

**Exposure Draft**

**Supplement to ED 174**  
April 2009

# **Draft Illustrative Example of Financial Statements for Entities within the General Government Sector**

Prepared by the

**Staff of the Australian Accounting Standards Board, based on an Illustrative Example prepared  
by the Heads of Treasuries Accounting and Reporting Advisory Committee**



**Australian Government**

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**Australian Accounting  
Standards Board**

## **Commenting on this Supplement to ED 174**

This Supplement should be considered in conjunction with Exposure Draft ED 174 *Amendments to Australian Accounting Standards to facilitate GAAP/GFS Harmonisation for Entities within the GGS [AASBs 101, 107 and 1052]*. Comments on ED 174 together with this Supplement are requested by 19 May 2009. Comments should be addressed to:

The Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West Victoria 8007  
AUSTRALIA  
E-mail: [standard@asb.gov.au](mailto:standard@asb.gov.au)

All non-confidential submissions to the AASB will be made available to the public on the AASB website: [www.asb.gov.au](http://www.asb.gov.au).

## **Obtaining a Copy of this Supplement to ED 174**

This Supplement to ED 174 is available on the AASB website: [www.asb.gov.au](http://www.asb.gov.au). Alternatively, printed copies of this Exposure Draft are available by contacting:

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Australian Accounting Standards Board  
Level 7  
600 Bourke Street  
Melbourne Victoria  
AUSTRALIA

Phone: (03) 9617 7637  
Fax: (03) 9617 7608  
E-mail: [publications@asb.gov.au](mailto:publications@asb.gov.au)  
Postal address:  
PO Box 204  
Collins Street West Victoria 8007

## **Other Enquiries**

Phone: (03) 9617 7600  
Fax: (03) 9617 7608  
E-mail: [standard@asb.gov.au](mailto:standard@asb.gov.au)

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## **AASB STAFF NOTE REGARDING THE DRAFT ILLUSTRATIVE EXAMPLE**

### **Background**

The draft Illustrative Example should be considered in conjunction with Exposure Draft ED 174 *Amendments to Australian Accounting Standards to facilitate GAAP/GFS Harmonisation for Entities within the GGS [AASBs 101, 107 and 1052]*.

The AASB issued ED 174 in January 2009 as part of the AASB's implementation of a Financial Reporting Council broad strategic direction. As noted in ED 174, to provide constituents with a timely opportunity to comment on the principles proposed to be included in a GAAP/GFS harmonised standard for entities within the General Government Sector (GGS), ED 174 was issued without an Illustrative Example.

### **Draft Illustrative Example**

The draft Illustrative Example reflects a possible format of financial statements for an entity within the GGS. It broadly illustrates the effect of the proposals in ED 174.

The draft Illustrative Example is based on an Illustrative Example prepared by the Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC). It has not yet been considered by the AASB. The draft Illustrative Example is being issued now to provide a timely opportunity for AASB constituents (including participants at the forthcoming AASB Roundtables [7 and 8 May 2009]) to consider it in preparing their comments on ED 174.

In due course, having regard to constituent comments, the AASB will consider the suitability of issuing an Illustrative Example as guidance in applying any new requirements applicable to entities within the GGS that arise out of ED 174.

The AASB staff expect that if the AASB decides to issue a final Illustrative Example, a number of issues would need to be considered, including:

- (a) the extent to which the columns, layout and terminology (including line-item descriptions) should align with Illustrative Example B of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*;
- (b) the flowing-through of numbers between the relevant financial statements in the draft Illustrative Example, which currently focuses on format issues rather than the numbers; and
- (c) the presentation of discontinued operations, particularly where they comprise both transactions and other economic flows (currently, the draft Illustrative Example assumes that the discontinued operation comprises only transactions).

The draft Illustrative Example does not purport to present on the face of the financial statements all the line items as might be required by a different set of assumptions. Additionally, it does not illustrate the disclosure requirements of all Australian

Accounting Standards. Some explanatory notes are provided, to assist in understanding the illustration.

### **Request for Comments**

In common with ED 174, comments are invited on this Supplement to ED 174 by 19 May 2009. Respondents are invited to comment on whether the draft Illustrative Example provides guidance that is appropriate/helpful in implementing the proposals in ED 174, in light of the AASB staff comments above.

## Draft Illustrative Example – GAAP-GFS Harmonisation at Entity Level

### Department of Technology Comprehensive Operating Statement for the Financial Year Ended 30 June 2009

AASB 101.10(b)

	Notes	2009 \$'000	2008 \$'000
<b>Continuing operations – transactions</b>			
<b>Income from transactions</b>			
AASB 101.82(a)			
AASB 1004.18(a), 63(a)		107 621	108 682
AASB 1004.18(a), 63(a)		8 976	12 107
AASB 118.35(b)(iii)	4(a)	1 962	1 089
AASB 118.35(b)(i)	4(b)	2 113	1 426
	4(c)	....	....
AASB 1004.18(a)	4(d)	....	....
AASB 101.85	4(e)	776	829
		<b>121 448</b>	<b>124 133</b>
<b>Expenses from transactions</b>			
AASB 101.99			
AASB 101.85	5(a)	(4 930)	(11 655)
AASB 101.85	5(b)	(18 347)	(19 536)
AASB 101.82(b)	5(c)	(75)	(54)
AASB 101.85	5(d)	(77 515)	(83 288)
AASB 101.82(b)		(1 202)	(378)
AASB 101.85	5(e)	(16 891)	(7 201)
		<b>(118 960)</b>	<b>(122 112)</b>
<b>Net result from continuing operations – transactions</b>		<b>2 488</b>	<b>2 021</b>
<b>Discontinued operations – transactions</b>			
<b>Income from transactions</b>			
		3 536	2 783
		286	163
		<b>3 822</b>	<b>2 946</b>
<b>Expenses from transactions</b>			
		(1 623)	(1 692)
		(308)	(261)
		<b>(1 931)</b>	<b>(1 953)</b>
AASB 5.33(a)			
<b>Net result from discontinued operations – transactions (b)</b>		<b>1 891</b>	<b>993</b>
AASB 1049.32			
<b>Net result from transactions (net operating balance)</b>		<b>4 379</b>	<b>3 014</b>
AASB 101.85-86			
AASB 101.98(c)			
<b>Other economic flows - Included in net result</b>			
	6(a)	(204)	....
	18	....	....
	6(b)	6	67
	6(d)	....	....
<b>Total Other economic flows - Included in net result</b>		<b>(198)</b>	<b>67</b>
AASB 101.82(f)			
<b>Net result</b>		<b>4 181</b>	<b>3 081</b>
<b>Other economic flows – other non-owner changes in equity</b>			
	35	....	1 822
AASB 7.20(a)(ii)	35		
		2 552	1 955
		....	(2 552)
		....	....
<b>Total Other economic flows – Other non-owner changes in equity</b>		<b>2 552</b>	<b>1 225</b>
AASB 101.82(i)			
<b>Comprehensive Result</b>		<b>6 733</b>	<b>4 306</b>

[The above references to AASB 101 refer to the September 2007 version of this standard]

The above Comprehensive Operating Statement should be read in conjunction with the accompanying notes included on pages XX to YY.

Note:

- (a) *[Other operating expenses include bad debts from transactions – refer to definition of “transactions” in Note 44]*
- (b) *[In this draft Illustrative Example, it is assumed that all results from discontinued operations arise from transactions rather than other economic flows]*
- (c) *[Net gain/(loss) on non-financial assets include unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation reserve]*
- (d) *[Net gain/(loss) on financial instruments include bad and doubtful debts from other economic flows, unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment, and disposals of financial instruments, except when these are taken through the financial assets available-for-sale reserve]*

*[The use of brackets to reflect outgoings in the financial columns of the comprehensive operating statement is consistent with the Model Report of prior years. However, this can be viewed as optional in the Department's presentation.]*

AASB 101.10(a)

Department of Technology  
Balance Sheet as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000	
<b>Assets</b>				
<b>Financial assets</b>				
AASB 101.58(a) AASB 101.54(i)	Cash and deposits	34(a)	19 927	15 559
AASB 101.54(h)	Receivables	11	25 074	17 589
AASB 101.54(j)	Financial assets classified as held for sale including disposal group assets	17, 10	4 132	....
AASB 101.54(d)	Other financial assets	12	18 640	16 088
AASB 101.54(e)	Investments accounted for using the equity method	18	....	....
<b>Total Financial assets</b>			<b>67 773</b>	<b>49 236</b>
<b>Non-financial assets</b>				
AASB 101.58(a) AASB 101.54(g)	Inventories	14	31 544	30 361
AASB 101.54(j)	Non-financial assets classified as held for sale, including disposal group assets	17, 10	17 064	....
AASB 101.54(a)	Property, plant and equipment	16	111 215	134 466
AASB 101.54(f)	Biological assets	13	....	....
AASB 101.54(b)	Investment properties	20	136	132
AASB 101.54(c)	Intangible assets	21	9 739	14 473
	Other	15	2 608	1 028
<b>Total Non-financial assets</b>			<b>172 306</b>	<b>180 460</b>
<b>Total Assets</b>			<b>240 079</b>	<b>229 696</b>
<b>Liabilities</b>				
AASB 101.58(a) AASB 101.54(k)	Payables	25	11 451	15 956
AASB 101.54(p)	Liabilities directly associated with assets classified as held for sale	17, 10	3 684	....
AASB 101.54(m)	Interest bearing liabilities	26	21 063	19 788
AASB 101.54(l)	Provisions	27	5 714	5 573
	Other		....	....
<b>Total Liabilities</b>			<b>41 912</b>	<b>41 317</b>
<b>Net Assets</b>			<b>198 167</b>	<b>188 379</b>
<b>Equity</b>				
	Accumulated surplus/(deficit)		143 260	139 079
AASB 101.54(r)	Reserves	35	3 180	628
AASB 101.54(r)	Contributed capital		51 727	48 672
<b>Total Equity</b>			<b>198 167</b>	<b>188 379</b>
	Commitments for expenditure	31		
	Contingent liabilities and contingent assets	32		

[The above references to AASB 101 refer to the September 2007 version of this standard]

The above Balance Sheet should be read in conjunction with the accompanying notes included on pages XX to YY.



Department of Technology  
Cash Flow Statement for the Financial Year Ended  
30 June 2009

		Notes	2009	2008
			\$'000	\$'000
AASB 107.10	<b>Cash flows from operating activities</b>			
	<b>Receipts</b>			
	Receipts from Government		110 292	106 911
	Receipts from other entities		2 434	1 971
	Goods and Services Tax recovered from the ATO		2 281	1 566
AASB 107.31	Interest received		1 962	1 089
AASB 107.31	Dividends received		623	703
	Other receipts		18	14
	<b>Total Receipts</b>		<b>117 610</b>	<b>112 254</b>
	<b>Payments</b>			
	Payments of Grants and other transfers		(77 515)	(83 288)
AASB 107.14 (c), (d)	Payments to suppliers and employees		(26 235)	(24 298)
	Goods and Services Tax paid to the ATO		(1 981)	(1 216)
	Capital asset charge		(1 202)	(3 820)
AASB 107.31	Interest and other costs of finance paid		(75)	(54)
	Other payments		....	....
	<b>Total Payments</b>		<b>(107 008)</b>	<b>(112 676)</b>
	<b>Net cash flows from/(used in) operating activities</b>	33(h)	<b>10 602</b>	<b>(422)</b>
AASB 107.10	<b>Cash flows from investing activities</b>			
	<i>Non-financial assets</i>			
AASB 107.16(a)	Payments for non-financial assets		(23 163)	(12 835)
AASB 107.16(b)	Proceeds from sale of non-financial assets		22 107	27 353
	<b>Net cash flows from investments in non-financial assets</b>		<b>(1 056)</b>	<b>14 518</b>
	<i>Financial assets (policy purposes)</i>			
AASB 107.16(c)	Payments for investment		(9 133)	(9 828)
	<b>Net cash flows from investments in financial assets (policy purposes)</b>		<b>(9 133)</b>	<b>(9 828)</b>
	<i>Financial assets (liquidity management purposes)</i>			
AASB 107.16(d)	Proceeds from sale of investment		6 701	6 582
AASB 107.39	Proceeds from sale of businesses	33(c)	6 866	....
	<b>Net cash flows from investments in financial assets (liquidity management purposes)</b>		<b>13 567</b>	<b>6 582</b>
	<b>Net cash flows from/(used in) investing activities</b>		<b>3 378</b>	<b>11 272</b>
AASB 107.10	<b>Cash flows from financing activities</b>			
	Owner contributions by State Government		3 145	2 875
AASB 107.17(e)	Repayment of finance leases		(30)	....
AASB 107.17(c)	Proceeds from interest bearing liabilities		1 350	1 296
AASB 107.17(d)	Repayment of interest bearing liabilities		(14 077)	(12 654)
	<b>Net cash flows from/(used in) financing activities</b>		<b>(9 612)</b>	<b>(8 483)</b>
	<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>4 368</b>	<b>2 367</b>
	Cash and cash equivalents at the beginning of the financial year		15 559	13 192
AASB 107.28	<i>[Effects of exchange rate changes on cash and cash equivalents held in foreign currencies]</i>		....	....
	<b>Cash and cash equivalents at the end of the financial year</b>	33(a)	<b>19 927</b>	<b>15 559</b>

The above Cash Flow Sheet should be read in conjunction with the accompanying notes included on pages XX to YY.

Department of Technology  
Statement of Changes in Equity for the Financial Year Ended 30 June 2009

	Notes	Equity at 1 July 2008	Total Comprehensive Result	Transactions with owners in their capacity as owners	Equity at 30 June 2009
		\$'000	\$'000	\$'000	\$'000
<b>Accumulated surplus/(deficit)</b>		139 079	4 181	....	143 260
Adjustment due to change in accounting policy		....	....	....	....
		<b>139 079</b>	<b>4 181</b>	<b>....</b>	<b>143 260</b>
<b>Contributions by owners</b>		48 672	....	....	48 672
Capital appropriations		....	....	2 044	2 044
Withdrawal of equity		....	....	....	....
Administrative restructure – net assets received	9	....	....	55 951	55 951
Administrative restructure – net assets transferred	9	....	....	(54 940)	(54 940)
		<b>48 672</b>	<b>....</b>	<b>3 055</b>	<b>51 727</b>
<b>Physical asset revaluation reserve</b>	35	1 225	....	....	1 225
<b>Financial assets available-for-sale reserve</b>	35	(597)	2 552	....	1 955
Adjustment due to change in accounting policy		....	....	....	....
		628	2 552	....	3 180
Other <i>[describe]</i>		....	....	....	....
<b>Total equity at end of financial year</b>		<b>188 379</b>	<b>6 733</b>	<b>3 055</b>	<b>198 167</b>

	Notes	Equity at 1 July 2007	Total Comprehensive Result	Transactions with owners in their capacity as owners	Equity at 30 June 2008
		\$'000	\$'000	\$'000	\$'000
<b>Accumulated surplus/(deficit)</b>		135 401	3 081	....	138 482
Adjustment due to change in accounting policy		....	597	....	597
		<b>135 401</b>	<b>3 678</b>	<b>....</b>	<b>139 079</b>
<b>Contributions by owners</b>		48 672	....	....	48 672
Capital appropriations		....	....	....	....
Withdrawal of equity		....	....	....	....
Administrative restructure – net assets received	9	....	....	....	....
Administrative restructure – net assets transferred	9	....	....	....	....
		<b>48 672</b>	<b>....</b>	<b>....</b>	<b>48 672</b>
<b>Physical asset revaluation reserve</b>	35	....	1 225	....	1 225
<b>Financial assets available-for-sale reserve</b>	35	....	(1 195)	....	(1 195)
Adjustment due to change in accounting policy		....	598	....	598
		....	628	....	628
Other <i>[describe]</i>		....	....	....	....
<b>Total equity at end of financial year</b>		<b>184 073</b>	<b>4 306</b>	<b>....</b>	<b>188 379</b>

*Effects of correction of error in 2007-08 financial year*

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