



# Guidance on Recognition of Gains and Losses in the Operating Statement

## Summary

NSW Treasury's financial statements are prepared in accordance with *AASB1049: Whole of Government and General Government Sector Financial Reporting*. AASB1049 requires that the principles and rules in the Australian Bureau of Statistics (ABS) Government Finance Statistics (GFS) Manual are applied when compliance would not conflict with Australian Accounting Standards.

There are some presentation differences between the consolidated financial statements prepared under AASB1049 and agencies financial statements which are prepared based on *AASB101: Presentation of Financial Statements*.

AASB 101 requires the separate presentation of profit or loss (i.e. operating result) and total other comprehensive income in the statement of comprehensive income, while AASB1049 (and GFS) requires the classification of income and expenses items into "transactions" or "other economic flows".

Transactions are presented above the Budget Result (i.e. net operating balance) aggregate in consolidated financial statements. Other economic flows are presented below the Budget Result (i.e. net operating balance) aggregate in consolidated financial statements.

It is important that agencies record balances in the correct Prime accounts to ensure that the calculation of the AASB1049 Net Operating Balance aggregate is accurate. The appropriate use of Prime accounts is also a key area of focus for Audit review at both the agency level, and for the consolidated financial statements.

The accounts listed in the Appendix provide a reference, with detailed descriptions, for the appropriate mapping of account balances. Use of these accounts will ensure that your agency accounts are mapped correctly for both AASB101 and AASB1049 presentation.

This guidance does not supersede Accounting Standards or current Treasury Circulars and Policy Papers.

# Key Concepts

## Transactions (above the line) and Other Economic Flows (below the line)

The accounting concepts of revenue and expenses may also be thought of as flows that are recorded in the statement of comprehensive income. In the consolidated financial statements, we report two different types of flows that affect the movement in an agency's net worth (accumulated funds) between one period and the next:

- **Transactions<sup>1</sup>** are the measurement of activities that arise from one entity's interaction with another entity and commonly involve the provision of goods or services i.e. they result directly from production or consumption. Transactions are recorded whenever economic value is created, transformed, exchanged, transferred or extinguished.

These are the balances that are recorded "**above the line**" and form the calculation of the Net Operating Balance (Budget Result) of the consolidated financial statements.

- **Other Economic Flows (OEF)** arise from passive behaviours and generally do not involve interacting with another entity. These are the balances that are recorded "**below the line**" and are included in the Operating Result or Other Comprehensive Income but are not included in the calculation of the Net Operating Balance (Budget Result) of the consolidated financial statements.

There are two types of other economic flows:

- i. Holding gains and losses are changes related to the impacts of the passage of time on the value of an asset or liability. These are gains or losses from 'holding' assets and liabilities rather than a movement in value because you provided goods or services to another entity. These flows relate to changes due to changes in the level and structure of market prices for assets and liabilities. For example, gains or losses made on the sale of assets such as plant and equipment, valuation changes resulting from discount rates and exchange rate movements.
- ii. Changes in the volume of assets and liabilities occur when an asset or liability enters (or leaves) the balance sheet creating a change in the 'volume' of asset or liabilities held. They are considered remeasurements due to a change in the quantity or quality of an asset or liability.

Two most common categories of events that result in other changes in the volume of assets and liabilities are:

- Events that involve the appearance or disappearance of economic assets on the AASB1049 (and GFS) balance sheet other than by transactions. For example, mineral discoveries or unilateral writing off of bad debts owed by creditors.
- External events (exceptional and unexpected) that impact on the economic benefits derived from assets and corresponding liabilities. For example, the destruction of assets by fire or some other catastrophe, or the depletion of natural assets (e.g. forests, fisheries).

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<sup>1</sup> Depreciation is considered to be a transaction (above the line) because it represents the consumption of the underlying asset through the service that is being provided by the asset. Depreciation is an operating cost that approximates the consumption of fixed capital during production of goods and services and relates to fixed, tangible, produced, non-financial assets.

Amortisation relates to intangible produced non-financial assets (e.g. easements, water rights, emission rights) and is not treated as a transaction for GFS purposes. It represents the depletion of the underlying asset over its expected useful life. Amortisation is considered to represent a change in the volume of the underlying asset i.e. an other economic flow.

## AASB 1049 Net Operating Balance (net result from transactions)

Net Operating Balance (Budget Result) = revenue from transactions less expenses from transactions.

The net operating balance excludes other economic flows i.e. gains and losses resulting from changes in the value (quality), and changes in the volume (quantity) of assets and liabilities.

### Examples of Transactions and Other Economic Flows

- **Defined Benefit Super**

**Actuarial gains and losses** relating to defined benefit superannuation plans are classified as *other economic flows* and presented below the Net Operating Balance.

- **Bad and doubtful debts**

The **bad debt** expense related to the write-off for a debt that is no longer considered capable of collection is usually treated as a *transaction*. If the debt has been written off unilaterally (e.g. as the result of a legal decision or insolvency) it will be treated as *other economic flow*.

The **doubtful debts** expense that arises from the impairment of loans and receivables is classified as *other economic flows*, as this is deemed to be a revaluation of the associated financial asset (e.g. accounts receivable). The doubtful debts expense represents a movement in the provision rather than the reversal of revenue that had previously been recognised.

- **Investment revenue/expenses**

Investments held with TCorp and other financial institutions will have revenues and expenses due to distributions received (*transactions*) and, gains and losses as a result of holding the investments (*other economic flows*).

#### Examples of investment revenues and expenses that are treated as transactions include:

- **Distributions from Managed Funds** - income in the form of **dividends, interest etc.** As the fund's manager is obligated to pay out this income to investors in the form of distributions.
- Realised Gain on TCorpIM Fund Investments - is "realised" when the investment.

#### Example of investment revenues and expenses that are treated as other economic flows include:

- **Gains/Losses** related to a change in the monetary value due to a change in the market prices associated with the unit price.
- **Unrealised gains and losses** that have occurred in principle but the underlying obligations (settlement) have not been completed (realised).

- **Gain and Loss from Sale of Non-Financial Assets**

The **proceeds from sale** and the **written down value** of the asset are both recognised as *other economic flows*. The net impact of this treatment is the recognition of the gain or loss on disposal.

- **Insurance Premiums Insurance**

The regular insurance premium payments made by agencies related to an insurance contract are classified as a *transaction*.

#### **Insurance Payouts**

Payments received by agencies for insurance claims made should be recognised as revenue from *transactions* which is included in the Net Operating Balance (Budget Result).

## Provisions for Insurance

Provisions represent an amount set aside for a probable, but uncertain, obligation. They represent a liability whose settlement is of an uncertain amount or timing. The valuation of provisions for insurance and employee benefits are regularly assessed using advice from actuaries. The resultant valuation remeasurements may be treated as either Transactions or Other Economic Flows (OEF) in the consolidated financial statements. Please refer to Table 1 (below) for details of the valuation measurements that map as Transactions, or Other Economic Flows.

Please note that NSW Insurance entities adopt the principles of *AASB137: Provisions, Contingent Liabilities and Contingent Assets* when preparing their financial statements. Therefore, estimates of the components of their provisions are based on AASB137 concepts:

- Outstanding Claims Liability recorded in the Balance Sheet includes:
  - unpaid policy benefits for open claims i.e. future claims payments relating to claims arising during current and prior reporting periods.
  - unpaid direct claims handling expenses relating to claims arising during current and prior reporting periods.
  - unpaid indirect claims handling expenses incurred during the reporting period.
  - an INBR for institutional abuse (child abuse) claims.
- Incurred But Not Reported (IBNR) refers to the potential liability for claims that have not yet been reported to the insurer. This is a factor considered during the actuarial review of the outstanding claims liability. It is not the same concept as claims lodged that are unresolved. IBNR is often viewed as a contingent liability for outstanding claims as there are often factors that do not permit reliable measurement e.g. variability in the size of the payment to settle the claim, insufficient data to estimate an historic trend for eligibility and dismissal rates for claims.

## Examples of Transactions and Other Economic Flows for Insurance Provisions (Applicable to Insurance entities only)

- **Claims Lodged But Not Resolved** could be:
  - transactions if they relate to 'new' claims in the current reporting period.
  - Other economic flows if they relate to a claim that was lodged in a prior reporting period; that has not been settled (open claim) and; is being remeasured in the current reporting period.
- **Claims Handling Expense (CHE)** is the cost of lodged but unresolved claims including an allowance for future costs e.g. legal and professional fees, staff costs and operating expenses that may be incurred as a result of processing claims. Claims handling expenses could be:
  - transactions if they relate to 'new' claims in the current reporting period.
  - transactions if they relate to a 'new' claim that is lodged and resolved in the current reporting period.
  - other economic flows if they relate to a claim that was lodged in a prior reporting period; that has not been settled (open claim) and; is being remeasured in the current reporting period.

## Other Provisions

### Workers Compensation Dust Diseases Board (WCDDDB) Payable/Receivable

**Receivable:** The receivable is associated with a taxation revenue (levy). WCDDDB sets the levy in accordance with legislative authority, it is based on an actuarial assessment of the expected cost of

claims. There is an obligation by an employer pay the levy, which occurs when underlying employment events give rise to the right to collect the levy.

**Payable:** The payable is associated with the outstanding claims relate to the assumptions liability provision. The liability for compensation payments relating to known claims and estimated compensation for future claims as valued by an actuary. The provision for outstanding claims liability represents an estimate of the:

- Ongoing payments to employees and beneficiaries that have lodged a claim
- Payments to employees and beneficiaries where a claim has been lodged but not settled
- The movement in the claims liability between the current and prior years is recognised as a receivable. This movement is representative of the levy that may be collected, in accordance with legislation, to fund current and future claims.
- Future payments to employees and beneficiaries where the claims event (exposure) has occurred, but it has not been reported to the insurer. These are known as incurred but not reported (IBNR).

### **Victims Redress – Institutional Abuse (National Redress Scheme)**

Based on the overall assumption that the redress scheme is a closed scheme, movements in the provision are not associated with underlying new claim events occurring in the year that would give rise to new liabilities. The movement in the measurement of the redress provision is associated with changes in assumptions used to measure the provision. These movements are other economic flows (below the line volume changes) rather than above the line transactions.

**Table 1: Accounts Commonly Used for Recording Provisions and Their Treatment Above or Below the Line**

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
Bad and Doubtful Debts <ul style="list-style-type: none"> <li>Current period write-off</li> </ul>	AE20811****	T – above the line	The actual (mutually agreed) write-off in the current reporting period for a debt that is no longer considered recoverable. This account is treated as a transaction as it represents the extinction of the debt.	Agencies writing off a bad debt expense.
Bad and Doubtful Debts <ul style="list-style-type: none"> <li>Movement in the provision</li> </ul>	AE4051***** AE4052***** AE4053*****	OEF – below the line	The movement in the provision relating to a change in the assumptions of the debts that will be collectable in future periods. The actual expense related to a bad debt is not recognised as a transaction until it is written off.	Agencies revaluing or impairing their provision for doubtful debts.
Insurance <ul style="list-style-type: none"> <li>Premiums paid by policy holders for the period covered by an insurance contract.</li> </ul>	AE208090050 - Insurance Premium - Treasury Managed Fund (excl Workers Compensation)	T – above the line	Insurance premium expense – payment related to an insurance contract for the period covered by the insurance contract. Does not relate to a movement in a provision.	Agencies recording their TMF premium.
	AE208090055 - Insurance Premium Expenses - Other	T – above the line		Agencies that pay their premium to an insurer other than TMF
Insurance/Superannuation Employer contribution	AE201041053-Death and Disability - Superannuation Contribution	T – above the line	Employer contribution to an occupational based scheme in accordance with an industrial award. These schemes also permit employees to make additional contributions in relation to superannuation, income protection etc. Does not relate to a movement in the provision.	<ul style="list-style-type: none"> <li>EB0706 - Fire and Rescue NSW</li> <li>EB0716 - NSW Police Force</li> </ul>
Insurance - Workers Compensation <ul style="list-style-type: none"> <li>Premiums paid by policy holders for the period covered by an insurance contract.</li> </ul>	AE201030041 - Workers' Compensation Premiums to Other Funds	T – above the line	Insurance premium expense – payment related to an insurance contract for the period covered by the insurance contract. Does not relate to a movement in a provision.	Agencies that pay their premium to an insurer other than TMF

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
Leave <ul style="list-style-type: none"> <li>Amounts arising from actuarial reviews and assessments.</li> </ul>	AE401025040 - Losses - Actuarial Triennial Review - Leave On Costs AR401021004 - Gains - Actuarial Triennial Review - Leave On Costs	OEF – below the line	Recording the expense resulting from a change in the actuarial assumptions.  Represents a change to the provision that is not related to events that have occurred or, services that have been performed, in the current reporting period. This is the remeasurement of a 'claim' that was recognised in a prior reporting period.	<ul style="list-style-type: none"> <li>EB0716 - NSW Police Force</li> </ul>
Long Service Leave	AE208090305-Members Entitlements - Long Service Leave Pool	T – above the line	Reimbursements on Long Service Leave costs to the agencies who contributed to the long service leave pool.  Does not relate to a movement in the provision.	<ul style="list-style-type: none"> <li>EN1110 - Crown Finance Entity</li> </ul>
Long Service Leave <ul style="list-style-type: none"> <li>Amounts arising from actuarial reviews and assessments.</li> <li>Changes in value due to changes in interest rates.</li> </ul>	AE401025010 - Losses - Discount Rate Change for Long Service Leave AR401021001 - Gains - Discount Rate Change for Long Service Leave	OEF – below the line	Recording the expense/revenue resulting from a change in the interest/discount rate assumptions.  Represents a change to the provision that is not related to events that have occurred or, services that have been performed, in the current reporting period. This is the remeasurement of a 'claim' that was recognised in a prior reporting period.	<ul style="list-style-type: none"> <li>EN1110 - Crown Finance Entity</li> <li>EN1116 - Long Service Corporation</li> </ul>
Long Service Leave <ul style="list-style-type: none"> <li>Amounts arising from actuarial reviews and assessments.</li> <li>Changes in value due to changes in interest rates.</li> </ul>	AE401025030 - Losses - LSL Valuation Movement Assumed by the CFE AR401021003 - Gains - LSL Valuation Movement Assumed by the CFE	OEF – below the line	Recording the expense/revenue resulting from a change in the interest/discount rate assumptions.  Represents a change to the provision that is not related to events that have occurred or, services that have been performed, in the current reporting period. This is the remeasurement of a 'claim' that was recognised in a prior reporting period.	
Provisions (other) <ul style="list-style-type: none"> <li>Interest Cost</li> </ul>	AE205033005 - Unwinding of Discount on Other Provisions	T – above the line	Recording movements in provisions due to the unwinding of the discount rate due to the passage of time (finance/borrowing cost).	Agencies revaluing or impairing their provisions.

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
Recreation Leave <ul style="list-style-type: none"> <li>Amounts arising from actuarial reviews and assessments.</li> <li>Changes in value due to changes in interest rates.</li> </ul>	AE401025010 - Losses - Discount Rate Change for Recreation Leave	OEF – below the line	Recording the expense resulting from a change in the interest/discount rate assumptions.  Represents a change to the provision that is not related to events that have occurred or, services that have been performed, in the current reporting period. This is the remeasurement of a 'leave entitlement' that was recognised in a prior reporting period.	Agencies revaluing or impairing their provisions for recreation leave
Superannuation <ul style="list-style-type: none"> <li>Current Service Cost</li> <li>Interest Cost</li> <li>Benefit payment on retirement or exit</li> </ul>	AE201042060-Superannuation - Ministers, Members of Parliament and Office-holders - CFE	T – above the line	Superannuation contribution that forms part of the remuneration of eligible persons.  Does not relate to a movement in the provision.	EN1110- Crown Finance Entity
	AE201044080-Defined Benefit Superannuation Contribution - Ex Commonwealth Employees	T – above the line		<ul style="list-style-type: none"> <li>EB0502 - Ministry of Health</li> </ul>
Superannuation <ul style="list-style-type: none"> <li>Interest Cost</li> </ul>	AE202010005 - Defined Benefit Superannuation - Net Interest Cost	T – above the line	Recording the expense (increase in the value of superannuation liabilities) due to discounting these liabilities to net present value.	Agencies that have a defined benefit superannuation scheme provision
	AE202020005 - Defined Benefit Superannuation - Expected Return on Plan Assets	T – above the line	The investment return accrued on defined benefit superannuation liabilities for the current period that is associated with the services provided by employees.  Expected return on plan assets is based on market expectations at the beginning of the period, for returns over the life of the related obligation; and on any reimbursement rights.	Agencies that have a defined benefit superannuation scheme provision
Superannuation <ul style="list-style-type: none"> <li>Current Service Cost</li> </ul>	AE203010010 - Defined Benefit Superannuation - Current Year Service Costs	T – above the line	Current service cost (current service increase) - the increase in entitlements associated with the employment services provided by employees in the current period.	Agencies that have a defined benefit superannuation scheme provision



Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
<p>Superannuation</p> <ul style="list-style-type: none"> <li>• Amounts arising from actuarial reviews and assessments.</li> <li>• Changes in value due to changes in interest rates.</li> <li>• Changes to the number (volume) of employees entitled to the benefit.</li> </ul>	<p>AE401015010 - Losses - Defined Benefit Superannuation AR401011001 - Gains - Defined Benefit Superannuation</p>	<p>OEF – below the line</p>	<p>Recording the expense/revenue resulting from a change in the interest/discount rate or inflation rate assumptions.</p> <p>Represents a change to the provision that is not related to events that have occurred or, services that have been performed, in the current reporting period.</p>	<p>Agencies that have a defined benefit superannuation scheme provision</p>
<p>Superannuation</p> <ul style="list-style-type: none"> <li>• Amounts arising from actuarial reviews and assessments.</li> <li>• Changes in value due to changes in interest rates.</li> <li>• Changes to the number (volume) of employees entitled to the benefit.</li> </ul>	<p>AE402039003 - University Super Liability 1st Time Recognition (Adjusting Agencies Only)</p>	<p>OEF – below the line</p>	<p>Initial recognition of the liabilities for funding for the defined benefit superannuation liabilities of NSW Universities employees (ex-employees) who are members of the State Super's defined benefit schemes (SASS, SANCS and SSS).</p> <p>Represents a change to the provision that is not related to events that have occurred or, services that have been performed, in the current reporting period.</p>	<p>Crown</p>

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
Superannuation adjustments through equity <ul style="list-style-type: none"> <li>• Return on fund assets (less interest income)</li> <li>• Change in demographic assumptions</li> <li>• Change in financial assumptions</li> <li>• Changes arising from liability experience</li> </ul>	AQ802060002 -DBS - Actuarial Gain to Equity AQ802060003 -DBS - Actuarial Loss to Equity	Included in the Statement of Financial Position (Balance Sheet)	Actuarial gains/losses on defined benefit superannuation (DBS) plan are decreases in the present value of the defined benefit obligation per actuary analysis, resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.	Agencies that have a defined benefit superannuation scheme provision
Insurance <ul style="list-style-type: none"> <li>• Actuarial Revision to the expected future claims payments.</li> </ul>	AE208080021 - Gross Movement in Outstanding Claims - TMF	T – above the line	Records actuarially determined revisions to the provision for outstanding insurance claims.	<ul style="list-style-type: none"> <li>• EB0404 - NSW Self Insurance Corporation</li> </ul>
	AE208080022 - Gross Movement in Outstanding Claims - LCSA	T – above the line	The provision for outstanding claims is an estimate of the present value of expected future claims. It includes estimates of claims reported but not yet paid; claims handling expenses; claims incurred but not reported (IBNR); claims incurred but not enough reported (IBNER).	<ul style="list-style-type: none"> <li>• EF0410 - Lifetime Care and Support Authority of New South Wales</li> </ul>
	AE208080029 - Gross Movement in Outstanding Claims - Other	T – above the line		<ul style="list-style-type: none"> <li>• EB0404 - NSW Self Insurance Corporation</li> <li>• EN0414 - Building Insurers' Guarantee Corporation</li> <li>• EN1112 - Electricity Assets Ministerial Holding Corporation</li> </ul>
	AE209030051 - Gross Movements in Outstanding Claims - TAC Fund	T – above the line		<ul style="list-style-type: none"> <li>• EB0404 - NSW Self Insurance Corporation</li> </ul>
Insurance	AE201030047 - Self Funded Insurance Provision Expenses - General	T – above the line		The payment made to a claimant by the insurer.

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
<ul style="list-style-type: none"> <li>Claims arising from insured events that occur in the reporting period.</li> </ul>	AE201041052 - Death and Disability - Self-Insurance Expenses	T – above the line	The cost of claims settled, and any related claims management expenses, in the current period <sup>2</sup> .	<ul style="list-style-type: none"> <li>EB0716 - NSW Police Force</li> </ul>
	AE208080011 - Insurance Claims Paid - TMF	T – above the line	Also relates to in year claims i.e. claims arising from events in the reporting period that are settled within the same reporting period as the claim was made – expense when incurred.	<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>
	AE208080012 - Insurance Claims Paid - LCSA	T – above the line	Includes underlying new claims events occurring in the year that give rise to new liabilities that have not been settled in the reporting period. This having the nature of a "new" provision. This "new" provision may also include claims that have not yet been reported (IBNR).	<ul style="list-style-type: none"> <li>EF0410 - Lifetime Care and Support Authority of New South Wales</li> </ul>
	AE208080019 - Insurance Claims Paid - Other Funds	T – above the line		Agencies that manage insurance schemes (including their own self-insurance)
	AE208080030 - Cost of Insurance Claims	T – above the line		Agencies that manage insurance schemes (including their own self-insurance)
	AE209030050 - Claims Paid - Transport Accident Compensation (TAC) Fund	T – above the line		<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>
	AE209030052 - Long Service Leave Corporation - Non-Gov't Employee Claims Expense	T – above the line		<ul style="list-style-type: none"> <li>EN1116 - Long Service Corporation</li> </ul>
Insurance	AE208080001 - Insurance Management Fees	T – above the line	Claims handling expenses for the current period e.g. legal and professional fees, staff costs and operating expenses that may be incurred as a result of processing claims.	<ul style="list-style-type: none"> <li>Agencies that manage insurance schemes (including their own self-insurance)</li> </ul>
<ul style="list-style-type: none"> <li>Claims handling expense.</li> </ul>	AE209050001-Claims Expenses - Brokerage and Commissions - Home Warranty Insurance	T – above the line	Does not relate to a movement in a provision.	<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>

<sup>2</sup> Para 19.1 AASB 1023: General Insurance Contracts

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
Insurance <ul style="list-style-type: none"> <li>Risk Management</li> </ul>	AE208090280 - Outward Reinsurance Expenses	T – above the line	Expense related to the insurer’s management of their risk profile e.g. by sharing risk with other insurers. Does not relate to a movement in a provision.	<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>
Insurance	AE208090291-Workers Compensation Commission Costs	T – above the line	The costs of operation of the Workers Compensation Commission. Does not relate to a movement in a provision.	<ul style="list-style-type: none"> <li>EN0428 - State Insurance Regulatory Authority</li> <li>Treasury consolidation adjusting agencies</li> </ul>
Insurance <ul style="list-style-type: none"> <li>Claims arising from insured events that occur in the reporting period.</li> </ul>	AE209050011 - Claims Paid - Home Warranty Insurance	T – above the line	The cost of claims settled, and any related claims management expenses, in the current period <sup>3</sup> . Also relates to in year claims i.e. claims arising from events in the reporting period that are settled within the same reporting period as the claim was made – expense when incurred. Includes underlying new claims events occurring in the year that give rise to new liabilities that have not been settled in the reporting period. This having the nature of a "new" provision. This “new” provision may also include claims that have not yet been reported (IBNR).	<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>
Insurance	AR103040095 - Motor Vehicle Third Party Revenue	T – above the line	A billing arrangement between motor vehicle insurers and NSW Health. Does not relate to a movement in a provision.	<ul style="list-style-type: none"> <li>EB0502 - Ministry of Health</li> <li>EB1002 - Transport for NSW</li> <li>EB1004 - Roads and Maritime Services</li> <li>Treasury consolidation adjusting agencies</li> </ul>
Insurance <ul style="list-style-type: none"> <li>Risk Management</li> </ul>	AR103040250 - Reinsurance and Other Recoveries Revenue	T – above the line	Revenue related to the insurer’s management of their risk profile that is received in the current reporting period e.g. by sharing risk with other insurers. May also relate to salvage value of the asset insured to the insurer once the claim has been settled or	<ul style="list-style-type: none"> <li>EN0428 - State Insurance Regulatory Authority</li> <li>EB0702 - Department of Communities and Justice</li> </ul>

<sup>3</sup> Para 19.1 AASB 1023: General Insurance Contracts

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
	AR103040255 - Movement in Outstanding Recoveries - TMF	T – above the line	recovery from a third party. May also relate to salvage value of the asset insured to the insurer once the claim has been settled.	<ul style="list-style-type: none"> <li>EN0428 - State Insurance Regulatory Authority</li> </ul>
	AR103040259 - Movement in Outstanding Recoveries - Other Funds	T – above the line		<ul style="list-style-type: none"> <li>EN0428 - State Insurance Regulatory Authority</li> <li>EB0802 - Department of Planning, Industry and Environment</li> </ul>
	AR107080250-Other Revenue - Capital Insurance Recoveries (TMF)	T – above the line		
	AR107080251-Other Revenue - Recurrent Insurance Recoveries (TMF)	T – above the line		
	AR107080252 - Other Revenue - Recurrent Insurance Recoveries	T – above the line		<ul style="list-style-type: none"> <li>EN0614 - Lands Administration Ministerial Corporation</li> <li>EN0414 - Building Insurers' Guarantee Corporation</li> </ul>
Insurance <ul style="list-style-type: none"> <li>Premiums due from policy holders as an adjustment to the original payment for an insurance contract.</li> </ul>	AR103040579 - Premium revenue - Hindsight Adjustments (Sicorp Only)	T – above the line	Recording adjustments to premium levies previously collected based on a revision to the agency's claims history and risk profile.  Does not relate to a movement in a provision.	<ul style="list-style-type: none"> <li>EN0428 - State Insurance Regulatory Authority</li> </ul>
	AR103040580 - Insurance Premium Revenue (Sicorp Only)	T – above the line	Insurance premium revenue – payment related to an insurance contract for the period covered by the insurance contract.  Does not relate to a movement in a provision	<ul style="list-style-type: none"> <li>EN0428 - State Insurance Regulatory Authority</li> </ul>

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
Insurance <ul style="list-style-type: none"> <li>Amounts arising from actuarial reviews and assessments.</li> <li>Changes in value due to changes in interest rates.</li> </ul>	AE401045010 - Losses - Discount Rate Change for Outstanding Insurance Claims AR401041001-Gains - Discount Rate Change for Outstanding Insurance Claims	OEF – below the line	Recording the expense/revenue resulting from a change in the interest/discount rate assumptions.  Represents a change to the provision that is not related to events that have occurred or, services that have been performed, in the current reporting period. This is the remeasurement of a 'claim' that was recognised in a prior reporting period.	<ul style="list-style-type: none"> <li>EN0428 - State Insurance Regulatory Authority</li> <li>EN1110 - Crown Finance Entity</li> <li>EB0404 - NSW Self Insurance Corporation</li> <li>EN0426 - Workers' Compensation (Dust Diseases) Authority</li> </ul>
Insurance - Workers Compensation <ul style="list-style-type: none"> <li>Claims arising from insured events that occur in the reporting period.</li> </ul>	AE201030042 - Workers' Compensation - Claims Paid	T – above the line	The cost of claims settled, and any related claims management expenses, in the current period <sup>4</sup> .	<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>
	AE201030043 - Workers' Compensation - Claims Paid (TMF)	T – above the line	Also relates to in year claims i.e. claims arising from events in the reporting period that are settled within the same reporting period as the claim was made – expense when incurred.  Includes underlying new claims events occurring in the year that give rise to new liabilities that have not been settled in the reporting period. This having the nature of a "new" provision. This "new" provision may also include claims that have not yet been reported (IBNR).	
Insurance - Workers Compensation <ul style="list-style-type: none"> <li>Amounts arising from actuarial reviews and assessments.</li> </ul>	AE201030044 - Gross Movement in Outstanding Workers Compensation Claims	T – above the line	Movement in the gross claims liability for the period <sup>5</sup> .  Recording changes in the value of outstanding claims due to changes in actuarial assumptions as a result of experience and evidence.  Those changes related to discount rate and inflation rate assumptions are treated as OEF (below the line).	<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> <li>EN1120 - Electricity Transmission Ministerial Holding Corporation</li> </ul>
	AE201030045 - Gross Movement in Outstanding Workers Compensation Claims (TMF)	T – above the line		<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>

<sup>4</sup> Para 19.1 AASB 1023: General Insurance Contracts

<sup>5</sup> Para 19.1 AASB 1023: General Insurance Contracts

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
	AE201030046 - Gross Movement in Outstanding Workers Compensation Claims (Other Funds)	T – above the line	Revisions to the provision (usually determined by an actuary) that are not due to changes in interest rate, discount rate, or the rate of inflation.	<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>
	AE205032003 - Unwinding of Discount on Workers Compensation Provisions	T – above the line		<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>
	AE209050020 - Gross Movement in Outstanding Claims - Home Warranty Insurance	T – above the line		<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> </ul>
	AE209050021 - Movement in Unexpired Risk Liability Provision - Home Warranty Insurance	T – above the line		
Insurance - Workers Compensation <ul style="list-style-type: none"> <li>Interest Cost</li> </ul>	AE205032003 - Unwinding of Discount on Workers Compensation Provisions	T – above the line	Recording movements due to the unwinding of the discount rate due to the passage of time (finance/borrowing cost).	<ul style="list-style-type: none"> <li>EB0404 - NSW Self Insurance Corporation</li> <li>EN1112 - Electricity Assets Ministerial Holding Corporation</li> </ul>
	AE205033004 - Unwinding of Discount on Workers Compensation Dust Diseases Provisions	T – above the line		<ul style="list-style-type: none"> <li>EN0426 - Workers' Compensation (Dust Diseases) Authority</li> </ul>
Insurance - Workers Compensation	AR101089070 - WorkCover Levy Contributions	T – above the line	Recording claims revenue from other insurers where the other insurer shares the risk.	<ul style="list-style-type: none"> <li>EN0428 - State Insurance Regulatory Authority</li> </ul>

Provision Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
Insurance - Workers Compensation (WCDDDB) <ul style="list-style-type: none"> <li>Claims arising from insured events that occur in the reporting period.</li> </ul>	AE209050010 - Claims Paid - Dust Diseases Board	T – above the line	<p>The cost of claims settled, and any related claims management expenses, in the current period<sup>6</sup>.</p> <p>Also relates to in year claims i.e. claims arising from events in the reporting period that are settled within the same reporting period as the claim was made – expense when incurred.</p> <p>Includes underlying new claims events occurring in the year that give rise to new liabilities that have not been settled in the reporting period. This having the nature of a "new" provision. This “new” provision may also include claims that have not yet been reported (IBNR).</p>	<ul style="list-style-type: none"> <li>EN0426 - Workers' Compensation (Dust Diseases) Authority</li> </ul>
Insurance - Workers Compensation (WCDDDB) <ul style="list-style-type: none"> <li>Amounts arising from actuarial reviews and assessments.</li> </ul>	AE209050030 - Movement in Outstanding Claims Liability - WCDDDB only AR101089090 - Movement in Outstanding Contributions - WCDDDB only	T – above the line	<p>Movement in the gross claims liability for the period<sup>7</sup>.</p> <p>Recording changes in the value of outstanding claims due to changes in actuarial assumptions as a result of experience and evidence.</p> <p>Those changes related to discount rate and inflation rate assumptions are treated as OEF (below the line).</p> <p>Revisions to the provision (usually determined by an actuary) that are not due to changes in interest rate, discount rate, or the rate of inflation.</p>	<ul style="list-style-type: none"> <li>EN0426 - Workers' Compensation (Dust Diseases) Authority</li> </ul>
Insurance - Workers Compensation (WCDDDB) <ul style="list-style-type: none"> <li>Risk Management</li> </ul>	AR101089068 - Dust Diseases Levy Contributions for Claims from Licensed Insurers	T – above the line	Revenue related to the insurer’s management of their risk profile e.g. by sharing risk with other insurers. May also relate to salvage value of the asset insured to the insurer once the claim has been settled.	<ul style="list-style-type: none"> <li>EN0426 - Workers' Compensation (Dust Diseases) Authority</li> </ul>

<sup>6</sup> Para 19.1 AASB 1023: General Insurance Contracts

<sup>7</sup> Para 19.1 AASB 1023: General Insurance Contracts



**Table 2: Accounts Commonly Used for Recording Investment Revenue/Expenses and Their Treatment Above or Below the Line**

Investment Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
<p>Managed Funds</p> <ul style="list-style-type: none"> <li>• Distributions</li> <li>• Dividends</li> <li>• Realised gains</li> </ul>	AR106010030 Distributions from Managed Funds	T – above the line	Managed funds earn income in the form of dividends, interest and realised capital gains, that is, the profit made from selling an investment that has increased in value from the date of purchase. The fund manager is obligated to pay out this income to investors in the form of distributions.	Agencies receiving dividends, interest and realised capital gains.
<p>TCorpIM Fund Investments</p> <ul style="list-style-type: none"> <li>• Realised gains</li> </ul>	AR106010040 Realised Gain on TCorpIM Fund Investments	T – above the line	The gain related to a change in the monetary value due to a change in the market price that is "realised" when the investment is sold.	Agencies selling an investment.
<p>Debt Management</p> <ul style="list-style-type: none"> <li>• Revaluation</li> <li>• Unrealised gain/loss</li> </ul>	<p>AR402034001 Gain on Debt Management</p> <p>AE402034001 Loss on Debt Management</p>	OEF – below the line	This account is used to recognise the loss related to a change in the monetary value due to a change in the market price associated with Debt Management.	Agencies holding an investment.
<p>Futures</p> <ul style="list-style-type: none"> <li>• Revaluation</li> <li>• Unrealised gain/loss</li> </ul>	<p>AR402034005 Gain on Futures Transactions</p> <p>AE402034005 Loss on Futures Transactions</p>	OEF – below the line	The gain/loss related to a change in the monetary value to a change in the market price related to Futures Transactions.	Agencies holding an investment.
<p>Foreign Exchange</p> <ul style="list-style-type: none"> <li>• Revaluation</li> <li>• Unrealised gain/loss</li> </ul>	<p>AR402034003 Gain on Foreign Exchange</p> <p>AE402034003 Loss on Foreign Exchange</p>	OEF – below the line	Favourable/unfavourable exchange differences arising from translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements.	Agencies holding an investment.

Investment Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
Various TCorp Instruments <ul style="list-style-type: none"> <li>• Revaluation</li> <li>• Unrealised gain/loss</li> </ul>	AR402034004 Gain on Various TCorp Instruments  AE402034004 Loss on Various TCorp Instruments	OEF – below the line	This account is used to recognise the gain/loss related to a change in the monetary value due to a change in the market price of TCorp instruments.	Agencies holding an investment.
TCorpIM Funds Investments (Unit Price Change) <ul style="list-style-type: none"> <li>• Unrealised gain/loss</li> </ul>	AR402035001 Gain on TCorpIM Funds Investments (Unit Price Change)  AE402035001 Loss on TCorpIM Funds Investments (Unit Price Change)	OEF – below the line	This account is used to recognise the loss on TCorp IM Fund Investments related to a change in the monetary value due to a change in the market price associated with the unit price.	Agencies holding a TCorp IM Funds investment.
TCorpIM Funds Investments (Unrealised) <ul style="list-style-type: none"> <li>• Revaluation</li> <li>• Unrealised gain/loss</li> </ul>	AR402035002 Gain on TCorpIM Funds Investments (Unrealised)  AE402035002 Loss on TCorpIM Funds Investments (Unrealised)	OEF – below the line	This account is used to recognise the unrealised loss related to a change in the monetary value due to a change in the market price.  Unrealised gains or losses refer to profits or losses that have occurred on paper, but the relevant transactions have not been completed	Agencies holding a TCorp IM Funds investment.
Investments <ul style="list-style-type: none"> <li>• Revaluation</li> <li>• Unrealised gain/loss</li> </ul>	AR402035004 Valuation Gains on Investments  AE402035004 Loss on Investment Valuations	OEF – below the line	The gain/loss related to a change in the monetary value due to a change in the market price of investments	Agencies holding an investment.

Investment Type and Composition	Prime Account	Transaction (T) or Other Economic Flow (OEF)	Comment	Has Been Used By/For Use By:
TCorp Fixed Interest Facility <ul style="list-style-type: none"> <li>• Revaluation</li> <li>• Unrealised gain</li> </ul>	AR402035005 Gain on TCorp Fixed Interest Facility	OEF – below the line	The gain/loss related to a change in the monetary value due to a change in the market price of funds in the TCorp Fixed Interest Facility.	Agencies holding TCorp Fixed Interest Facility.
Investments <ul style="list-style-type: none"> <li>• Disposal</li> </ul>	AR402033003 Proceeds of Sale – Investments  AE402033008 Costs Arising from Privatisation (Cost of Investments Sold)	OEF – below the line	The amount of consideration (proceeds) received, or receivable, from the disposal of Investments.	Agencies selling the investment.
Borrowings <ul style="list-style-type: none"> <li>• Revaluation</li> <li>• Unrealised gain/loss</li> </ul>	AR402031007 Gain on Fair Value Borrowings to Profit and Loss  AE402031007 Loss on Fair Value Borrowings to Profit and Loss	OEF – below the line	Recognition of the revaluation increase related to Borrowings that is recognised in the operating statement (Profit and Loss).	Agencies holding borrowings.