public sector entities, the AASB considers the requirements of International Public Sector Accounting Standards (IPSASs), as issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants.

Private sector for-profit entities complying with Australian Accounting Standards will simultaneously comply with IFRSs. Many other entities complying with Australian Accounting Standards will also simultaneously comply with IFRSs.

Reasons for Issuing this Standard

AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, issued in October 2007, is applicable to annual reporting periods beginning on or after 1 July 2008, with early adoption permitted. It was drafted to be consistent with the version of AASB 101 *Presentation of Financial Statements* that is applicable to annual reporting

periods beginning on or after 1 January 2008 but before 1 January 2009. It is now necessary (as foreshadowed in footnote 1 of AASB 1049 (October 2007)) to amend AASB 1049 to be consistent with the revised AASB 101 (September 2007) that is applicable to annual reporting periods beginning on or after 1 January 2009, with early adoption allowed. Amending AASB 1049 to align with revised AASB 101 is consistent with the broad approach taken in the AASB's Generally Accepted Accounting Principles/Government Finance Statistics (GAAP/GFS) Harmonisation project that the principles in applicable Australian Accounting Standards should be adopted unless it is otherwise necessary to specify requirements to accommodate GFS. Relevant consequential changes arising from *AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101* have also been incorporated in the revisions to AASB 1049.

Main Features of this Standard

Application Date

This Standard is applicable to annual reporting periods beginning on or after 1 January 2009. Early adoption is permitted for annual reporting periods beginning on or after 1 January 2005 provided there is early adoption for the same annual reporting period of AASB 101 (September 2007).

Main Requirements

This Standard amends AASB 1049 and the accompanying Illustrative Examples, where appropriate, to:

- (a) reflect the revised requirements in AASB 101 (September 2007), including presenting a whole of government and GGS statement of changes in equity, and using AASB 101 terminology;
- (b) clarify that the whole of government operating statement disclosures referred to in paragraph 41(b)(iii) of AASB 1049 (October 2007) relate to the sector statements that are disclosed by the whole of government; and
- (c) clarify that the budget information disclosure requirements in paragraph 59 of AASB 1049 (October 2007) only relate to the budgeted financial statement(s) that were initially presented to parliament.

GAAP/GFS Implications

Although the Australian Bureau of Statistics (ABS) GFS Manual does not contemplate a statement of changes in equity, similar information relating to changes in GFS net worth are reflected in the GFS statement of stocks and flows. Because this Standard only affects the presentation of information, it does not create GAAP/GFS convergence differences.

ACCOUNTING STANDARD AASB 2008-9

The Australian Accounting Standards Board makes Accounting Standard AASB 2008-9 *Amendments to AASB 1049 for Consistency with AASB 101*.

Dated 24 September 2008

D.G. Boymal
Chair - AASB

ACCOUNTING STANDARD AASB 2008-9

AMENDMENTS TO AASB 1049 FOR CONSISTENCY WITH AASB 101

Objective

- 1 The objective of this Standard is to make amendments to Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (October 2007) and the accompanying Illustrative Examples, primarily as a consequence of the issuance of revised AASB 101 *Presentation of Financial Statements* in September 2007.

Application

- 2 **This Standard applies to each government's whole of government general purpose financial statements and General Government Sector (GGS) financial statements.**
- 3 **This Standard applies to annual reporting periods beginning on or after 1 January 2009.**
- 4 **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009, provided there is early adoption for the same annual reporting period of AASB 101 (September 2007). If an entity applies this Standard to an annual reporting period beginning before 1 January 2009, it shall disclose that fact.**

Amendments to AASB 1049

- 5 In AASB 1049 and the accompanying Illustrative Examples the following references are amended as described below, unless otherwise stated in this Standard:
- (a) 'financial report(s)' is amended to 'financial statements', except that:
 - (i) in the first sentence of paragraph 1 '*whole of government financial reports*' is changed to '*whole of government general purpose financial statements*';
 - (ii) in paragraph 11(c) 'financial reports' is not changed;
 - (b) 'balance sheet(s)' is amended to 'statement(s) of financial position' except in the third sentence of paragraph 15;
 - (c) 'operating statement(s)' is amended to 'statement(s) of comprehensive income';
 - (d) 'cash flow statement(s)' is amended to 'statement(s) of cash flows' except in paragraphs 14(e) (second sentence) and 14(f);
 - (e) 'on the face(s) of' is amended to 'in'. Where the phrase 'on the face' occurs without the word 'of', the phrase is deleted. Similarly, where the phrase 'The face of' occurs on its own, without the word 'on' preceding it, the phrase is deleted;
 - (f) 'movements in equity' is amended to 'changes in equity'; and
 - (g) 'transactions with owners as owners' is amended to 'transactions with owners in their capacity as owners'.
- 6 Paragraphs 3 to 6 are amended to read as follows:
- 3 This Standard applies to annual reporting periods beginning on or after 1 January 2009.**
 - 4 This Standard may be applied to annual reporting periods beginning before 1 January 2009, provided there is early adoption for the same annual reporting period of AASB 101 *Presentation of Financial Statements* (September 2007).**

- 5 **The requirements specified in this Standard apply where information resulting from their application is material in accordance with AASB 1031 *Materiality*.**
- 6 When applicable, this Standard supersedes AASB 1049 *Financial Reporting of General Government Sectors by Governments* (October 2007).
- 7 Paragraph 7 is amended to read as follows:
- 7 **A government shall prepare the whole of government financial statements and the GGS financial statements in accordance with the requirements of this Standard.**
- 8 Paragraph 10 is amended to read as follows:
- 10 With limited significant exceptions, this Standard requires the definition, recognition, measurement, classification, consolidation, presentation and disclosure requirements specified in other applicable Australian Accounting Standards to be adopted. This Standard only requires a different treatment from another applicable Australian Accounting Standard when the requirements of this Standard directly conflict with the requirements of that other Standard. In particular, in relation to the GGS, in conflict with AASB 127 *Consolidated and Separate Financial Statements*, paragraph 19 prohibits the consolidation of controlled entities in other sectors.
- 9 Paragraph 12 is amended to read as follows:
- 12 Paragraph Aus15.4 of AASB 101 applies to the whole of government. It does not apply to the GGS. Accordingly, the GGS is not required to disclose that its financial statements are general purpose financial statements or special purpose financial statements.
- 10 Paragraphs 14(c), 14(e) and 14(g) are amended to read as follows:
- 14 Examples of particular optional treatments in Australian Accounting Standards that paragraph 13 of this Standard has the effect of limiting, include:
- ...
- (c) actuarial gains and losses relating to defined benefit superannuation plans that may be recognised in full through operating result (which is part of comprehensive

result), recognised in full through other non-owner changes in equity (which is also part of comprehensive result), or partially deferred using a 'corridor approach' under AASB 119 *Employee Benefits*. For the purpose of this Standard, the option to partially defer using a 'corridor approach' is not available because it is not acceptable under the ABS GFS Manual. The other two options are available.

...

- (e) cash flows from operating activities that may be reported using either the direct method or the indirect method in the statement of cash flows under AASB 107 *Statement of Cash Flows*. ...

...

- (g) ... In accordance with paragraphs 52(b)(i) and 53 of this Standard, information about the PNFC sector and PFC sector disclosed for the whole of government is prepared in a manner consistent with the accounting policies adopted in the whole of government statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows. Therefore, the options in AASB 120 are not adopted and instead the principles in AASB 1004 *Contributions* are applied.

11 Paragraph 15 is amended to read as follows:

- 15 ... Those ABS GFS Manual principles and rules are required to be applied in the presentation of the whole of government statement of financial position and the GGS statement of financial position to the extent that they do not conflict with AASB 101.

12 Paragraphs 16 and 17 are amended to read as follows:

- 16 Subject to paragraphs 41(a)(i)A and 52(b)(ii)A of this Standard, key fiscal aggregates that are disclosed for the whole of government or the GGS, either because they are required by this Standard or a government elects to provide additional information, shall be measured in a manner that is consistent with amounts recognised in the corresponding statement of financial position, statement of comprehensive**

income, statement of changes in equity and statement of cash flows.

- 17 This Standard requires certain information that is relevant to an assessment of the macro-economic impact of:
- (a) a whole of government and GGS to be included in the statements of financial position, statements of comprehensive income and statements of cash flows (see paragraphs 28, 32 and 37); and
 - (b) a government's sectors to be included in the sector statements of financial position, statements of comprehensive income and statements of cash flows required to be disclosed for the whole of government by paragraph 52(b)(i).

This Standard requires the information to be determined in a manner consistent with other amounts recognised in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows. Corresponding amounts, determined in accordance with the ABS GFS Manual, are required to be disclosed in the notes where they differ from the amounts presented in the statement of financial position, statement of comprehensive income and statement of cash flows (see paragraphs 41(a)(i)A and 52(b)(ii)A).

- 13 Paragraph 19 is amended to read as follows:

19 A government shall present GGS financial statements in which it consolidates only entities that are within the GGS, using the consolidation procedures specified in AASB 127.

- 14 Paragraph 20 is amended to read as follows:

20 A GGS equity investment in a government controlled entity that is within the PNFC sector or PFC sector shall be recognised as an asset in the GGS statement of financial position. ...

- 15 Paragraph 23(a) is amended to read as follows:

23 For the purposes of determining the carrying amount of net assets of entities within the PNFC sector and PFC sector recognised and measured in accordance with paragraph 20(b):

- (a) each PNFC sector and PFC sector entity's accounting policies are adjusted to align with the accounting policies adopted for the whole of government for the same period;

...

- 16 The heading immediately before paragraph 25, and paragraphs 25 and 26 are deleted.
- 17 The heading immediately before paragraph 27 is amended to read as follows:

Whole of Government and GGS Statements of Financial Position

- 18 Paragraph 29 and the heading immediately before it are amended to read as follows:

Whole of Government and GGS Statements of Comprehensive Income

- 29 **The whole of government statement of comprehensive income and GGS statement of comprehensive income, and notes thereto, shall be presented in a manner consistent with the requirements for a single statement of comprehensive income in AASB 101.**
- 19 Paragraph 33 is amended to read as follows:
 - 33 AASB 101 requires an entity to present all items of income and expense recognised in a period:
 - (a) in a single statement of comprehensive income; or
 - (b) in two statements:
 - (i) a statement displaying components of profit and loss (separate income statement); and
 - (ii) a second statement beginning with profit and loss and displaying components of other comprehensive income.

This Standard requires approach (a) to be adopted, and therefore requires all recognised income and expenses to be included in a

single statement that presents the comprehensive result (total change in net worth [before transactions with owners in their capacity as owners, where they exist]).

- 20 Paragraph 34 is amended to read as follows:
- 34 As noted in paragraph 14(c), actuarial gains and losses relating to defined benefit superannuation plans may be recognised in full either through operating result or in full through other non-owner changes in equity.
- 21 The following heading and paragraphs 34A and 34B are inserted immediately after paragraph 34:

Whole of Government and GGS Statements of Changes in Equity

34A The whole of government statement of changes in equity and the GGS statement of changes in equity, and notes thereto, shall be presented in a manner consistent with the requirements in AASB 101.

34B Transactions with owners in their capacity as owners do not arise in a GGS context because there is no ownership group identified for the GGS. They may arise in a whole of government context in relation to partly-owned subsidiaries, where they exist. They may also arise between PNFC sector and PFC sector entities and their owner, the GGS.

- 22 The heading immediately before paragraph 35 is amended to read as follows:

Whole of Government and GGS Statements of Cash Flows

- 23 Paragraph 38 is amended to read as follows:
- 38 An example of an acceptable whole of government statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows format and GGS statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows format that are in accordance with this Standard is provided in Illustrative Examples A and B respectively.

24 Paragraphs 39 and 40 are amended to read as follows:

39 In addition to the disclosures required by other Australian Accounting Standards in the note containing the summary of significant accounting policies, the following disclosures shall be made prominently in that note:

(a) for the whole of government and the GGS:

- (i) a statement that the financial statements are prepared in accordance with this Standard; and**
- (ii) a reference to the ABS GFS Manual as being the basis for GFS information that is included in the complete set of financial statements; and**

(b) for the GGS only:

- (i) a statement of the purpose for which the GGS financial statements are prepared;**
- (ii) ...**
- (iii) a description of how the GGS financial statements differ from the whole of government financial statements in terms of the treatment of the government's investments in PNFC sector and PFC sector entities; and**
- (iv) where the GGS financial statements are presented separately from the whole of government financial statements, a cross-reference to the whole of government financial statements that have been prepared for the same period and made available at the same time as the GGS financial statements.**

40 An example of the information to be included in the summary of significant accounting policies disclosed for the GGS in accordance with paragraph 39 is provided in Illustrative Example C.

25 Paragraph 41 is amended to read as follows:

41 In addition to the disclosures required to be made in other explanatory notes in accordance with other applicable

Australian Accounting Standards, the following disclosures shall be made:

- (a) for the whole of government and the GGS:**
 - (i) ... Other measures of the key fiscal aggregates shall not be disclosed;**
 - (ii) where the key fiscal aggregates measured in accordance with the ABS GFS Manual do not differ from the key fiscal aggregates provided pursuant to paragraph 16, a statement of that fact; and**
 - (iii) explanations of key technical terms used; and**
- (b) for the GGS:**
 - (i) ...**
 - (ii) ...**
 - (iii) the aggregate amount of dividends and other distributions to owners in their capacity as owners from PNFC sector and PFC sector entities to the GGS and the aggregate amount of the comprehensive result attributable to the GGS of the PNFC sector and PFC sector entities disclosed in the whole of government statement of comprehensive income by sector for the reporting period.**

26 Paragraph 43 is amended to read as follows:

- 43 In relation to the whole of government, for the purpose of paragraph 41(a)(i)A, the ABS GFS Manual key fiscal aggregate that corresponds to the requirement in paragraph 32(b) to present 'total change in net worth before transactions with owners in their capacity as owners' is 'total change in net worth' (after transactions with owners in their capacity as owners). Accordingly, the reconciliation required to be disclosed for the whole of government by paragraph 41(a)(i)B is from 'total change in net worth before transactions with owners in their capacity as owners' as presented in accordance with paragraph 32(b) to 'total change in net worth' measured in accordance with the ABS GFS Manual. As noted in

paragraph 34B, transactions with owners in their capacity as owners do not arise in a GGS context.

27 Paragraph 44 is amended to read as follows:

44 ... However, they do give rise to the need for explanations of the differences to be disclosed. Examples of such differences include:

(a) for both the whole of government and the GGS:

(i) ...

(ii) ...

(iii) ...

(iv) ...

(b) for the whole of government, consolidation eliminations.
...

28 Paragraph 45 is amended to read as follows¹:

45 The GGS is not subject to the disclosures required by paragraphs 41, 42, 43 and Aus43.1 of AASB 127 relating to investments in subsidiaries, jointly controlled entities and associates. The requirements in those paragraphs are either addressed elsewhere in this Standard or are not significant for GGS financial reporting.

29 Paragraph 47 is amended to read as follows:

47 Paragraph 112 of AASB 101 requires additional information to be provided in notes that is not presented in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows but is relevant to an understanding of them. Consistent with this, the components of aggregate numbers presented in those statements, including key fiscal aggregates, are disclosed in the notes where relevant.

¹ In relation to the references to AASB 127 in paragraph 45 of AASB 1049, the relevant paragraph numbers reflect the amendments given effect in AASB 127 (issued March 2008).

30 Paragraph 48 is amended to read as follows:

48 In respect of each broad function identified in Table 2.6 “Government Purpose Classification: Major Groups” of the ABS GFS Manual, the whole of government and the GGS shall disclose by way of note:

(a) ...

(b) **the carrying amount of assets recognised in the respective statements of financial position that are reliably attributable to that function; and**

...

31 Paragraph 51 is amended to read as follows:

51 AASB 114 (AASB 8) does not apply to the whole of government or the GGS. The bases used in the ABS GFS Manual for identifying functions do not necessarily accord with the criteria for identifying segments contained in AASB 114 (AASB 8). However, AASB 114 (AASB 8) may be useful in identifying the expenses, excluding losses, included in operating result and assets that are reliably attributable to each function.

...

32 Paragraphs 52 and 53 are amended to read as follows:

52 The whole of government shall disclose by way of note, in respect of the GGS, PNFC sector and PFC sector as defined in the ABS GFS Manual:

(a) ...

(b) **for each sector:**

(i) **a statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows that are consistent with the whole of government’s corresponding financial statements prepared in accordance with this Standard;**

(ii) ...

Other measures of the key fiscal aggregates shall not be disclosed; and

(iii) ...

(c) **a reconciliation between the information disclosed for the sectors in total and the corresponding information in the whole of government's statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows (see, for example, Illustrative Example A).**

53 Sector information prepared in accordance with paragraph 52(b) is determined before consolidation eliminations. Accordingly, GGS investments in PNFC sector and PFC sector entities are included in the GGS information that is disclosed for the whole of government. They are measured at the carrying amount of net assets disclosed by the whole of government for the PNFC sector and PFC sector.

33 Paragraph 54 is amended to read as follows:

54 Notes to the sector statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows, other than those required by paragraph 52, are not required to be disclosed.

34 Paragraph 58 is amended to read as follows:

58 The sector statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows could be presented in a single schedule that includes an adjustments column or row to facilitate reconciliation to the corresponding whole of government statements in accordance with paragraph 52(c). Alternatively, those sector financial statements may be presented in columns, with or without an adjustments column, in the whole of government statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows. Where an adjustments column is not provided in those whole of government financial statements, the reconciliation required by paragraph 52(c) is provided in the notes. Disclosure of the individual eliminations between the sectors is not required.

35 Paragraph 59 is amended to read as follows:

59 Where one or more of the following whole of government or GGS budgeted:

- (a) **statements of financial position;**
- (b) **statements of comprehensive income;**
- (c) **statements of changes in equity; and**
- (d) **statements of cash flows;**

is or are presented to parliament, the whole of government or GGS, respectively, shall disclose for the reporting period:

- (e) **that original budgeted financial statement or those original budgeted financial statements that were presented to parliament, presented on a basis that is consistent with the basis prescribed for financial statements by this Standard; and**
- (f) **explanations of major variances between the actual amounts presented in that financial statement or those financial statements and corresponding original budget amounts.**

36 Paragraph 64 is amended to read as follows:

64 The whole of government and GGS statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows include information about the government, as determined in accordance with this Standard. To the extent the first budget presented to parliament is not consistent with the information in the corresponding financial statements, the budget presented to parliament is restated for budget disclosure purposes to align with the accounting basis specified in this Standard. As the budget basis to be disclosed is consistent with the accounting basis, budget information may be presented in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.

37 Paragraph 65 is amended to read as follows:

65 The explanations of major variances required to be disclosed by paragraph 59(f) are those relevant to an assessment of the

discharge of accountability and to an analysis of performance of government. They include high-level explanations of the causes of major variances rather than merely the nature of the variances.

- 38 The following paragraph 65A is added immediately before paragraph 66:

65A The following transitional provisions shall not be applied by governments that have previously applied this Standard as issued in October 2007.

- 39 In Appendix A the definition of whole of government financial report is deleted and replaced by the following definition of whole of government general purpose financial statements:

whole of government general purpose financial statements (also referred to as ‘whole of government financial statements’ in this Standard)

General purpose financial statements prepared by a government that are prepared in accordance with Australian Accounting Standards, including AASB 127 *Consolidated and Separate Financial Statements*, and thereby separately recognise assets, liabilities, income, expenses and cash flows of all entities under the control of the government on a line-by-line basis.

- 40 The following amendments are made in the Illustrative Examples to AASB 1049.
- (a) The phrase ‘Key Technical Terms Used in the Financial Reports’ is changed to ‘Key Technical Terms used in the Complete Sets of Financial Statements’ in item D of the list of contents at the start of the Illustrative Examples on page 61 and in the heading of Illustrative Example D on page 101.
 - (b) The phrase ‘Financial Statements’ is changed to ‘Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows’ in items A and B of the list of contents at the start of the Illustrative Examples on page 61, in the heading of Illustrative Example A on page 62 and in the heading of Illustrative Example B on page 78.

(c) The line item 'employee expenses' is changed to 'employee benefits expense' in the statements of comprehensive income on pages 62, 68 and 78.

(d) The explanatory notes to the statements of comprehensive income on pages 63 and 79 are amended to read as follows:

^a Explanatory note: As noted in paragraph 14(c) of this Standard, an alternative treatment of net actuarial gains relating to defined benefit superannuation plans [consistent with paragraph 93B of AASB 119 *Employee Benefits*] would be to recognise them in full through other non-owner changes in equity (which is part of comprehensive result).

(e) The following statement of changes in equity is added immediately after page 65:

Statement of Changes in Equity for the Whole of Government of the ABC Government for the Year Ended 30 June 20XX

	Accumulated surplus/(deficit)	Asset revaluation reserve	Accumulated net gain on financial assets	Total equity
	\$m	\$m	\$m	\$m
Equity at 1 July 20XX-1	(40,120)	16,887	12,675	(10,558)
Total comprehensive result	7,079	1,589	2,946	11,614
EQUITY AT 30 JUNE 20XX	(33,041)	18,476	15,621	1,056

(f) In the statement of financial position for the whole of government by sector on page 71 the following changes are made:

- (i) GGS Accumulated surplus/(deficit) is changed from (19,252) to (20,324);
- (ii) Eliminations for Accumulated surplus/(deficit) is changed from (25,509) to (24,437);
- (iii) GGS Other reserves is changed from 19,802 to 20,874; and
- (iv) Eliminations for Other reserves is changed from 506 to (566).

- (g) The following statement of changes in equity is added immediately after page 71:

R3 Statement of Changes in Equity for the Whole of Government by Sector of the ABC Government for the Year Ended 30 June 20XX

	Equity at 1 July 20XX-1	Total comprehensive result	Dividends	Equity at 30 June 20XX
GGS				
Accumulated surplus/(deficit)	(26,491)	6,167	-	(20,324)
Asset revaluation reserve	12,161	1,552	-	13,713
Accumulated net gain on equity investments in other sector entities measured at proportional share of the carrying amount of net assets/(liabilities)	500	1,072	-	1,572
Accumulated net gain on financial assets measured at fair value	4,589	1,000	-	5,589
	(9,241)	9,791	-	550
PNFC sector				
Contributed equity	6,900	-	-	6,900
Accumulated surplus/(deficit)	15,334	(3,918)	(559)	10,857
Asset revaluation reserve	2,030	20	-	2,050
Accumulated net gain on financial assets measured at fair value	185	15	-	200
	24,449	(3,883)	(559)	20,007
PFC sector				
Contributed equity	350	-	-	350
Accumulated surplus/(deficit)	(4,526)	6,178	(789)	863
Asset revaluation reserve	1,690	17	-	1,707
Accumulated net gain on financial assets measured at fair value	7,901	1,931	-	9,832
	5,415	8,126	(789)	12,752
Eliminations	(31,181)	(2,420)	1,348	(32,253)
Total Whole of Government	(10,558)	11,614	-	1,056

Explanatory Note: Shares and contributed equity do not exist in a GGS context.

- (h) The heading on page 72 is amended to read as follows:

**R4 Statement of Cash Flows for the Whole of Government
by Sector of the ABC Government for the Year Ended
30 June 20XX**

- (i) In the statement of financial position for the GGS on page 81 the following changes are made:
- (i) Accumulated surplus/(deficit) is changed from (19,252) to (20,324); and
- (ii) Other reserves are changed from 19,802 to 20,874.
- (j) The following statement of changes in equity is added immediately after page 81:

**Statement of Changes in Equity for the General Government Sector of the
ABC Government for the Year Ended 30 June 20XX**

	Accumulated surplus/(deficit) \$m	Asset revaluation reserve \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated net gain on other financial assets \$m	Total equity \$m
Equity at 1 July 20XX-1	(26,491)	12,161	500	4,589	(9,241)
Total comprehensive result	6,167	1,552	1,072	1,000	9,791
EQUITY AT 30 JUNE 20XX	(20,324)	13,713	1,572	5,589	550

- (k) The boxed text and the first paragraph after the boxed text in Illustrative Example C on page 99 are amended to read as follows:

The following is an example of an extract from Note 1 of the financial statements for a year subsequent to the first year of adoption of this Standard, consistent with the requirements of paragraph 39. This example assumes that the GGS financial statements are presented separately from the whole of government financial statements.

The financial statements of the General Government Sector (GGS) of *[name of the Government]* have been prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, which requires compliance with all Australian Accounting Standards except those identified below. The purpose of the financial statements is to provide users with information about the stewardship by the Government in relation to its GGS and accountability for the resources entrusted to it; information about the financial position, changes in net assets/(liabilities), performance and cash flows of the Government's GGS; and information that facilitates assessments of the macro-economic impact of the Government's GGS.

- (l) The third paragraph after the boxed text of Illustrative Example C on page 99 is amended to read as follows:

The Standard under which the GGS financial statements are prepared ...

- (m) The explanatory note in the footnote on the first page of Illustrative Example D on page 101 is amended to read as follows:

Explanatory note: The term 'transactions with owners in their capacity as owners' is most pertinent in a whole of government context. Such transactions may occur between the GGS, as owner, and the PNFC/PFC sectors and are therefore required to be disclosed in the sector information included in the whole of government financial statements. In addition, transactions with owners in their capacity as owners may occur in a whole of government context in relation to partly-owned subsidiaries. Accordingly, the GGS financial statements could use the alternative term 'Comprehensive result (total change in net worth)' defined as the net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other changes in equity.

- (n) The key technical term 'Whole of government financial report' in Illustrative Example D on page 105 is amended to read as follows:

Whole of government financial statements are financial statements that are prepared in accordance with Australian Accounting Standards, including AASB 127 *Consolidated and Separate Financial Statements*, and thereby separately recognise assets, liabilities, income, expenses, and cash

flows of all entities under the control of the government
on a line-by-line basis.

BASIS FOR CONCLUSIONS

The Basis for Conclusions accompanies, but is not part of, AASB 2008-9.

Background

- BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board's considerations in reaching the conclusions in this Standard. Individual Board members gave greater weight to some factors than to others.

Significant Issues

- BC2 AASB 101 *Presentation of Financial Statements* (as issued in October 2006) required the presentation of an income statement that included items of income and expense recognised in profit or loss. It required items of income and expense not recognised in profit or loss to be presented in the statement of changes in equity, potentially together with owner changes in equity. Revised AASB 101 (issued September 2007) includes requirements for income and expenses to be presented in one statement (a statement of comprehensive income) or in two statements (a separate income statement and a statement of comprehensive income), separately from owner changes in equity. As a result of these changes, revised AASB 101 more closely aligned with the principles in AASB 1049 (issued October 2007), and it became possible for AASB 1049 to rely more heavily on the principles in AASB 101 by cross-reference rather than express requirements directly in AASB 1049. The changes help reinforce the approach taken in AASB 1049 of relying on other Standards rather than re-expressing the principles in those Standards directly in AASB 1049.
- BC3 The Board noted that a consequence of relying on the revised AASB 101 is a requirement to present a statement of changes in equity. Previously, AASB 1049 contemplated information pertinent to a statement of changes in equity being presented in a note or a separate statement to the extent the information is not included in the statement of comprehensive income. This is because of the way in which superseded AASB 101 treated such items. For example, superseded AASB 101 required changes in reserves to be presented in what was then a statement of changes in equity (which included components of comprehensive income) or in the notes. It also contemplated transactions with owners in their capacity as owners being presented in the statement of changes in equity or in the notes. Revised AASB 101 requires changes in reserves and transactions with owners in their capacity as owners to be presented in the

statement of changes in equity. Therefore, this Standard amends AASB 1049 to require the presentation of a statement of changes in equity.

- BC4 With minor exceptions, the Board decided to align the terminology used in AASB 1049 with the terminology in revised AASB 101 to ensure greater consistency across the suite of Australian Accounting Standards. The reference to 'comprehensive result' and 'operating result' is retained, despite revised AASB 101's use of the terms 'total comprehensive income' and 'profit or loss'. The Board concluded that, for the purpose of the Standard, the terms 'comprehensive result' and 'operating result' are more appropriate in a not-for-profit public sector context.
- BC5 Consistent with revised AASB 101, the financial statement titles 'balance sheet', 'operating statement' and 'cash flow statement' have been replaced by 'statement of financial position', 'statement of comprehensive income' and 'statement of cash flows' respectively. However, the Board notes that, consistent with the flexibility on statement titles allowed for in revised AASB 101, whole of governments and GGSs would not be restricted by AASB 1049 to using the titles used in AASB 1049.
- BC6 The Board decided that the transitional requirements in the revised AASB 1049 should not be available to governments that have previously applied AASB 1049 as issued in October 2007. This is because the transitional requirements should only be available once, on the initial transition to GAAP/GFS harmonisation.
- BC7 Following feedback on AASB 1049 from constituents the Board decided to clarify that:
- (a) the whole of government statement of comprehensive income disclosures referred to in paragraph 41(b)(iii) of AASB 1049 relate to the sector statements of comprehensive income that are disclosed for the whole of government; and
 - (b) the budget information disclosure requirements in paragraph 59 of AASB 1049 only relate to the budgeted financial statement(s) that were initially presented to parliament.
- BC8 To assist in implementing the changes to AASB 1049 the Board decided to incorporate the changes into the Illustrative Examples in the Standard, including the addition of illustrations of the statement of changes in equity.

BC9 Following feedback from constituents on ED 163 the Board decided:

- (a) to require that, where the revised AASB 1049 is applied to annual reporting periods beginning before 1 January 2009, there is early adoption for the same annual reporting period of AASB 101 (September 2007). This will help to ensure consistency in application of the two Standards; and
- (b) to illustrate the statement of changes in equity for the whole of government by sector in a down-the-page, rather than an across-the-page, format in an attempt to make it more understandable.