



AASB 1049 WHOLE OF GOVERNMENT AND GENERAL GOVERNMENT SECTOR FINANCIAL REPORTING FACT SHEET

This fact sheet is based on existing requirements as at 31 December 2015 and it does not take into account recent standards and interpretations that have been issued but are not yet effective.

IMPORTANT NOTE

This Standard is an Australian specific standard with no international equivalent. The application date included below is the effective date of the initial version of the Standard.

AASB APPLICATION DATE

AASB 1049 is applicable for annual reporting periods commencing on or after 1 January 2009.

OBJECTIVE

The objective of AASB 1049 is to specify the requirements for whole of government general purpose financial statements and General Government Sector (GGS) financial statements of each government.

FINANCIAL STATEMENTS TO BE PREPARED

A government shall prepare both whole of government financial statements and GGS financial statements, whether presented together or separately in accordance with the requirements of this Standard.

A government shall, at all times, make its GGS financial statements available at the same time that its whole of government financial statements are made available.

COMPLIANCE WITH AUSTRALIAN ACCOUNTING STANDARDS AND THE ABS GFS MANUAL

Unless otherwise specified in AASB 1049, the whole of government financial statements and the GGS financial statements shall adopt the same accounting policies and be prepared in a manner consistent with other applicable Australian Accounting Standards.

Subject to paragraphs 41(a)(i)(A) and 52(b)(ii)(A) of AASB 1049, 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.

PRESENTATION

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 10 *Consolidated Financial Statements*.

GGG Investment in Public Non-financial Corporations (PNFC) Sector and Public Financial Corporations (PFC) Sector Entities

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. It shall be measured:

- at fair value, where fair value is reliably measurable; or
- at the government's proportional share of the carrying amount of net assets of the PNFC sector or PFC sector entity before consolidation eliminations, where fair value is not reliably measurable and the carrying amount of net assets before consolidation eliminations is not less than zero; or
- at zero, where fair value is not reliably measurable and the carrying amount of net assets of the PNFC sector or PFC sector entity before consolidation eliminations is less than zero.

Any change in the carrying amount of the investment from period to period shall be accounted for as if the change in carrying amount is a change in fair value and accounted for in a manner consistent with the requirements in AASB 139 *Financial Instruments: Recognition and Measurement*.

GGG Investment in Jointly Controlled Entities and Associates

Investments in jointly controlled entities and associates shall be measured using the equity method of accounting, unless the investment is classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, in which case AASB 5 is applied.

Whole of Government and GGS Statements of Financial Position

The whole of government statement of financial position and the GGS statement of financial position, and notes thereto, shall be presented in a manner consistent with the requirements in AASB 101 *Presentation of Financial Statements*.

Net worth shall be presented in the whole of government statement of financial position and GGS statement of financial position, measured in a manner consistent with other amounts recognised in the respective statements of financial position.

Whole of Government and GGS Statements of Comprehensive Income

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.

For the purpose of presentation, all amounts relating to an item included in the determination of comprehensive result (total change in net worth [before transactions with owners in their capacity as owners]) shall be classified as *transactions* or other economic flows in a manner that is consistent with applying the principles in the ABS GFS Manual from the GAAP perspective.

The following are required to be presented in the whole of government statement of comprehensive income and the GGS statement of comprehensive income:

- net operating balance;
- total change in net worth (before transactions with owners in their capacity as owners, where they exist); and
- net lending/(borrowing) and its derivation from net operating balance measured in a manner consistent with other amounts recognised in the respective statements of comprehensive income.

Whole of Government and GGS Statements of Changes in Equity

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.

Whole of Government and GGS Statements of Cash Flows

The whole of government statement of cash flows and the GGS statement of cash flows, and notes thereto, shall be presented in a manner consistent with the requirements in AASB 107 *Statement of Cash Flows*.

Cash flows relating to investing in financial assets for policy purposes and for liquidity management purposes shall be presented separately, determined in a manner consistent with the ABS GFS Manual, in the whole of government statement of cash flows and the GGS statement of cash flows.

The whole of government statement of cash flows and the GGS statement of cash flows shall also include *cash surplus/(deficit)* and its derivation, measured in a manner consistent with other amounts recognised in the respective statements of cash flows, without the deduction of the value of assets acquired under finance leases and similar arrangements.

DISCLOSURES

Refer to Appendix 1 for a checklist to assist with AASB 1049 disclosure requirements.

REDUCED DISCLOSURE REQUIREMENTS (RDR)

On 30 June 2010, the Australian Accounting Standards Board published AASB 1053 *Application of Tiers of Australian Accounting Standards* (and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*) which established a differential reporting framework, consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

- a. Tier 1: Australian Accounting Standards; and
- b. Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

A Tier 2 entity is a 'reporting entity' as defined in SAC 1 *Definition of the Reporting Entity* that does not have 'public accountability' as defined in AASB 1053 and is not otherwise deemed to be a Tier 1 entity by AASB 1053.

RDR is applicable to annual periods beginning on or after 1 July 2013.

When developing AASB 1053, the AASB concluded that the Australian Government and state, territory and local governments should be subject to Tier 1 requirements. The AASB also decided that General Government Sectors of the Australian Government and state and territory governments should continue to apply AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, without the reduction in disclosures provided by Tier 2. Accordingly, AASB 1049 does not contain any reduction in disclosure requirements.

DEFINITIONS

ABS GFS Manual	Australian Bureau of Statistics (ABS) publications Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005 (ABS Catalogue No. 5514.0) and Amendments to Australian System of Government Finance Statistics, 2005 (ABS Catalogue No. 5514.0) published on the ABS website.
Cash surplus/(deficit)	Net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets less distributions paid less value of assets acquired under finance leases and similar arrangements. Defined in the ABS GFS Manual (paragraph 2.124).
General Government Sector (GGS)	Institutional sector comprising all government units and non-profit institutions controlled and mainly financed by government. Defined in the ABS GFS Manual (Glossary, page 256).
Government	The Australian Government, the Government of the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia, Tasmania, Victoria or Western Australia.
Government units	Unique kinds of legal entities established by political processes which have legislative, judicial or executive authority over other institutional units within a given area and which: <ul style="list-style-type: none"> • provide goods and services to the community and/or individuals free of charge or at prices that are not economically significant; and • redistribute income and wealth by means of taxes and other compulsory transfers. Defined in the ABS GFS Manual (Glossary page 257).
Institutional units	An economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities. Defined in the ABS GFS Manual (Glossary, page 257).
Key fiscal aggregates	Referred to as analytical balances in the ABS GFS Manual, are data identified in the ABS GFS Manual as useful for macro-economic analysis purposes, including assessing the impact of a government and its sectors on the economy. They are: opening net worth, net operating balance, net lending/(borrowing), change in net worth due to revaluations, change in net worth due to other changes in the volume of assets, total change in net worth, closing net worth and cash surplus/(deficit).
Net lending/(borrowing)	The financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. A positive result reflects a net lending position and a negative result reflects a net borrowing position. Based on the definition in the ABS GFS Manual (Glossary, page 259).
Net operating balance	This is calculated as income from transactions minus expenses from transactions. Based on the definition in the ABS GFS Manual (Glossary, page 259).
Net worth	Assets less liabilities and shares/contributed capital. For the GGS, net worth is assets less liabilities since shares and contributed capital is zero. It is an economic measure of wealth and reflects the contribution of governments to the wealth of Australia. Defined in the ABS GFS Manual (Glossary, page 259).

Non-profit institution	A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it. Defined in the ABS GFS Manual (Glossary, page 260).
Other economic flows	Changes in the volume or value of an asset or liability that do not result from transactions (i.e. revaluations and other changes in the volume of assets). Defined in the ABS GFS Manual (Glossary, page 260).
Public Financial Corporations (PFC) sector	Institutional sector comprising resident government controlled corporations and quasi-corporations mainly engaged in financial intermediation or provision of auxiliary financial services. Based on the definition in the ABS GFS Manual (Glossary, page 261).
Public Non-Financial Corporations (PNFC) sector	Institutional sector comprising resident government controlled corporations and quasi-corporations mainly engaged in the production of market goods and/or non-financial services. Based on the definition in the ABS GFS Manual (Glossary, page 261).
Quasi-corporation	An unincorporated enterprise that functions as if it were a corporation, has the same relationship with its owner as a corporation, and keeps a separate set of accounts. Defined in the ABS GFS Manual (Glossary, page 261).
Transactions	Interactions between two institutional units by mutual agreement or actions within a unit that it is analytically useful to treat as transactions. Defined in the ABS GFS Manual (Glossary, page 263).
Whole of government financial statements	A set of financial statements prepared by a government that is prepared in accordance with other Australian Accounting Standards, including AASB 10 <i>Consolidated Financial Statements</i> and thereby separately recognises assets, liabilities, income, expenses and cash flows of all entities under the control of the government on a line-by-line basis.

APPENDIX 1 – DISCLOSURE CHECKLIST

This checklist can be used to review your financial statements. You should complete the “Yes / No / N/A” column about whether the requirement is included. To ensure the completeness of disclosures, provide an explanation for “No” answers.

CODE		YES / NO / N/A	EXPLANATION (If required)
AASB 1049.39	<p>In addition to the disclosures required by other Australian Accounting Standards in the note containing the summary of significant accounting policies, have the following disclosures been made prominently in that note:</p> <p>a. For the whole of the government and the GGS:</p> <ul style="list-style-type: none"> i. A statement that the financial statements are prepared in accordance with AASB 1049; and ii. a reference to the version of the ABS GFS Manual used as the basis for GFS information included in the financial statements, and when an entity has not applied the most recent version of the ABS GFS Manual (including when an entity has elected to adopt the relief available in paragraph 13C): <ul style="list-style-type: none"> – this fact; and – known or reasonably estimable information relevant to assessing the possible impact that application of the latest version of the ABS GFS Manual will have on the financial statements in the period of initial application; and iii. where the GGS financial statements and whole of government financial statements are presented separately from each other, a cross-reference to each other? <p>b. For the GGS only:</p> <ul style="list-style-type: none"> i. A statement of the purpose for which the GGS financial statements are prepared; ii. A description of the GGS; and 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? 		

CODE		YES / NO / N/A	EXPLANATION (If required)
AASB 1049.41	<p>In addition to the disclosures required to be made in other explanatory notes in accordance with other applicable Australian Accounting Standards, have the following disclosures been made:</p> <p>a. For the whole of government and the GGS:</p> <p>i. Where the key fiscal aggregates measured in accordance with the ABS GFS manual differ from the key fiscal aggregates provided pursuant to paragraph 16 of AASB 1049:</p> <ul style="list-style-type: none"> – The key fiscal aggregates measured in accordance with the ABS GFS manual; and – A reconciliation of the two measures of key fiscal aggregates and an explanation of the differences. <p>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</p> <p>iii. Explanations of key technical terms used?</p> <p>b. For the GGS:</p> <p>i. a list of entities within the GGS, and any changes to that list that have occurred since the previous reporting date and the reasons for those changes;</p> <p>ii. a list of significant investments in PNFC sector and PFC sector entities, including:</p> <ul style="list-style-type: none"> – the name; – proportion of ownership interest and, if different, proportion of voting power held; and – the measurement basis adopted for the amount recognised in accordance with paragraph 20; and <p>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?</p>		

CODE		YES / NO / N/A	EXPLANATION (If required)
AASB 1049.48	<p>In respect of each broad function identified in Table 2.6 "Government Purpose Classification: Major Groups" of the ABS GFS Manual; have the financial statements disclosed:</p> <ul style="list-style-type: none"> a. a description of that function; b. the carrying amount of assets recognised in the respective statements of financial position that are reliably attributable to that function; and c. expenses, excluding losses, included in operating result in the respective statements of comprehensive income for the reporting period that are reliably attributable to that function? 		
AASB 1049.49	<p>Has a reconciliation of the aggregate amount of expenses, excluding losses, included in operating result to the aggregate of expenses from transactions recognised in the statement of comprehensive income been disclosed?</p>		
AASB 1049.52	<p>Has the whole of government disclosed, by way of a note, in respect of the GGS, PNFC sector and PFC sector:</p> <ul style="list-style-type: none"> a. a description of each sector; b. for each sector <ul style="list-style-type: none"> 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 AASB 1049; ii. where the key fiscal aggregates measured in accordance with the ABS GFS Manual differ from the key fiscal aggregates determined in a manner consistent with paragraph 16 of AASB 1049: <ul style="list-style-type: none"> – the key fiscal aggregates measured in accordance with the ABS GFS manual; and – a reconciliation of the two measures of key fiscal aggregates and an explanation of the differences. iii. where the key fiscal aggregates measured in accordance with the ABS GFS Manual do not differ from the key fiscal aggregates determined in a manner consistent with paragraph 16 of AASB 1049, statement of that fact; and 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? 		

OTHER MATTERS

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