

II GENERAL PURPOSE FINANCIAL STATEMENTS FRAMEWORK

Reissued: 21 February 2017

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1 INTRODUCTION

Application and Operative Date

This Accounting Policy Framework is re-issued on the 21 February 2017 and applies to the general purpose financial statements of each public authority for the reporting period ending on or after 30 June 2017. It replaces APF II issued in March 2016 which is hereby revoked.

Scope

This Policy Framework prescribes the requirements for public authorities when preparing their general purpose financial statement, significant accounting policies and explanatory notes. It requires most public authorities to prepare a single Statement of Comprehensive Income (on the net cost of services basis); prescribes that elements of the financial statements are to be classified according to their nature; lists those public authorities that are 'for-profit' entities and prescribes certain reporting requirements in relation to administered items.

Australian Accounting Standards

The following Australian Accounting Standards have general application in relation to the preparation of general purpose financial statements.

AASB 101 *Presentation of Financial Statements* prescribes the composition of a complete set of financial statements; general features of financial statements; the structure and content of financial statements; classification of items in the financial statements; and a range of disclosures about financial position and financial performance.

AASB 107 *Statement of Cash Flows* requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a Statement of Cash Flows which classifies cash flows during the period from operating, investing and financing activities.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. This intends to enhance the relevance and reliability of an entity's financial statements, and the comparability of those financial statements over time and with the financial statements of other entities.

AASB 124 *Related Party Disclosure* ensures that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and financial performance may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

AASB 1050 *Administered Items* requires administered items to be disclosed.

AASB 1052 *Disaggregated Disclosures* requires disclosure of financial information by activity/service costs and achievements.

AASB 1055 *Budgetary Reporting* requires disclosure of certain original budget information including explanations of major variances.

AASB *Framework for the Preparation and Presentation of Financial Statements* sets out the concepts that underlie the preparation and presentation of financial statements for external users.

2 CONTENT OF GENERAL PURPOSE FINANCIAL STATEMENTS

APS 2.1 Where, by statute, Ministerial direction or other authority, a public authority is required to prepare financial statements which adopts an accounting treatment or policy which is inconsistent with the requirements of Accounting Policy Statements, the public authority will not hold out those financial statements to be general purpose financial statements, and will not apply that treatment or policy in the preparation of its general purpose financial statements.

APS 2.2 General purpose financial statements for each reporting entity will include a Statement of Financial Position; a Statement of Comprehensive Income; a Statement of Changes in Equity; and a Statement of Cash Flows; explanatory notes; and financial schedules and explanatory notes for administered items.

APS 2.3 General purpose financial statements will be presented in the Australian currency.

APS 2.4 For the purpose of Australian Accounting Standards, Funds SA, Homestart Finance, Local Government Financing Authority, SAFA, SA Forestry Corporation, SA Water and Urban Renewal Authority are for-profit entities. All other public authorities are not-for-profit entities.

APS 2.5 Where a public authority has control over another entity, it must, subject to materiality, prepare consolidated general purpose financial statements for the public authority and all of its controlled entities.

APS 2.6 Other than those entities specifically exempted via APS 2.6.1, all public authorities must apply Tier 1 Australian Accounting Standards reporting requirements when preparing general purpose financial statements.

APS 2.6.1 Where the Under Treasurer or his/her delegate has approved, the following public authorities are exempt from the requirements of APS 2.6, APS 4.1 and APS 4.2:

- public authorities that have consolidated expenses for the financial year of equal to or less than \$50m and consolidated assets for the financial year of equal to or less than \$75m; or are public authorities with the primary purpose of promoting the arts; and
- public authorities that are not a public corporation; a public insurer; and/or a public superannuation board/fund; and
- public authorities that do not satisfy a public interest test.

2.6.2 To assist public authorities with the application of APS 2.6.1, the Department of Treasury and Finance has listed below those public authorities that are approved to apply Tier 2 Australian Accounting Standards reporting requirements.

Where a Chief Executive of a public authority is of the opinion that a public authority meets the requirements outlined in APS 2.6.1 but is not specified in the list below, he/she can forward a request to the Department of Treasury and Finance for approval by the Under Treasurer or his/her delegate, to apply Tier 2 reporting requirements.

Aboriginal Lands Trust	Adelaide Cemeteries Authority	Adelaide Dolphin Sanctuary Fund
Adelaide Festival Corporation and Centre Trust	Adelaide Film Festival	Adelaide and Mount Lofty Ranges Natural Resources Management Board
Alinytjara Wilurara Natural Resources Management Board	ANZAC Day Commemoration Fund	Art Gallery Board
Auditor-General's Department	Australian Children's Performing Arts Company	Australian Energy Market Commission
Bio Innovation SA	Board of the Botanic Gardens and State Herbarium	Carrick Hill Trust
Coast Protection Board	Construction Industry Training Board	Dairy Authority of South Australia
Distribution Lessor Corporation	Dog and Cat Management Board	Dog Fence Board
Economic Development Board (Project Coordination Board)	Education and Early Childhood Services Registration and Standards Board of South Australia	Electoral Commission of South Australia and Electoral Districts Boundaries Commission
Essential Services Commission of South Australia	Eyre Peninsula Natural Resources Management Board	General Reserves Trust

Generation Lessor Corporation	Health Advisory Councils Inc. and any associated Gift Fund Trusts	History Trust of South Australia
Independent Commissioner Against Corruption and Judicial Conduct Commissioner	Independent Gambling Authority	Industry Funds including wine, citrus, grain, apiary, cattle, deer, grape, pig, sheep
Investment Attraction South Australia	Kangaroo Island Natural Resources Management Board	Legal Services Commission
Libraries Board of SA	Maralinga Lands Unnamed Conservation Park Board	Museum Board
Native Vegetation Fund	Northern and Yorke Natural Resources Management Board	Office of the National Rail Safety Regulator
Outback Communities Authority	Planning and Development Fund	Professional Standard Council
Rail Commissioner	Retail Shop Leases Fund	Riverbank Authority
Rural Industry Adjustment and Development Fund	SACE Board of South Australia	Second-hand Vehicles Compensation Fund
Small Business Commissioner	South Australian Arid Lands Natural Resources Management Board	South Australian Country Arts Trust
South Australian Film Corporation	South Australian Local Government Grants Commission	South Australian Murray-Darling Basin Natural Resources Management Board
South Australian State Emergency Service	South East Natural Resources Management Board	State Opera of South Australia

State Procurement Board	State Theatre Company of South Australia	Stormwater Management Authority
Study Adelaide (previously known as Education Adelaide)	Teachers Registration Board of South Australia	Transmission Lessor Corporation
The Legislature (Legislative Council and House of Assembly)	Vinehealth Australia (previously known as Phylloxera and Grape Industry Board of South Australia)	Nuclear Fuel Cycle Royal Commission Consultation and Response Agency

APS 2.7 Public authorities must seek the Department of Treasury and Finance’s approval prior to adopting a new or amended accounting standard ahead of the specified commencement date, except where a new or amended accounting standard has been early adopted at a whole of government level as specified in the Model Financial Statements issued by the Department of Treasury and Finance.

3 FORMAT OF GENERAL PURPOSE FINANCIAL STATEMENTS

Statement of Financial Position

APS 3.1 All government reporting entities will aggregate all asset, liability and equity items for the reporting period in the Statement of Financial Position according to their nature.

Statement of Comprehensive Income

APS 3.2 All government reporting entities will:

- a. present all items of income and expense recognised in a single Statement of Comprehensive Income;
- b. aggregate all income and expense items for the reporting period in the Statement of Comprehensive Income according to their nature; and
- c. disclose the sale or disposal of non-financial assets on a net basis in the Statement of Comprehensive Income.

APS 3.3 Other than those entities specifically exempted via APS 3.4, all government reporting entities will present the Statement of Comprehensive Income on a net cost of services basis.

APS 3.4 The following government reporting entities are exempt from the requirements of APS 3.3, APS 3.7, APS 3.9 and APS 4.11:

- a government reporting entity deemed to be a for-profit entity via APS 2.4;
- a statutory authority that is required to comply with a specific industry Accounting Standard eg AASB 1023 *General Insurance Contracts*; or
- a university

3.5 The model financial statements issued pursuant to Treasurer's Instruction 19 *Financial Reporting*, contains guidance on the presentation of general purpose financial statements.

APS 3.6 All not-for-profit entities will expense borrowing costs in the period incurred. Unless material and directly attributable to the acquisition, construction or production of a qualifying asset, all for-profit public non-financial corporations will expense borrowing costs in the period incurred.

- APS 3.7** Other than those entities specifically exempted via APS 3.4, all government reporting entities will separately disclose:
- a. the amount and nature of contributions in accordance with paragraph 60 to 62 of AASB 1004 *Contributions*;
 - b. appropriations by class and liabilities assumed during the reporting period in accordance with paragraph 63 of AASB 1004 *Contributions*; and
 - c. compliance with parliamentary appropriation requirements in accordance with paragraph 64 to 68 of AASB 1004 *Contributions*.

Statement of Changes in Equity

- APS 3.8** The following items will be presented in the Statement of Changes in Equity:
- analysis of other comprehensive income by item; and
 - transactions with the State Government as owner, including, where a Government entity pays a dividend to the SA Government.

Statement of Cash Flows

- APS 3.9** Other than those entities specifically exempted via APS 3.4, all government reporting entities will present the Statement of Cash Flows on a net cost of services basis.
- APS 3.10** All government reporting entities will:
- a. report cash flows from operating activities using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed in the Statement of Cash Flows;
 - b. report cash flows on a net basis in the Statement of Cash Flows where AASB107 *Statement of Cash Flows* permits items to be reported on a net basis;
 - c. classify interest received, dividends received and interest paid as operating flows and classify dividends paid as financing flows in the Statement of Cash Flows; and
 - d. record cash flows relating to GST on a "gross" basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the taxation authority will be classified as operating cash flows.

Administered Items

APS 3.11 An administered item is an activity whereby the government reporting entity:

- is unable to use the resources for the furtherance of its own objectives eg no discretion to alter the resources provided or determine how those resources are spent.
- provides a service or function on behalf of the Minister eg raising and collecting taxes, providing management and accountability of a fund which is administered by a Minister.

3.12 The provision of an outsourced function such as transaction processing, accounting services, record maintenance services etc is **not an administered item** eg Shared Services SA.

Where an Act establishes an entity or fund and the management and accountability (including the preparation of financial statements which are audited by the Auditor-General) of the entity or fund resides with a Governing Authority this is **not an administered item** even though a government reporting entity may provide accounting or record maintenance services eg Board of Botanic Gardens, Dog and Cat Management Board, Dog Fence Board, Outback Community Authority etc.

Where an Act establishes an entity or fund and the management and accountability of the entity/fund resides with the Minister this is **an administered item** eg Adelaide Dolphin Sanctuary Fund, Primary Industry Funds.

APS 3.13 The financial statements of all government reporting entities will distinguish between those transactions and balances that are controlled and those that are administered by the entity on behalf of the Government. Those administered transactions and balances that are:

3.13.1 significant in relation to the entity's overall performance or financial position, will be disclosed in the financial statements after the explanatory notes in separate administered financial schedules and notes. The administered schedules will include a:

- Statement of Administered Financial Position;
- Statement of Administered Comprehensive Income (presented on a net result basis);
- Statement of Administered Changes in Equity;

- Statement of Administered Cash Flows (presented on a net result basis); and
- Schedule of Administered Income and Expenses attributable to the administered activities of the entity.

3.13.2 insignificant in relation to the entity's overall performance or financial position, will be disclosed in the explanatory notes.

APS 3.14 The administered financial schedules and administered explanatory notes will be prepared using accounting policies and principles that have been adopted for controlled transactions and balances. For example, commitments, contingent assets and contingent liabilities will be disclosed for administered items.

3.15 The model financial statements for not-for-profit entities issued pursuant to Treasurer's Instruction 19 *Financial Reporting*, contains guidance on the presentation of general purpose financial statements including the presentation of administered items.

4 EXPLANATORY NOTES

Transactions with SA Government

- APS 4.1** All government reporting entities will disclose in the explanatory notes - revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items will apply.
- APS 4.2** Transactions with entities within the SA Government below the threshold may be disclosed with the non-SA Government transactions.
- APS 4.3** Public authorities listed in 2.6.1 and universities are exempt from the requirements in APS 4.1 and APS 4.2.

4.4 The Department of Treasury and Finance relies on agencies to provide the information requested at APS 4.1. The receipt of reliable internal transaction information is central to the production of whole-of-government consolidated financial statements. To ensure internal transactions are easily identifiable and reconcilable to the face of agencies financial statements, it is important that totals are included for revenues, expenses, financial assets and financial liabilities.

The SA Government controlled entities listing may assist government reporting entities in distinguishing between SA Government and non-SA Government entities.

Consultants

- APS 4.5** Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income) will be disclosed in the explanatory notes. Expenses incurred as a result of engaging other contractors need not be disclosed separately.
- APS 4.6** Consultant means a person or entity that is engaged by a government reporting entity for a specified period to carry out a task that requires specialist skills and knowledge not available in the entity. The objectives of the task will be achieved by the consultant free from direction by the entity as to the way it is performed and in circumstances in which the engagement of a person under normal conditions is not a feasible alternative.

4.6.1 Guidelines to assist in distinguishing between consultants and other contractors for the purposes of financial reporting.

Consultant is defined in Accounting Policy Framework VI *Definitions* as *a person or entity that is engaged by an entity for a specified period to carry out a task that requires specialist skills and knowledge not available in the entity. The objectives of the task will be achieved by the consultant free*

from direction by the entity as to the way it is performed and in circumstances in which the engagement of a person under normal conditions is not a feasible alternative.

In practice, determining whether a contractor is a consultant is not always easy and more often than not a degree of judgment is needed. The purpose of this guidance is to assist government reporting entities with this determination for the purposes of reporting in compliance with APS 4.5. The APS 4.6 definition of a consultant is the same as the definition in the Department of the Premier and Cabinet Circular 27. The first step for government reporting entities when engaging a contractor is to determine whether in fact the contractor is an employee. An information sheet "Contractor or Employee?" issued by the Public Sector Workforce Relations section (formerly OCPE) may assist agencies with this determination. Having determined the contractor is not an employee for financial statement purposes, the following guidelines may then assist in determining whether, for the purposes of financial statements, the contractor is a consultant.

Consultant

Key characteristics include:

- Generally consultants provide independent expert advice.
- There is an expectation that the consultant will exercise his or her own skill and professional judgment independent of the agency.
- Generally consultants perform significant independent research and investigation.
- Recommendations made by consultants are generally for decision-making or for management action.
- Consultants' recommendations are generally made in a written report or intellectual product.

Examples of consultancy:

- Advice on an agency's training needs and development/design of a training course/framework.
- Advice on new technologies and or system implementation and development of IT strategic plan and or system specification.
- Research projects, feasibility studies where recommendations are made.
- Expert advice on technical and professional matters with recommendations made eg an accountant engaged to advise on the financial viability of a government business enterprise or legal advice relating to issues on proposed amendments to legislation.
- Advice in the development of policy and strategic planning issues where recommendations are made.
- Advice on planning and performing environmental scans.

Other Contractor

Key characteristics of a contract that is not a consultancy include:

- Generally the contractor performs 'routine'/core business tasks.

- The tasks generally would not differ materially from those of employees working in the same area ie 'day to day' issues.
- Tasks performed are generally supervised by an employee of the agency.
- Generally the contract will specify the name/names of the individuals who will be performing the tasks.
- Generally the service provided does not include a recommendation, or if a recommendation is included it is only part of performing a 'routine' task.
- General research/investigation may be carried out as part of performing the routine task.
- The contractor operates as an independent business entity.
- The contractor takes responsibility for risks.
- The contractor engages or employs staff and has the right to delegate work to be performed.
- There is a desired result in a written contract.
- The contractor is bound by contractual requirements to rectify defects.
- The contractor contributes capital, resources etc.

Examples of contractors that are not consultants:

- Trainers, presenters, workshop facilitators ie the person engaged to perform the actual training.
- Temporary staff engaged to undertake office services, sourced from staffing agencies.
- IT programmers, analysts and system support staff ie the person engaged to undertake implementation in accordance with specifications such as supplying or writing software or constructing systems.
- Market researchers ie persons compiling information where no recommendations are made.
- Legal advice, where an opinion is given but no recommendation made, or routine legal services such as conveyancing, advocacy and drafting of documents.
- Routine auditing or accounting service providers ie general financial, legal and taxation services that provide ongoing advice on the day to day issues.
- Outsourced service providers eg IT services as with the EDS contract, cleaning services provided by Tempo, security services provided by Group4.
- Building and construction services eg plumbers, electricians, cleaning services.

Employee Disclosures

APS 4.7 All government reporting entities will disclose in the explanatory notes - employee targeted voluntary separation packages (TVSP) information, specifically the:

- a. number of employees who were paid TVSP during the reporting period;
- b. amount of TVSPs paid during the reporting period;
- c. amount recovered from the Department of Treasury and Finance during the reporting period in respect of TVSPs; and
- d. aggregate amount of annual leave, skill experience and retention leave, and long service leave paid during the reporting period to employees who received a TVSP.

APS 4.8 In relation to employees whose normal remuneration is equal to or greater than the base executive remuneration level, an explanatory note will disclose:

- a. in relation to the \$10 000 band of remuneration that commences at the base executive remuneration level and each successive \$10 000 band - the number of employees whose total remuneration paid or payable, or otherwise made available, in respect of the reporting period, directly or indirectly, by the government reporting entity, falls within that band; and
- b. the aggregate of the remuneration paid or payable, or otherwise made available, in respect of the reporting period, directly or indirectly, by the government reporting entity, to those employees.

4.9 Interpretation of Remuneration

Remuneration is defined in Accounting Policy Framework VI *Definitions* as: ...any money, consideration or benefit but does not include amounts in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or a controlled entity.

The intent of the disclosure requirement is that the value of remuneration to an employee is measured from the perspective of the employer, that is, by the cost to the employer. For remuneration received other than in cash, the cost to the employer will be equal to the cash payment that would have been made in lieu of the benefit for an equivalent remuneration package.

Fringe benefits tax will therefore be included as a component of remuneration. It is not intended, however, that remuneration will include employment on-costs such as payroll tax or workers compensation liability insurance.

4.10 In the SA Government context, remuneration may include:

- Gross salary or wage (includes all forms of leave paid including amounts paid on termination)
- Amounts forgone as part of a salary sacrifice arrangement
- Superannuation (employer's contribution)
- Subsidised rentals (difference between rental paid and commercial rate)

- Commissions and performance bonuses
- Payment in lieu of notice
- Subsidised loans (difference between interest rate charged and commercial rate)
- Fringe benefits tax (amount paid or payable on fringe benefits provided as required/calculated via the FBT Assessment Act)
- Private use of motor vehicle (employer's cost net of employee contribution)
- Private expense benefits (excluding amounts incurred on behalf of the employer)
- Telephone rental/calls
- Concessional travel
- Living away from home allowance
- Locality allowance
- Separation packages (note leave paid on termination forms part of gross salary and wages).

The above list is not exhaustive and other benefits may apply.

Disaggregated Disclosures

APS 4.11 Other than those entities specifically exempted via APS 3.4, all government reporting entities will prepare disaggregated disclosures in accordance with paragraph 15 to 21 of AASB 1052 *Disaggregated Disclosures*.

Board/committee members

APS 4.12 All not-for-profit government reporting entities will disclose the following information:

- a. The name of each person holding the position of a board or committee member at any time during the reporting period, where the board/committee member is entitled to receive income (eg board/sitting fee) for membership, other than a direct out of pocket reimbursement of expenses incurred in carrying out the duties of the board/committee member;
- b. The aggregate amount of remuneration directly or indirectly received or receivable by board/committee members for the reporting period;
- c. The number of board/committee members whose total remuneration directly or indirectly received or receivable for the reporting period falls within \$10,000 bands of remuneration; and
- d. Transactions with and amounts receivable from and payable to board/committee members which adopted more favourable terms and

conditions than would have been adopted if dealing at an arm's length transaction in the same circumstances.

- 4.13 South Australian Government boards and committees play an important role in providing leadership, direction and accountability in a number of areas of government activity. There is a range of boards and advisory committees in South Australia and these are diverse in terms of functions, form, size, level of responsibility and accountability.
- 4.14 It is important, in the interest of public transparency and accountability that board/committee member and remuneration details are appropriately disclosed. Including, where appropriate, disclosure of where a board or committee member has during the year: been appointed, resigned, retired, or had their term ceased. The term "board" should not be interpreted as being limited to a "board of management" or a "board of directors".
- 4.15 In the public sector other terms are variously used for "committee" such as "panel", "group", "commission", "forum", "tribunal", "council", "trust". Any of these entities, where a member earns income from their membership, would be captured by the disclosure requirements.
- 4.16 The listing of boards and committees on the Department of Premier and Cabinet website is a useful guide to assist agencies with the identification of boards and committees that should be disclosed (note that the DPC's listing is not exhaustive) and the Model Financial Statements illustrates the SA Government preferred format for disclosure of board/committee members and remuneration. Note: the term remuneration is defined in Accounting Policy Framework VI *Definitions*.

Budgetary Reporting

APS 4.17 Other than those entities specifically exempted via APS 3.4, all government reporting entities will in a note accompanying the financial statements:

- a. Present original budgeted financial statement information (as presented to Parliament in Budget Paper 4) for the Statement of Comprehensive Income and the Statement of Administered Comprehensive Income.
- b. Present original budgeted financial information (as presented to Parliament in Budget Paper 4) for total investing expenditure, including total new projects and total existing projects investing expenditure.
- c. Provide brief explanations of variances between the actual amounts and the corresponding original budget amounts (as presented to Parliament in Budget Paper 4) for the Statement of Comprehensive Income and Total Investing Expenditure only when the variance exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses for the following:

1. All classes of expenses, all classes of income, revenue from and payments to SA Government, net cost of providing services, net result and total other comprehensive income in the Statement of Comprehensive Income and Statement of Administered Comprehensive Income.
2. Total investing expenditure including the total investing expenditure on new projects and total investing expenditure on existing projects.

4.18 APS 4.17 captures all entities reporting a budgeted Statement of Comprehensive Income and Total Investing Expenditure information (for controlled and/or administered items) to Parliament in Budget Paper 4. The budget information disclosed for the Statement of Comprehensive Income and Investing Expenditure is to be drawn from the original budget presented to Parliament (Budget Paper 4) in respect of the reporting period. There is no requirement for budget information at the Program or Sub-program level to be disclosed or reported.

For some entities, there may be differences between the amounts of income and expenses reported, for example where an entity includes an activity in its budget reports to Parliament but not in its general purpose financial reports. In these cases, entities should liaise with the Department of Treasury and Finance to ensure the appropriate budget information is included in the note disclosure.

Original budgeted amounts are to be reported. These amounts must not be adjusted to reflect revised budgets, administrative restructures or machinery of government changes. The budgeted amounts disclosed must be prepared on the same basis as the actual amounts included in the financial statements.

For the purposes of variance explanations, original budgeted total expenses means in the context of elements contained within the:

- Statement of Comprehensive Income - Total controlled expenses
- Statement of Administered Comprehensive Income - Total administered expenses
- Total Investing Expenditure Information - Total investing expenses

Reporting Format

4.18 The model financial statements, issued pursuant to Treasurer's Instruction 19 *Financial Reporting*, contain the SA Government's preferred presentation format for general purpose financial statements.

5 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS

- 5.1 Pursuant to legislation or other authority, the identity and/or structure of a government reporting entity may be dismantled or restructured by the government. The restructuring process may result in the transfer of certain employees, activities, assets and/or the assumption of liabilities to other government reporting entities. It may also result in the termination of some government reporting entities and the creation of new ones.
- 5.2 Essentially, a restructure of administrative arrangements is the reallocation or reorganisation of assets, liabilities, activities and responsibilities amongst government reporting 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 reporting entities.

APS 5.3 Whilst it is expected that government restructures of administrative arrangements via legislation or other authority will meet the definition requirements under Australian Accounting Standards, the particular circumstances of each restructure requires analysis to confirm it meets the substance of the recognition requirements under the Australian Accounting Standards

- 5.4 Restructures of administrative arrangements are in the nature of transactions with owners in their capacity as owners and are to be recognised on a net basis.
- A transfer of net assets arising as a consequence of a restructure of administrative arrangements represents a distribution to owners by the transferor and a contribution by owners to the transferee.
- A transfer of net liabilities arising as a consequence of a restructure of administrative arrangements represents a contribution by owners to the transferor and a distribution to owners by the transferee.
- Contribution by owners and distribution to owners are recognised as direct adjustments to equity.

APS 5.5 Assets and liabilities transferred in the course of a restructure of administrative arrangements will be measured at book value ie the amounts recorded by the transferor immediately prior to the restructure.

APS 5.6 Sometimes a government reporting entity will receive an asset or group of assets from another government reporting entity as a result of ministerial direction or other authority. An asset or group of assets acquired by a government reporting entity not as a consequence of a restructure of administrative arrangements will be measured at fair value.

Explanatory notes

APS 5.7 Where activities are transferred from one government reporting entity to another government reporting entity the following must be disclosed by way of an explanatory note:

5.7.1 the transferee government reporting entity must disclose:

- a. income and expenses attributable to the transferred activities for the reporting period, showing separately the income and expenses recognised by the transferor government entity during the reporting period;
- b. the assets recognised and liabilities assumed as a result of the restructure of administrative arrangements during the reporting period by class; and
- c. the identity of the transferor; a brief statement of functions transferred; the date of effective transfer and the authority for the transfer eg Cabinet, Government Gazette.

5.7.2 the transferor government reporting entity must disclose:

- a. the assets transferred and liabilities forgone as a result of a restructure of administrative arrangements during the reporting period by class; and
- b. the identity of the transferee; a brief statement of functions transferred; the date of effective transfer and the authority for the transfer e.g. Cabinet, Government Gazette.

Transfers of activities between government reporting entities

APS 5.8 Subject to APS 5.10, for financial statement purposes, the date at which effective control over a government reporting entity's transferred activities passes from that entity to another government reporting entity will be the deemed date in the Government Gazette. The deemed date in the Gazette will usually be the first day of the following month. If no date is deemed in the Government Gazette the date will be that of the Gazette.

APS 5.9 Subject to APS 5.11, where the transfer date is other than at a month end, for practical purposes, financial statements of the transfer may be based on the nearest end of month date, adjusted for any material transactions that may have occurred in the time between the Gazette date and the end of month date.

APS 5.10 In the unusual event that there is clear evidence that effective control passed on a date other than the deemed date in the Gazette, and where adoption of the deemed date would result in a material misstatement of financial performance or position for the entities involved, the date of transfer will be the date on which

effective control actually passed. The notes accompanying the financial statements will clearly disclose the transfer date and any assumptions made as to transfer dates.

Reporting by abolished government reporting entities

- APS 5.11** Where a government reporting entity is abolished, the final reporting date for financial statements will be the gazettal date for an administrative unit or public corporation, the date of deregistration for a Corporations Law company or the date of repeal of the enabling legislation (or such other date that may be prescribed) for a statutory authority.
- APS 5.12** Where a government reporting entity is abolished, the Chief Executive of the entity acquiring the majority value of net assets from the abolished entity will be responsible for preparing the general purpose financial statements of the abolished entity for its final reporting period. The acquiring government reporting entity will comply with the requirements of Section 23 of the *Public Finance and Audit Act 1987* in respect of the certification and audit of the financial statements of the abolished entity.
- APS 5.13** Where a reporting entity is abolished and assets are not transferred to another government reporting entity and the Chief Executive and/or the officer responsible for financial administration of the abolished government reporting entity no longer hold employment in the SA Government, then the next most senior officer of that government reporting entity may certify the general purpose financial statements.