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TPP

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Policy and Guidelines Paper

Accounting Policy: Financial Reporting Code for NSW General Government Sector Entities

Preface

The Financial Reporting Code for NSW General Government Sector Entities (the Code) sets out the financial reporting framework for all New South Wales General Government Sector (NSW GGS) entities. The Code provides a model financial reporting framework which promotes consistency across the NSW GGS. It is not mandatory in its entirety and NSW GGS entities can tailor the model to their individual circumstances. However, financial reports must be prepared in accordance with Australian Accounting Standards (AAS) and other Treasury requirements, including annual *Treasury Circulars on Mandates of options and major policy decisions under AAS*.

This version of the Code applies for financial years ending on or after 30 June 2020.

To assist NSW GGS entities, the Code includes references to various accounting standards, Treasury Circulars and Treasury Policy and Guidelines Papers. The Code does not reflect all accounting standard disclosure requirements; rather, it illustrates those accounting standards that are typically relevant to a GGS entity. Where an accounting standard or Treasury Policy requires a disclosure not covered by the Code, NSW GGS entities must also include this disclosure in the financial statements.

The Code includes references to the *Public Finance and Audit Act 1983 and the Public Finance* and Audit Regulation 2015. These references will need to be replaced with references to the *Government Finance Sector Act 2018* and relevant Regulation, if the financial reporting sections of the *Government Finance Sector Act 2018* have commenced at the time you prepare your financial statements.

The Code generally does not contemplate a group structure/consolidation. Therefore, if preparing consolidated financial statements, please refer to the relevant accounting standards to understand the reporting and disclosure requirements. Some references to a consolidated entity have been included to provide pointers for those agencies required to prepare consolidated financial statements.

This edition of the Code supersedes the previous version, issued as NSW Treasury Policy and Guidelines Paper TPP19-04.

The main changes to the Code are summarised in Appendix 4.

Some Treasury Circulars may be superseded before financial year end. References to Treasury Circulars in this document should be read as references to the replacement Circulars where applicable. Agencies should refer to Treasury's website document library for the latest Circulars and Policy Papers.

Entities may obtain further information concerning the operation of the Code from Treasury's Accounting Policy section.

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Note

General inquiries concerning this document should be initially directed to:
Accounting Policy, NSW Treasury; accpol@treasury.nsw.gov.au .

This publication can be accessed from the Treasury's website www.treasury.nsw.gov.au/.

Contents

Executive Summary

1.1. Overview

The Financial Reporting Code for NSW General Government Sector Entities (the Code) provides a framework to promote uniformity across all NSW GGS entities, consistent with the current focus of financial reporting in New South Wales. The Consolidated Financial Statements of New South Wales report on the General Government Sector (GGS) entities and the Total State Sector. Similarly, the NSW Budget Papers focus on the GGS.

The Code sets out the financial reporting framework for NSW GGS entities. It provides illustrative guidance on the form and content of the financial statements, including the note disclosures.

The Code incorporates the disclosure requirements of Australian Accounting Standards (AAS) applicable to NSW GGS entities. The Code, however, generally does not contemplate a group structure/ consolidation. Therefore, when preparing consolidated financial statements, please refer to the relevant accounting standards to understand the reporting and disclosure requirements.

The references provided are correct at the time of publishing this document, however, some Treasury Circulars may be superseded before financial year end. References to Treasury Circulars in this document should be read as references to the replacement Circulars where applicable. Agencies should refer to the Document and Resources library on the NSW Treasury website for the latest Circulars and Policy Papers www.treasury.nsw.gov.au.

1.2. Reporting Framework

In preparing the annual financial statements, NSW GGS entities must comply with the *Public Finance and Audit Act 1983* (PFAA) and *Public Finance and Audit Regulation 2015* (Regulation), AAS and mandatory NSW Treasury accounting publications. The Code as a model is no longer mandatory and is not required to be referenced in the basis of preparation.

In accordance with AAS and the PFAA and Regulation, financial statements must present fairly the financial position, financial performance and cash flows of the entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria for assets, liabilities, income and expenses. Applying AAS (in conjunction with the PFAA and Regulation and NSW Treasury accounting policies), with additional disclosure when necessary, should result in financial statements that achieve a fair presentation.

In the absence of a specific accounting standard, NSW GGS entities should consider the hierarchy of pronouncements as outlined in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (AASB 108).

The Government Sector Finance Act 2018
The *Government Sector Finance Act 2018* (GSF Act) became law in November 2018, and elements of the GSF Act come into force from 1 December 2018. The financial reporting, audit and annual reporting elements of the GSF Act have not yet come into force. For more information, please refer to NSW Treasury's GSF Act website.

1.3. Structure of the Code

The Code provides a model format for the financial statements and the accompanying notes. The Code also provides extensive commentary (text boxes) to assist in the preparation of the financial statements.

The Code incorporates key mandatory disclosure requirements of AAS specifically applicable to NSW GGS entities; i.e. requirements applicable to departments and not-for-profit public-sector entities. It is not the intention of the Code to reflect all AAS disclosure requirements (apart from those specifically applicable to NSW GGS entities). Where an AAS requires a disclosure not covered by the Code, entities must include the disclosure in the notes to the financial statements.

The Code provides a cross reference to certain Accounting Standards and NSW Treasury requirements by listing the relevant references adjacent to the disclosure items and the related commentary.

Entities may also include additional disclosures in the following instances:

- Additional details relating to the components of items within a prescribed note. The details should appear beneath the prescribed note.
- Additional disclosures required by an accounting standard but not covered by the Code. These note disclosures should appear with the related subject matter.
- Further note disclosures on matters of particular relevance to the entity. These note disclosures should appear with the related subject matter.

The structure of the Code is as follows:

- Financial statements:
  - Statement of comprehensive income
  - Statement of financial position
  - Statement of changes in equity
  - Statement of cash flows
- Accompanying notes:
  - Statement of significant accounting policies
  - Other note disclosures
- Appendices:
  - Definitions
  - Key References
  - Current Treasury Circulars / Policy and Guidelines Papers on Accounting Policy Matters
  - Main changes compared to the previous version of the Code (TPP19-04).

Each set of note disclosures is accompanied by a commentary section.

In preparing the accounting policy disclosures, each entity must review its own circumstances, taking into account the requirements in AASB 101 *Presentation of Financial Statements* and AASB 108.

The Code is primarily a disclosure document. Although it discusses various AAS, NSW Treasury Circulars and Policy Papers, the Code does not incorporate the requirements of all AAS, NSW Treasury Circulars and Policy Papers.

Unless otherwise stated, references in the Code to AASs are references to currently operative Accounting Standards.

Entities must not early adopt new AAS, unless otherwise determined by NSW Treasury.

1.4. Application

In preparing the annual financial statements, NSW GGS entities must comply with the PFAA and Regulation, AAS, and other mandatory NSW Treasury accounting publications. The Code as a model is no longer mandatory and is not required to be referenced in the basis of preparation.

The Code is appropriate for all NSW GGS entities that prepare general purpose financial statements in respect of financial years ending on or after 30 June 2020. Special purpose staff agencies should refer to Treasury Circular TC15-07.

This Policy Paper supersedes the previous edition of the Financial Reporting Code for General Government Sector Entities (TPP19-04). The main changes to the Code for 2019-20 relate to the adoption of AASB 15 *Revenue from Contracts with Customers* (AASB 15), *AASB 1058 Income for Not-for-profits* (AASB 1058) and AASB 16 *Leases* (AASB 16). NSW Treasury mandates the modified retrospective approach for the adoption of AASB 15, AASB 1058 and AASB 16. The changes arising from the adoption of these new standards and other changes are summarised in Appendix 4.

Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2020

AASB 101.49
AASB 101.10(b)(ea)
AASB 101.10A
AASB 101.51(c)
AASB 1055.6(b)(e)
AASB 101.113
AASB 101.51(d)(e)

		Notes	Budget 2020 $'000	Actual 2020 $'000	Actual 2019 $'000
AASB 101.81A	**Continuing operations**				
	Expenses excluding losses				
AASB 101.99, 102	Employee-related expenses	2(a)			
AASB 101.99, 102	Operating expenses	2(b)			
AASB 101.99, 102 AASB 138.118(d)	Depreciation and amortisation	2(c)			
AASB 101.99, 102	Grants and subsidies	2(d)			
AASB 101.82(b)	Finance costs	2(e)			
AASB 101.99, 102	Other expenses	2(f)			
	Total expenses excluding losses				
	Revenue				
AASB 1058.26(c) AASB 1004.60	Appropriation	3(a)			
AASB 1004.43A	(Transfers to the Crown Entity)	3(b)			
AASB 118.35(b)(i)(ii)	Sale of goods and services	3(c)			
AASB 15.113(a)	Sale of goods and services from contracts with customers	3(c)			
AASB 101.85	Investment revenue	3(d)			
AASB 101.85	Retained taxes, fees and fines	3(e)			
AASB 1058.26(a) AASB 1004.18(a)	Grants and other contributions	3(f)			
AASB 1004.43A	Acceptance by the Crown Entity of employee benefits and other liabilities	3(g)			
AASB 101.85	Other income	3(h)			
AASB 101.82(a)	**Total revenue**				
AASB 101.85	**Operating result**				
AASB 101.85	Gains / (losses) on disposal	4			
AASB 101.82(ba)	Impairment losses on financial assets				
AASB 101.82(aa)	Net gains / (losses) from the derecognition of financial assets measured at amortised cost				
AASB 101.85	Other gains / (losses)	5			
AASB 101.85	**Net result from continuing operations**				
AASB 101.82(ea) AASB 5.33(a)	Net result from discontinued operations				
AASB 101.81A(a)	**Net result**				
	Other comprehensive income				
AASB 101.82A(a)(i)	*Items that will not be reclassified to net result in subsequent periods*				

AASB 116.39	Changes in revaluation surplus of property, plant and equipment	
Interpretation 1.6(d)	Changes in revaluation surplus arising from changes in restoration liability	
AASB 7.20(a)(vii)	Net gains / (losses) on equity instruments at fair value through other comprehensive income	
AASB 101.85	Others [specify]	
AASB 101.82A(a)(ii)	*Items that may be reclassified to net result in subsequent periods*	
AASB 7.20(a)(viii)	Debt instruments at fair value through other comprehensive income	
AASB 7.20(a)(viii)	- Net gains / (losses) during the period	
AASB 101.92	- Reclassified to net result	
AASB 101.85	Others [specify]	
AASB 101.81A(b)	**Total other comprehensive income**	
AASB 101.81A(c)	**TOTAL COMPREHENSIVE INCOME**	

The accompanying notes form part of these financial statements.

	Commentary on Statement of Comprehensive Income
	Format of Statement of Comprehensive Income
AASB 101.81A AASB 101.82 AASB 101.82A	1. AASB 101 sets out the format for the Statement of Profit or Loss and Other Comprehensive Income (referred to in the Code as the Statement of Comprehensive Income), including certain line items entities must disclose on the face of the Statement of Comprehensive Income: revenue; gains and losses arising from the derecognition of financial assets measured at amortised cost; finance costs; impairment losses determined in accordance with Section 5.5 of AASB 9; share of the net result of associates and joint ventures accounted for using the equity method; net result; items of other comprehensive income classified by nature; share of any other comprehensive income of associates and joint ventures accounted for using the equity method; and total comprehensive income.
AASB 101.82A	2. Line items in the other comprehensive income section must be grouped into those that, in accordance with other Australian Accounting Standards (AAS): • will not be reclassified to net result; and • will be reclassified to profit or loss when specified conditions are met.
AASB 101.7	Total comprehensive income is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.
Treasury Mandates	3. NSW Treasury mandates a single Statement of Comprehensive Income for all NSW GGS entities.
AASB 101.85-86	4. Additional line items, headings and subtotals shall be presented in the Statement of Comprehensive Income when such presentation is relevant to an understanding of the entity's financial performance. The Code includes certain specific additional line items in the pro forma Statement of Comprehensive Income. In NSW, the inclusion of any other new line items on the face of the Statement of Comprehensive Income not already prescribed by AAS (see para 5 below) will no longer require an exemption from the Treasurer. However, GGS entities are encouraged to follow the format of the Code to promote consistency in financial reporting across NSW.

AASB 101.81B	5. AASB 101 mandates the following additional line items to be included in the Statement of Comprehensive Income:
	• profit or loss attributable to:
	  o non-controlling interest and
	  o owners of the parent; and
	• comprehensive income attributable to:
	  o non-controlling interest and
	  o owners of the parent.
	In general, these disclosures are not applicable to GGS entities. Where they are applicable and material, entities must include these line items on the face of the Statement of Comprehensive Income.

	6. Consequential amendments made to AASB 101 to reflect the adoption of AASB 9 now require the separate presentation of the following line items in the statement of comprehensive income:
AASB101.82(a)	• interest revenue calculated using the effective interest rate method
AASB101.82(aa)	• gains and losses from the derecognition of financial assets measured at amortised cost
AASB101.82(ba)	• impairment losses, including reversals of impairment losses or impairment gains
AASB101.82(ca)	• gains and losses recognised as a result of a reclassification of financial assets at amortised cost to fair value through profit or loss
AASB101.82(cb)	• gains and losses reclassified from other comprehensive income as a result of a reclassification of financial assets at fair value through other comprehensive income to fair value through profit or loss. Depending on materiality, it may not always be necessary to present these items separately in the statement of comprehensive income. Agencies also have the option to disclose a further breakdown of the above items by financial asset category (except for interest revenue which is required to be presented by financial asset category under 'investment revenue') in Note 5 or Note 36.

Commentary on Statement of Comprehensive Income

Expenditure classification and disclosure

AASB 101.29, 99
Treasury Mandates

7. Entities must classify all expenses either according to their nature or according to their function and must disclose the amount in each (material) class on the face of the Statement of Comprehensive Income or in the notes. Expenses are required to be presented on the basis of their nature.

AASB 101.97

When items of income and expenses are material, their nature and amount shall be disclosed separately either in the Statement of Comprehensive Income or in the notes to the financial statements.

Offsetting

AASB 101.32, 34-35
AASB 137.54

8. Entities must not offset income and expenses unless required or permitted by an AAS. Examples of items that must be offset include gains and losses on disposal of non-current assets, including investments and operating assets. Also, expenses relating to a provision that is expected to be reimbursed by another entity may be presented net of the amount recognised for reimbursement.

Material Items

AASB 101.97

9. Entities shall disclose material items of income and expense separately, either on the face of the Statement of Comprehensive Income or in the notes.

AASB 101.87

Entities shall not present any items of income and expense as extraordinary items, either in the Statement of Comprehensive Income or in the notes.

Proceeds on sale of assets

Treasury Mandates

10. Where an entity must remit either all or a portion of the proceeds on sale of assets to the Crown Entity, such remittances must be included in 'transfers to the Crown Entity' after the line item 'appropriation' in the Statement of Comprehensive Income.

Net result

AASB 101.88

11. Entities must include all items of income and expense recognised in a period in profit or loss (i.e. net result) unless an AAS requires otherwise (e.g. revaluation surplus under AASB 116 *Property, Plant and Equipment*).

Changes in accounting policy

AASB 108.19(a)(b)

12. Changes in accounting policy resulting from amendments in AASs should be accounted for in accordance with that standard or in the absence of transitional provisions, retrospectively.

AASB 108.19(b), 22, 24, 42

13. Voluntary changes in accounting policy or the correction of material prior period errors must be accounted for retrospectively by adjusting the opening balance of accumulated funds for the comparative period (or by adjusting the comparative period if the error occurred in that period).

Personnel services

TC15-07

14. For entities impacted by TC15-07 regarding employment arrangements, the face of the Statement of Comprehensive Income must disclose, where applicable:
    - entity receiving personnel services (i.e. statutory body) – additional line item under 'Operating expenses' for 'Personnel services'
    - entity providing personnel services [i.e. a public service agency under the Government Sector Employment Act 2013 (GSE Act)] – additional line item under 'Revenue' for 'Personnel services revenue'

    A personnel service entity is referred to as a Staff Agency under the GSE Act.

Other comprehensive income

AASB 101.7

15. The components of other comprehensive income include (not inclusive):
    - changes in revaluation surplus
    - gains or losses on remeasuring financial assets at fair value through other comprehensive income
    - fair value changes on financial liabilities at fair value through profit or loss related to the entity's own credit risk
    - remeasurements of defined benefit plans (where appropriate).

Commentary on Statement of Comprehensive Income	
AASB 101.92-94	16. The entity shall disclose reclassification adjustments relating to items of other comprehensive income, either in the Statement of Comprehensive Income or in the notes. A reclassification adjustment is included with the related items of other comprehensive income in the period that the adjustment is reclassified to net result.
AASB 101.95-96 AASB 9.5.7.10 AASB 9.B5.7.1	17. Reclassification adjustments arise, for example, on derecognition of debt instruments at fair value through other comprehensive income. They do not arise on changes in revaluation surplus nor on the derecognition of equity instruments at fair value through other comprehensive income.

Statement of Financial Position as at 30 June 2020

		Notes	Budget 2020 $'000	Actual 2020 $'000	Actual 2019 $'000
AASB 101.10(a)(ea)(f) AASB 101.49 AASB 101.51(c) AASB 101.54-80 AASB 1055.6(a)(e) AASB 101.113 AASB 101.51(d)(e)					
	ASSETS				
	Current Assets				
AASB 101.60, 66	Cash and cash equivalents	10			
AASB 101.54(i)	Receivables	11			
AASB 15.105	Contract assets	12			
AASB 101.54(h)	Inventories	13			
AASB 101.54(g)	Financial assets at fair value	14			
AASB 101.54(d)	Other financial assets	15			
AASB 101.54(d)	Other current assets	20			
AASB 101.54(j) AASB 5.38	Non-current assets held-for-sale	21			
	Total Current Assets				
AASB 101.60	**Non-Current Assets**				
AASB 101.54(h)	Receivables	11			
AASB 15.105	Contract assets	12			
AASB 101.54(g)	Inventories	13			
AASB 101.54(d)	Financial assets at fair value	14			
AASB 101.54(d)	Other financial assets	15			
	Property, plant and equipment	16			
AASB 101.78a	- Land and buildings				
AASB 101.78a	- Plant and equipment				
AASB 101.78a	- Infrastructure systems				
AASB 101.54(a)	Total property, plant and equipment				
AASB 101.54(b)	Investment property	17			
Treasury Mandate	Right-of-use assets	18			
AASB 101.54(c)	Intangible assets	19			
AASB 101.55	Other non-current assets	20			
	Total Non-Current Assets				
	Total Assets				
	LIABILITIES				
AASB 101.60, 69	**Current Liabilities**				
AASB 101.54(k)	Payables	24			
AASB 15.105	Contract liabilities	12			
AASB 101.54(m) AASB 7.8 (e)(g)	Borrowings	25			
AASB 101.54(l)	Provisions	26			
AASB 101.55	Other current liabilities	27			
AASB 101.54(p)	Liabilities associated with non-current assets held-for-sale	21			
AASB 5.38	**Total Current Liabilities**				
AASB 101.60, 69	**Non-Current Liabilities**				
AASB 15.105	Contract liabilities	12			
AASB 101.54(m) AASB 7.8 (e)(f)	Borrowings	25			
AASB 101.54(l)	Provisions	26			
AASB 101.55	Other non-current liabilities	27			
	Total Non-Current Liabilities				
	Total Liabilities				
	Net Assets				

AASB 101.10(a)(ea)(f)
AASB 101.49
AASB 101.51(c)
AASB 101.54-80
AASB 1055.6(a)(e)

AASB 101.113
AASB 101.51(d)(e)

Reference		Notes	Budget 2020 $'000	Actual 2020 $'000	Actual 2019 $'000
AASB 101.54(r), 78(e)	**EQUITY**	28			
	Accumulated funds				
	Reserves				
AASB 5.38	Amounts recognised in equity relating to non-current assets held-for-sale	21			
	Total Equity				

The accompanying notes form part of these financial statements.

Commentary on Statement of Financial Position

Presentation of assets and liabilities

AASB 101.60
Treasury Mandates

1. AASB 101 requires the current / non-current presentation of assets and liabilities unless the liquidity presentation provides more relevant and reliable information. However, Treasury requires NSW GGS entities to adopt the current / non-current presentation.

AASB 101.32
AASB 132.42

2. Assets and liabilities must not be offset, unless an AAS requires or permits offsetting. An entity shall only offset a financial asset and financial liability and present the net amount in the Statement of Financial Position when the entity has a legally enforceable right to offset the recognised amounts and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

AASB 101.66
AASB 101.69

3. The terms 'current asset' and 'current liability' are those items an entity:
   - expects to realise (or settle) in the entity's normal operating cycle;
   - holds primarily for the purpose of trading;
   - expects to realise (or settle) within twelve months after the reporting period (including AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* 'held for sale' assets and liabilities);
   - classifies as cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; or
   - for a liability, does not have an unconditional right to defer settlement thereof for at least twelve months after the reporting period.

AASB 101.68, 70, 71
Treasury Mandates

4. When an entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months. In NSW, public sector entities generally adopt a 12-month operating cycle. Where an entity intends to adopt a longer time period, they must notify NSW Treasury immediately.

AASB 101.72, 73

5. Financial liabilities shall be categorised as current when they are due to be settled within 12 months of the reporting period, even if:
   - the original term was for a period longer than 12 months; and
   - an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue.

AASB 101.74

In classifying a liability as current or non-current, certain events after the reporting period are ignored. For example, an entity classifies a liability as 'current' where a long-term covenant is breached on or before the end of the reporting period even if, after the end of the reporting period and before the financial statements are authorised for issue, the lender has agreed not to demand payment.

AASB 101.73

However, if an entity expects, and has the discretion, to refinance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no arrangement for

	Commentary on Statement of Financial Position
	refinancing), the entity does not consider the potential to refinance the obligation and classifies the obligation as current.
AASB 101.74	When an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender has agreed, after the reporting period, and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least 12 months after that date.
AASB 101.75	However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least 12 months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.
AASB 101.10(f)	6. An additional Statement of Financial Position (represented in the pro forma by the additional column) is required in the Statement of Financial Position as at the beginning of the preceding period only when an entity:
AASB 101.40A-44	• applies an accounting policy retrospectively; • makes a retrospective restatement; e.g. the correction of an error or • reclassifies items in the financial statements;
	and the retrospective application, retrospective restatement or reclassification has a material effect on the information in the Statement of Financial Position at the beginning of the preceding period.
	Therefore, if none of the above has occurred during the year, entities should delete the additional column from the pro forma Statement of Financial Position.
AASB 101.41-44 AASB 108.28, 29, 49	When an entity is required to present an additional Statement of Financial Position, it must disclose the information required by paragraphs 41-44 of AASB 101 (disclosures regarding reclassifications of comparative amounts) and AASB 108 (paras 28, 29 and 49). However, an entity is not required to present the related notes to the opening Statement of Financial Position as at the beginning of the preceding period.
AASB 5.40	7. An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the Statements of Financial Position for prior periods to reflect the classification in the Statement of Financial Position for the latest period presented.
	Disclosures on the face of the Statement of Financial Position
AASB 101.29, 54-55, 77	8. Entities must disclose certain classes of items separately on the face of the Statement of Financial Position. In addition, an entity must disclose, either on the face of the Statement of Financial Position or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity's operations.
	Adoption of AASB 15 *Revenue from Contracts with Customers*
AASB 15.105	9. AASB 15 requires the presentation of a contract in the statement of financial position as a contract asset or a contract liability. For any unconditional rights to consideration, the entity shall present them as a receivable separately from contract assets (Refer Note 11).
	Adoption of AASB 16 *Leases*
AASB 16.47(a) Treasury Mandates	10. AASB 16 allows entities to either present right-of-use assets separately in the statement of financial position, or include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned, and disclose which line items in the statement of financial position include those right-of-use assets. Agencies are mandated to present right-of-use assets that do not meet the definition of investment property separately in the statement of financial position – i.e.as a separate financial statement line item.
AASB 16.48	11. Right-of-use assets that meet the definition of investment property are presented within 'investment property'.
AASB 16.47(b)	12. Lease liabilities should be either presented separately in the statement of financial position or disclosed separately in the notes to the financial statements,

Statement of Changes in Equity for the year ended 30 June 2020

AASB reference		Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Financial assets at FVOCI Reserve $'000	Other Reserves [specify] $'000	Total $'000
AASB 101.10(c)(ea) AASB 101.49 AASB 101.51(c) AASB 101.106(d) AASB 101.113 AASB 101.51(d)(e)							
	Balance at 1 July 2019						
AASB 101.106(b), 110	Changes in accounting policy	1(h)					
AASB 101.106(b), 110	Correction of errors	7					
AASB 108.49(b)							
	Restated balance at 1 July 2019						
AASB 101.106(d)(i)	**Net result for the year**						
	Other comprehensive income						
AASB 101.106A	Net change in revaluation surplus of property, plant and equipment						
AASB 101.106A	Net gains / (losses) on equity instruments at fair value through other comprehensive income						
	Debt instruments at fair value through other comprehensive income:						
AASB 7.20(a)(viii)	Net gains / (losses) during the period						
AASB 7.20(a)(viii) AASB 101.92	Reclassification to net result						
	Net change in restoration liability						
	Others [specify]						
AASB 101.106(d)(ii)	**Total other comprehensive income**						
	Total comprehensive income for the year						
AASB 101.106(d)(iii)	**Transactions with owners in their capacity as owners**						
	Shares issued						
	Dividends paid/provided						
	Increase / (decrease) in net assets from equity transfers	26					
	Balance at 30 June 2020						

AASB 101.10(c)(ea) AASB 101.49 AASB 101.51(c) AASB 101.106(d) AASB 101.113 AASB 101.51(d)(e)		Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Financial assets at FVOCI Reserve $'000	Other Reserves [specify] $'000	Total $'000
	Balance at 1 July 2018						
AASB 101.106(b), 110	Changes in accounting policy	1(h)					
AASB 101.106(b), 110 AASB 108.49(b)	Correction of errors	7					
	Restated balance at 1 July 2018						
AASB 101.106(d)(i)	**Net result for the year**						
	Other comprehensive income						
AASB 101.106A	Net change in revaluation surplus of property, plant and equipment						
AASB 101.106A	Net gains / (losses) on equity instruments at fair value through other comprehensive income						
	Debt instruments at fair value through other comprehensive income:						
AASB 7.20(a)(viii)	Net gains / (losses) during the period						
AASB 7.20(a)(viii) AASB 101.92	Reclassification to net result						
	Net change in restoration liability						
	Others [specify]						
AASB 101.106(d)(ii)	**Total other comprehensive income**						
	Total comprehensive income for the year						
AASB 101.106(d)(iii)	**Transactions with owners in their capacity as owners**						
	Shares issued						
	Dividends paid/provided						
	Increase / (decrease) in net assets from equity transfers	26					
	Balance at 30 June 2019						

The accompanying notes form part of these financial statements.

	Commentary on Statement of Changes in Equity
	Requirements
AASB 101.106	1. An entity shall present on the face of the Statement of Changes in Equity: • total comprehensive income for the period • the effects of retrospective application or retrospective restatement recognised in accordance with AASB 108 for each component of equity • a reconciliation for each component of equity between the carrying amount at the beginning and end of the period, separately disclosing changes from: - net result - other comprehensive income - transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.
AASB 101.106A Treasury Mandates	2. An entity may present an analysis of other comprehensive income by item either in the Statement of Changes in Equity or in the notes. NSW Treasury has mandated that the analysis of other comprehensive income by item must be presented in the Statement of Changes in Equity.
	Adjustments
AASB 1004.48-49	3. All contributions by or distributions to owners are to be adjusted against the equity account when they qualify for recognition.
AASB 101.110	4. Retrospective adjustments to effect changes in accounting policies and retrospective restatements to correct errors are not changes in equity. They are adjustments to the opening balance of accumulated funds, except when an AAS requires retrospective adjustment of another component of equity. An entity discloses these adjustments for each prior period and the beginning of the period.

Statement of Cash Flows for the year ended 30 June 2020

AASB 101.10(d)(ea)
AASB 101.49, 51(c)
AASB 107.10-11
AASB 1055.6(d)(e)

AASB 101.113 AASB 101.51(d)(e)		Notes	Budget 2020 $'000	Actual 2020 $'000	Actual 2019 $'000
AASB 107.10, 14, 18(a)	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Payments				
AASB 107.14(d)	Employee related				
AASB 107.14(c)	Suppliers for goods and services				
	Grants and subsidies				
AASB 107.31	Finance costs				
	Other				
	Total Payments				
	Receipts				
	Appropriations (excluding equity appropriations)				
	Reimbursements from the Crown Entity				
	(Transfers to the Crown Entity)				
AASB 107.14(a)	Sale of goods and services				
AASB 107.31	Interest received				
AASB 107.14(b)	Retained taxes, fees and fines				
	Grants and other contributions				
	Other				
	Total Receipts				
	NET CASH FLOWS FROM OPERATING ACTIVITIES	30			
AASB 107.10, 16, 21	**CASH FLOWS FROM INVESTING ACTIVITIES**				
AASB 107.16(b)	Proceeds from sale of property, plant and equipment				
AASB 107.16(d)	Proceeds from sale of financial assets				
AASB 107.16(f)	Advance repayments received				
AASB 107.16(a)	Purchase of property, plant and equipment				
AASB 107.16(a)	Purchase of intangible assets				
AASB 107.16(c)	Purchase of financial assets				
AASB 107.16(e)	Advances made				
	Other				
	NET CASH FLOWS FROM INVESTING ACTIVITIES				
AASB 107.10, 17, 21	**CASH FLOWS FROM FINANCING ACTIVITIES**				
TPP09-3 AASB 107.17(a)	Capital appropriation – equity appropriation				
AASB 107.17(c)	Proceeds from borrowings and advances				
AASB 107.17(a)	Cash equity injection to for-profit entities				
AASB 107.17(d)	Repayment of borrowings and advances				
AASB 107.34	Dividends paid				
AASB 107.17(e) AASB 16.50(a)	Payment of principal portion of lease liabilities				
AASB 107.17(e)	Payment of principal portion of finance lease liabilities				
	Other				
	NET CASH FLOWS FROM FINANCING ACTIVITIES				
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS				
	Opening cash and cash equivalents				
Treasury Mandates	Cash transferred in / (out) as a result of administrative restructuring	26			
AASB 107.45	**CLOSING CASH AND CASH EQUIVALENTS**	10			

The accompanying notes form part of these statements.

	Commentary on Statement of Cash Flows
	Presentation of cash flows
AASB 107.10, 18(a), 21, 22 Treasury Mandates	1. The Statement of Cash Flows must report cash flows during the period classified by operating, investing and financing activities and separately disclose certain cash flows. Cash flows must be presented on a gross basis except to the extent that cash flows described in AASB 107.22 are reported on a net basis. NSW Treasury mandates the direct method of reporting cash flows from operating activities.
AASB 107.31	Cash flows from interest and dividends received and paid shall be disclosed separately.
Treasury Mandates	NSW Treasury mandates interest paid, interest received, and dividends received as operating cash flows, and dividends paid as financing cash flows.
	Equity transfers – impact on the Statement of Cash Flows
Treasury Mandates	2. Where cash is transferred as part of an administrative restructure, the reconciliation of opening and closing cash balances in the Statement of Cash Flows will be affected. To ensure that cash reconciles in the Statement of Cash Flows, the 'Opening cash and cash equivalents' amount must be adjusted to include any cash received or paid as a result of restructuring.
	Goods and Services Tax (GST)
Interpretation 1031.10	3. Interpretation 1031 *Accounting for the GST* provides that entities must include cash flows in the Statement of Cash Flows on a gross basis in accordance with AASB 107 *Statement of Cash Flows*.
Interpretation 1031.11	The Interpretation also states that the GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority must be classified as operating cash flows. Therefore, cash flows arising from investing and financing activities are included net of GST recoverable from or payable to the Australian Taxation Office. The GST component is regarded as being of an operating nature irrespective of what asset / expense it is associated with.
	Leases under AASB 16 *Leases*
AASB 16.50(a) AASB 16.50(b)	4. If the entity is a lessee, it is required to classify cash payments for the principal portion of the lease liability within financing activities. Cash payments for the interest portion of the lease liability are classified as operating activities.
AASB 16.50(c)	5. Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified within operating activities.
AASB 107.43 AASB 107.44	6. Non-cash investing and financing transactions (e.g., the initial recognition of the lease at commencement) should be excluded from the statement of cash flows. Such transactions shall be disclosed in the financial statements in a way that provides all the relevant information about these investing and financing activities

	Commentary on Financial Statements
	Budgeted amounts
AASB 1055.6-7	1. Where an entity's budgeted financial statements were presented to Parliament (i.e. in the NSW Government Budget Papers), the entity's financial statements must comply with AASB 1055 *Budgetary Reporting*. In respect of the actual amount of each item in the financial statements for the current financial year, entities must present the corresponding budgeted amount for that item for the current financial year.
AASB 1058.39 (a)(b) AASB 1055.6-7	The budgeted amounts must be drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period and must be prepared on the same basis as the financial statements.
AASB 1055.11 Treasury Mandates	Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgetary information.
	Explaining Variances
	2. Major variances between the original budgeted amounts and the actual amounts in the financial statements should be explained in a note to the financial statements (Note 31).
AASB 1055.6(f)	Where relevant, variances may relate to transfers of functions or restructures. The format of disclosures in Note 31 could include columns to explain the components of the overall variance between the original budget and actual information. For instance, where an entity has been impacted by a restructure, a column disclosing the budget after amendments for the restructure could be included. However, these columns should not be referred to as a 'revised budget'. Regardless, major variances between actual amounts and the original budget must be explained.
	Other requirements under AASB 1055
AASB 1055.8	3. Comparative budgetary information in respect of the previous period need not be disclosed.
AASB 1055.7(a), 13	4. An entity with administered items included in its original budgeted financial statements presented to Parliament must disclose the corresponding budgeted amount for those items for the current financial year (Note 35).
	Entities not required to include AASB 1055 information
AASB 1055.14	5. Entities for which budgeted financial information was not presented to Parliament do not need to include AASB 1055 information.
Treasury Mandates	Where these entities choose to disclose budgeted financial information (as it was not required to be presented to Parliament) the entity's accounting policy and disclosures in respect of budgeted financial information must: • state that the entity is not required to include budget information in accordance with AASB 1055; • describe the basis of preparation of the budgetary information presented; • disclose who authorised the budget.
	Consistency of presentation
AASB 101.45	6. The presentation and classification of items in the financial statements shall be retained from one reporting period to the next unless: • it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate (having regard to the criteria for the selection and application of accounting policies in AASB 108); or • an AAS requires a change in presentation
AASB 101.41-42 AASB 101.7	When making changes in presentation or classification, an entity reclassifies its comparative information, unless impracticable. Entities must disclose the nature and amount of, and reason for, the reclassification. When it is impracticable to reclassify, the entity shall disclose the reason for not reclassifying the amounts and the nature of the adjustments that would have been made if the amounts had been reclassified. 'Impracticable' is defined as occurring when the entity cannot apply a requirement after making every reasonable effort to do so.

	Commentary on Financial Statements
	Materiality and aggregation
AASB 101.29-31 AASB 101.7	7. Entities must present each material class of similar items separately in the financial statements. An immaterial item need not be disclosed. An item that is not sufficiently material to warrant separate presentation on the face of the statements may nevertheless be sufficiently material to be disclosed separately in the notes. Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.
	Comparative information – general
AASB 101.38 AASB 101.10(ea)	8. In general, an entity must present comparative information for the preceding financial year for all amounts reported in the current period's financial statements, except where an AAS permits or requires otherwise.
AASB 101.38	Entities must include comparative information for narrative and descriptive information included in the financial statements if it is relevant to an understanding of the financial statements. In some cases, narrative information provided for the preceding period continues to be relevant in the current period; e.g. where an uncertainty was disclosed at the end of one reporting period, which is resolved in the next reporting period.
AASB 101.40A	When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements and they have a material effect on the information in the Statement of Financial Position at the beginning of the preceding period, it must present an additional Statement of Financial Position as at the beginning of the preceding period, in addition to the minimum comparative financial statements.
AASB 101.38C-38D	9. An entity may present comparative information in addition to the minimum comparative financial statements, as long as that information is prepared in accordance with AAS. It may comprise one or more of the components of the financial statements (with related note information) (e.g. a third Statement of Comprehensive Income), but it need not comprise a complete set of financial statements (i.e. need not present a third statement for all of the financial statements).
	Comparatives – changes in accounting policy
AASB 108.5,19,22-25	10. When an entity changes an accounting policy upon initial application of an AAS that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it must apply the change retrospectively, where practicable. The entity must adjust the opening balance of each affected component of equity for the earliest prior period presented, and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. When it is impracticable to determine the period-specific effects of changing an accounting policy on comparative information for the prior periods presented, the entity shall apply the new accounting policy to the opening balances of the earliest period for which retrospective application is practicable. When it is impracticable to determine the cumulative effect, at the beginning of the current period, of applying a new accounting policy to all prior periods, the entity shall adjust the comparative information to apply the new accounting policy prospectively from the earliest date practicable. The treatment of changes in accounting policy is further discussed in the commentary to Note 1.
TC 19-07	11. NSW Treasury mandates the adoption of the modified retrospective option in AASB 15.C3(b) and AASB 1058.C3(b), i.e. applying AASB 15 and AASB 1058 retrospectively with the cumulative effect of initially applying AASB 15 and AASB 1058 recognised at the date of initial application. This means the comparatives of financial statement line items affected by AASB 15 and AASB 1058 shall not be restated.
TC 18-05	12. NSW Treasury mandates the adoption of the partial retrospective option in AASB 16.C5(b), where the cumulative effect of initially applying AASB 16 is recognised

	Commentary on Financial Statements
	on the initial application date. This means the comparatives of financial statement line items affected by AASB 16 will not be restated
	Comparatives – restatement / correction of errors
AASB 108.42-48	13. An entity shall correct material prior period errors retrospectively in the first financial statements issued after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred, where practicable, or, if the error occurred before the earliest prior period presented, by restating the opening balances for the earliest prior period presented.
	When it is impracticable to determine the period-specific effects of an error on comparative information, the entity shall restate the opening balances for the earliest period for which retrospective restatement is practicable (which may be the current period).
	When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.
	Comparatives - Reclassification
AASB 101.41	14. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period): the nature of the reclassification; the amount of each item or class of items that is reclassified; and the reason for the reclassification.
AASB 101.42	When it is impracticable to reclassify comparative amounts, an entity shall disclose: the reason for not reclassifying the amounts; and the nature of the adjustments that would have been made if the amounts had been reclassified.
	Revision of accounting estimates
AASB 108.32	15. As a result of the uncertainties inherent in business and other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimates may be required, for example, of the useful lives or expected pattern of consumption of future economic benefits of depreciable assets, of bad debts and inventory obsolescence. An estimate may be revised if there are changes in the circumstances on which the estimate was based or as a result of new information, more experience or subsequent developments.
AASB 108.36	The effect of a revision of an accounting estimate must be recognised prospectively by including it as revenue or expense in the Statement of Comprehensive Income in the reporting period in which the accounting estimate is revised, if the revision affects that reporting period only, or in the reporting period of the revision and future reporting periods, if the revision affects both the current and future reporting periods.
AASB 108.39-40 AASB 116.76 AASB 138.121 AASB 108.35	The nature and amount of a revision of an accounting estimate that affects the reported financial performance or financial position of the current or future reporting period(s) must be disclosed in the notes to the financial statements, except where impracticable for future periods. Where impracticable, an entity must disclose that fact.
	Where there are difficulties in distinguishing between a change in an accounting policy and a revision of an accounting estimate, the transaction is treated as a revision of an accounting estimate.
	Transfer payments
AASB 1050.17-20	16. Transfer payments are not recognised in the Statement of Comprehensive Income, as the entity does not control these types of payments (see Note 8 on Transfer Payments). Those parts of appropriations that are in the nature of transfer payments are not to be recognised in the Statement of Comprehensive Income.
	Similarly, cash flows resulting from transfer payments are not recognised in the Statement of Cash Flows.
	Personnel services
TC15-07	17. For entities impacted by TC15-07 regarding employment arrangements, expenses, revenues, assets and liabilities not referred to elsewhere in the Code must be classified into existing line items in the financial statements and dissected in the notes, as appropriate.

Notes to the financial statements

AASB 101.10(e), 113, 117

1. Statement of Significant Accounting Policies

a) Reporting entity

AASB 101.138
TPP05-4
AASB 1054.8(b)

The *[name of entity]* (the Entity), is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

AASB 101.10(e), 51
AASB 10.4,19, B86

For entities preparing consolidated financial statements, disclose the following:

[The (name of entity) as a reporting entity, comprises all the entities under its control, namely: (provide brief description).

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.]

AASB 110.17

These financial statements for the year ended 30 June 2020 have been authorised for issue by the *[Secretary / Board]* on *[insert date]*.

b) Basis of preparation

AASB 101.27, 112(a)
AASB 1054.7-9

The entity's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

AASB 101.117(a)

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)

AASB 1054.9

- the requirements of the *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015* and

Treasury Mandates

- Treasurer's Directions issued under the Act.

AASB 101.112(a)
AASB 101.117(a)
Treasury Mandates

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

AASB 101.122, 125

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

AASB 101.51(d)(e)
AASB 121.9, 17

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the entity's presentation and functional currency.

c) Statement of compliance

AASB 1054.7

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d) Administered activities

AASB 1050.7
AASB 1050.24

The entity administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of the entity's own objectives.

Transactions and balances relating to the administered activities are not recognised as the entity's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered Income', 'Administered Expenses', 'Administered Assets' and 'Administered Liabilities'.

AASB 1050.24

The accrual basis of accounting and applicable accounting standards have been adopted.

AASB 101.10(e), 113, 117

1. Statement of Significant Accounting Policies

e) Accounting for the Goods and Services Tax

Interpretation 1031.6-9

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- amount of GST incurred by the entity as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Interpretation 1031.10-11

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

f) Foreign currency translation

AASB 121.21-22

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

AASB 121.23(a)
AASB 121.8

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date.

AASB 121.28

Differences arising on settlement or translation of monetary items are recognised in net result.

AASB 121.23(b)
AASB 121.23(c)
AASB 121.30

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or net results are also recognised in other comprehensive income or net results, respectively).

g) Comparative information

AASB 101.38

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

h) Changes in accounting policies, including new or revised AAS

i) Effective for the first time in FY2019-20

AASB 108.28(a)

The entity applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities*, and AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in FY2019-20, but do not have an impact on the financial statements of the entity.

AASB 15 *Revenue from Contracts with Customers*

AASB 108.28(c)

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 101.10(e), 113, 117

1. Statement of Significant Accounting Policies

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

AASB 108.28(d)

AASB 15.C7A(a)
TC19-07
Treasury Mandates

In accordance with the transition provisions in AASB 15, the entity has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, i.e. 1 July 2019. The entity has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all of the modifications that occur before 1 July 2018 when [please disclose the practical expedients applicable to the entity]:

- identifying the satisfied and unsatisfied performance obligations
- determining the transaction price
- allocating the transaction price to the satisfied and unsatisfied performance obligations.

AASB 15.C7A

[A qualitative assessment of the estimated effect of applying each of those expedients, to the extent reasonably possible] The impact of applying the above practical expedients is not expected to significantly affect the financial statements.

AASB 108.28(f)
AASB 15.C8(a)

The effect of adopting AASB 15 is as follows:

Impact on the Statement of Comprehensive Income (increase/(decrease)):

	Notes	30 June 2020 $'000 AASB 15	30 June 2020 Without adoption of AASB 15	30 June 2020 Impact of AASB 15
Revenue				
[Specify line items]	(a)(b)			
Expenses				
[Specify line items]	(a)(b)			
Operating result				
[Specify line items]				
Net result				

Impact on Statement of Financial Position (increase/(decrease)):

	Notes	30 June 2020 $'000 AASB 15	30 June 2020 Without adoption of AASB 15	30 June 2020 Impact of AASB 15
Assets				
[Specify line items]	(a)(b)			
Liabilities				
[Specify line items]				
Total adjustment to equity				
[*Specify line items]*				

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

The nature of these adjustments is described below:

AASB 108.28(c)

[Agencies to describe the nature of the changes for each significant revenue stream impacted, including impact on future reporting periods, for example, whether changes accelerate/delay revenue recognition and/or increase/decrease deferred revenue]

AASB 15.C8(b)

[Agencies to explain the reasons for significant changes of each line item affected identified above]

AASB 101.10(e), 113, 117

1. Statement of Significant Accounting Policies

AASB 1058 *Income of Not-for-Profit Entities*

AASB 108.28(a)

AASB 1058 replaces most of the existing requirements in AASB 1004 *Contributions*. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 108.28(c)

AASB 108.28(d)

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- when the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by the entity.
- immediately, for all other income within the scope of AASB 1058.

TC19-07
Treasury Mandates

AASB 1058.C8

In accordance with the transition provisions in AASB 1058, the entity has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019. The entity has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the entity to further its objectives, are not restated to their fair value.

AASB 108.28(f)

The effect of adopting AASB 1058 is as follows:

AASB 1058.C8(a)

Impact on Statement of Comprehensive Income (increase/(decrease)):

	Notes	30 June 2020 $'000 AASB 1058	30 June 2020 Without adoption of AASB 1058	30 June 2020 Impact of AASB 1058
Revenue				
[Specify line items]	(a)(b)			
Expenses				
[Specify line items]				
Operating result				
[Specify line items]				
Net result				

Impact on Statement of Financial Position (increase/(decrease)):

	Notes	30 June 2020 $'000 AASB 1058	30 June 2020 Without adoption of AASB 1058	30 June 2020 Impact of AASB 1058
Assets				
[Specify line items]	(a)(b)			
Liabilities				
[Specify line items]				
Total adjustment to equity				
[Specify line items]				

AASB 101.10(e), 113, 117

1. Statement of Significant Accounting Policies

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

AASB 1058.C8(b)

The nature of these adjustments is described below:

[Agencies to describe the nature of the changes for each significant income stream impacted, including impact on future reporting periods, for example, whether changes accelerate/delay income recognition and/or increase/decrease deferred income]

[Agencies to explain the reasons for significant changes of each line item affected identified above]

AASB 16 *Leases*

AASB 108.28(a)
AASB 16.C12
AASB 16.C21.2
AASB 108.28(c)
AASB 16.1

AASB 16 supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease,* Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

AASB 108.28(c)
AASB 16.62

Lessor accounting

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have a significant impact for leases where the entity is the lessor.

AASB 108.29(c)
AASB 16.22-26

Lessee accounting

AASB 16 requires the entity to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the entity recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

AASB 108.28(d)
AASB 16.C5(b), C7
AASB 16.C3

The entity has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was x.xx%.

AASB 16.60
AASB 16.5-6
AASB 16.C12(a)

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019. The exception is right-of-use assets that are subject to accelerated depreciation. These assets are measured at their fair value at 1 July 2019.

AASB 101.10(e), 113, 117

1. Statement of Significant Accounting Policies

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date.

The entity elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at $10,000 or under when new (low-value assets).

TC 18-05
AASB 16.C3, C4, C10, C13

In applying AASB 16 for the first time, the Entity has used the following practical expedients permitted by the standard:

- not reassess whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and Interpretation 4.
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review
- not recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application
- excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- using hindsight in determining the lease term where the contract contained options to extend or terminate the lease

AASB 108.28(f)

The effect of adoption AASB 16 as at 1 July 2019 (increase/ (decrease) is, as follows:

	$'000
Assets	
Other financial assets	
Property, plant and equipment	
Right-of-use assets	
Total assets	
Liabilities	
Borrowings	
Total liabilities	
Equity	
Accumulated funds	

AASB 16.C12(b)

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows*:

	$'000
Operating lease commitments as at 30 June 2019 (GST included)	
(Less): GST included in operating lease commitments *[applicable if the entity is able to claim GST input credit]*	

AASB 101.10(e), 113, 117

1. Statement of Significant Accounting Policies

AASB 16.C12(a)

Operating lease commitments as at 30 June 2019 (GST excluded) *[if applicable as above]*	
Weighted average incremental borrowing rate as at 1 July 2019	
Discounted operating lease commitments as at 1 July 2019	
Add: commitments relating to leases previously classified as finance leases (GST excluded) *[if applicable as above]*	
(Less): commitments relating to short-term leases	
(Less): commitments relating to leases of low-value assets	
Add/(less): contracts re-assessed as lease contracts	
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	
Lease liabilities as at 1 July 2019	

AASB 16.C12(b)

*An explanation needs to provided for any difference between (a) operating lease commitments disclosed in applying AASB 117 at the end of the annual reporting period immediately preceding the date of initial application (i.e. 30 June 2019), discounted using the incremental borrowing rate at the date of initial application; and (b) lease liabilities recognised in the statement of financial position at the date of initial application (i.e 1 July 2019).

ii. Issued but not yet effective

Treasury Mandates

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise.

AASB 108.30

The following new AAS have not been applied and are not yet effective [specify – refer to Treasury Mandates]. The possible impact of these Standards in the period of initial application includes [specify any known or reasonably estimable information].

Commentary on Statement of Significant Accounting Policies

Application of illustrative example accounting policy note

AASB 101.112, 117

1. AASB 101 requires entities to present information about the basis of preparation of the financial statements and the specific accounting policies used. In particular, entities must disclose the measurement basis (or bases) used in preparing the financial statements and the other accounting policies and additional information relevant to an understanding of the financial statements.

   This example accounting policy note should be suitable for most entities, subject to appropriate adaptations taking into account the requirements in AASB 101. Where an area or category is not relevant to an entity, then the accounting policy note in relation to that matter can be omitted (e.g. if an entity does not have any financial assets at fair value through other comprehensive income, then there is no need to have an accounting policy note on this category).

   Where possible, the Code now presents the relevant accounting policies within the related disclosure note. However, agencies may prefer to instead present all accounting policies in Note 1.

Reporting entity disclosure

AASB 101.138(a)-(c)

2. Entities shall disclose the following, if not disclosed elsewhere in information published with the financial statements (i.e. annual report):
   - the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office);
   - a description of the nature of the entity's operations and its principal activities; and

	Commentary on Statement of Significant Accounting Policies
	• the name of the parent and the ultimate parent of the group. • The ultimate parent of the entity is the State of New South Wales.
	Reporting entity
AASB 10.4, Appendix A TC15-05	3. The consolidated financial statements are those of the economic entity, comprising the entity (parent entity) and all the entities that the entity controls (including controlled commercial activities of an entity). The objective of preparing consolidated financial statements is to reflect the economic entity as a single reporting entity for decision making and accountability purposes, regardless of the activities encompassed by the reporting entity.
AASB 10.21, B86 AASB 1052.15	Notwithstanding the requirement for government entities to prepare consolidated financial statements, the extent of the entities' involvement in dissimilar activities is conveyed in the consolidated financial statements by the presentation of disaggregated information on a program group basis.
TC15-05	The individual entities that comprise the economic entity (i.e. the parent entity and any controlled entities) are also separate reporting entities in their own right and must prepare financial statements. Controlled entities are subject to the same accounting and auditing requirements as the controlling entity. Further, the annual reporting legislation requires the annual financial statements of a controlled entity to be included in the annual report of the controlling entity.
Treasury Mandates	4. The financial statements of the parent entity must be included as a separate column adjacent to the consolidated financial statements.
	Reporting periods – other than 12 months
AASB 101.36	5. If the entity's annual financial statements present information for current or prior annual reporting periods that are not equal to 12 months, the entity must disclose the period covered by the financial statements; the reason for a period other than 12 months being used; and the fact that comparative amounts are not comparable where the lengths of the reporting period differ.
	Judgements, key assumptions and estimations
AASB 101.122	6. Entities must disclose the judgements (apart from those involving estimations) management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.
AASB 101.125 AASB 101.129	Entities must disclose information about assumptions concerning the future and estimations that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next annual reporting period. Examples of types of disclosures include: the nature of the assumption or estimation uncertainty; sensitivity to the methods, assumptions and estimates, including reasons for sensitivity; expected resolution of an uncertainty and reasonably possible outcomes; and an explanation of changes made to past assumptions.
	Disclosure of accounting framework
AASB 101.15 AASB 1054.8(a)	7. The financial statements are to be prepared in accordance with relevant AAS.
AASB 1054.9 Treasury Mandates	8. AASB 101 requires the summary of accounting policies note to state that the financial statements are general purpose financial statements which have been prepared in accordance with AAS (which include Australian Interpretations). In addition to the Standards' requirements, entities must state that the financial statements have been prepared in accordance with the PFAA and Regulation, and other Directions issued by the Treasurer under the Act.
AASB 101.16	9. Subject to below, in addition to disclosing that the financial statements and notes comply with AAS (including Australian Interpretations), an entity whose financial statements and notes comply with International Financial Reporting Standards (IFRS) shall make an explicit and unreserved statement of such compliance in the notes, where the entity complies with all the requirements of IFRS.
AASB 101.Aus16.3	Some AAS contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. A not-for-profit entity will be unable to make an explicit and unreserved statement of compliance with IFRSs and AASB 101 clarifies that not-for-profit entities need not make such a statement.
	Criteria for Selection and Application of Accounting Policies
AASB 108.11	10. In the absence of a specific AAS, the hierarchy of other pronouncements is to be considered, in the following order of preference:

Commentary on Statement of Significant Accounting Policies

- requirements in AAS dealing with similar and related issues
- the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

AASB 101.12

Management may also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources above.

Changes in accounting policies

AASB 108.14

11. A change in an accounting policy must be made only when it:
    - is required by an AAS or
    - results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

AASB 108.19

12. A change in accounting policy made on initial adoption of an AAS must be accounted for in accordance with the specific transitional provisions, if any, in that Standard. If the Standard does not include transitional provisions applying to the change or where an entity changes an accounting policy voluntarily, the entity should apply the change retrospectively.

AASB 108.22

13. When a change in accounting policy is applied retrospectively, the entity calculates the amounts as if the new accounting policy had always been applied by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each prior period.

    AASB 108.23, 24, 25

    Where it is not practicable to determine the period-specific effects on comparative information, the entity must apply the accounting policy at the beginning of the earliest period for which retrospective application is practicable (i.e. cumulative effect), which may be the current period. When this is impracticable, the new accounting policy must be applied prospectively from the earliest date practicable.

AASB 108.28-29

14. Where a new accounting policy or a voluntary change in accounting policy has an effect on the current financial year or any prior period or might have an effect in a subsequent financial year, the summary of accounting policies must disclose, or refer to a note disclosing:
    - the title of the AAS (where applicable)
    - when applicable, that the change is made in accordance with transitional provisions; a description of these provisions and the effect these transitional provisions might have on future periods
    - the nature of and reasons for the change
    - the amount of the adjustment for the current period and each prior period presented, to the extent practicable, for each financial statement line item affected
    - the amount of the adjustment relating to periods before those presented, to the extent practicable and
    - if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of the condition and a description of how and from when the change in accounting policy has been applied.

    Financial statements of subsequent periods need not repeat these disclosures.

AASB 15.C6

15. On initial application of AASB 15, an entity is required to disclose the expedients that have been used, and a qualitative assessment of the estimated effect of applying each of those expedients.

AASB 16.C4
AASB 16.C13

16. On initial application of AASB 16, an entity is required to disclose the fact if it has applied any of the following practical expedients:
    - grandfathering the lease definition
    - applying a single discount rate to a portfolio of leases with reasonably similar characteristics
    - relying on its assessment of whether leases are onerous applying AASB 137 immediately before the date of initial application as an alternative to performing an impairment review

Commentary on Statement of Significant Accounting Policies

- treating existing contracts with a lease term that ends within 12 months of initial application as short-term leases
- excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application
- using hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease

17. In addition to AASB 15, AASB 16 and AASB 1058, several other amendments and interpretations apply for the first time in FY2019-20. Entities shall assess whether they have an impact on the financial statements of the entity:
    - AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments*
    - AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*
    - AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*
    - AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*
    - AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*
    - AASB 2018-5 *Amendments to Australian Accounting Standards – Deferral of AASB 1059*
    - AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*

Changes in accounting estimates

AASB 108.32 and 34

18. As a result of the uncertainties inherent in business and other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimates may be required, for example, of the useful lives or expected patterns of consumption of future economic benefits of depreciable assets, of bad debts and inventory obsolescence. An estimate may be revised if there are changes in the circumstances on which the estimate was based or as a result of new information, more experience or subsequent developments.

AASB 108.36

19. The effect of a revision of an accounting estimate must be recognised prospectively by including it as revenue or expense in the Statement of Comprehensive Income in the reporting period in which the accounting estimate is revised, if the revision affects that reporting period only, or in the reporting period of the revision and future reporting periods, if the revision affects both the current and future reporting periods.

AASB 108.39-40

AASB 116.76

AASB 138.121

20. The nature and amount of a revision of an accounting estimate that affects the reported financial performance or financial position of the current or future reporting period(s) must be disclosed in the notes to the financial statements, except where impracticable for future periods. Where impracticable, an entity must disclose that fact.

AASB 108.35

21. Where there are difficulties in distinguishing between a change in an accounting policy and a revision of an accounting estimate, the transaction is treated as a revision of an accounting estimate.

Reclassification of financial information

AASB 101.41

22. When the presentation or classification of items in the financial statements is amended, comparative amounts should be reclassified unless immaterial or impracticable, and the nature and amount of and reason for the reclassification must be disclosed.

    Reclassification of financial information is further discussed in the 'General commentary on the financial statements'.

Additional disclosures where compliance with Standards is misleading

AASB 101.23

23. Financial statements must present fairly the financial position, financial performance and cash flows of the entity. In the extremely rare circumstance where management concludes that compliance with AAS would be so misleading that it would conflict with the objective of financial statements as per the

Commentary on Statement of Significant Accounting Policies
Framework, the entity must make certain additional disclosures, including the reason for coming to this conclusion.

2. Expenses Excluding Losses

		2020 $'000	2019 $'000
	a) Employee related expenses		
	Salaries and wages (including annual leave)		
AASB 119.135	Superannuation – defined benefit plans		
AASB 119.53	Superannuation – defined contribution plans		
	Long service leave		
	Workers' compensation insurance		
	Payroll tax and fringe benefit tax		
	[Specify other major categories]		

Treasury Mandates

[Indicate the amount of employee related costs that have been capitalised, in particular property, plant and equipment or intangible assets accounts, and therefore excluded from the above; i.e. $xx (2019: $xx).]

	Commentary on employee related expenses disclosure
Treasury Mandates	1. The notes to the Statement of Comprehensive Income are to disclose the major items recognised in determining employee related expenses: salaries and wages (including annual leave), superannuation, long service leave, workers' compensation insurance, payroll tax and fringe benefits tax and other major categories.
TPP06-6	2. Employee related maintenance expenses (i.e. employee expenses associated with day-to-day servicing costs) should be included as part of employee related expenses in the Statement of Comprehensive Income. Such expenses may include in-house trade staff, supervisors and managers directly involved in or related to day-to-day servicing costs.
	3. The maintenance expense in Note 2(b) therefore excludes any employee related expenses. However, a reconciliation to 'total maintenance', including 'employee related maintenance', is provided underneath Note 2(b).
Treasury Mandates	4. Further, employee related expenses do not include those employee related costs that have been capitalised as an asset. However, the amounts of various employee-related costs that have been capitalised in particular fixed assets accounts must be separately disclosed in the notes.

b) Other operating expenses include the following:

		2020 $'000	2019 $'000
AASB 1054.10	Auditor's remuneration - audit of the financial statements		
AASB 102.36(d)	Cost of sales		
AASB 102.Aus36.1(c)	Cost of inventories held for distribution		
AASB 117.35(c)	Operating lease rental expense - minimum lease payments		
AASB 16.53(c)	Expense relating to short-term leases		
AASB 16.53(d)	Expense relating to leases of low-value assets		
AASB 16.53(e)	Variable lease payments, not included in lease liabilities		
AASB 101.97	Maintenance	X*	A*
AASB 101.97	Insurance		
AASB 101.97	Consultants		
AASB 101.97	Other contractors		
AASB 138.126	Research and development		
	[Specify other major categories]		

		2020 $'000	2019 $'000
TPP06-6	**Reconciliation - Total maintenance expense*		
	Maintenance expense – contracted labour and other (non-employee related), as above	X	A
	Employee related maintenance expense included in Note 2(a)	Y	B
	Total maintenance expenses included in Note 2(a) + 2(b)	Z	C
TPP06-6	**Reconciliation - Total maintenance expense*		

Recognition and Measurement

Maintenance expense

AASB 116.12-13
TPP06-6

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement or an enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated.

Insurance

The entity's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

Lease expense (up to 30 June 2019)

Operating leases

AASB 117.33

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

Lease expense (from 1 July 2019)

TC 18-05

From 1 July 2019, the Entity recognises the lease payments associated with the following types leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at $10,000 or under when new.

AASB 16.38

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

	Commentary on other operating expenses disclosure
AASB 101.97 AASB 1054.10 Treasury Mandates	1. Separate disclosures are to be made of any material items under 'Other operating expenses'. As a minimum, entities must disclose auditor's remuneration, cost of sales, costs of inventories held for distribution, operating lease rental expenses, maintenance, insurance, consultants, other contractors, research and development and other major categories.
TPP06-6	2. As discussed in the commentary to Note 2(a) above, the maintenance expense excludes any employee-related expenses. However, to enable users of the financial statements to determine the 'total maintenance' expense, a reconciliation of maintenance expenses included in employee related expenses at Note 2(a) is also required.
Treasury Mandates TC15-07	For entities receiving personnel services (as discussed in TC15-07), the reference to 'employee related maintenance expense' in Note 2(b) above must be read as a reference to 'personnel services maintenance expense'. In effect, this amends the Guidelines for Capitalisation of Expenditure on Property, Plant and equipment (TPP06-6) to require the total maintenance expense to be dissected into personnel services related maintenance and other maintenance.
AASB 1054.10, 11	3. The Auditor-General audits NSW public sector entities. The entity must disclose in the financial statements the amounts paid or payable to the Auditor-General for the audit of the entity's financial statements and all other services during the period. The entity should also describe the nature of other services, if any.
AASB 102.36(d), 38	4. Entities disclosing revenue from sale of goods must disclose cost of sales relating to the sale of those goods. 'Cost of sales' consists of those costs previously included in the measurement of inventory that has been sold and unallocated production overheads and abnormal amounts of production costs of inventories.
AASB 102.Aus34.1 AASB102.Aus36.1(c)	5. When inventories held for distribution by a not-for-profit entity are distributed, the carrying amount of these inventories must be recognised as an expense and disclosed.
AASB 117.35(c)	6. For the 2018/19 comparatives, AASB 117 *Leases* requires disclosure of the total amount of rental expense recognised in the financial year, with separate amounts for minimum lease payments, contingent rentals, and rental expense arising from sub-leases.
AASB 16.53 (c) AASB 16.53 (d) AASB 16.53 (e)	7. From 1 July 2019, AASB 16 requires the disclosure of: • the expense relating to short-term leases accounted for applying the practical expedient in AASB16.6. • the expense relating to leases of low-value assets accounted for applying the practical expedient in AASB16.6. • the expense relating to variable lease payments not included in the measurement of lease liabilities;
AASB 138.54, 57 AASB 138.126	8. In accordance with AASB 138 *Intangible Assets*, all research costs are expensed. Development costs are only capitalised when certain criteria are met. Research and development expenditure recognised as an expense must be disclosed.
	Consultants and other contractors
	9. A 'consultant' is a person or organisation engaged under contract on a temporary basis to provide recommendations or professional advice to assist decision-making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors. Services provided under the NSW Government Legal Services Panel are excluded from the definition of a consultant for annual reporting purposes.

	Commentary on other operating expenses disclosure
	10. An 'other contractor' expense in the Code is any individual or organisation (other than a consultant) who is engaged to undertake work that would or could be regarded as normally undertaken by an employee, but internal expertise is not available. Other contractors, however, excludes personnel service expenses (disclosed as a separate line item, per TC15-07) and contractors related to maintenance (disclosed as part of maintenance expense).
	11. Employees are distinct from contractors as they are engaged under a different set of legal arrangements; e.g. taxation, superannuation and workers' compensation. The distinction between a contractor and employee is based on the relevant employment law categorisation of the payment. Mostly, in the various State and Commonwealth tax legislation, the categorisation of payments is based on the ordinary or common law distinction of employee/contractor, based on case law.
OSR Revenue Ruling PTA 038	12. For example, OSR Revenue Ruling No PTA 038 refers to a number of factors that should be considered in determining whether a worker is an employee, including whether the worker is subject to control and direction, the practical relationship, whether the contract is to achieve a given result, whether the worker is operating an independent business, risk, power to delegate, and the provision of tools and equipment. At a minimum, however, for an employment relationship to exist there must be a contract of service between the worker and the government entity. For this reason, if the contract is with a labour hire entity rather than the worker (i.e. where a labour hire entity is contracted to provide workers to perform work directly for clients and where the client pays the labour hire entity for this work), then a labour hire worker cannot be regarded as an employee of the government entity. Refer Australian Taxation Office: PAYG withholding and labour hire firms

c) Depreciation and amortisation expense

		2020 $'000	2019 $'000
AASB 116. 75(a)	Depreciation		
AASB 16.53(a)	[Specify for each class of depreciable asset]		
AASB 138.118(d)	Amortisation		
	[Specify for each class of asset]		

Refer to Note 16, 17, 18 and 19 for recognition and measurement policies on depreciation and amortisation.

[Disclose other additional details as required by AASB 116 and AASB 138]

AASB 108.39, 40 — *[Disclose details of a revision of accounting estimate on depreciable asset and intangible asset with finite life, where applicable]*

	Commentary on depreciation and amortisation expense disclosure
AASB 116.75(a)	1. Depreciation for each class of depreciable asset is to be disclosed.
AASB 138.118(d)	The line item of the Statement of Comprehensive Income in which any amortisation of intangible assets is included should be disclosed.
AASB 116.73, 75-76	2. AASB 116 requires, among other things, the disclosure of (refer Note 16): • the depreciation methods and useful lives or the depreciation rates used and • the accumulated depreciation.
	Depreciation and amortisation – recognition
AASB 116.61 AASB 138.104 AASB 16.31&32	3. Assets must be depreciated or amortised over their useful lives and the depreciation or amortisation rate reviewed annually in accordance with AASB 116 and AASB 138. Land is not a depreciable asset. The same deprecation requirements apply to right-of-use assets, taking into account of the impact of the potential ownership transfer at the end of the lease.
TPP14-01 AASB 116.G3-G4	In limited instances, heritage assets may not have limited useful lives (because of appropriate curatorial and preservation policies) and are not depreciated.
	Revision of accounting estimates

	Commentary on depreciation and amortisation expense disclosure
AASB 108.32 and 34	4. As a result of the uncertainties inherent in business and other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimates may be required, for example, of the useful lives or expected pattern of consumption of future economic benefits of depreciable assets, of bad debts and inventory obsolescence. An estimate may be revised if there are changes in the circumstances on which the estimate was based or as a result of new information, more experience or subsequent developments.
AASB 108.36	5. The effect of a revision of an accounting estimate must be recognised prospectively by including it as revenue or expense in the Statement of Comprehensive Income in the reporting period in which the accounting estimate is revised, if the revision affects that reporting period only, or in the reporting period of the revision and future reporting periods, if the revision affects both the current and future reporting periods.
AASB 108.39-40 AASB 116.76 AASB 138.121	6. The nature and amount of a revision of an accounting estimate that affects the reported financial performance or financial position of the current or future reporting period(s) must be disclosed in the notes to the financial statements, except where impracticable for future periods. Where impracticable, an entity must disclose that fact.
AASB 108.35	7. Where there are difficulties in distinguishing between a change in an accounting policy and a revision of an accounting estimate, the transaction is treated as a revision of an accounting estimate.

d) Grants and Subsidies

	2020 $'000	2019 $'000
[Specify major categories]		

	Commentary on grants and subsidies disclosure
TPP09-3 Interpretation 1038	1. Except in limited circumstances, in the NSW public sector 'grants' have not been designated as contributions by owners under Interpretation 1038 and therefore must be treated as expenses. An exception to this is 'equity appropriations' to fund payments to adjust a for-profit entity's capital structure. For a fuller discussion of this matter, refer to the commentary to Note 3(f).
Treasury Mandates	2. The nature and amounts of major categories of grant and subsidy expenses must be disclosed.

e) Finance costs

		2020 $'000	2019 $'000
AASB 123.6	Interest expense from finance lease		
AASB 16.49	Interest expense from lease liabilities		
	Interest expense from financial liabilities at amortised cost		
AASB 7.20(b)	Total interest expense		
AASB 137.60, 84(e)	Unwinding of discount and effect of changes in discount rate on provisions		
	[Specify other major categories]		

Recognition and Measurement

AASB 123.5
AASB 123.Aus8.1
Treasury Mandates

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW GGS entities.

	Commentary on Finance Costs
AASB 101.82(b) AASB 7.20(b) AASB 137.84(e)	1. Finance lease interest, interest expense, unwinding of the discount rate and other finance costs are to be separately disclosed.
AASB 137.60 AASB 123.5, 6	2. Finance costs include borrowing costs. AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* provides that the increase in a provision resulting from the unwinding of the discount rate must be recognised as a borrowing cost. Under AASB 123 *Borrowing Costs*, borrowing costs are interest and other costs incurred in connection with borrowing funds; e.g.: • interest expense calculated using the effective interest method as described in AASB 9 • exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs • finance charges in respect of finance leases recognised in accordance with AASB 117 before the initial application of AASB 16 • interest in respect of lease liabilities recognised in accordance with AASB 16
AASB 16.38(a)	
Treasury Mandates	3. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW GGS entities.

f) Other expenses

		2020 $'000	2019 $'000
AASB 101.97	[Specify major categories]		

	Commentary on other expenses
AASB 101.97 AASB 7.20(c)	1. When items of expense are material, their nature and amount must be disclosed separately. If applicable, this should include fee expense [or income – refer Note 3(h)], other than amounts included in determining the effective interest rate, arising from: • financial assets or financial liabilities that are not at fair value through profit or loss and • trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.

3. Revenue

Recognition and Measurement

Until 30 June 2019, income is recognised in accordance with AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*.

From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

	Commentary on revenue - General
AASB 118.7 AASB 118.35	1. For not-for-profit entities, revenue is defined as income that arises in the course of ordinary activities of an entity until 30 June 2019. AASB 118 para 35(b) requires separate disclosure of certain categories of revenue.
AASB 15.C1 AASB 1058.C1	2. AASB 15 *Revenue from Contracts with Customers* is effective for annual reporting periods beginning on or after 1 July 2018 and 1 July 2019 for for-profit entities and not-for-profit entities, respectively. 3. AASB 1058 *Income of Not-for-Profit Entities* is effective for annual reporting periods beginning on or after 1 July 2019 for not-for-profit entities.
AASB 15.114 AASB 1058.24	4. An entity shall disaggregate revenue recognised under AASB 15 and AASB 1058 into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.
AASB15.113(a)	5. Revenue from contracts with customers under AASB 15 must be disclosed separately from other sources of revenue.
AASB 15.B89	6. Examples of categories of revenue within the scope of AASB 15 that might be appropriate include, but are not limited to, all of the following: (a) type of good or service (for example, major product lines); (b) geographical region (for example, country or region); (c) market or type of customer (for example, government and non-government customers); (d) type of contract (for example, fixed-price and time-and-materials contracts); (e) contract duration (for example, short-term and long-term contracts); (f) timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time); and (g) sales channels (for example, goods sold directly to consumers and goods sold through intermediaries).
AASB 1058.26	7. Examples of categories of income within the scope of AASB 1058 that might be appropriate include, but are not limited to, all of the following: (a) grants, bequests and donations of cash, other financial assets and goods; (b) recognised volunteer services (c) appropriations income 8. A not-for-profit entity shall assess which revenue standard is applicable to its income streams. For a not-for-profit entity, the majority of income streams are likely to be under either AASB 15 or AASB 1058. Because AASB 1058 undertakes a residual approach, an entity should assess the applicability of AASB 15 before it considers the application of AASB 1058.
AASB 15.9 AASB 15.Aus9.1	9. AASB 15 applies to contracts with customers that are enforceable and sufficiently specific. If the contract does not meet these criteria, an entity shall consider the requirements of AASB 1058 in accounting for such contracts.

	Commentary on revenue - General
AASB 15.31 AASB 15.32 AASB 15.35 AASB 15.39 AASB 15.40 AASB 15.38	10. According to AASB 15, revenue shall be recognised when the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.: • For each performance obligation identified in a contract, an entity shall determine at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. • An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. • For each performance obligation satisfied over time, an entity shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a customer (ie the satisfaction of an entity's performance obligation). • An entity shall apply a single method of measuring progress for each performance obligation satisfied over time and the entity shall apply that method consistently to similar performance obligations and in similar circumstances. At the end of each reporting period, an entity shall remeasure its progress towards complete satisfaction of a performance obligation satisfied over time. • If a performance obligation is not satisfied over time, an entity satisfies the performance obligation at a point in time. Revenue should be recognised at the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation.
AASB 15.46 AASB 15.48	11. AASB 15 requires recognition of revenue at the amount of the transaction price that is allocated to the performance obligation(s). When determining the transaction price, an entity shall consider the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer.
AASB 1058.1	12. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives (i.e. transactions with a donation nature) and the receipt of volunteer services.
AASB 1058.8 AASB 1058.9	13. According to AASB 1058, an entity shall apply the requirements of other Australian Accounting Standards (as relevant) to an asset arising from a transaction (e.g. AASB 9 for cash received). On initial recognition of the asset, an entity shall recognise any related contributions by owners, increases in liabilities, decreases in assets ('related amounts"), and revenue in accordance with other Australian Accounting Standards.
AASB 1058.10	14. For transactions within the scope of AASB 1058, an entity shall recognise income immediately in profit or loss for the excess of the initial carrying amount of an asset over the related amounts recognised in accordance with the other standards (in 11 above).
AASB 1058.15	There is an exception where a transfer of a financial asset is to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by the entity. This exception applies to a transfer that: • requires the entity to use that financial asset to acquire or construct a recognisable non-financial asset to identified specifications;
AASB 1058.16	• does not require the entity to transfer the non-financial asset to the transferor or other parties; and

Commentary on revenue - General

- occurs under an enforceable agreement.

An entity shall recognise a liability for the excess of the initial carrying amount of a financial asset received in such a transfer over any related amounts recognised. The entity shall recognise income in profit or loss when the entity satisfies its obligations under the transfer.

a) Appropriations and Transfers to the Crown Entity

Summary of Compliance

		2020 $'000			2019 $'000		
		Appro-priation	Expen-diture	Vari-ance	Appro-priation	Expen-diture	Vari-ance
AASB 1058.39(i)	Original Budget per Appropriation Act						
	Other Appropriations / Expenditure						
	- Additional Appropriations						
	- Treasurer's Advance						
	- Section 4.9 GSF Act / Section 24 PFAA – transfers of functions between entities						
	- Section 4.11 GSF Act / Section 26 PFAA – Commonwealth specific purpose payments						
	- Section 4.13 GSF Act Exigency of Government / Section 22 PFAA – expenditure for certain works and services						
	- Exigency of Government (per Section 25(2) of the Appropriation Act) [section reference will need to be updated each year]						
	- Any transfers (per Section 25(3) of the Appropriation Act) [section reference will need to be updated each year]						
AASB 1058.39	**Total annual Appropriations [Subtotal 2] / Expenditure / Net Claim on Annual Appropriations [Total 1] (includes transfer payments)**						
	Amount drawn down against Annual Appropriations [Total 3] *		A			B	
	Liability for Lapsed Appropriations drawn down [Total 4] (refer Note 27)						
	*Comprising:						
AASB 1050.17	Transfer payments						
AASB 1058.26(c)	Equity appropriations						
AASB 1058.26(c)	Appropriations (per Statement of Comprehensive Income)**		C			D	

AASB 1058.39

	A		B
**Appropriations (per Statement of Comprehensive Income):			
Recurrent			
Capital			
	C		D

Movement of Section 4.7 GSF Act - deemed appropriations:	2020 $'000	2019 $'000
Opening balance		
Add: additions of deemed appropriations		
Less: expenditure charged against deemed appropriations		
Closing balance		

Notes:

Treasury Mandates

1. The summary of compliance is based on the assumption that annual appropriations monies are spent first (except where otherwise identified or prescribed).
2. 'Expenditure' refers to cash payments. The term 'expenditure' has been used for payments for consistency with AASB 1058 *Income of Not-for-Profit Entities*.

Treasury Mandates

3. If an entity receives an equity appropriation this must also be disclosed in the summary of compliance as part of the appropriation.

Treasury Mandates

4. If there is a 'Liability for lapsed appropriations drawn down' (formerly known as 'Liability to Consolidated Fund'), the entity must state that this represents the difference between the 'Amount drawn down against annual Appropriation' and the 'Expenditure / Net Claim on Annual Appropriations'.

Recognition and Measurement

Parliamentary appropriations

AASB 1004.12, 32

Until 30 June 2019, except as specified below, appropriations are recognised as income when the entity obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon the receipt of cash.

TPP09-3

Appropriations are not recognised as income in the following circumstances:

- 'Equity appropriations' to fund payments to adjust a for-profit entity's capital structure are recognised as equity injections (i.e. contribution by owners) on receipt and equity withdrawals on payment to a for-profit entity.
- Lapsed appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount is not controlled by the department.
- The liability is disclosed in Note 27 as part of 'Current liabilities - Other'. The liability will be extinguished next financial year through the next annual Appropriations Act. Any liability in respect of transfer payments is disclosed in Note 35 'Administered assets and liabilities'.

AASB 1058.9

After AASB 15 and AASB 1058 became effective on 1 July 2019, the treatment of appropriations remains the same, because appropriations do not contain an enforceable sufficiently specific performance obligation as defined by AASB 15.

Commentary on summary of compliance with financial directives
[ENTITIES THAT OBTAIN PART OR ALL OF THEIR SPENDING AUTHORITY FOR THE PERIOD FROM A PARLIAMENTARY APPROPRIATIONS ONLY]
Parliamentary Appropriations
1. In NSW, the Parliamentary appropriations received by an entity must be recognised as income, except as specified below:

Commentary on summary of compliance with financial directives

AASB 1004.32
AASB 1058.9
TPP09-3

- 'Equity appropriations' used to fund payments to adjust a for-profit entity's capital structure are recognised as equity injections on receipt by the entity and equity withdrawals on payment to a for-profit entity.

NSW TC19-05

- Lapsed appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount is not controlled by the department.

Format and basis of Summary of Compliance

2. The summary of compliance discloses the components of the total Annual appropriation (including any 'equity appropriations'), comprising the original appropriations and 'other' appropriations. A column is provided to disclose actual expenditure against each item.

   The summary discloses the 'Total Annual Appropriations'; 'Expenditure / Net Claim on Consolidated Fund'; 'Amount Drawn Down against Annual Appropriation'; and the 'Liability for Lapsed appropriations drawn down '. Unlike the financial statements, the summary includes transfer payments.

AASB 1058.39

3. The summary of compliance is a cash (not an accrual) statement. Therefore 'expenditure' refers to cash payments. The term 'expenditure' has been used for payments for consistency with AASB 1058 *Income of Not-for-Profit Entities*.

AASB 1058.39(c)

4. In the notes, an entity shall provide details of any material variations between the amounts appropriated or otherwise authorised and the resulting associated expenditures, and any financial consequences for the entity of unauthorised expenditure. Refer to Note 6.

Liability for Lapsed Appropriations Drawn Down

NSW TC19-05

5. 'Liability for Lapsed appropriations drawn down ' should be disclosed in the Summary of Compliance as part of the entity's financial statements and in the Supplementary Return in Prime. Supplementary Return has full instructions on the calculation of the liability.

6. The form is divided into four main sections for both recurrent and capital appropriations:

   A. Net claim on annual appropriations: identifies payments during the financial year that can be made from the annual appropriations. To calculate this amount, entities must start with the relevant cash flow amount from their Statement of Cash Flows.

      As expenditure is not generally tracked against the source of funds (e.g. deemed appropriations as opposed to annual appropriations), this calculation makes the general assumption that annual appropriations money is spent first. However, where it is known that certain payments are required to be made from deemed appropriations, then these must be deducted to derive the 'Net Claim on Annual Appropriations'.

      Logically, the 'Net Claim on Annual Appropriations ' cannot exceed the 'Net Available Appropriation' (defined in section B below). Any excess, therefore, must represent payments that have been met from funding sources other than annual appropriations.

      Total 1 'Net Claim on Annual Appropriations' is included directly from the form in the summary of compliance. Entities should be able to determine the allocation of 'Expenditure / Net Claim on Annual Appropriations' across the various line items in the summary of compliance. However, if this is not possible, actual expenditure should be first matched with the original appropriation on the 'Appropriation Act' line.

   B. Net available appropriations: this represents the total annual appropriations as approved, including all supplementations less any under-expenditure against protected items, first year enhancements, supplementations and Commonwealth funding.

      Subtotal 2 in this section of the form is included in the summary of compliance as 'Total Annual Appropriations'.

   C. Amount drawn down against annual appropriations: this amount is recorded in the Treasury ledgers and can be confirmed from the NSW Treasury print-outs that are made available to entities shortly after year end.

      Total 3 'Amount drawn down against Appropriation' is included directly from the form in the summary of compliance.

Commentary on summary of compliance with financial directives

D. Liability for lapsed appropriations drawn down: a liability will only exist where the 'Amount drawn down against Annual Appropriation' exceeds the 'Net Claim on Annual Appropriation, and the liability is the difference between these two amounts.

Total 4 'Liability for Lapsed Appropriations drawn down ' is included directly from the form in the summary of compliance and is the difference between Total 3 and Total 1.

NSW TC19-05

7. To assist entities, the summary of compliance cross-references the totals from the pro forma (e.g. 'Total Annual Appropriations'). The references to these totals (i.e. the words '[Subtotal 2]') should not be included in the summary of compliance published in the entity's financial statements.

Transfer payments

AASB 1050.17

8. The appropriations recognised in the Statement of Comprehensive Income do not include transfer payments. Transfer payments are not controlled by the entity and are therefore not recognised. Gross appropriations (i.e. including transfer payments), are disclosed in the summary of compliance. Refer to Note 8 for further discussion on transfer payments.

Deemed appropriations

9. Deemed appropriations is a new concept introduced by the GSF Act. Deemed appropriation money is government money that a GSF agency receives or recovers (including from the Commonwealth or another entity) of a kind prescribed by the regulations that:
(a) forms part of the Consolidated Fund, and
(b) is not appropriated under the authority of an Act.

10. According to section 13(4) and 13(5) of the GSF Regulations, in the case of money in respect of which expenditure occurred before 1 July 2019, an appropriation of deemed appropriations money is taken to have been given on the day the money was received or recovered. For the rest of deemed appropriations money received or recovered before 1 July 2019, an appropriation of deemed appropriations money is taken to have been given on 1 July 2019.

11. Therefore, for FY18/19 (and earlier financial years), it is expected that entities would have deemed appropriations money received equivalent to the amount of own source receipts they spent during the year (the opening and closing balances of deemed appropriations for FY18/19 would be zero). Any unspent own source receipts prior to 1 July 2019 is deemed on 1 July 2019.

12. As a guide only, deemed appropriations money spent during a financial year can be calculated as the difference between total payments per the Statement of Cash Flows and the sum of (a) the amount of expenditure charged against the annual appropriation of the year; (b) the items that are not deemed appropriations as specified in the GSF Act, and (c) most financing activities cashflows, such as loan borrowings and repayments.

Additional disclosures

13. A small number of disclosures are also required below the summary of compliance:

Treasury Mandates

- a statement that the Summary of Compliance is based on the assumption that annual appropriations moneys are spent first, unless otherwise identified or prescribed.

Treasury Mandates

- an explanation of how the 'Liability for Lapsed Appropriations drawn down ' is calculated (i.e. the difference between 'Amount drawn down against Appropriation' and 'Expenditure/ Net Claim on Annual Appropriations').

AASB 1058.39(c)

- AASB 1058 requirement to provide details of any material variations between the 'total' appropriations and actual expenditure for the year.

Treasury Mandates

b) Transfers to the Crown Entity

	2020 $'000	2019 $'000
Asset sales proceeds transferred		
Transfers from commercial business unit(s)		
Other transfers [specify]		

	Commentary on transfers to the Crown Entity
Treasury Mandates	Entities must separately disclose transfers to the Crown Entity, including asset sales proceeds transferred and transfers from commercial business units. Where there is only one category of transfers to the Crown Entity, a note disclosure is not required (although, the nature of the transfer must be included on the face of the Statement of Comprehensive Income; e.g. Transfers to the Crown Entity - asset sale proceeds).

AASB 15.113(a)

c) Sale of goods and services from contracts with customers / Sale of goods and services

Reference	Item	2020 $'000	2019 $'000
AASB 118.35(b)(i) AASB 15.114 AASB 15.B89	Sale of goods		
	- E.g. Goods A		
	- E.g. Goods B		
	- XXX		
	Subtotal of sale of goods		
AASB 118.35(b)(ii) AASB 15.114 AASB 15.B89	Rendering of services		
	- E.g. Customer X/metropolitan areas/short-term contracts		
	- E.g. Customer Y/rural and regional areas/long-term contracts		
	- XXX		
	Subtotal of rendering of services		

Recognition and Measurement

<u>Until 30 June 2019</u>

AASB 118.14(a)

Sale of goods

Revenue from sale of goods is recognised as revenue when the entity transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

AASB 118.20, 26, 35

Rendering of services

Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

<u>From 1 July 2019</u>

Sale of goods

AASB 15.119 (a)
AASB 15.119 (b)
AASB 15.119 (c)

Revenue from sale of goods is recognised as when the Entity satisfies a performance obligation by transferring the promised goods. [Insert the description of the nature of the goods that the entity has promised to transfer] The entity typically satisfies its performance obligations when [insert when the control of the goods is transferred to the customers, and disclose the significant judgements made in evaluating when a customer obtains control of promised goods]. The payments are typically due when XXX.

AASB 15.126

Revenue from these sales is recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

Rendering of services

AASB 15.119 (a)
AASB 15.119 (b)
AASB 15.119 (c)
AASB 15.124

Revenue from rendering of services is recognised when the Entity satisfies the performance obligation by transferring the promised services. [Insert the description of the nature of the services that the entity has promised to transfer]. The entity typically satisfies its performance obligations when XXX. [insert the description of the method used to recognise revenue, e.g. a description of the output/input method used and the significant judgments applied, for performance obligations that the Entity satisfy over time; insert when the control of the goods is transferred to the customers, and disclose the

AASB 15.126

significant judgements made in evaluating when a customer obtains control of promised goods for performance obligations satisfied at a point in time] The payments are typically due when XXX.

The revenue is measured at the transaction price agreed under the contract [insert significant judgments applied in determining the transaction price, if applicable]. [Insert how transaction price is allocated to distinct performance obligations and the significant judgments applied in the allocation, if applicable.] No element of financing is deemed present as payments are due when service is provided.

Refer Note 12 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the entity expects to recognise the unsatisfied portion as revenue.

Commentary on sale of goods and services under AASB 118 (applicable to 2018/19 for not-for-profit entities)

AASB 1050.12
AASB 118.35(b)(i) (ii)

1. AASB 118 requires disclosure of user charges recognised as revenue in the Statement of Comprehensive Income. User charges levied by an entity for the sale of goods and rendering of services are to be recognised as revenue when the entity obtains control of the assets that result from them.

AASB 118.14

2. According to AASB 118, revenue from the sale of goods must be recognised when all the following conditions have been satisfied:
   - The entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
   - The entity retains neither continuing managerial involvement to the degree normally associated with ownership nor effective control over the goods sold.
   - It is probable that the economic benefits associated with the transaction will flow to the entity.
   - The amount of revenue can be measured reliably and
   - The costs incurred or to be incurred in respect of the transaction can be measured reliably.

AASB 118.20

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction must be recognised by reference to the stage of completion of the transaction at the reporting date.

AASB 118.35(b)(i) (ii)

3. AASB 118 requires separate disclosure and identification of revenue from sale of goods and revenue from the rendering of services.

Commentary on revenue from contracts with customers – presentation and disclosure under AASB 15

AASB 15.113

The following amounts must be disclosed for the reporting period unless those amounts are presented separately in the statement of comprehensive income in accordance with other Standards:

(a) revenue recognised from contracts with customers, which the entity shall disclose separately from its other sources of revenue; and

(b) any impairment losses recognised (in accordance with AASB 9) on any receivables or contract assets arising from an entity's contracts with customers, which the entity shall disclose separately from impairment losses from other contracts.

An entity shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. An entity shall apply the guidance in paragraphs B87–B89 when selecting the categories to use to disaggregate revenue.
AASB 15 also requires disclosure of the following in respect of revenue from contracts with customers:

Contract balances

Refer to Note 12 for the disclosure requirements of contract balances.

Performance obligations

AASB 15.119(a)
AASB 15.119(b)
AASB 15.119(c)

- information about when the entity typically satisfies its performance obligations;
- significant payment terms;

	Commentary on revenue from contracts with customers – presentation and disclosure under AASB 15
AASB 15.119(d)	• nature of the goods or services that the entity has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services (ie if the entity is acting as an agent);
AASB 15.119(e)	• obligations for returns, refunds and other similar obligations; • types of warranties and related obligations;
	Transaction price allocated to the remaining performance obligations
AASB 15.120	• aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and an explanation of when the entity expects to recognise the unsatisfied portion as revenue;
AASB 15.121 TC 19-07 AASB 15.C5(d)	○ This should not include those where original contract term is one year or less; or the entity is using the practical expedient in AASB 15.B16, where the right to consideration responds directly to the performance completed to date;
AASB 15.122	○ This is not required for all reporting periods presented before the date of initial application • whether applying the practical expedient in AASB 15.121 and whether any consideration from contracts with customers is not included in the transaction price and, therefore, not included in the information disclosed in accordance with AASB 15.120;
AASB 15.123	**Significant judgements** • judgements, and changes in judgements, in applying AASB 15 that significantly affect the determination of the amount and timing of revenue from contracts with customers. In particular, the timing of satisfaction of performance obligations and the transaction price and the amounts allocated to performance obligations;
AASB 15.124	• methods used to recognise revenue from performance obligations satisfied <u>over time</u>, and an explanation of why the methods used provide a faithful depiction of the transfer of goods or services;
AASB 15.125	• significant judgements made in evaluating when a customer obtains control of promised goods or services for performance obligations satisfied <u>at a point in time;</u>
AASB 15.126	• information about the methods, inputs and assumptions used for determining the transaction price, assessing whether an estimate of variable consideration is constrained, allocating the transaction price, measuring obligations for returns, refunds and other similar obligations;
AASB 15.127	• judgements in determining the amount of the costs incurred to obtain or fulfil a contract with a customer, and the method it uses to determine the amortisation;
AASB 15.128	• closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer, by main categories of assets, and the amount of amortisation and any impairment losses recognised in the reporting period;
AASB 15.129	• the fact the entity elected to use the following practical expedients: ○ existence of a significant financing component for contracts of one year or less (AASB 15.63); and/or ○ directly expensing incremental costs of obtaining a contract (AASB 15.94).

Treasury Mandates	d) Investment revenue	2020 $'000	2019 $'000
AASB 7.20(b)	Interest income from financial assets at amortised cost		
AASB 7.20(b)	Interest income from financial assets at fair value through other comprehensive income		
AASB 1058.29(a)(i)	Interest income from statutory receivables		
AASB 16.90(a)	Finance income on the net investment in the lease		
AASB 7.20(a)(i)	Net gain / (loss) from TCorp IM Funds measured at fair value through profit or loss		
AASB 16.90(b) AASB 117.56	Rental income		
	- rental income relating to variable lease payments that do not depend on an index or a rate / Contingent rental income		
AASB 16.53(f)	- rental income from subleasing right-of-use assets		
	- other rental income		
AASB 15.58 AASB 118.35(b)(iv)	Royalties		
AASB 118.35(b)(v)	Dividends		
	[Specify other major categories]		

Recognition and Measurement

Interest income

AASB 9.5.4.1

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Rental income

AASB 117.50
AASB 16.81

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

Royalties

AASB 118.30(b)

Until 30 June 2019, royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

AASB 15.50

From 1 July 2019, royalties are usually recognised when the underlying performance obligation is satisfied. It is recognised at the estimated amount if the consideration is variable.

AASB 15.58
AASB 15.B63A

Revenue from a sales-based or usage-based royalty promised in exchange for a licence of intellectual property, is recognised only when (or as) the later of the following events occurs:

(a) the subsequent sale or usage occurs; and
(b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Dividend income

AASB 118.30(c)
AASB 9.5.7.1A

Dividend income is recognised when the entity's right to receive the payment has been established.

	Commentary on investment revenue
	Interest income
AASB 7.20(b)	1. AASB 7 requires the separate disclosure of interest income (calculated using the effective interest method) from financial assets that are measured at amortised cost or that are measured at fair value through other comprehensive income in accordance with AASB 9. 4.1.2A.
AASB 101.82(a)	2. As a consequential amendment to AASB 101, interest revenue calculated using the effective interest method is required to be separately disclosed in the statement of comprehensive income. However, this is subject to materiality.
	Net gain / (loss) from TCorpIM Funds
AASB 7.20(a)(i)	3. Net gains / (losses) on financial assets measured at fair value through profit or loss are required to be disclosed, showing separately those designated at fair value through profit or loss, and those mandatorily measured at fair value through profit or loss.
TPP19-05 AASB 9.B4.1.6	TCorpIM Funds are managed and their performance was evaluated on a fair value basis. Under AASB 9, such a business model requires them to be measured at fair value through profit or loss.

AASB 1058.28
AASB 118.35(b)
Treasury Mandates

e) Retained taxes, fees and fines

	2020 $'000	2019 $'000
Taxes		
[Disclose classes of taxes]		
Fees		
[Disclose classes of fees]		
Fines		
[Disclose classes of fines]		

Recognition and Measurement

[Disclose the accounting policies for the recognition and measurement of the above items if material.]

	Commentary on retained taxes, fees and fines revenue
AASB 1058.28 Treasury Mandates	AASB 1058 requires disclosure of income arising from statutory requirements (such as taxes, rates and fines) recognised during the period, disaggregated into categories that reflect how the nature and amount of income (and the resultant cash flows) are affected by economic factors.
AASB 1058.30	Other information that may be appropriate for an entity to disclose includes, for each class of taxation income that the entity cannot measure reliably during the period in which the taxable event occurs: (a) information about the nature of the tax; (b) the reason(s) why that income cannot be measured reliably; and (c) when that uncertainty might be resolved.

AASB 1058.26

f) Grants and Other Contributions

		2020 $'000	2019 $'000
AASB 1058.31 AASB 1058.26(a)	Grants to acquire/construct a recognisable non-financial asset to be controlled by the entity		
	[Disclose classes of grants]		
AASB 15.113(a) AASB 15.114	Other grants with sufficiently specific performance obligations		
	[Disclose classes of grants]		

AASB 1058.10	Grants without sufficiently specific performance obligations		
	[Disclose classes of grants]		
AASB 1004.12. AASB 1004.16	Grant revenue		
	[Disclose classes of grants]		
AASB 1058.26(a)	Donations		
AASB 1058.26(b)	Volunteer services		
	[Specify other major categories]		

[For 2018/19, disclose other additional details as required by AASB 1004.60(b)- (e)]
[Refer Note 3(e) for disclosure requirements in AASB 1058.28 and AASB 1058.30]
[Refer Note 5 for disclosure requirements in AASB 1058.29(a)]
[Refer Note 27for disclosure requirements in AASB 1058.31 to AASB 1058.33
[Refer also Note 6 for disclosure requirements in AASB 1058.37]

Recognition and Measurement

Until 30 June 2019

AASB 1004.12,20

Income from grants (other than contribution by owners) is recognised when the entity obtains control over the contribution. The entity is deemed to have assumed control when the grant is received or receivable.

AASB 1004.11,44

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

From 1 July 2019

AASB 15.31
AASB 1058.16
AASB 1058.35

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the entity is recognised when the entity satisfies its obligations under the transfer. The entity satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. [*description of the method to recognise income*] The percentage of cost incurred is used to recognise income, because this most closely reflects the progress to completion [*explanation of why the methods used provide a faithful depiction of the entity's progress toward satisfying its obligations*].. [insert significant judgments applied in determining when performance obligations are satisfied, if applicable]

AASB 15.119 (a)
AASB 15.119 (b)
AASB 15.119 (c)
AASB 15.124
AASB 15.126

Revenue from grants with sufficiently specific performance obligations is recognised as when the Entity satisfies a performance obligation by transferring the promised goods. [insert the description of the nature of the goods or services that the entity has promised to transfer] The entity typically satisfies its performance obligations when XXX. [insert significant judgments applied in determining when performance obligations are satisfied, if applicable] [insert the description of the method used to recognise revenue, e.g. a description of the output/input method used, for performance obligations that the Entity satisfy over time]. The payments are typically due when XXX.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. [Insert significant judgments applied in determining the grant amount, if applicable] [Insert how the total funding amount in a contract is allocated to distinct performance obligations and the significant judgments in determining the allocation, if applicable] No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer Note 12 for transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

AASB 1058.10

Income from grants without sufficiently specific performance obligations is recognised when the entity obtains control over the granted assets (e.g. cash).

AASB 1058.18
TC 19-07

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services measured at fair value.

AASB 1058.27

Beside the volunteer service recognised, the entity also receives volunteer services of [description of the nature of volunteer services] from XXX. Receipt of these services is not recognised because the services would not have been purchased if not donated.

Commentary on grants and other contributions revenue

Interpretation 1038
TPP09-3

1. In NSW, all other contributions such as cash grants (to not-for-profit entities), donations, industry and developer contributions that have not been designated as 'contributions by owners' under Interpretation 1038 are recognised as revenue.

AASB 1004.48-53
TPP09-3

2. NSW Treasury designates only certain transfers as a contribution by owners in accordance with Interpretation 1038, including transfers effected by Public Sector Employment and Management Orders (or equivalent Orders under the Government Sector Employment Act 2013), transfers of programs / functions or parts thereof and 'equity appropriations' that fund payments to adjust a for-profit entity's capital structure. 'Restructures of administrative arrangements' that are subject to AASB 1004 must be accounted for as contributions by owners.

TPP09-3

3. However, where an entity is of the view that other contributions are in the nature of a contribution by owners (i.e. equity adjustment), the entity must approach NSW Treasury for designation in accordance with Interpretation 1038 before the date of transfer.

TPP09-3

4. For a transfer to be designated as a contribution by owners, the entity will need to demonstrate that the transfer reflects a Government policy decision to increase or decrease the financial resources of the entity (i.e. the entity's equity).

TPP09-3

5. A capital (cash) grant will continue to be treated as revenue in line with AASB 15 or AASB 1058, as applicable, unless the payment is intended to fund payments to adjust a for-profit entity's capital structure. For example, where a not-for-profit entity receives a cash grant, this must be treated as revenue rather than equity. This is because not-for-profit entities do not have an established capital structure.

Recognition

6. Contributions (other than contributions by owners) are to be recognised as income. From 1 July 2019, the timing of recognition is determined by the requirements in either AASB 15 or AASB 1058, as applicable. Refer to Section "Commentary on revenue" for more details. .

Disclosure on transfers to acquire or construct non-financial assets to be controlled by the entity (applicable from 1 July 2019)

AASB 1058.31

7. Disclose opening and closing of financial asset and liability balances arising from grants received to construct recognisable non-financial assets to be used by the entity, and income recognised from these transfers.

AASB 1058.32

8. Disclose information about obligations under such transfers, including a description of when the entity typically satisfies its obligations (for example, as the asset is constructed, upon completion of construction or when the asset is acquired).

AASB 1058.33

9. Disclose explanation of when entity expects to recognise income from liabilities, either:
   (a) Quantitatively, using time bands; or
   (b) Qualitatively.

AASB 1058.34

10. An entity shall disclose the judgements, and changes in the judgements, made in applying this Standard that significantly affect the determination of the amount and timing of income arising from transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity. In particular, an entity shall explain the judgements, and changes in the judgements, made in determining the timing of satisfaction of obligations.

	Commentary on grants and other contributions revenue
AASB 1058.35	11. For obligations satisfied over time, disclose the methods used to recognise income and why those methods provide a faithful depiction of progress toward satisfying performance obligations.
AASB 1058.36	12. For obligations satisfied at a point in time, an entity shall disclose the significant judgements made in evaluating when it has satisfied its obligations.
AASB 1058.27	13. Entities are encouraged to disclose qualitative information, by major class of transaction, about the nature of the entity's dependence arising from: • volunteer services it receives, including those not recognised • inventories held to the achievement of the entity's objectives but not recognised

g) Acceptance by the Crown Entity of employee benefits and other liabilities

The following liabilities and / or expenses have been assumed by the Crown Entity or other government entities:

		2020 $'000	2019 $'000
Treasury Mandates AASB 1004.39 (b) TC18-13	Superannuation – defined benefit		
AASB 1004.39 (b)	Long service leave provision		
AASB 1004.39 (b)	Borrowings		
AASB 101.97	[Specify other major categories]		

	Commentary on acceptance by the Crown Entity of employee benefits and other liabilities
AASB 1004.39(b)	1. On initial incurrence of the liability, the entity should recognise a liability and an expense. When the liability is assumed by the Crown Entity, the entity shall recognise an income equivalent to the liability assumed. See also Note 2(a).
TC14-05	2. The defined contribution superannuation liability is the responsibility of each entity. It is not assumed by the Crown Entity.
TC18-10	3. The cost of payroll tax on employer superannuation contributions is met by the Crown Entity for certain entities where the Crown Entity meets the employer superannuation contributions.

Treasury Mandates

h) Other Income

		2020 $'000	2019 $'000
	Forgiveness of liabilities		
	Fee income		
AASB 101.97, 98	[Specify other major categories]		

	Commentary on other income
AASB 101.97, 98 Treasury Mandates	On initial incurrence of the liability, the entity should recognise a liability and an expense. When the liability is assumed by the Crown Entity and the assumption is not in the nature of a contribution by owners, the entity shall recognise an income equivalent to the liability assumed. See also Note 2(a).

4. Gains / (Losses) on Disposal

		2020 $'000	2019 $'000
Treasury Mandates AASB 101.34(a), 98(c)(d) AASB 116.68 AASB 138.113 AASB 140.69 AASB 7.20(a)	[Disclose details of the net gain/loss on disposal of relevant classes, see the classes in the commentary below]		

	Commentary on gains / (losses) on disposal
AASB 101.98(c)(d)	Entities are to disclose the net gain/loss on disposal of certain classes of assets, in accordance with AAS, including:
AASB 116.68 AASB 138.113 AASB 16.90(a) AASB 16.53(i) AASB 140.69 AASB 7R.20(a) Treasury Mandates	• Property, plant and equipment • Intangible assets • Assets for which finance leases are entered into as a lessor • from sale and leaseback transactions • Investment properties and • Financial instrument categories, as follows: - Financial assets or liabilities measured at fair value through profit or loss, showing separately those designated as such upon initial recognition and those that are mandatorily measured at fair value through profit or loss - investments in equity instruments designated at fair value through other comprehensive income - financial assets measured at fair value through other comprehensive income
AASB 7R.20A, AASB 101.82(aa)	- financial assets measured at amortised cost (in addition, disclose the reason for derecognising these financial assets); and - Financial liabilities measured at amortised cost.

5. Other Gains / (Losses)

		2020 $'000	2019 $'000
AASB 136.126(a) AASB 102.36(e) AASB 102.Aus36.1(d) AASB 5.41(c) AASB 101.97 AASB 1058.29(a)(ii)	Impairment losses on non-financial assets - Statutory receivables e.g. taxes, fees, fines)		
AASB 7.20(a)	Gains / (losses) on financial assets at fair value through profit or loss *[excluding TCorpIM Funds which are part of investment revenue]*		
AASB 101.97	*[Disclose details of other gains/losses of relevant classes]*		
AASB 15.113(b)	Impairment losses on contract assets and receivables from contracts with customers		

5. Other Gains / (Losses)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

Trade receivables and contract assets – Note 36

Property, plant and equipment – Note 16

Leases – Note 18

Intangible assets – Note 19

	Commentary on other gains / (losses)
AASB 5.41 AASB 7.20(a)(e) AASB 136.126(a) AASB 101.98(a)(f)(g)	1. Entities must disclose material items of gains and losses recognised in the net result, including: • Property, plant and equipment revaluations and impairment losses and reversals • Investment properties revaluations fair value gains or losses
AASB 7.20(a)	• Gains or losses resulting from each category of financial instrument (other than through disposal) (not otherwise recognised as investment revenue in Note 3(d))
AASB 102.36(e)	• Write-down of inventories
AASB 16.85	• Impairment losses on right-of-use assets • Impairment losses on statutory receivables
AASB 1058.29(a)(ii)	• Impairment losses on contract assets from revenue from contracts with customers
AASB 15.113(b)	
	2. AASB 116, AASB 140 and AASB 5 further explain the accounting treatment for revaluation increments and decrements.

6. Conditions and Restrictions on Income of Not-for-Profit Entities

AASB 1058.37

[Disclose details of conditions and restrictions on income of Not-for-Profit Entities within the scope of AASB 1058 (or AASB 1004 in 2018-19) where applicable]

	Commentary on conditions on contributions
AASB 1058.32	1. An entity is required to disclose information about its obligations under transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, including a description of when the entity typically satisfies its obligations
AASB 1058.39(c)	2. An entity is required to disclose any financial consequences for the entity of unauthorised expenditure from parliamentary appropriations and amounts authorised other than by way of appropriation.
AASB 1058.37	3. An entity is encouraged to disclose information about externally imposed restrictions that limit or direct the purpose for which resources controlled by the entity may be used. For example, an entity may elect to disclose an explanation of the judgements used in determining whether funds are restricted and any of, or any combination of, the following: (a) assets to be used for specified purposes; (b) components of equity

	Commentary on conditions on contributions
	divided into restricted and unrestricted amounts; and (c) total comprehensive income divided into restricted and unrestricted amounts – either on the face of the statement of profit or loss and other comprehensive income or in the notes.

7. Prior Period Errors

AASB 108.41-49c

[Disclose details of any material prior period errors, as required by AASB 108]

	Commentary on Prior Period Errors
AASB 108.41	1. Errors may occur in respect of the recognition, measurement, presentation or disclosure of elements of the financial statements. For example, errors may be the result of mathematical mistakes, mistakes in applying accounting policies, misinterpretation of facts, fraud or oversights. Errors that relate to the current reporting period are corrected before the financial statements are authorised for issue.
AASB 108.42	2. A material error made in a prior reporting period must be corrected retrospectively in the first financial statements authorised for issue after the error is discovered by restating the comparative information for the prior period(s) presented in which the error occurred; or, if the error occurred before the earliest prior period presented, by adjusting the opening balances of assets, liabilities and equity for the earliest prior period presented.
AASB 108.44-45	3. When it is impracticable to determine the period-specific effects of an error on comparative information, the entity must restate the opening balances for the earliest period for which retrospective restatement is practicable; i.e. the cumulative effect (which may be the current period). When this is impracticable, the entity must restate the comparative information to correct the error prospectively from the earliest date practicable.
AASB 108.49	4. AASB 108 requires that certain disclosures be made in the first financial statements authorised for issue after the prior period error is discovered, including: • the nature of the prior period error • for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected and • the amount of the correction at the beginning of the earliest prior period presented. • If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.
AASB 101.10(f)	5. An additional Statement of Financial Position (represented in the pro forma by an additional column) is required as at the beginning of the preceding period when an entity restates items retrospectively in its financial statements; e.g. the correction of an error.

8. Transfer Payments

AASB 1050.22

[Disclose broad categories of recipients and amounts transferred]

	Commentary on Transfer Payments
AASB 1050.17, 20 Treasury Mandates	1. Transfer payments are defined as amounts received by government entities for transfer to eligible beneficiaries consistent with the parameters established by legislation or other authoritative requirements. They are not controlled by the entity. NSW Treasury extends the disclosure requirement to all NSW GGS entities. Examples of transfer payments may include grants and subsidies received on behalf of other entities which are not controlled by the entity.

	Commentary on Transfer Payments
AASB 1050.23	2. In some cases, it may not be clear whether the entity controls the amounts to be transferred to eligible beneficiaries; e.g. where amounts are appropriated to entities for subsequent transfer but the entity can exercise significant discretion in respect of the amount or timing of payment, the identity of beneficiaries and the conditions under which the payments are to be made. In such cases, preparers of financial statements will need to use their judgement in deciding whether the entity controls the amounts to be transferred.
AASB 1050.21	3. While transfer payments do not qualify for recognition in the financial statements, information about their nature and amount will be relevant for the assessment of the entity's performance.
AASB 1050.22	4. Relevant details of the broad categories of recipients and the amounts transferred to those recipients are to be reported in the notes. This note disclosure is expected to affect only a few entities in New South Wales.

AASB 1052.15(a)

9. Program group statements for the year ended 30 June 2020

		Program Group 1*		Program Group 2*		Not Attributable		Total	
Treasury Mandates	**ENTITY'S EXPENSES & INCOME**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
AASB 1052.15(c)	**Expenses excluding losses**								
	Employee related expenses								
	Operating expenses								
	Depreciation and amortisation								
	Grants and subsidies								
	Finance costs								
	Other expenses								
	Total expenses excluding losses								
AASB 1052.15(d)	**Revenue****								
	Appropriation								
	(Transfers to the Crown Entity)								
	Sale of goods and services								
	Sale of goods and services from contracts with customers								
	Investment revenue								
	Retained taxes, fees and fines								
	Grants and other contributions								
	Acceptance by the Crown Entity of employee benefits and other liabilities								
	Other income								
	Total revenue								
	Operating result								
	Gains / (losses) on disposal								
	Impairment losses on financial assets								
	Net gains / (losses) from the derecognition of financial assets measured at amortised cost								
	Other gains / (losses)								
	Net result from continuing operations								
	Net result from discontinued operations								
	Net result								
	Other comprehensive income								
	Items that will not be reclassified to net result in subsequent periods								
	Changes in revaluation surplus of property, plant and equipment								
	Changes in revaluation surplus arising from changes in restoration liability								

AASB 1052.15(a)

9. Program group statements for the year ended 30 June 2020

Treasury Mandates

	Program Group 1*		Program Group 2*		Not Attributable		Total	
ENTITY'S EXPENSES & INCOME	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
Net gains / (losses) on equity instruments at fair value through other comprehensive income								
Others [specify]								
Items that may be reclassified to net result in subsequent periods								
Debt instruments at fair value through other comprehensive income								
- Net gains / (losses) during the period								
- Reclassified to net result								
Others [specify]								
Total other comprehensive income								
TOTAL COMPREHENSIVE INCOME								

* The names and purposes of each program group are summarised below.

** Appropriations are made on an entity basis and not to individual program groups. Consequently, appropriations must be included in the 'Not Attributable' column. Cluster grant funding is also unlikely to be attributable to individual program groups.

The names and purposes of each program group are summarised below.

Treasury Mandates
AASB 1052.16

	Program Group 1*		Program Group 2*		Not Attributable		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current Assets								
Cash and cash equivalents								
Receivables								
Contract assets								
Inventories								
Financial assets at fair value								
Other financial assets								
Other current assets								
Non-current assets held-for-sale								
Total current assets								
Non-current Assets								
Receivables								
Contract assets								
Inventories								
Financial assets at fair value								
Other financial assets								
Property, plant and equipment								
Investment property								
Right-of-use assets								
Intangible assets								
Other non-current assets								
Total non-current assets								
TOTAL ASSETS								
Current liabilities								
Payables								
Contract liabilities								
Borrowings								
Provisions								
Other current liabilities								
Liabilities associated with assets held-for-sale								
Total current liabilities								
Non-current liabilities								
Contract liabilities								
Borrowings								
Provisions								
Other non-current liabilities								
Total non-current liabilities								
TOTAL LIABILITIES								
NET ASSETS								

The names and purposes of each program group are summarised below.

Treasury Mandates	ADMINISTERED EXPENSES & INCOME	Program Group 1* 2020 $'000	Program Group 1* 2019 $'000	Program Group 2* 2020 $'000	Program Group 2* 2019 $'000	Not Attributable 2020 $'000	Not Attributable 2019 $'000	Total 2020 $'000	Total 2019 $'000
AASB 1050.7(b)	**Administered Expenses**								
	Transfer payments								
	Other								
	Total Administered Expenses								
AASB 1050.7(a)	**Administered Income**								
	Transfer receipts								
	Consolidated Fund								
	• Taxes, fees and fines								
	• Other								
	Total Administered Income								
	Administered Income less Expenses								

The names and purposes of each program group are summarised below.

Administered assets and liabilities are disclosed in Note 35.

	Commentary on Program Group Statements
	1. AASB 1052 *Disaggregated Disclosures* is applicable to government departments. The Budget was presented with a focus on outcomes. The foundation for outcome budgeting has been established by presenting the Budget on the basis of program groups within clusters.
Treasury Mandates	NSW Treasury extends program group disclosure requirements to other NSW GGS entities where program group information is included in the Budget Papers.
Treasury Mandates	Program group statements must include the same line items as the entity's statement of comprehensive income and statement of financial position.
	Expenses and income of an entity
AASB 1052.15(c)(d) Treasury Mandates	2. AASB 1052 requires entities to disclose financial information about service costs and achievements on an activity basis. Entities must disclose expenses and income in the Statement of Comprehensive Income that can be attributable to each of the major program activities of the entity. Separate disclosure is required of each major class of expenses as identified in the program group statements. Separate disclosure is also required of user charges, government contributions and other major classes of income as identified in the program group statements.
AASB 1052.19	Where income and expenditure cannot be attributed to a particular program group, the 'Not Attributable' column must be used. Appropriations are made to the entity rather than the program group. Therefore, appropriations must be disclosed in the 'Not Attributable' column. Given that appropriations are not attributable to program groups, there will be a mismatch between income and expenses at a program group level.
	Assets and liabilities of an entity
AASB 1052.16, 19 Treasury Mandates	3. Entities must also disclose the assets deployed and liabilities incurred that are reliably attributable to their activities. In some instances, it may not be possible to reliably attribute assets and liabilities to each of the activities of the entity. In these circumstances, the 'Not attributable' column must be used.
	Reconciliation to entity statements and consolidated statements
Treasury Mandates	4. The information disclosed in the program group statements must be aggregated to agree with the related information in the financial statements of the entity.
Treasury Mandates	5. Where an entity is a parent entity in an economic entity which has presented consolidated financial statements as required by AASB 10 *Consolidated Financial Statements*, the program group information must only be disclosed in relation to the economic entity and must be aggregated to agree with the related information in the consolidated financial statements.
Treasury Mandates	6. Where there is only one program group, details of the expenses, income, assets and liabilities are not required in the program group statements as this information is available in the financial statements
	Administered Expenses and Income
AASB 1050.11	7. Administered activities may be defined as those activities that are carried out on behalf of another entity (e.g. the Crown Entity). Therefore, the income and expenses and assets and liabilities relating to those activities should not be recognised in the financial statements of the entity.
AASB 1050.17	8. That is, entities will not recognise as assets or income items such as Consolidated Fund - taxes, fees and fines and other amounts which the entity collects but does not control. Similarly, an entity will not recognise as income and expenses amounts which the entity is responsible for transferring to eligible beneficiaries consistent with legislation or other authority and which the entity does not control.
AASB 1050.11	For example, an entity may be responsible for the levying and / or collection of taxes, fines and fees, the provision of goods and services for which charges are made or the transfer of funds to eligible beneficiaries. Under these arrangements, the entity is not permitted to spend the funds it collects and holds without further authorisation. Administered expenses for NSW GGS entities will predominantly be transfer payments.
AASB 1050.7(a)(b) Treasury Mandates	9. Administered expenses and income are not recognised in the Statement of Comprehensive Income but are required to be disclosed in the complete set of financial statements, showing separately: • each major class of expense and income and

	Commentary on Program Group Statements
	• in respect of each of those classes of expenses and income, the amounts that can be attributed to each of the entity's activities and the amounts that cannot be attributed.
AASB 1050.24	10. Administered expenses and income must be reported on the same basis as the entity in terms of the recognition of expenses and income in the financial statements.
Treasury Mandates	11. For entities that may not be required to present program group statements, the summary of the administered expenses and income must be produced as a note.
AASB 1050.7(c)(d) Treasury Mandates	12. Administered assets and liabilities must also be disclosed, showing separately each major class of asset / liability. Please refer to Note 35 for disclosure of administered assets and liabilities.
	Comparative amounts
AASB 101.41 - 42	13. When the presentation or classification of items in the financial statements is amended, an entity shall reclassify comparative amounts unless the reclassification is impracticable. When comparative amounts are reclassified, the entity shall disclose (including as at the beginning of the preceding period) the: • nature of the reclassification • amount of each item or class of items that is reclassified and • reason for the reclassification. When it is impracticable to reclassify comparative amounts, an entity shall disclose the: • reason for not reclassifying the amounts and • nature of the adjustments that would have been made if the amounts had been reclassified.
TPP09-3 Treasury Mandates	14. Comparative information for the program group statements is not required in the first financial report of a new entity, or in relation to functions transferred in to an ongoing entity during the reporting period. However, certain comparative information in regard to the former entity and transferred function is required elsewhere in the notes to the financial statements as a result of TPP09-03.

AASB 1052.15(a)

Treasury Mandates

Program Groups Descriptions

a) **Program Group 1** [specify name]
Purpose: [specify]
[Disclose details of program group transfers, where applicable]

b) **Program Group 2** [specify name]
Purpose: [specify]
[Disclose details of program group transfers, where applicable]

c) **Program Group 3** [specify name]
Purpose: [specify]
[Disclose details of program group transfers, where applicable]

	Commentary on program groups descriptions
	Identity and purpose of program groups
AASB 1052.15(a) Treasury Mandates	1. AASB 1052 requires disclosure, in summarised form, of the identity and purpose of each major activity undertaken by the entity during the financial year. AASB 1052 applies to government departments. Treasury Mandates extends program group disclosure requirements to all other NSW GGS entities, where program group information is included in the Budget Papers.
	Transfer of program groups
AASB 1004.57	2. Where program groups are transferred from one entity to another as a result of administrative restructuring, the transferee entity shall disclose the expenses and income attributable to the transferred program groups for the reporting period, showing separately those expenses and items of income recognised by the transferor during the reporting period. If this disclosure would be impracticable, the entity shall disclose this fact, together with an explanation of why this is the case.
AASB 1004.58	3. For each material transfer, the assets and liabilities transferred as a consequence of a restructure of administrative arrangements during the reporting period shall be

	Commentary on program groups descriptions
	disclosed by class, and the counterparty entity shall be identified. Where transfers are individually immaterial, the assets and liabilities transferred shall be disclosed on an aggregate basis. Refer Note 28.
TPP09-3	4. NSW Treasury's policy requires more detailed disclosures than AASB 1004. The notes to the financial statements of transferee entities are to disclose the following information for accountability and comparability for each transferred function or program group: • The Statement of Comprehensive Income for each transferred activity / program group for the whole period, showing separately those expenses and revenues recognised by the transferor entity up to the date of transfer • Comparative figures for the transferred function or program group • The summary of significant accounting policies note of the transferee entity must briefly articulate the policy for recognising the restructure, including details / amounts of assets and liabilities transferred (per AASB 1004 Para 58) and, where applicable, adjustments to the value of assets and liabilities as a result of the transfer.
	5. Where statutory financial statements are required, the transferor entity must briefly articulate the policy for recognising the restructure, including details / amounts of assets and liabilities transferred (consistent with AASB 1004 Para 58) and where applicable, adjustments to the value of assets and liabilities as a result of the transfer.
TPP09-3	6. NSW Treasury's policy requires that for any other equity transfer: i.e. involving transfers of parts of program groups / functions etc., the transferor and transferee entity should, as a minimum, briefly articulate in its disclosure of significant accounting policies, the policy for recognising the equity transfer, including details / amounts of assets and liabilities transferred (consistent with AASB 1004.58) and, where applicable, adjustments to the value of assets and liabilities as a result of the transfer.
	7. Example disclosure - transfer of program groups (excluding summary of significant accounting policies note)
	Note disclosure for Entity B
AASB 1004.57 TPP09-3	Program Group X was transferred from Entity A to Entity B as a consequence of a restructuring of administrative arrangements with effect from [date]. The following summarises the expenses and income, recognised by Entity A (up to date of transfer) and Entity B (from date of transfer to year end) for the reporting period. Refer Note 28 for details regarding transferred assets and liabilities.

	Entity A Program Group X 1 July to [transfer date]	Entity B Program Group X [transfer date] to 30 June	2020 Program Group X	2019 Program Group X
Expenses excluding losses				
Employee related				
Operating expenses				
Depreciation and amortisation				
Grants and subsidies				
Finance costs				
Other expenses				
Total expenses excluding losses				
Revenue				
Appropriation				
(Transfers to the Crown Entity)				
Sale of goods and services				
Sale of goods and services from contracts with customers				
Investment revenue				
Retained taxes, fees and fines				
Grants and other contributions				
Acceptance by the Crown Entity of employee benefits and other liabilities				
Other income				
Total revenue				
Operating result				

Commentary on program groups descriptions

	Entity A Program Group X 1 July to [transfer date]	Entity B Program Group X [transfer date] to 30 June	2020 Program Group X	2019 Program Group X
Gains / (losses) on disposal				
Impairment losses on financial assets				
Net gains / (losses) from the derecognition of financial assets measured at amortised cost				
Other gains / (losses)				
Net result from continuing operations				
Net result from discontinued operations				
Net result				
Other comprehensive income				
Items that will not be reclassified to net result in subsequent periods				
Changes in revaluation surplus of property, plant and equipment				
Changes in revaluation surplus arising from changes in restoration liability				
Net gains / (losses) on equity instruments at fair value through other comprehensive income				
Others [specify]				
Items that may be reclassified to net result in subsequent periods				
Debt instruments at fair value through other comprehensive income				
- Net gains / (losses) during the period				
- Reclassified to net result				
Others [specify]				
Total other comprehensive income				
TOTAL COMPREHENSIVE INCOME				

Discontinued operations

AASB 5 Aus.2.1
TPP09-3

8. In limited instances, additional disclosures to those discussed above will be required by the transferor regarding 'discontinued operations' (see AASB 5). AASB 5 does not apply to administrative restructures subject to AASB 1004. However, the Standard may affect entities, for example, where there is a transfer of an operation at nil consideration involving a for-profit statutory authority / PNFC, where it meets the definition of a discontinued operation.

AASB 5.App A

A 'discontinued operation' means a component of an entity that has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

10. Current Assets – Cash and Cash Equivalents

	2020 $'000	2019 $'000
Cash at bank and on hand		
Short-term deposits		
[Specify other major categories]		

AASB 107.6-8,
AASB 107.45-46
AASB 101.54(i)
Treasury Mandates

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value, and net of outstanding bank overdraft [specify others where applicable].

	2020 $'000	2019 $'000
Cash and cash equivalents (per Statement of Financial Position)		
Bank overdraft		
[Specify other adjustments where applicable]		

Refer Note 36 for details regarding credit risk and market risk arising from financial instruments.

Commentary on Cash and Cash Equivalents

AASB 107.6-8

1. Cash and cash equivalents as disclosed in the Statement of Financial Position may differ from the equivalent line item in the Statement of Cash Flows – see below.
2. AASB 107 defines cash to include cash on hand and demand deposits. The term 'cash equivalents' is defined to mean short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank overdrafts repayable on demand that are integral to the cash management function are included as a component of cash and cash equivalents.

AASB 101.32

3. AASB 101 does not define 'cash and cash equivalents' but it states that assets and liabilities must not be offset unless required or permitted by an Australian Accounting Standard. Cash and cash equivalent assets in the Statement of Financial Position would normally comprise cash on hand, cash at bank and short-term deposits and include deposits in the TCorpIM Funds cash facility, other NSW TCorp deposits (less than 90 days) and other at-call deposits that are not quoted in an active market. Bank overdrafts are included within liabilities.
4. Therefore, the only difference in the disclosure of 'cash and cash equivalent assets' in AASB 101 in the Statement of Financial Position and AASB 107 is that AASB 107 includes certain borrowings (e.g. bank overdraft) while cash and cash equivalent assets in the Statement of Financial Position do not.

AASB 107.45-46

5. Entities must disclose the components of cash and cash equivalents and the policy adopted for determining which items are classified as 'cash and cash equivalents' in the Statement of Cash Flows. The amount of cash as at the end of the financial year in the Statement of Cash Flows must be reconciled to the related item in the Statement of Financial Position.

Administrative restructures

Treasury Mandates

6. Where cash is transferred as part of an administrative restructure, the reconciliation of opening and closing cash balances in the Statement of Cash Flows will be affected. To ensure that cash reconciles in the Statement of Cash Flows, the 'opening cash and cash equivalents' figure is to be adjusted to include any cash received or paid as a result of restructuring.

11. Current / Non-Current Assets – Receivables

Reference		2020 $'000	2019 $'000
AASB 101.78(b) AASB 7.6			
Treasury Mandates AASB 15.105 AASB 15.116(a)	Trade receivables from contracts with customers		
	Sale of goods and services		
Treasury Mandates AASB 1058.29	Retained taxes, fees and fines		
	Other receivables		
AASB 7.35H AASB 15.113(b)	Less Allowance for expected credit losses*		
	-Trade receivables from contracts with customers		
	- Retained taxes, fees and fines		
	- Other receivables		
	Total expected credit losses		
AASB 101.78(b)	Prepayments		
	[Specify other major categories]		

AASB 7.35H

**Movement in the allowance for expected credit losses*

Reference		2020 $'000	2019 $'000
	Balance at the beginning of the year		
AASB 7.35I	Amounts written off during the year		
AASB 7.35I	Amounts recovered during the year		
AASB 7.35H	Increase/(decrease) in allowance recognised in net results		
	Balance at the end of the year		

AASB 7.36

Details regarding credit risk of trade receivables that are neither past due nor impaired, are disclosed in Note 36.

AASB7.21

Recognition and Measurement

AASB 9.3.1.2
AASB 7.B5(c)
Treasury Mandates

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

AASB 9.5.1.1
AASB 9.5.1.3

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

AASB 9.4.1.2
AASB 9.5.4.1

The entity holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

AASB 9.5.5.1

The entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

AASB 9.5.5.15
AASB 9.B5.5.35
Treasury Mandates

For trade receivables, the entity applies a simplified approach in calculating ECLs. The entity recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

Commentary on Receivables

Classification and Measurement

AASB15.105

1. From 1 July 2019, trade receivables from contracts with customers must be disclosed separately from other trade receivables, if applicable.

AASB 9.4.1.1

2. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

AASB 9.B4.1.2

Business model for managing financial assets refers to how an entity manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

AASB 9.4.1.2

3. Financial assets are measured at amortised cost if both of the following conditions are met:
   - the financial asset is held within a business model with the objective to collect contractual cash flows; and
   - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

AASB 9.4.1.3(a)

For the purposes of applying the SPPI test, 'the principal' is described as 'the fair value of the financial asset at initial recognition' and may change over the life of the financial asset, as there are repayments of principal and/or unwinding of any premium or discount on acquisition.

AASB 9.4.1.2
AASB 9.5.4.1

4. Agencies usually hold receivables with the objective to collect the contractual cash flows and therefore measure them subsequently at amortised cost using the effective interest method.
5. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Interpretation 1031

Goods and Services Tax

1. Receivables and payables must be stated with the amount of GST included. This also includes accruals. Accruals form part of 'receivables' and 'payables' and should be treated similarly. That is, where an accrual is made, it should include GST, even though a tax invoice may not have been received. This is because an event or transaction has occurred that will give rise to GST payable / receivable in the future.
2. The net amount of GST recoverable from or payable to the taxation authority must be included as part of receivables or payables.

Impairment under AASB 9

Treasury Mandates
AASB 9.5.5.15(a)(ii)

6. NSW Treasury mandates the use of the simplified approach in AASB 9 to recognise a loss allowance for expected credit losses on all trade receivables, including those containing a significant financing component.

Treasury Mandates
AASB 9.B5.5.35

7. NSW Treasury mandates the application of the practical expedient to calculate expected credit losses on trade receivables using a provision matrix. In practice, many agencies already use a provision matrix to calculate their current impairment allowances on trade receivables. However, in order to comply with the AASB 9 requirements, agencies would need to consider how current and forward-looking information might affect their customers' historical default rates and, consequently, how the information would affect their current expectations and estimates of expected credit losses.

AASB 9.B5.5.35

8. For example, agencies may consider gross domestic product and the unemployment rate as macroeconomic factors affecting the ability of the customers to settle the receivables. The historical loss rates may be adjusted based on expected changes in these factors. At every reporting date, the historical observed default rates should

	Commentary on Receivables
	be updated and changes in the forward-looking estimates should be analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.
	Note that the agencies' historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.
AASB 7.35H	9. AASB 7 requires an entity to disclose by class of financial instrument, a tabular reconciliation of the loss allowance from the opening balance to the closing balance. The reconciliation should include amounts representing the changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance (for example, origination or acquisition of assets and write-offs)
AASB 15.113(b)	10. Impairment losses on receivables from contracts with customers must be disclosed separately from impairment losses on other contracts.
	Impairment of receivables that are not a financial asset
AASB 9.Aus2.1.1	Certain receivables are not financial assets in accordance with AASB 9, such as taxes receivable from a taxpayer. Where material, the basis for recognising and measuring impairment losses on these receivables should be separately disclosed. While statutory receivables may not be a financial asset, para Aus2.1.1 of AASB 9 states that the initial recognition and measurement requirements in AASB 9 apply to non-contractual receivables arising from statutory requirements as if those receivables are financial instruments.
	Disclosure
Treasury Mandates AASB 101.78(b) TC15-07	11. The notes are to disclose receivables, distinguishing between sale of and services goods from contracts with customers, retained taxes, fees and fines, prepayments and other major categories of receivables (e.g. personnel services receivable for entities providing personnel services per TC15-07). Any allowance for impairment of receivables is to be shown as a deduction. The current and non-current portions of receivables are to be separately disclosed.
AASB 7.8	12. The carrying amounts for each of the categories of financial instruments under AASB 9 must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements. Refer Note 36.
	Reclassification
	13. The following are the general requirements on reclassification:
AASB 9.4.4.1	• In the rare circumstances when an entity changes its business model for managing financial assets, it must reclassify all impacted financial assets according to the basic classification and measurement criteria discussed earlier. • An entity cannot reclassify financial liabilities.
	In general, reclassifications of financial assets are accounted for prospectively under AASB 9, i.e., they do not result in restatements of previously recognised gains, losses or interest income.
AASB 7.12B-12D	If the entity has reclassified a financial asset in or out of amortised cost, additional disclosures are required under AASB 7.

12. Contract Assets and Liabilities

		2020 $'000	1 July 2019 $'000 adjusted for AASB 15
AASB 15.116(a)	Contract assets - current		
AASB 15.116(a)	Contract assets – non-current		
AASB 15.113(b)	Less: impairment allowance		

AASB 15.116(a)	Contract liabilities - current	
AASB 15.116(a)	Contract liabilities – non-current	
AASB 15.116(a)	Contract receivables (included in Note 11)	

Recognition and Measurement

AASB 15.117 Contract assets relate to the entity's right to consideration in exchange for goods transferred to customers/works completed, but not billed at the reporting date in respect of …………… The balance of contract assets at 30 June 2020 was impacted by ………. [*tailor to the specific revenue classes that give rise to contract assets, explaining how the timing of satisfaction of performance obligations relates to the typical timing of payment and the effect that those factors have on the contract asset and the contract liability balances]*.

AASB 15.118 The contact asset balance has decreased significantly during the year because ………. *[tailor to the specific reason for the significant change in balance]*

AASB 15.117 Contract liabilities relate to consideration received in advance from customers in respect of ……………………… The balance of contract liabilities at 30 June 2020 was impacted by ………. *[tailor to the specific revenue classes that give rise to contract liabilities, explaining how the timing of satisfaction of performance obligations relates to the typical timing of payment and the effect that those factors have on the contract liability and the contract liability balances]*.

AASB 15.118 The contact liability balance has increased significantly during the year because ………. *[tailor to the specific reason for the significant change in balance]*

		2020 $'000
AASB 15.116(b)	Revenue recognised that was included in the contract liability balance (adjusted for AASB 15) at the beginning of the year	
AASB 15.116(c)	Revenue recognised from performance obligations satisfied in previous periods	
AASB 15.120(a)	Transaction price allocated to the remaining performance obligations from contracts with customers	

AASB 15.120(b) The Transaction price allocated to the remaining performance obligations relates to [*specific revenue class(s)]*. 60% is expected to be recognised as revenue in the 2020-21 financial year and 40% in the 2021-22 financial year.

Commentary on contract assets and liabilities

AASB 15.105
1. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

AASB 15.107
2. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The contract asset excludes receivables from contracts with customers. An entity shall assess a contract asset for impairment in accordance with AASB 9.

AASB 15.105	3. The following must be disclosed separately: • Contract receivables • Contract assets • Contract liabilities If trade receivables include receivables from contracts with customers and other receivables, these should be separately disclosed (refer Note 11)
AASB 15.116(a)	4. Disclose the opening and closing balances of: • Receivables • Contract assets • Contract liabilities
	5. Disclose:
AASB 15.116(b)	• Revenue recognised that was included in the contract liability balance at the beginning of the year
AASB 15.116(c)	• Revenue recognised from performance obligations satisfied in previous periods
AASB 15.117	6. Explain how the timing of satisfaction of performance obligations (see paragraph 119(a)) relates to the typical timing of payment (see paragraph 119(b)) and the effect that those factors have on the contract asset and the contract liability balances. May use qualitative information.
AASB 15.118	7. Explain significant changes in contract assets and liabilities. Reasons for the change may include: • Business combinations • Cumulative catch ups, such as those arising from a change in the measure of progress, a change in an estimate of the transaction price or a contract modification • Impairment of contract assets • Change in timeframe – of contract assets becoming a receivable • Change in timeframe – for performance obligation to be satisfied
AASB 15.120	8. Disclose the following information about remaining performance obligations: (a) the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period; and (b) an explanation of when the entity expects to recognise as revenue the amount disclosed in accordance with paragraph 120(a) The disclosure can be either on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining performance obligations; or by using qualitative information.

13. Current / Non-Current Assets – Inventories

		2020 $'000	2019 $'000
AASB 101.78(c) AASB 102.36(b)			
AASB 102.Aus36.1	*Held-for-distribution*		
	[Specify category - at cost or current replacement cost]		
	Held-for-resale		

[Specify category – at cost or net realisable value]

Recognition and Measurement

AASB 102.6, 9-Aus9.2 AASB 102.Aus10.1, 25, 36, Aus36.1

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the [weighted average cost or 'first in first out'] method.

AASB 102.Aus10.1 AASB 102.25 AASB 102.Aus36.1 AASB 102.6

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the entity would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Commentary on inventories

AASB 102.36, Aus36.1(b)

1. Entities are to classify inventories into major categories relevant to the entity's operations, e.g. raw materials, work in progress, finished goods, land and buildings (classified as either held for distribution or held for resale). Examples of other inventories include: publications, books and medical supplies. The current and non-current portions are to be separately disclosed.

AASB 102.Aus6.1

2. In respect of not-for-profit entities, inventories held for distribution are assets:
   - held for distribution;
   - in the process of production for distribution; or
   - in the form of materials or supplies to be consumed in the production process or in rendering services at no or nominal consideration.
3. Entities should also disclose the following, where applicable:

AASB 102.Aus36(c)-(f)
AASB 102.Aus36.1(c)-(h)

   - the amount of inventories held for distribution recognised as an expense during the period;
   - the amount of any write-down of inventories held for distribution recognised as an expense in the period;
   - the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories held for distribution recognised as expense;
   - the circumstances or events that led to the reversal of a write-down of inventories held for distribution;
   - the carrying amount of inventories held for distribution pledged as security for liabilities; and
   - the basis on which any loss of service potential of inventories held for distribution is assessed, or the bases when more than one basis is used.

14. Current / Non-Current– Financial Assets at Fair Value

AASB 7.6
Treasury Mandates

	2020 $'000	2019 $'000
Derivatives		
[Disclose per type of derivatives]		
TCorp IM Funds [specify facility]		
Investment in debt financial assets		
[Disclose per type of debt financial assets]		
Allowance for expected credit losses*		

Investment in equity shares		
Listed shares		
Non-listed shares		
[Specify other major categories]		

AASB 7.35H

**Movement in the allowance for expected credit losses*

	2020 $'000	2019 $'000
Balance at the beginning of the year		
Increase/(decrease) in allowance recognised in net results (AASB 7.35H)		
Balance at the end of the year		

Refer to Note 36 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

AASB 9.3.1.2
AASB 7.B5(c)
Treasury Mandates

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification and measurement

The entity's financial assets at fair value are classified, at initial recognition, as subsequently measured at either fair value through other comprehensive income or fair value through profit or loss.

AASB 9.5.1.1
AASB 9.B5.2.2

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results. Transaction costs of financial assets carried at other comprehensive income are included as part of their fair value and amortised to net results using the effective interest method.

[Include below if relevant]

Financial assets at fair value through other comprehensive income

AASB 9.4.1.2A

The entity measures financial assets at fair value through other comprehensive income when they are held for both collection of contractual cash flows and for selling the financial assets, and where the assets' cash flows represent solely payments of principal and interest.

AASB 9.5.7.10
AASB 9.5.7.11

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in net results. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to net results and recognised in other gains/(losses).

Interest income from these financial assets is included in investment revenue using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

[Include if applicable]

AASB 9.4.1.4
AASB 9.5.7.5

The entity has elected to classify irrevocably its equity investments [describe the nature of investments] as designated at fair value through other comprehensive income, that would otherwise be measured at fair value through profit or loss. These equity investments meet the definition of equity *instruments under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.*

AASB 7.11A(a)(c)

The following equity investments have been designated at fair value through other comprehensive income:

[List equity securities and their respective fair value]

AASB 7.11A(b)

[Disclose reason for designation, dividends and any transfer of cumulative gain / (loss) within equity at disposal, if any]

AASB 9.B5.7.1

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as income under 'investment revenue' when the right of payment has been established.

Financial assets at fair value through profit or loss

AASB 9.4.1.4
AASB 9.5.7.1

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB 9.

AASB 9.Appendix A

Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

AASB 9.4.1.4
AASB 9.B4.1.6

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. TCorpIM Funds are managed and their performance is evaluated on a fair value basis and therefore the business model is neither to hold to collect contractual cash flows or sell the financial asset. Hence these investments are mandatorily required to be measured at fair value through profit or loss.

AASB 9.4.1.5

Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

AASB 9.5.7.1

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses), except for TCorpIM Funds that are presented in 'investment revenue' in the period in which it arises.

[Include below if relevant]

Impairment

Impairment of financial assets at fair value through other comprehensive income

AASB 9.5.5.1

The entity recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the entity expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

AASB 9.5.5.3
AASB 9.5.5.5
AASB 9.5.5.11
AASB 7.35F(a)(ii)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). In addition, the entity considers that there has been a significant *increase in credit risk when contractual payments are more than 30 days past due.*

AASB 7.35F(a)
AASB 7.35G(a)(ii)
AASB 9.B5.5.22-27
AASB 9.5.5.5
AASB 9.5.5.3

The entity's debt financial assets classified as financial assets at fair value through other comprehensive income are issued by financial institutions that have strong credit ratings and therefore considered to be low credit risk investments. Hence, the entity measures the loss allowance for these debt financial assets at an amount equal to 12-month ECL. However, when there is a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

AASB 9.B5.5.23

The entity uses the ratings from external credit rating agencies both to determine whether there has been a significant increase in credit risk on the debt financial assets and to estimate ECLs. These estimates are performed at every reporting date.

Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Commentary on Financial Assets at Fair Value

Classification and measurement

AASB 9.4.1.1

1. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

AASB 9.B4.1.2

   Business model for managing financial assets refers to how an entity manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2. The following are the classification criteria for financial assets at fair value:

AASB 9.4.1.2A

   - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest (SPPI), are measured at fair value through other comprehensive income.

AASB 9.4.1.4

   - Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

AASB 9.4.1.3(a)

3. For the purposes of applying the SPPI test, 'the principal' is described as 'the fair value of the financial asset at initial recognition' and may change over the life of the financial asset, as there are repayments of principal and/or unwinding of any premium or discount on acquisition.

AASB 9.4.1.5

4. An entity may irrevocably designate a debt financial asset as measured at fair value through profit or loss on initial recognition. This is allowed if doing so eliminates, or significantly reduces, a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch').

AASB 9.4.2.2
AASB 9.B4.1.6

   The presence of an accounting mismatch is the only situation in AASB 9 in which the fair value 'election' is available for debt financial assets. This is because financial assets that are managed on a fair value basis and most financial assets with an embedded derivative (which gives rise to cash flows that fail the SPPI test) are required by default to be measured at fair value through profit or loss.

Treasury Mandates

   Designation of debt financial assets at fair value through profit or loss requires Treasury approval.

AASB 9.4.3.1

5. An embedded derivative is part of a combined instrument that includes both a derivative and a non-derivative host contract. It causes the cash flows of the host contract to be modified based on a variable such as an interest rate or commodity price. Under AASB 9, financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

AASB 9.4.3.2
AASB 9.4.3.3

   Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

AASB 9.5.7.5

6. An entity may irrevocably designate an equity instrument as measured at fair value through other comprehensive income on initial recognition. This is allowed when asset is not held for trading or contingent consideration in a business combination. Under this option, only qualifying dividends are recognised in net results. Changes

	Commentary on Financial Assets at Fair Value
AASB 9.B5.7.1	in fair value are recognised in other comprehensive income and never reclassified to net results, even if the asset is impaired, sold or otherwise derecognised.
Treasury Mandates	7. Designation of equity instruments at fair value through other comprehensive income requires Treasury approval. Treasury believes that such designations should only be made in exceptional circumstances i.e. where they are medium to long-term strategic investments.
AASB 7.11A	8. An entity that decides to designate an equity investment at fair value through other comprehensive income will have to disclose the reasons for doing this as well as the fair value of each investment. Dividends recognised during the period from those investments derecognised during the period and those outstanding at year end should be separately disclosed. A separate disclosure of any transfers of cumulative gain or loss within equity as well as the reason for those transfers are required.
AASB 7.11B	9. If an entity derecognised its investments in equity instruments measured at fair value through other comprehensive income during the reporting period, it shall disclose: • the reasons for disposing of the investments. • the fair value of the investments at the date of derecognition • the cumulative gain or loss on disposal.
AASB 9.B5.2.3	10. All investments in equity instruments and contracts on those instruments must be measured at fair value. However, there are limited circumstances where cost may provide an appropriate estimate of fair value. Examples - (a) insufficient more recent information to measure fair value; or (b) cost represents the best estimate of fair value within a wide range of possible fair value measurements.
AASB 9.B5.2.4	Indicators that cost might not be representative of fair value include: • significant change in the performance of the investee compared with budgets, plans or milestones; • changes in expectations that the investee's technical product milestones will be achieved; • a significant change in the market for the investee's products, global economy, economic environment in which the investee operates; • performance of competitors, matters such as fraud, commercial disputes, litigation, changes in management or strategy; or • evidence of external transactions in the investee's equity.
	Impairment of financial assets at fair value through other comprehensive income
Treasury Mandates AASB 9.5.5.10	11. NSW Treasury mandates the use of the low credit risk simplification. Under this approach, if a financial instrument has a low credit risk, an entity is allowed to assume that no significant increases in credit risk have occurred at the reporting date. The low credit risk concept is intended to provide relief from tracking changes in the credit risk of high quality financial instruments.
AASB 9.B5.5.22-24	12. The standard states that a financial instrument is considered to have low credit risk if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily reduce the ability of the borrower to fulfil its contractual cash flow obligations. However, collateral does not influence whether a financial instrument has a low credit risk.
	13. The description of low credit risk is broadly equivalent to what rating agencies define as 'investment grade' quality assets. This is equivalent to or better than a rating of BBB- by Standard & Poor's and Fitch or Baa3 for Moody's. Nevertheless, it is important to emphasise that the default rates provided by external rating agencies are historical information. Entities need to understand the sources of these historical default rates and update the data for current and forward-looking information when measuring ECLs or assessing credit deterioration. Also, although ratings are forward-looking, it is sometimes suggested that changes in credit ratings may not be reflected in a timely manner. Therefore, entities may have to take account of expected change in ratings in assessing whether exposures are low risk.
AASB 7.35H	14. AASB 7 requires an entity to disclose by class of financial instrument, a tabular reconciliation of the loss allowance from the opening balance to the closing balance. The reconciliation should include amounts representing the changes in the gross

Commentary on Financial Assets at Fair Value

carrying amount of financial instruments that contributed to the changes in the loss allowance (for example, origination or acquisition of assets and write-offs)

Reclassification

AASB 9.4.4.1

15. The following are the general requirements on reclassification:
    - In the rare circumstances when an entity changes its business model for managing financial assets, it must reclassify all impacted financial assets according to the basic classification and measurement criteria discussed earlier.

AASB 9.4.4.2

    - An entity cannot reclassify financial liabilities.

    In general, reclassifications of financial assets are accounted for prospectively under AASB 9, i.e., they do not result in restatements of previously recognised gains, losses or interest income.

AASB 7.12B-12D

    If the entity has reclassified a financial asset out of the fair value through profit or loss category or the fair value through other comprehensive income category, there are additional disclosures required under AASB 7.

Disclosure

Treasury Mandates
AASB 101.66

16. The notes are to disclose financial assets at fair value, separately disclosing derivatives, TCorp IM Funds (other than the TCorp IM Funds cash facility which is included as 'cash assets'), shares and other major categories. The TCorp IM Funds investment facilities that are normally part of the 'financial assets at fair value' category include the strategic cash facility, medium-term growth and long-term growth facilities. The current and non-current portions are to be separately disclosed. However, AASB 101 requires assets held primarily for trading in accordance with AASB 9 to be classified as current assets.

AASB 7.8
AASB 101.78

17. The carrying amounts for each of the categories of financial instruments must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements. Refer Note 36.

15. Current / Non-Current – Other Financial Assets

Treasury Mandates

	2020 $'000	2019 $'000
Other loans and deposits		
Advances receivable		
Receivables on finance leases as lessor (Note 18)		
[Specify other major categories]		
Allowance for expected credit losses*		

AASB 7.35H

**Movement in the allowance for expected credit losses*

	2020 $'000	2019 $'000
Balance at the beginning of the year		
Increase/(decrease) in allowance recognised in net results		
Balance at the end of the year		

AASB 7.31-42

Refer to Note 36 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

AASB 9.3.1.2
AASB 7.B5(c)
Treasury Mandates

All 'regular way' purchases or sales of other financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of other financial assets that require delivery of assets

AASB 9.5.1.1	within the time frame established by regulation or convention in the marketplace. Other financial assets are initially measured at fair value plus any transaction cost.
	Subsequent measurement
	Financial assets at amortised cost
AASB 9.4.1.2 AASB 9.3.2.12	Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as separate line item in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains/(losses) together with foreign exchange gains and losses.
	Impairment
AASB 9.5.5.1	The entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.
AASB 9.5.5.3 AASB 9.5.5.5 AASB 9.5.5.11 AASB 7.35F(a)(ii)	ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are based on default events possible within the next 12-months (i.e. a 12-month ECL). If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (i.e. a lifetime ECL). In addition, the entity considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.
AASB 7.35F(a) AASB 7.35G(a)(ii) AASB 9.B5.5.22-27 AASB 9.5.5.5 AASB 9.5.5.3	The entity's term deposits are issued by financial institutions that have strong credit ratings and therefore considered to be low credit risk investments. Hence the entity measures the loss allowance for term deposits at an amount equal to 12-month ECL. However, when there is a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.
AASB 9.B5.5.23	The entity uses the ratings from external credit rating agencies both to determine whether there has been a significant increase in credit risk on the deposits and to estimate ECLs. These estimates are performed at every reporting date.
AASB 9.5.5.15(b) Treasury Mandates	For lease receivables, the entity applies the simplified approach permitted by AASB 9, where the loss allowance is based on lifetime ECLs.

	Commentary on Other Financial Assets
	Disclosure
Treasury Mandates	1. The notes are to disclose other financial assets, separately disclosing other loans and deposits (e.g. NSW TCorp deposits greater than 90 days), advances receivable and other major categories of investments. The current and non-current portions are to be separately disclosed.
AASB 7.8	2. The carrying amounts for each of categories of financial instruments must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements. Refer Note 36.
	Classification and measurement
AASB 9.4.1.1	3. The classification of other financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.
AASB 9.B4.1.2	Business model for managing financial assets refers to how an entity manages its financial assets in order to generate cash flows. The business model determines

Commentary on Other Financial Assets

whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost

AASB 9.4.1.2

4. Financial assets are measured at amortised cost if both of the following conditions are met:
   - the financial asset is held within a business model with the objective to collect contractual cash flows; and
   - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

AASB 9.4.1.3(a)

5. For the purposes of applying the SPPI test, ‘the principal’ is described as ‘the fair value of the financial asset at initial recognition’ and may change over the life of the financial asset, as there are repayments of principal and/or unwinding of any premium or discount on acquisition.

Impairment

Treasury Mandates
AASB 9.5.5.10

6. NSW Treasury mandates the use of the low credit risk simplification. Under this approach, if a financial instrument has a low credit risk, an entity is allowed to assume that no significant increases in credit risk have occurred at the reporting date.

   The low credit risk concept is intended to provide relief from tracking changes in the credit risk of high-quality financial instruments.

AASB 9.B5.5.22-24

7. The standard states that a financial instrument is considered to have low credit risk if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily reduce the ability of the borrower to fulfil its contractual cash flow obligations. However, collateral does not influence whether a financial instrument has a low credit risk.
8. The description of low credit risk is broadly equivalent to what rating agencies define as ‘investment grade’ quality assets. This is equivalent to or better than a rating of BBB- by Standard & Poor’s and Fitch or Baa3 for Moody’s. Nevertheless, it is important to emphasise that the default rates provided by external rating agencies are historical information. Entities need to understand the sources of these historical default rates and update the data for current and forward-looking information when measuring ECLs or assessing credit deterioration. Also, although ratings are forward-looking, it is sometimes suggested that changes in credit ratings may not be reflected in a timely manner. Therefore, entities may have to take account of expected change in ratings in assessing whether exposures are low risk.

AASB 9.5.5.15(b)
Treasury Mandates

9. NSW Treasury mandates the simplified approach to recognise a loss allowance for all lease receivables within the scope of AASB 16, as applicable. Therefore, the entity is not required to track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The entity should establish a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the lease receivables.

AASB 7.35H

10. AASB 7 requires an entity to disclose by class of financial instrument, a tabular reconciliation of the loss allowance from the opening balance to the closing balance. The reconciliation should include amounts representing the changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance (for example, origination or acquisition of assets and write-offs)

Reclassification

AASB 9.4.4.1

11. The following are the general requirements on reclassification:
    - In the rare circumstances when an entity changes its business model for managing financial assets, it must reclassify all impacted financial assets according to the basic classification and measurement criteria discussed earlier.

    AASB 9.4.4.2

    - An entity cannot reclassify financial liabilities.

    In general, reclassifications of financial assets are accounted for prospectively under AASB 9, i.e., they do not result in restatements of previously recognised gains, losses or interest income.

    AASB 7.12B-12D

    If the entity has reclassified a financial asset in or out of amortised cost, additional disclosures are required under AASB 7.

Interest free or low interest loan

	Commentary on Other Financial Assets
AASB 9.B5.1.1	12. An interest free or low interest loan or receivable must initially be measured at its fair value plus any transaction cost, if it is not measured at fair value through profit or loss. The entity must first assess the classification of the loan depending on its cash flow characteristics and the agency's business model for managing them. In most instances, interest free or low interest loans have cash flows that are solely payments of principal and interest and for which the entity intends to hold to collect contractual cash flows. As such, they are measured at amortised cost and subsequently amortised using the effective interest method.
TPP19-05	13. The fair value of a long-term loan or receivable that carries no or low interest can be estimated as the present value of all future cash receipts discounted using the prevailing market rates of interest for a similar instrument with a similar credit rating. Any additional amount lent is an expense or grant unless it qualifies for recognition as some other type of asset. In the public sector context, the market rate of interest is generally represented by the NSW TCorp government bond rate, for the relevant term of the loan.

16. Property, Plant and Equipment

(a) Total property, plant and equipment

AASB 101.78(a)
AASB 116.73(d)

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
At 1 July 2019 – fair value				
Gross carrying amount				
Accumulated depreciation and impairment				
Net carrying amount				

AASB 101.78(a)
AASB 116.73(d)

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
At 30 June 2020 – fair value				
Gross carrying amount				
Accumulated depreciation and impairment				
Net carrying amount				

AASB 117.31

The net carrying amount of PFP assets included in [specify the relevant class of property, plant and equipment] is XX as at 30 June 2020 (30 June 2019: XX).

AASB 116.73(e)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the reporting period is set out below:

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
Year ended 30 June 2020				
Net carrying amount at beginning of year				
Derecognition of finance lease assets on initial application of AASB 16*	(XXX)	(XXX)	(XXX)	(XXX)
Adjusted net carrying amount at beginning of year				
Purchases of assets				
Reclassification to assets held for sale				
Disposals				
Acquisitions through administrative restructures				

Net revaluation increments less revaluation decrements				
Impairment losses** (recognised in 'other gains/losses')				
Depreciation expense				
Other movements [specify]				
Net carrying amount at end of year				

**This does not include finance lease assets relate to privately financed projects recognised according to TPP06-08. AASB 16 do not apply to these assets in FY19/20.*

**[For additional details regarding impairment losses / reversals – refer AASB 136.126-137]

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 22.

AASB 101.78(a)
AASB 116.73(d)

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
At 1 July 2018 – fair value				
Gross carrying amount				
Accumulated depreciation and impairment				
Net carrying amount				

AASB 101.78(a)
AASB 116.73(d)

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
At 30 June 2019 – fair value				
Gross carrying amount				
Accumulated depreciation and impairment				
Net carrying amount				

AASB 116.73(e)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the reporting period is set out below:

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
Year ended 30 June 2019				
Net carrying amount at beginning of year				
Additions				
Reclassification to assets held for sale				
Disposals				
Acquisitions through administrative restructures				
Net revaluation increments less revaluation decrements				
Impairment losses* (recognised in 'other gains/losses')				
Depreciation expense				
Other movements [specify]				
Net carrying amount at end of year				

*[For additional details regarding impairment losses / reversals – refer AASB 136.126-137]

AASB 16.95

(b) Property, plant and equipment held and used by the entity

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000

At 1 July 2019 – fair value				
Gross carrying amount				
Accumulated depreciation and impairment				
Net carrying amount				

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
At 30 June 2020 – fair value				
Gross carrying amount				
Accumulated depreciation and impairment				
Net carrying amount				

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment held and used by the entity at the beginning and end of the reporting period is set out below:

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
Year ended 30 June 2020				
Net carrying amount at beginning of year				
Derecognition of finance lease assets on initial application of AASB 16*	(XXX)	(XXX)	(XXX)	(XXX)
Adjusted net carrying amount at beginning of year				
Purchases of assets				
Reclassification to assets held for sale				
Disposals				
Acquisitions through administrative restructures				
Net revaluation increments less revaluation decrements				
Impairment losses* (recognised in 'other gains/losses')				
Depreciation expense				
Other movements [specify]				
Net carrying amount at end of year				

**This does not include finance lease assets relate to privately financed projects recognised according to TPP06-08. AASB 16 do not apply to these assets in FY19/20.*

AASB 16.95

(c) Property, plant and equipment where entity is lessor under operating leases

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
At 1 July 2019 – fair value				
Gross carrying amount				
Accumulated depreciation and impairment				
Net carrying amount				

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
At 30 June 2020 – fair value				
Gross carrying amount				

Accumulated depreciation and impairment	
Net carrying amount	

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment subject to an operating lease at the beginning and end of the reporting period is set out below:

	Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
Year ended 30 June 2020				
Net carrying amount at beginning of year				
Derecognition of finance lease assets on initial application of AASB 16*	(XXX)	(XXX)	(XXX)	(XXX)
Adjusted net carrying amount at beginning of year				
Purchases of assets				
Reclassification to assets held for sale				
Disposals				
Acquisitions through administrative restructures				
Net revaluation increments less revaluation decrements				
Impairment losses* (recognised in 'other gains/losses')				
Depreciation expense				
Other movements [specify]				
Net carrying amount at end of year				

***This does not include finance lease assets relate to privately financed projects recognised according to TPP06-08. AASB 16 do not apply to these assets in FY19/20.*

Recognition and Measurement

Acquisition of property, plant and equipment

AASB 116.6, 15, 31

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

AASB 116.6
AASB 13.9

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

AASB 116.23

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

AASB 116.Aus15.1

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 28).

Capitalisation thresholds

TPP06-6

Property, plant and equipment and intangible assets costing $5,000 [or amount determined by the entity] and above individually (or forming part of a network costing more than $5,000) are capitalised.

Major inspection costs

AASB 116.14 When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Restoration costs

AASB 116.16(c) The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Assets not able to be reliably measured

Framework 83
AASB 116.G1-G4
TPP14-01

The entity holds certain assets that have not been recognised in the Statement of Financial Position because the entity is unable to measure reliably the value for the assets and those assets are likely to be material. These assets are: [provide details of the quantum, nature and function of assets; reasons for the inability to obtain a reliable value; the heritage significance, where applicable; and an estimate of the annual costs of maintenance or preservation, where applicable].

Depreciation of property, plant and equipment

AASB 116.50
TPP14-01

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

AASB 116.43 All material identifiable components of assets are depreciated separately over their useful lives.

TPP14-01
AASB 116.61, G1-G4

Land is not a depreciable asset. Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

AASB 116.73(b)(c)

[Disclose details regarding useful lives or depreciation rates of each class of depreciable assets and other disclosures as required by AASB 116, where applicable].

Finance leases acquired by lessees (Under AASB 117 until 30 June 2019)

AASB 117.8 Until 30 June 2019, AASB 117 Leases (AASB 117) distinguished between finance leases that effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

AASB 117.20 Property, plant and equipment at 30 June 2019 includes non-current assets acquired under finance leases only. The assets are recognised at fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. Property, plant and equipment does not include amounts in respect of operating leases.

AASB 117.27 Property, plant and equipment acquired under finance leases are depreciated over the asset's useful life. However, if there is no reasonable certainty that the lessee entity will obtain ownership at the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Right-of-Use Assets acquired by lessees (under AASB 16 from 1 July 2019)

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The entity has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as finance leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item together with those right-of-use assets arising from leases previously treated as operating leases under AASB 117.

Further information on leases is contained at Note 18.

AASB 16.AusC4.1
Treasury Mandates

The entity has adopted the option to not apply AASB 16 to assets that would be classified as service concession assets in accordance with AASB 1059 *Service Concession Arrangements: Grantors*. The entity continues to apply its existing accounting policy to these assets until AASB 1059 is applied.

Revaluation of property, plant and equipment

AASB 116.29, 31, 73-79
TPP14-01
Treasury Mandates

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP14-01). This policy adopts fair value in accordance with AASB 13, AASB 116 and AASB 140 *Investment Property*.

AASB 13.27-28
TPP14-01

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

AASB 13.61-62
TPP14-01

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 22 for further information regarding fair value.

AASB 116.31, 77
TPP14-01

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The entity conducts a comprehensive revaluation at least every three years for its land and buildings (except infrastructure and land under infrastructure) where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment. The last comprehensive revaluation was completed on [date] and was based on an independent assessment.

TPP14-01

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. [An interim [formal/management] revaluation was completed on [date] as a result of a cumulative [increase / decrease] in indicators of [X]%. The entity used an external professionally qualified valuer to [conduct / review] the interim revaluation].

AASB 116.35(b)
TPP14-01

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

AASB 116.Aus39.1

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

AASB 116.Aus40.1

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

AASB 116.Aus40.2

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

TPP14-01
AASB 116.35(a)
AASB 116.35(b)

AASB 116.41
Treasury Mandates
AASB 116.51

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Impairment of property, plant and equipment

TPP14-01

AASB 136.Aus6.2

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

AASB 136.9

AASB 136.59

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

AASB 136.Au5.1

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

AASB 136.60
AASB 136.Aus61.1

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

AASB 136.114
AASB 136.117

AASB 136.119
AASB 136.Aus120.1

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

Commentary on Property, Plant and Equipment

Classification

Treasury Mandates

1. The notes to the Statement of Financial Position are to disclose separately 'land and buildings', 'plant and equipment', 'infrastructure systems'.

AASB 117.31(a)

2. For 2018-19, under AASB 117, leased assets where applicable, are to be disclosed as a sub-category, in the notes to the financial statements.

AASB 16.47
Treasury Mandates

   For 2019-20, under AASB 16, entities shall present the right-of-use assets separately in the statement of financial position. As a result, finance lease assets previously recognised under AASB 117 should be removed from PP&E upon transition to AASB 16 on 1 July 2019.

Treasury Mandates

3. Certain assets within the NSW GGS are normally classified as a separate class of infrastructure systems: for example, roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems. Land, buildings, plant or equipment which form an integral part of these infrastructure assets are to be disclosed as part of this class of assets.

Treasury Mandates

4. Surplus property, plant and equipment (not 'held for sale' in accordance with AASB 5) must be included within either 'land and buildings', 'plant and equipment' or 'infrastructure systems'. These assets do not meet the definition of 'financial assets' in the AAS which only include cash, a contractual right to receive cash and a contractual

	Commentary on Property, Plant and Equipment
	right to exchange financial instruments or equity instruments. Surplus assets, however, may be disclosed as a separate sub-category within 'land and buildings', 'plant and equipment' and 'infrastructure systems' in the notes.
AASB 5.3, 25	5. However, where property, plant and equipment meet the criteria for 'held-for-sale' per AASB 5, they must be reclassified as current assets and are no longer depreciated. Refer Note 21.
	Investment property
	Owned or right-of use assets that are investment properties in accordance with AASB 140 Investment Property are presented separately to property, plant and equipment. Refer to Note 17.
	Privately Financed Projects
AASB 16.AusC4.1 Treasury Mandates	Entities shall adopt the practical expedient to not apply AASB 16 in 2019/20 to assets that would be classified as service concession assets in accordance with AASB 1059.
	Reconciliations
AASB 116.73(d)(e)	6. AASB 116 requires disclosure of the gross carrying amount and accumulated depreciation and impairment losses for each class of property, plant and equipment at the beginning and end of the reporting period.
AASB 116.73(f) TPP14-01	7. A reconciliation must also be provided of each class of property, plant and equipment at the beginning and end of the reporting period, disclosing specified categories. The reconciliation should include additions, assets classifies as held for sale, acquisitions through business combinations, increases/decreases from revaluations, impairments losses recognised, impairments losses reversed, depreciation, net exchange differences arising on the translation of the financial statements and other changes
	Operating leases as lessor
AASB 16.88 Treasury Mandates	Where the entity is the lessor for operating leases, the underlying assets are classified based on their nature as 'land and buildings', 'plant and equipment', 'infrastructure systems' Further disclosures in respect of assets under where the entity is lessor under operating leases are contained in Note 18.
	Revaluations
AASB 116.29 TPP14-01	8. For an outline of the valuation policies for the NSW Public Sector, see AASB 116, AASB 13 and NSW Treasury Policy and Guidelines Paper 'Valuation of Physical Non-Current Assets at Fair Value' (TPP14-01).
TPP14-01	9. AASB 116 requires entities to measure a class of non-current assets on either the cost basis or fair value basis, subsequent to initial recognition. In accordance with TPP14-01, NSW Treasury requires entities to adopt fair value in regard to physical non-current assets.
AASB 116.35(a) TPP14-01	10. In accordance with TPP14-01, where the entity has assessed that the difference between fair value and depreciated historical cost for non-specialised assets with short useful lives is unlikely to be material, measurement at depreciated historical cost is an acceptable surrogate for fair value. These assets do not require fair value hierarchy disclosures in accordance with AASB 13. In accordance with AASB 116, para 35(a) and TPP14-01, when revaluing non-current assets, NSW entities are to separately proportionally restate the gross amount and the related accumulated depreciation when an entity revalues depreciable assets using the cost approach.
AASB 116.35(b) TPP14-01	11. Conversely, where the income approach or market approach is used to revalue assets, any accumulated depreciation must be eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset (in accordance with paragraph 35(b) of AASB 116).
AASB 116.31 TPP14-01	12. AASB 116 requires fair value revaluations to be kept up to date. This means revaluations must be made with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the reporting date. To comply with the Standard, TPP14-01 includes requirements regarding the conduct of revaluations. For example, entities must conduct a comprehensive revaluation: At least every 3 years for land and buildings, (except infrastructure and land under infrastructure) where the market or income approach is the most appropriate valuation technique for that asset under AASB 13 At least every 5 years for all other classes of property, plant and equipment.

	Commentary on Property, Plant and Equipment
TPP14-01 TPP19-08	13. Revaluations must be performed in time for Treasury's mandatory early close procedures. Revalued assets must be depreciated based on the revalued amounts from the day after the date of the revaluation. At reporting date, the fair value must again be assessed for any material movement in fair value. Where there is an indication that the carrying amount differs materially from fair value entities must update asset values, for example, by using relevant indices to roll forward the balances to year end.
TPP14-01	14. TPP14-01 includes additional requirements regarding interim revaluations, use of indicators/ indices and external professionally qualified valuers, and the management of a revaluation.
	Impairment
AASB 136.5, 6, 9, 59 TPP14-01	15. AASB 136 requires an entity to assess at each reporting date whether there is any indication of impairment. If any indication exists, the entity must estimate the recoverable amount. Where the recoverable amount is less than the carrying value, the entity must write down the asset or cash generating unit to recoverable amount. Recoverable amount is defined as the higher of fair value less costs of disposal and value in use. Providing that property, plant and equipment are carried at fair value or an amount that approximates fair value, impairment is considered unlikely particularly for not-for-profit entities. The only difference between an asset's fair value and fair value less costs of disposal is the direct incremental costs attributable to the disposal of the asset. This means that where the disposal costs is negligible (expected to be likely), the recoverable amount of a revalued asset is close to, or greater than, the revalued amount and the recoverable amount need not be estimated.
AASB 136.5	16. Where disposal costs are not negligible, the revalued asset will be impaired if its value in use is less than its revalued amount.
AASB 136.Aus5.1	17. Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, determined under AASB 13.
	Assets not able to be reliably measured
TPP14-01 AASB 116.G1-G4	18. For those assets which are used by an entity but cannot be reliably valued (e.g. certain heritage assets) and are likely to be material, the following information is to be disclosed (see Note 16): • reasons for the inability to obtain a reliable value • the quantum, nature and functions of the assets and, where applicable, their heritage significance; and • estimate of the annual costs of maintenance / preservation, where applicable.
	Pre-transfer carrying amounts
AASB 1004 BC28. TPP09-3	19. Where assets have been transferred between not-for-profit entities as part of an administrative restructure under AASB 1004, NSW TPP09-3 permits a transferee entity to measure assets transferred as part of an administrative restructure at the amounts at which the assets were recognised by the transferor immediately prior to the transfer. These assets need not be revalued until the class of non-current assets is next required to be revalued under the Accounting Standards and Treasury's Asset Valuation Policy (TPP14-01).
AASB 116.31 AASB 116.34	20. Subject to paragraph 20 below, in most cases there will not be a material difference between the fair value and the carrying amount of the asset (i.e. where the existing use is the same). This is because AASB 116 provides that where fair value is adopted, revaluations must be made with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the reporting date. Items with significant and volatile changes in fair value may have to be revalued annually.
TPP09-3	21. Other equity transfers, not covered by AASB 1004, must be recognised at fair value in accordance with NSW Treasury's Policy (subject to paragraph 20 below).
TPP09-3 AASB 138.63-64 AASB 138.75 AASB 127.10	22. Other exceptions to the fair value measurement principle: • Where an intangible asset has been recognised at (amortised) cost by the transferor because there is no active market (AASB 138.75), the transferee recognises the asset at the transferor's carrying amount. • Where the transferor does not recognise an internally generated intangible subject to AASB 138.63-64 (i.e. internally generated brands, mastheads, customer lists etc.), the transferee must not recognise that asset.

	Commentary on Property, Plant and Equipment
	• Where the only change is that a government controlled entity becomes a subsidiary of another government controlled entity, as described in TPP09-3 Section 6.5, Treasury's Policy permits, but does not require, entities to measure in the parent entity's financial statements the parent entity's investment in the subsidiary at cost as permitted under AASB 127 *Separate Financial Statements*; and in the consolidated financial statements, the assets and liabilities based on their previous carrying amounts.
	Fair value disclosures under AASB 13
AASB 13.91-99	23. AASB 13 requires extensive disclosures for assets measured at fair value on a recurring basis (e.g. property, plant and equipment measured on a fair value basis under AASB 116) or non-recurring basis (e.g. assets (or disposal groups) held for sale under AASB 5 measured at fair value less costs to sell) in the Statement of Financial Position after initial recognition. This includes disclosing the valuation techniques and inputs used to develop those measurements and for Level 3 fair value measurements, the effect of the measurements on the net result or other comprehensive income for the period. This is illustrated in Note 22.
	24. Non-specialised assets with short useful lives measured using depreciated historical cost as an approximation of fair value do not require AASB 13 fair value hierarchy disclosures.
	Agreements equally proportionately unperformed
Framework 91	25. In practice, obligations under contracts that are equally proportionately unperformed are generally not recognised as liabilities in the financial statements. However, such obligations may meet the definition of liabilities and, provided the recognition criteria are met, may qualify for recognition. In such circumstances, recognition of liabilities requires recognition of related assets or expenses. Therefore, where another Australian Accounting Standard sets out requirements for the recognition of assets and liabilities arising from agreements which are equally proportionately unperformed, the requirements of that Standard must be applied.
	Goods and Services Tax
Interpretation 1031.7-8	26. Revenues, expenses and assets must be recognised net of the amount of GST, except: • The amount of GST incurred by a purchaser that is not recoverable from the taxation authority must be recognised as part of the cost of acquisition of an asset or as part of an item of expense. • Receivables and payables must be stated with the amount of GST included.
	Service Concession Arrangements
Interpretation 129.6	27. There are significant disclosure requirements for entities with service concession arrangements, including a description of the arrangement; significant terms, nature and extent of rights and obligations; renewal and termination options; and changes in the arrangement during the period. Refer Interpretation 129 para 6.

17. Investment Property

		2020 $'000	2019 $'000
AASB 140. 75-76	Opening balance as at 1 July – fair value		
AASB 16.48	Recognition of right-of-use assets on initial application of AASB 16		
	Adjusted opening balance		
AASB 140.76(a)	Additions [separately identify those from acquisitions or subsequent expenditure]		
AASB 140.76(c)	Disposals and assets held for sale		
AASB 140.76(d)	Net gain / (loss) from fair value adjustment		
	[Other changes]		

Closing balance as at 30 June – fair value		

AASB 140.75(e)

Investment properties are valued at fair value by *[state whether or not valued by an independent, professionally qualified valuer with recent experience in the location and state the category of investment property.]*

Further details regarding the fair value measurement of investment property are disclosed in Note 22.

AASB 140.75(f)

The following amounts have been recognised in the net result for the year:

	2020 $'000	**2019 $'000**
Rental income		
AASB 140.75(f)(ii) Direct operating expenses arising from investment properties that generated rental income		
AASB 140.75(f)(iii) Direct operating expenses that did not generate rental income		

Recognition and Measurement

AASB 140.20
AASB 140.Aus20.1
AASB 140.33
AASB 140.75(a)(e)
AASB 140.35
AASB 16.56

The entity owns properties held [and sub-leases properties recognised as right-of use assets] to earn rentals and / or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Where an investment property is acquired at no cost or for nominal cost, its cost is deemed to be its fair value as at the date of acquisition. Subsequent to initial recognition, investment properties are stated at fair value using the valuation technique that maximises the use of relevant observable inputs. Gains or losses arising from changes in the fair values of investment properties are included in the net result in the period in which they arise. No depreciation is charged on investment properties.

Commentary on Investment Properties

Classification

AASB 140.5, Aus9.1

1. Investment property is held to earn rentals or for capital appreciation, or both. However, for not-for-profit entities, property held to meet service delivery objectives rather than to earn rental or for capital appreciation does not meet the definition of investment property and is accounted for under AASB 116. It is expected that investment properties held by NSW GGS not-for-profit entities would be rare.

AASB 140.Aus20.1
AASB 140.6, 30
TPP14-01,
Treasury Mandates

2. Where an investment property is acquired at no cost or for nominal cost, its cost is deemed to be its fair value as at the date of acquisition. Measurement of investment property after recognition is at either cost or fair value. NSW public sector entities must use the fair value method. Further, NSW public sector entities must classify property interests held by a lessee under an operating lease as investment property, if they would otherwise meet the definition of an investment property.

AASB 16

3. Under AASB 16 *Leases,* a lessee no longer distinguishes between finance and operating leases. Therefore, at 1 July 2019, an adjustment will be necessary for any right-of use assets that qualify as investment property under AASB 140, that were previously treated as operating leases.

AASB 140.75

4. AASB 140 disclosures include:
   - Whether the entity applies the fair value or cost model.
   - If it applies the fair value model, whether, and in what circumstances, property interests held under operating leases are classified and accounted for as an investment property.
   - When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business.
   - Extent to which the fair value is based on a valuation by a qualified and experienced independent valuer. If there has been no such valuation, the entity must disclose that fact.
   - Amounts recognised in profit or loss for:
     - Rental income

	Commentary on Investment Properties
	- Direct operating expenses (including repairs and maintenance) arising from investment property that either generated or did not generate rental income during the period • Existence and amounts of restrictions and • Various contractual obligations; e.g. to develop or repair.
AASB 140.76	5. In addition to the above, the entity must disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the reporting period.
AASB 13.91-99	6. AASB 13 requires extensive disclosures for assets measured at fair value on a recurring or non-recurring basis in the Statement of Financial Position after initial recognition. Investment property measured at fair value is an example of a recurring fair value measurement. The required disclosures are illustrated in Note 22.

18. Leases

	Commentary on Leases - Overall
	Significant judgements and estimates
AASB101.122, 125 AASB 16.51, 59	1. The accounting for leases under AASB 16 involves making various judgements and estimates which may need to be disclosed. The level of detail provided will depend on the individual circumstances of the entity and the materiality of the amounts involved. For example, the following judgements and estimates may require explanations: • how the entity has determined whether a contract is, or contains, a lease • how the entity has determined that it is reasonably certain to exercise extension and termination options • how the entity has determined the incremental borrowing rate, for example where third-party financing cannot be obtained (or can only be obtained at a significant premium), or by adjusting rates to reflect the term, security, value or economic environment • what the entity considers to be an index or rate in determining lease payments • how the entity accounts for costs incurred in connection with a lease that are not part of the cost of the right-of-use asset, and • the interpretation of what constitutes a penalty in determining the lease term

AASB 16.52

a. *Entity as a lessee*

AASB 16.59(a) (b) (c) (d) AASB 117.35(d)

[General description of the lessee's leasing arrangements; the entity's potential exposure to future cash outflows due to variable lease payments, lease extension/termination options, etc.; restrictions or covenants imposed by leases; and sale and leaseback transactions.]

The entity leases various properties, equipment and motor vehicles. Lease contracts are typically made for fixed periods of x to xx years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The entity does not provide residual value guarantees in relation to leases.

AASB 16.59(b)

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the entity and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of $xx,000 have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $xx,000.

From 1 July 2019, AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

AASB 16.60

The entity has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of $10,000 or less when new and comprise mainly [*insert main asset types*].

Right-of-use assets under leases

AASB 16.47(a)(ii)

The following table presents right-of-use assets that do not meet the definition of investment property.

Right-of-use assets that meet the definition of investment property are included in investment property at Note 17).

AASB 16.54		Land and Buildings $'000	Plant and Equipment $'000	Infrastructure Systems $'000	Total $'000
AASB 16.53(j)	Balance at 1 July 2019				
AASB 16.53(h)	Additions				
AASB 16.53(a)	Depreciation expense				
	Other movements [specify]				
AASB 16.53(j)	Balance at 30 June 2020				

AASB 16.54

Lease liabilities

The following table presents liabilities under leases, including leases in respect of investment properties.

		Lease liabilities
	Balance at 1 July 2019	
	Additions	
AASB 16.53(b)	Interest expenses	
AASB 16.53(g)	Payments	
	Balance at 30 June 2020	

AASB 16.54

The following amounts were recognised in the statement of comprehensive income for the year ending 30 June 2020 in respect of leases where the entity is the lessee:

AASB 16.53(a)	Depreciation expense of right-of-use assets	
AASB 16.53(b)	Interest expense on lease liabilities	
AASB 16.53(c)	Expense relating to short-term leases	
AASB 16.53(d)	Expense relating to leases of low-value assets	
AASB 16.53(e)	Variable lease payments, not included in the measurement of lease liabilities	
AASB 16.53(f)	Income from subleasing right-of-use assets	
AASB 16.53(i)	gains or losses arising from sale and leaseback transactions	
	Total amount recognised in the statement of comprehensive income	

AASB 16.53(g) The entity had total cash outflows for leases of $XXX in FY2019-20.

AASB 117.31(b)
AASB 117.35(a)

Future minimum lease payments under non-cancellable leases as at **30 June 2019** are, as follows:

	Operating lease	Finance lease

Within one year	
Later than one year and not later than five years	
Later than five years	
Total (including GST)	
Less: GST recoverable from the Australian Tax Office	
Total (excluding GST)	

AASB 117.31(b) The reconciliation between the total future minimum lease payments for finance leases and their present value as at 30 June 2019 are, as follows:

	2019
Total minimum finance lease payments	
Less: future finance charges	
Present value of minimum lease payments	

Leases at significantly below-market terms and conditions principally to enable the entity to further its objectives

AASB 16.Aus59.1 AASB 16.Aus59.2 *[for each material lease, or each aggregation of leases with similar characteristics, that has significantly below-market terms and conditions, disclose the entity's dependence on leases, and the nature and terms of leases, including the lease payments, the lease term, a description of the underlying assets, and restriction of the use of the underlying assets.]*

The entity entered into a 10-year lease with a local council for the use of a residential building. The lease contract specifies lease payments of $100 per annum. The leased premised must be used by the entity to provide accommodation to the homeless. This residential building accounts for a small portion of the similar assets the entity is using for the purpose of providing services to the homeless. Therefore, it does not have a significant impact on the entity's operation.

Recognition and measurement (under AASB 16 from 1 July 2019)

AASB 16.9 The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

AASB 16.23 AASB 16.24 The entity recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

AASB 16.29 The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings x to x years
- Plant and machinery x to x years
- Motor vehicles and other equipment x to x years

AASB 16.32 If ownership of the leased asset transfers to the entity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

AASB 16.33 AASB 136.9 The right-of-use assets are also subject to impairment. The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required,

AASB 136.59-60
AASB 136.114
AASB 136.117

the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

Refer to Note 17 for the subsequent measurement of right-of-use assets that meet the definition of investment properties.

ii. Lease liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- AASB 16.26 amounts expected to be paid under residual value guarantees;
- AASB 16.27 exercise price of a purchase options reasonably certain to be exercised by the entity; and
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the entity's leases, the lessee's incremental borrowing rate is used, being the rate that the entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with
AASB 16.38(b) similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect
AASB 16.26 the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The entity's lease liabilities are included in borrowings.

AASB 16.36 iii. Short-term leases and leases of low-value assets

The entity applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

iv. Leases that have significantly below-market terms and conditions principally to
AASB 16.5 enable the entity to further its objectives
AASB 16.6

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the entity to further its objectives is same as normal right-of-use assets. They are measured at cost, subject to impairment.

AASB 16.Aus35.1

Recognition and measurement (under AASB 117 until 30 June 2019)

Interpretation 4.6 Interpretation 4.7

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets) is not explicitly specified in an arrangement.

Until 30 June 2019, a lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the entity was classified as a finance lease.

AASB 117.8

Where a non-current asset was acquired by means of a finance lease, at the commencement of the lease, the asset was recognised at its fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability was established at the same amount. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the statement of comprehensive income.

AASB 117.20

AASB 117.25

Property, plant and equipment acquired under finance leases was depreciated over the useful life of the asset. However, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

AASB 117.27

An operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

AASB 117.33

Commentary on Leases – Entity as lessee

Recognition and measurement

AASB 16.4 Treasury Mandates

1. AASB 16.4 allows entities to not apply this Standard to leases of intangible assets. Agencies must apply this election.

AASB 16.5 Treasury Mandates

2. Agencies must adopt the expedient on not applying some requirements of AASB 16 to short term leases or low value assets. Agencies must adopt this expedient for:
   - Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
   - Leases of assets that are valued at $10,000 or under when new. Treasury expects these items to include laptops and personal computers, telephones and office items.

AASB 16.29 Treasury Mandates

3. Right-of-use assets will be subsequently measured at cost.

AASB 16.Aus25.1 AASB 16.Aus25.2 AASB 16.Aus35.1 Treasury Mandates

4. Treasury mandates the cost model for the subsequent measurement of the concessionary lease assets (i.e. the right-of-use assets under leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives).Right-of-use assets for concessionary leases shall not be treated as a separate class of assets.

AASB 16.33

5. Entities are required to assess at the end of each reporting date whether there are any indicators of impairment of right-of-use assets in accordance with AASB 136 *Impairment of Assets*.

Disclosures under AASB 16

Commentary on Leases – Entity as lessee

AASB 16.47(a)
Treasury Mandates

6. Treasury mandates right-of-use assets to be separately presented on the statement of financial position.

AASB 16.47(b)

7. Lease liabilities must be presented separately from other liabilities on the face of the statement of financial position, or in the notes to the financial statements. Refer to Note 25 for model disclosures.

AASB 16.53

8. AASB 16 requires disclosure of the following information about an entity's leases as a lessee:
   - depreciation charge for right-of-use assets, split by class of underlying asset
   - interest expense on lease liabilities
   - short-term lease expense for such leases with a lease term greater than one month
   - low-value asset lease expense (except for portions related to short-term leases)
   - variable lease expense (i.e., for variable lease payments not included in the lease liability)
   - income from subleasing right-of-use assets
   - total cash outflow for leases
   - additions to right-of-use assets
   - gains and losses arising from sale and leaseback transactions
   - carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset

AASB 16.54

All of the above disclosures are required to be presented in a tabular format, unless another format is more appropriate. The amounts to be disclosed must include costs that the lessee has included in the carrying amount of another asset during the reporting period.

AASB 16.56

9. Where a right-of-use asset meets the definition of investment property in AASB 140, the disclosures in AASB 140 must be applied and the AASB 16.53 disclosures for depreciation, subleasing income and right-of-use asset additions do not apply to these assets.

AASB 16.53(g)

10. The standard requires disclosure of the total cash outflows for leases, including the cash outflow related to leases of low-value assets and short-term leases in the disclosure of the total cash outflow

AASB 16.55

11. AASB 16 requires disclosure of the amount of lease commitments for short-term leases that are recognised as expenses on a straight-line or other systematic basis, if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses are disclosed in the financial statements.

AASB 16.59

12. AASB 16 requires additional qualitative and quantitative information about a lessee's leasing activities necessary to meet the disclosure objective of the standard. This additional information may include, but is not limited to, information that helps users of the financial statements to assess:
   - the nature of the lessee's leasing activities
   - future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:
     - Variable lease payments
     - Extension options and termination options
     - Residual value guarantees
     - Leases not yet commenced to which the lessee is committed
     - Restrictions or covenants imposed by leases
     - Sale and leaseback transactions

Entities would need to exercise judgement in determining the extent of disclosures needed to satisfy the disclosure objective of the standard (i.e., to provide a basis for users to assess the effect of leases on the financial position, financial performance, and cash flows of the lessee).

AASB 16.B49

13. Disclosures of additional information relating to variable lease payments could include:
   - the lessee's reasons for using variable lease payments and the prevalence of those payments
   - the relative magnitude of variable lease payments to fixed payments
   - key variables upon which variable lease payments depend on how payments are expected to vary in response to changes in those key variables
   - other operational and financial effects of variable lease payments

	Commentary on Leases – Entity as lessee
AASB 16.B50 AASB 16.IE10 Ex.23	14. Disclosures of additional information relating to extension and termination options could include: • the lessee's reasons for using extension options or termination options and the prevalence of those options • the relative magnitude of optional lease payments to lease payments • the prevalence of the exercise of options that were not included in the measurement of lease liabilities • other operational and financial effects of those options
AASB 16.Aus59.1	15. Disclosures of additional information relating to leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives or peppercorn leases include: • the entity's dependence on leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives and • the nature and terms of the leases, including: o the lease payments o the lease term o a description of the underlying assets and o restrictions on the use of the underlying assets specific to the entity.
AASB 16.Aus59.2	The disclosures above should be provided individually for each material lease or in aggregate for leases involving right-of-use assets of a similar nature. An entity shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics.
	Disclosures under AASB 117
AASB 117.31(b)	16. AASB 117 requires entities to disclose, in respect of finance leases, a reconciliation between the total of future minimum lease payments at the end of the reporting period, and their present value. 17. In addition, an entity shall disclose the total of future minimum lease payments for finance leases at the end of the reporting period, and their present value, for each of the following periods: • within 12 months • 12 months or longer and not longer than five years • longer than five years.
AASB 117.35	18. In respect of non-cancellable operating leases, entities must disclose the total of future minimum lease payments for the same periods as for finance leases above. When non-cancellable operating sub-leases are material, disclose a separate schedule for minimum lease payments as above.

b. Entity as a lessor

AASB 16.92
AASB 117.56(c)

[General description of the lessor's leasing arrangements, including nature and how the entity manages risks, e.g. buy-backs, residual value guarantees etc.]

The entity's investment properties are leased to tenants under finance leases and operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate.

Although the entity is exposed to changes in the residual value at the end of current leases, the entity typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties

Lessor for finance leases

AASB 16.94

Future minimum rentals receivable (undiscounted) under non-cancellable finance lease as at 30 June 2020 are, as follows:

	2020
	$'000

Within one year	
One to two years	
Two to three years	
Three to four years	
Four to five years	
Later than five years	
Total (excluding GST)	

Reconciliation of net investment in leases

AASB 16.94

	2020 $'000
Future undiscounted rentals receivable	
Unguaranteed residual amounts - undiscounted	
Less: unearned finance income	
Net investment in finance leases	

AASB 16.93

[Qualitative and quantitative explanation of significant changes in carrying amount of net investment in finance leases]

AASB 117.47(a)

Gross investment in leases and the present value of minimum lease payment receivables under non-cancellable finance lease as at **30 June 2019** are, as follows:

	Gross investment $'000	PV of minimum lease payments $'000
Within one year		
One to five years		
Later than five years		
Total (excluding GST)		

AASB 117.56 (b)

The accumulated allowance for uncollectible minimum payments receivable for finance leases as at 30 June 2019 is $XXm.

Reconciliation of gross investment in finance leases

AASB 117.47(a)

	2019 $'000
Present value of minimum lease payments	
unearned finance income	
Unguaranteed residual amounts – undiscounted	
Gross investment in finance leases	

AASB 117.47(b)
AASB 117.47(c)

AASB 16.62
AASB 16.B58

Leases that the entity transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. From 1 July 2019, subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

AASB 16.67
AASB 117.36

At the lease commencement date, the entity recognises a receivable for assets held under a finance lease in its statement of financial position at an amount equal to the net investment in the lease. The net investment in leases is classified as financial assets amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease Initial direct costs.

AASB 16.75 Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Lessor for operating leases

AASB 16.97
AASB 117.56(a)

Future minimum rentals receivable (undiscounted) under non-cancellable operating lease as at 30 June are, as follows:

	2020 $'000	2019 $'000
Within one year		
Later than one year and not later than five years		
Two to three years		
Three to four years		
Four to five years		
Later than five years		
Total (excluding GST)		

[AASB 117 allows minimum lease payments for between one and five years to be disclosed in aggregate. The comparatives for 2019 can be amended to present one and five years to be disclosed in aggregate.]

Recognition and measurement - lessor for operating leases

AASB 117.33
AASB 117.8
AASB 16.61
AASB 16.62
AASB 16.81
AASB 117.50
AASB 16.83
AASB 117.52

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Commentary on Leases – Entity as lessor

Disclosures under AASB 16

AASB 16.90(a)

1. Where the entity is a lessor with a finance lease, it is required to provide information that allows users of the financial statements to assess the effect that leases have on the lessor's financial position, financial performance and cash flows. A lessor should disclose:
   - for finance leases:
     - selling profit or loss;
     - finance income on the net investment in the lease; and
     - income relating to variable lease payments not included in the measurement of the net investment in the lease.
   - AASB 16.93 qualitative and quantitative explanation of significant changes in the carrying amount of the net investment in the lease
   - AASB 16.94 maturity analysis of lease payments receivable for a minimum of each of the first five years plus a total amount for the remaining years; reconciliation to the net investment in the lease
2. AASB 16.92 A lessor entity shall disclose additional qualitative and quantitative information about its leasing activities, including but not limited to:
   - the nature of the lessor's leasing activities
   - how the lessor manages the risk associated with any rights it retains in underlying assets. In particular, a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk
3. Where the entity is a lessor with an operating lease, disclose the following:
   - AASB 16.90(b) lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate Refer Note 3(d).

AASB 16.95

Commentary on Leases – Entity as lessor

- for items of property, plant and equipment that are subject to an operating lease, the disclosures required by AASB 116 separately for the assets subject to an operating lease and for those that are held and used by the lessor, and
- where applicable, the disclosure required by AASB 136, AASB 138 and AASB 141
- AASB 16.96 AASB 16.97 maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years

Disclosures under AASB 117

AASB 117.47 (a)

4. AASB 117 requires lessors to disclose, in respect of finance leases, a reconciliation between the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period.
5. In addition, an entity shall disclose the gross investment in the finance lease and the present value of minimum lease payments receivable at the end of the reporting period, for each of the following periods:
   - within 12 months
   - 12 months or longer and not longer than five years
   - longer than five years.

AASB 117.47 (b) to (f)
AASB 117.56 (b)

6. An entity shall also disclose the following for leases:
   - unearned finance income (finance leases)
   - the unguaranteed residual values accruing to the benefit of the lessor (finance leases)
   - the accumulated allowance for uncollectible minimum lease payments receivable (finance leases)
   - contingent rents recognised as income (finance & operating leases)
   - a general description of the lessor's material leasing arrangements (finance & operating leases)

AASB 117.56 (a)

7. In respect of non-cancellable operating leases, entities must disclose the total of future minimum lease payments for the same periods as for finance leases above.

19. Intangible Assets

AASB 138.118 (c)-(e)

	Software $'000	[Other Major Categories] $'000	Total $'000
At 1 July 2019			
Cost (gross carrying amount)			
Accumulated amortisation and impairment			
Net carrying amount			
At 30 June 2020			
Cost (gross carrying amount)			
Accumulated amortisation and impairment			
Net carrying amount			

AASB 138.118 (c)-(e)

	Software $'000	[Other Major Categories] $'000	Total $'000
Year ended 30 June 2020			
Net carrying amount at beginning of year			
Additions [separately identifying those from internal development or acquired separately]			
Reclassification to assets held-for-sale			

	Impairment losses	
	Amortisation (recognised in 'depreciation and amortisation')	
	Other movements [specify]	
	Net carrying amount at end of year	
AASB 138.118(c)-(e)	**At 1 July 2018**	
	Cost (gross carrying amount)	
	Accumulated amortisation and impairment	
	Net carrying amount	
	At 30 June 2019	
	Cost (gross carrying amount)	
	Accumulated amortisation and impairment	
	Net carrying amount	
	Year ended 30 June 2019	
	Net carrying amount at beginning of year	
	Additions [separately identifying those from internal development or acquired separately]	
	Reclassification to assets held-for-sale	
	Impairment losses	
	Amortisation (recognised in 'depreciation and amortisation')	
	Other movements [specify]	
	Net carrying amount at end of year	

[For additional details regarding impairment losses – refer AASB 136.126-137]

Recognition and Measurement

AASB 138.21
AASB 138.24, Aus24.1
AASB 138.74

The entity recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

AASB 138.54, 57

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

AASB 138.88, 118(a)

The useful lives of intangible assets are assessed to be finite/indefinite [specify as appropriate].

AASB 138.118(a) (b)

The entity's intangible assets are amortised using the straight-line method over a period of [x] years [specify for each category]

AASB 138.97

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

AASB 138.107-109

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

AASB 136.9

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

	Commentary on Intangible Assets
AASB 138.78, 81 Treasury Mandates	1. Subsequent measurement of an intangible asset is at fair value only if there is an active market. It is uncommon for an active market to exist for an intangible asset; in this situation, the asset is carried at cost less any accumulated amortisation and impairment.
AASB 138.54, 57	2. All research costs are expensed. Development costs are only capitalised when certain criteria are met.
AASB 138.63	3. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance must not be recognised as intangible assets. However, such items may be capitalised where they are externally acquired; i.e. outside of the public sector.
AASB 138.88, 92	4. The entity must assess whether the useful life of an intangible asset is finite or indefinite. An intangible asset with a finite life is amortised. Given the history of rapid changes in technology, computer software and many other intangible assets are susceptible to technological obsolescence. Therefore, it is likely their useful life is short.
AASB 136.9	5. Intangible assets are tested for impairment where an indicator of impairment exists and entities must make certain disclosures where required (refer to AASB 136.126-137). If the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.
AASB 138.122-127	6. AASB 138 *Intangible Assets* requires additional disclosures in the rare circumstances where an intangible asset is assessed as having an indefinite useful life. Certain disclosures are also required where intangible assets are acquired by way of government grant. These and other disclosures are detailed at AASB 138, paragraphs 122-127.
AASB 13.91-99	7. AASB 13 also requires extensive disclosures where an entity is able to revalue intangibles to fair value (i.e. where there is an active market). These fair value disclosures for intangible assets are not illustrated in the Code, as the Code assumes that there is no active market for intangibles. However, where intangible assets can be revalued to fair value (as there is an active market), then the AASB 13 disclosures must be made and should be included as part of Note 22.

20. Current / Non-Current – Other assets

		2020 $'000	2019 $'000
AASB 101.97	[Specify major categories]		

	Commentary on Other Assets
AASB 101.118 Treasury Mandates	The notes are to disclose major categories of other assets. The current and non-current portions are to be separately disclosed. Other assets are generally recognised at historical cost.

21. Non-Current Assets (or Disposal Groups) Held-for-Sale

AASB ref		2020 $'000	2019 $'000
AASB 5.38, 40	**Assets held-for-sale**		
	Land and buildings		
	Plant and equipment		
	Infrastructure systems		
	[Specify other major categories]		
	Liabilities associated with assets held for sale		
	[Specify major categories]		

AASB 5.38

Amounts recognised in other comprehensive income relating to assets held-for-sale

	2020 $'000	2019 $'000
Net change in revaluation surplus of property, plant and equipment		
[Specify major categories]		

AASB 5.41
AASB 13.93(a)

[Description of non-current assets (or disposal groups) held-for-sale, reasons for the classification / measurement as held-for-sale, description of the facts and circumstances leading to the expected disposal and the expected manner and timing of that disposal.]

AASB 5.42

[If an entity ceases to classify an asset (or disposal group) as held for sale, a description of the facts and circumstances leading to the decision and the effect of the decision on the results of operations.]

Further details regarding fair value measurement are disclosed in Note 22.

Recognition and Measurement

AASB 5.6, 7, 15

The entity has certain non-current assets (or disposal groups) classified as held-for-sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held-for-sale are measured at the lower of their carrying amount and fair value less costs of disposal.

AASB 5.25

These assets are not depreciated / amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are continued to be recognised.

Commentary on Non-Current Assets (or Disposal Groups) Held-for-Sale

AASB 5.3, 15, 20, 25

1. A non-current asset (or disposal group) must be classified as held for sale where it satisfies strict criteria. Assets held for sale are measured at the lower of carrying amount and fair value less costs of disposal; not depreciated; reclassified from non-current to current; and separately presented in the Statement of Financial Position. An impairment loss is recognised in profit or loss for any initial and subsequent write down from the carrying amount measured immediately before re-measurement to fair value less costs of disposal.

AASB 5.Aus2.1
AASB 5.30-37

2. AASB 5 does not apply to the restructuring of administrative arrangements subject to AASB 1004. These are addressed in Note 28. However, the discontinued

Commentary on Non-Current Assets (or Disposal Groups) Held-for-Sale	
TPP09-3	operation requirements may apply where there are restructures involving other NSW public sector entities not subject to AASB 1004. Where this is the case, AASB 5 requires additional disclosures on the face of the Statement of Comprehensive Income and in the notes (refer AASB 5, paras 30-37).
AASB 5.12	3. Additional disclosures are required where non-current assets (or disposal groups) meet the criteria for classification as held for sale after the Statement of Financial Position date.
AASB 13.91-99	4. AASB 13 requires extensive disclosures for assets measured at fair value on a recurring or non-recurring basis in the Statement of Financial Position after initial recognition. Assets held for sale measured at fair value less costs to sell is an example of a non-recurring fair value measurement. The required disclosures are illustrated in Note 22.

22. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

AASB 13.9, 16

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

AASB 13.61

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

AASB 13.72-90, 91-99

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

AASB 13.93(a)(b)
AASB 13.94

a) Fair value hierarchy

	2020			
	Level 1	Level 2	Level 3	Total fair value
	$'000	$'000	$'000	$'000
Property, plant and equipment (Note 16)				
Land and buildings				
Plant and equipment				
Infrastructure systems				
Investment properties (Note 17)				
Non-current assets (or disposal groups) held-for-sale (Note 21)				
[Specify relevant classes]				

	2019			
	Level 1	Level 2	Level 3	Total fair value
	$'000	$'000	$'000	$'000

Property, plant and equipment (Note 16)
Land and buildings
Plant and equipment
Infrastructure systems
Investment properties (Note 17)
Non-current assets (or disposal groups) held-for-sale (Note 21)
[Specify relevant classes]

AASB 13.93(c)

[There were no transfers between Level 1 or 2 during the periods.]

AASB 13.91(a)

b) Valuation techniques, inputs and processes

	Commentary on Fair Value Measurement AASB 13 disclosures
AASB 13.93(d)	For the current and prior year, the entity must disclose the following information: [For recurring and non-recurring Level 2 and Level 3 fair value measurements, a description of the valuation technique(s) and inputs. If there has been a change in valuation technique, the entity must disclose that change and reasons for making it.]
AASB 13.93(i)	[For recurring and non-recurring fair value measurements, if the highest and best use of the asset differs from current use, the entity must disclose this and why the asset is used in a manner that differs from highest and best use.]
AASB 13.93(g)	[For recurring and non-recurring Level 3 fair value measurements, a description of the valuation processes used by the entity (including, for example, how the entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).] [Additional disclosure requirements for assets categorised within Level 3 of the fair value hierarchy:
AASB 13.93(d)	• quantitative information about significant unobservable inputs used, where reasonably available (recurring and non-recurring).
AASB 13.93(h)(i)	• a narrative description of sensitivity to changes in unobservable inputs that may significantly impact on fair value, including a description of the interrelationships between those inputs and other unobservable inputs and how they might magnify / mitigate the effect of the changes (recurring). To comply with this disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed.
AASB 13.Aus93.1	**Note** – these Level 3 disclosure requirements are not mandatory for not-for-profit entities with property, plant and equipment held primarily for their current service potential rather than to generate future net cash inflows] [**N.B.** 'Property, plant and equipment' and 'investment properties' are examples of recurring fair value measurements, while 'assets (or disposal groups) held-for-sale' measured at fair value less costs to sell is an example of a non-recurring fair value measurement. Plant and Equipment measured using depreciated historical cost as an approximation of fair value do not require fair value hierarchy disclosures.]

AASB 13.91(b)
AASB 13.93(e)(f)

c) Reconciliation of recurring Level 3 fair value measurements

	[Class/es] $'000	Total Recurring Level 3 Fair value $'000
Fair value as at 1 July 2019		
De-recognition of finance lease assets on initial application of AASB 16		
Adjusted fair value as at 1 July 2019		
Additions		

Revaluation increments/decrements recognised in Net result – included in the line item 'Other gains / (losses)'		
Revaluation increments/ decrements recognised in other comprehensive income – included in line item / Changes in revaluation surplus of property, plant and equipment'		
Transfers from Level 1 / 2		
Transfers to Level 1 / 2		
Disposals		
Depreciation expense		
[Other categories – specify]		
Fair value as at 30 June 2020		

	[Class/es] **$'000**	**Total Recurring Level 3 Fair value** **$'000**
Fair value as at 1 July 2018		
Additions		
Revaluation increments/decrements recognised in Net result – included in the line item 'Other gains / (losses)'		
Revaluation increments/ decrements recognised in other comprehensive income – included in line item / Changes in revaluation surplus of property, plant and equipment'		
Transfers from Level 1 / 2		
Transfers to Level 1 / 2		
Disposals		
Depreciation expense		
[Other categories – specify]		
Fair value as at 30 June 2019		

AASB 13.93(f)

[For recurring Level 3 fair value measurements disclose the change in unrealised gains/losses for the current and prior period included in the net result for assets held at the end of each reporting period and the line item in which those unrealised gains/losses are recognised.

AASB 13.Aus93.1

Note - this disclosure requirement is not mandatory for not-for-profit entities with property, plant and equipment held primarily for their current service potential, rather than to generate future net cash inflows.]

[For recurring fair value measurements disclose reasons for transfers into or out of Level 3 during the current and prior year].

AASB 13.93(e)(iv)
AASB 13.95

Commentary on Fair Value Measurement AASB 13 Disclosures

AASB 13.91

1. AASB 13 introduces a comprehensive disclosure framework for fair value measurements. The objective of the disclosures under AASB 13 is to provide information that helps users assess the valuation techniques, inputs and for Level 3 recurring fair value measurements, the effect of the measurements on profit/loss or other comprehensive income for the current and prior period.

AASB 13.92

2. To meet the disclosure objectives the entity must consider:
   - the level of detail necessary to satisfy the requirements
   - how much emphasis to place on each of the requirements

Commentary on Fair Value Measurement AASB 13 Disclosures	
	• how much aggregation or disaggregation to undertake • whether users require additional information to evaluate the quantitative information disclosed. Where disclosures under AASB 13 and other AAS are insufficient to meet the objectives described above, an entity shall disclose additional information necessary to meet those objectives.
AASB 13.93	3. AASB 13 sets out the minimum disclosures required for each class of assets and liabilities measured at fair value in the Statement of Financial Position after initial recognition – refer AASB 13.93(a) to (i).
AASB 13.93(a)	4. Some of the specific AASB 13 disclosure requirements depend on whether fair value measurements are recurring or non-recurring. Recurring fair value measurements are those that other Accounting Standards require or permit in the Statement of Financial Position at the end of each reporting period. However, this does not mean that a comprehensive revaluation is performed every reporting period. For example, revaluation of property, plant and equipment under AASB 116 is a "recurring" fair value measurement under AASB 13. Non-recurring are those that other Accounting Standards require or permit in the Statement of Financial Position in particular circumstances (e.g. under AASB 5).
AASB 13.94	5. An entity needs to determine appropriate classes on the basis of nature, characteristics and risks of the asset and level of the fair value hierarchy. The number of classes may need to be greater for level 3 valuations as measurements have a greater degree of uncertainty and subjectivity. A single class may include valuations at different levels of the fair value hierarchy, but an entity may need to further disaggregate if different categories indicate the assets are different in nature, characteristics or risks. For example, if the entity determines after considering the nature, characteristics and risks of the asset, that "land and buildings" needs to be further disaggregated into a number of classes then the proforma disclosure in Note 22 will need to be amended / disaggregated accordingly.
AASB 13.95	6. An entity must disclose and consistently follow the policy for determining when transfers between levels in hierarchy are deemed to have occurred and must apply the same policy for transfers in and transfers out of levels. This is illustrated in the first section of this note.
AASB 13.99	7. In addition, an entity must present quantitative disclosures in a table unless another format is more appropriate.

23. Restricted Assets

	2020 $'000	2019 $'000
[Disclose restricted assets and the nature of those restrictions]		

	Commentary on Restricted Assets
AASB 107.48 AASB 116.74(a) AASB 138.122(d) AASB 140.75(g)	Various standards require disclosure of restricted assets and the nature of those restrictions. For example, investments in fixed interest-bearing deposits may be restricted assets where these funds represent donations held by the entity to be used for a specific project or purpose.

24. Current Liabilities – Payables

AASB 101.77

Treasury Mandates

	2020 $'000	2019 $'000
Accrued salaries, wages and on-costs		
Creditors		
[Specify other major categories]		

AASB 7.31-42

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 36.

Recognition and measurement

AASB 9.4.2.1
AASB 9.5.7.2

Payables represent liabilities for goods and services provided to the entity and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

	Commentary on Payables
	Disclosure
TC15-07 Treasury Mandates	1. The notes are to disclose separately accrued salaries, wages and on-costs, creditors and other major categories (e.g. personnel services payable for entities receiving personnel services per TC15-07). Aggregate employee benefits and related on-costs are reconciled in Note 26.
AASB 7.8	2. The carrying amounts for each of the AASB 9 categories of financial instruments must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements
AASB 7.31-42	3. AASB 7 requires a variety of quantitative and qualitative disclosures for each type of risk (including credit risk, liquidity risk and market risk) to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed. This includes a maturity analysis for financial liabilities showing the remaining contractual maturities. Refer Note 36.
	Measurement
AASB 9.4.2.1 AASB 9.5.7.2	4. Most financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (exceptions listed in TPP19-05) However, if the fair value on initial recognition differs from the transaction price, the entity must apply AASB 9 B5.1.2A.

	Commentary on Payables
AASB 7.29	5. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.
Interpretation 1031	**Goods and Services Tax (GST)**
	6. Receivables and payables must be stated with the amount of GST included. This also includes accruals. Accruals form part of 'receivables' and 'payables' and should be treated similarly. That is, where an accrual is made, it should include GST, even though a tax invoice may not have been received. This is because an event or transaction has occurred that will give rise to GST payable/ receivable in the future.
	7. The net amount of GST recoverable from or payable to the taxation authority must be included as part of receivables or payables.

25. Current / Non-Current Liabilities – Borrowings

AASB 101.54(m)
Treasury Mandates

	2020 $'000	2019 $'000
Bank overdraft		
Derivatives		
Treasury advances repayable		
TCorp borrowings		
Other loans and deposits		
Lease liability (see Note 18) (AASB 16.47(b))		
Finance lease liability		
[Specify other major categories]		

AASB 7.14
AASB 116.74(a)

[Disclose the carrying amount/fair value of any assets pledged as security / collateral for liabilities and the related existence and amounts of restrictions on title]

AASB 7.31-42

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 36.

Recognition and measurement

Financial liabilities at amortised cost

AASB 9.4.2.1
AASB 9.5.5.1
AASB 9.5.7.2

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Finance lease liabilities are determined in accordance with AASB 117 until 30 June 2019. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

[Include below if relevant]

Financial liabilities at fair value through profit or loss

AASB 9 Appendix A

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading such as [include relevant categories] and financial liabilities designated upon initial recognition as at fair value through profit or loss.

AASB 9.4.2.1

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term or on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Derivatives are carried as financial liabilities when the fair value is negative. Gains or losses on liabilities held-for-trading are recognised in the net result.

Commentary on Payables

AASB 9.4.1.5
AASB 9.4.2.2

Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

AASB 9.B4.1.29-32

- the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or

AASB 9.B4.1.33-36

- The liabilities are part of a group of financial liabilities, that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

AASB 9.4.3.5
AASB 9.B4.3.10

- the liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

AASB 9.5.7.7

The entity has not designated any financial liability as at fair value through profit or loss.

[Disclose reason for designating financial liabilities at fair value through profit or loss]

The changes in fair value of liabilities designated at fair value through profit or loss are recorded in profit or loss with the exception that movements in fair value due to changes in the entity's own credit risk are recorded in other comprehensive income and do not get recycled to net result.

Financial Guarantees

AASB 9 App A

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Recognition and measurement

AASB 9.4.2.1(c)
AASB 9.B2.5

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, being the premium received. Subsequent to initial recognition, the entity's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation, and an expected credit loss provision.

The entity has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2020 and as at 30 June 2019. However, refer to Note 30 regarding disclosures on contingent liabilities.

AASB 107.44A
AASB 107.44C
AASB 107.44B

Changes in liabilities arising from financing activities

AASB 101.38

	Bank overdraft	Derivatives	Treasury advances repayable	TCorp borrowings	Other loans and deposits	Leases	Total liabilities from financing activities
1 July 2018							
Cash flows							
New leases							
Foreign exchange adjustments							
Other*							
30 June 2019							
Recognised on adoption of AASB 16							
1 July 2019							
Cash flows							
New leases							
Foreign exchange adjustments							

Commentary on Payables

Other*

30 June 2020

* [Describe transactions included in 'Other']

Commentary on Borrowings

Disclosure

Treasury Mandates

AASB 101.60

1. The notes are to separately disclose the following categories: bank overdrafts, NSW Treasury advances repayable, TCorp borrowings, other loans and deposits, finance leases and other major categories (e.g. financial guarantee liabilities, where material – refer paras 8-11 below)). Current and non-current portions are to be separately disclosed.

AASB 7.8

2. The carrying amounts for each of the categories of financial instruments under AASB 9 must be separately disclosed, either on the face of the Statement of Financial Position or in the notes to the financial statements.

AASB 9.4.2.1

TPP19-05

3. Borrowings are generally measured at amortised cost using the effective interest method in AASB 9.

   There are no changes in classification and measurement requirements for financial liabilities at amortised cost under AASB 9 as compared to AASB 139.

TPP19-05

AASB 101.58(c)

4. In the rare circumstances where borrowings are 'held–for-trading', they must be separately disclosed in a line item in the Statement of Financial Position from other 'borrowings' that are measured at amortised cost. A borrowing can only be designated at fair value through profit or loss in limited circumstances (i.e. satisfies fair value option, appropriate for operations and approved by NSW Treasury).

AASB 7.31-42

5. AASB 7 requires a variety of quantitative and qualitative disclosures for each type of risk (including credit risk, liquidity risk and market risk) to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed. This includes a maturity analysis for financial liabilities showing the remaining contractual maturities. Refer Note 36.

Financial liabilities designated at fair value through profit or loss

AASB 7.B5(a)

6. When financial liabilities are designated at fair value through profit or loss, disclose the nature of these financial liabilities, the criteria for designation and how the entity has satisfied the standard requirements for designation.

AASB 7.10

7. When an entity designates its financial liabilities at fair value through profit or loss (FVPL) in accordance with AASB 9 and is required to present the effects of changes in that liability's credit risk in other comprehensive income, it should disclose the following:
   - the criteria for designating them at FVPL and how the entity has satisfied the conditions in AASB 9 for such designation
   - the amount of change, cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, including the method used to determine the amount and how the method is appropriate
   - the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation
   - any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers
   - if a liability is derecognised during the period, the amount (if any) presented in other comprehensive income that was realised at derecognition

   AASB 7.11(c)

   - detailed description of the economic relationship between the characteristics of the liability and the characteristics of the other financial instrument measured at fair value through profit or loss

AASB 7.10A

8. When an entity designates its financial liabilities at FVPL in accordance with AASB 9 and is required to present ***all*** changes in fair value in profit or loss, it should disclose the following:
   - the criteria for designating them at FVPL and how the entity has satisfied the conditions in AASB 9 for such designation
   - the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, including the method used to determine the amount and how the method is appropriate

	Commentary on Borrowings
	• the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation
AASB 7.11(a)	• a detailed description of the methodology or methodologies used to determine whether presenting the effects of changes in a liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss
	Interest free or low interest loan
AASB 9.B5.1.1 AASB 13 TPP19-5	9. An interest free or low interest loan must initially be measured at its fair value (consistent with other financial instruments) less any transaction cost. Normally, most agencies' interest free or low interest loan payable are classified as at amortised cost and are subsequently amortised using the effective interest method. The fair value of a long-term interest free or low interest loan can be estimated as the present value of all future cash payments discounted using the prevailing market rates of interest for a similar instrument with a similar credit rating. Any additional amount lent is grant revenue. In the public sector context, the market rate of interest is generally represented by the NSW TCorp government bond rate for the relevant term of the loan.
	Lease liability under AASB 16
AASB 16.21	10. Entities are required to use the rate implicit in the lease for initial recognition of the lease liability in the first instance. Where this cannot be determined, the incremental borrowing rate (IBR) should be used.
	11. Treasury and Treasury Corp (TCorp) will monitor rates and publish updated IBRs as required throughout the year. At a minimum, it is expected the IBR will be updated biannually. When the IBR changes the current lease liabilities should not be updated, this rate reflects the cost of borrowing at a point in time and should be used for the remainder on the lease term.
	Finance lease liability under AASB 117
AASB 117.20, 25	12. The finance lease liability is determined in accordance with AASB 117.
	Financial guarantee contracts
AASB 9 App A TPP19-5	13. A financial guarantee contract is defined as a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
TPP19-5	14. In NSW, for entities other than the Crown Entity, financial guarantee contracts are most likely to arise where a financial guarantee relates to debts of parties outside the NSW public sector. Entities should review all contracts for any guarantees (where they are the issuer) that may meet the definition of a financial guarantee contract.
TPP19-05	15. The following matters should also be considered when determining the fair value of a guarantee: ▪ probability of default by the guaranteed party ▪ likely loss resulting from default ▪ the level of gearing (i.e. whether there will be sufficient assets to meet the obligations of creditors at that time) and whether the guaranteed party is solvent and liquid ▪ the likelihood that the guaranteed party would be inadequately funded to meet its financial obligations ▪ the stability of the industry / sector the guaranteed party operates in ▪ the overall capital management framework within which the guaranteed party operates.
AASB 9.4.2.1(c)	1. Financial guarantee contracts must initially be recognised by the issuer at fair value plus, in the case of financial guarantees not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, financial guarantee contracts are measured at the higher of the amount recognised in net results and an impairment based on expected credit losses.
	Changes in liabilities arising from financing activities
AASB 107.44A-44B	2. AASB 107 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To the extent necessary to satisfy this requirement, an entity discloses the following changes in liabilities arising from financing activities:

	Commentary on Borrowings
	• changes from financing cash flows; • changes arising from obtaining or losing control of subsidiaries or other businesses; • the effect of changes in foreign exchange rates; • changes in fair values; and • other changes.
AASB 107.44C AASB 107.44E	3. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement in paragraph 44A also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.
AASB 107.44D	4. The standard suggests that the disclosure requirement may be met by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.

26. Current / Non-Current Liabilities – Provisions

		2020 $'000	2019 $'000
	Employee benefits and related on-costs		
Treasury Mandates	Annual leave		
	Long service leave		
	[Specify other major categories]		
Treasury Mandates	**Other Provisions**		
	Restoration costs		
	[Specify other major categories]		
Treasury Mandates	**Aggregate employee benefits and related on-costs**		
	Provisions – current		
	Provisions - non-current		
	Accrued salaries, wages and on-costs (Note 24)		

AASB 137.85

[For each class of provision (other than employee benefits), entities must disclose a brief description of the nature of the obligation, expected timing of outflows, indication of uncertainties about the amount (including relevant major assumptions) or timing of those outflows and the amount of any related expected reimbursement.]

AASB 101.61

[For each liability line item that combines amounts expected to be settled no more than 12 months after the reporting date and more than 12 months after the reporting date, an entity must disclose the amount expected to be settled after more than 12 months.]

AASB 137.84

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	[Class] $'000	[Class] $'000	Total $'000
Carrying amount at 1 July 2019			

Additional provisions recognised
Amounts used
Unused amounts reversed
Unwinding / change in the discount rate
Carrying amount at 30 June 2020
[Comparative information is not required.]

Recognition and Measurement

Employee benefits and related on-costs

Salaries and wages, annual leave and sick leave

AASB 119.9, 11, 16

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

AASB 119.16

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

NSW TC18-13
AASB 101.69

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using X% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

AASB 119.17, 18

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave and superannuation

[Applicable where superannuation and long service leave liabilities are assumed by the Crown Entity. Otherwise tailor accounting policy to your circumstances.]

AASB 119.127-131
TC18-13
TC18-10

The entity's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The entity accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

AASB 119.72
AASB 119.155
TC18-13
Treasury Mandates

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

TC18-10
AASB 119.51, 53

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Consequential on-costs

TC18-13	Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.
	Other provisions
AASB 137.14 AASB 137.53 AASB 137.54	Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.
AASB 137.72	Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.
AASB 137.47, 60	If the effect of the time value of money is material, provisions are discounted at [X]% (2019: [X]%), which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

	Commentary on Provisions
Treasury Mandates	1. The notes are to separately disclose: • employee benefits and related on-costs: including annual leave, long service leave and other major categories • other provisions including major categories (e.g. restoration costs, personnel services liabilities for entities receiving personnel services per TC15-07).
AASB 101.60	Current and non-current portions are to be separately disclosed.
	Employee benefits – recognition and measurement
AASB 119.8, 11	2. Employee benefits are defined in AASB 119 to mean all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment. The Standard outlines recognition criteria and disclosure requirements for employee benefits, including salaries and wages (including non-monetary benefits), annual leave, sick leave, long service leave, profit sharing and bonus plans, termination benefits and other post-employment benefits.
AASB 119. 9, 16	3. AASB 119 provides that short-term employee benefits such as salaries and wages (including non-monetary benefits) (see Note 24, sick leave and other employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the period in which the employees render the service must be measured at undiscounted amounts. The Standard requires the remuneration rates to be based on what the entity expects to pay as at each reporting date.
AASB 119.66, 156 Treasury Mandates TC18-13	4. Present value measurement is required for long-term employee benefit liabilities that are not expected to be settled wholly before 12 months after the end of the period in which the employees render the related service (although 'short-hand' measurement techniques can be used). Long-term employee benefits are likely to include annual leave, because annual leave is typically not expected to be settled wholly within 12 months.
TC18-10 TC18-13	5. For certain NSW GGS entities where the Crown Entity assumes their long service leave and defined benefit superannuation liabilities, they do not recognise these liabilities in their Statement of Financial Position as their liability is extinguished. Instead they recognise a revenue and an expense equivalent to the liability assumed by the Crown. Refer Note 3(g).
TC18-13	However, for employee benefit liabilities that are not assumed by the Crown Entity, such as certain long service leave related on-costs and additional employee benefit costs that arise on incurring long service leave, including payroll tax, workers

	Commentary on Provisions
	compensation insurance, annual leave accrued while on long service leave taken in service and defined contribution superannuation, a liability must be recognised per TC18-13.
TC18-13	6. Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using X% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.
	Employee benefits disclosure
Treasury Mandates	7. Entities must disclose the aggregate liability and the aggregate asset arising from employee benefits and related on-costs that have been recognised in the financial statements, identifying the current and non-current portions, where applicable. On-costs include workers compensation insurance and payroll tax.
AASB 101.69 TC18-13	8. In accordance with AASB 101, all annual leave and unconditional long service leave must be classified as a current liability, even where the entity does not expect to settle the liability wholly within 12 months. This does not necessarily align with the distinction between short-term and long-term employee benefits under AASB 119. For example, annual leave must be classified as 'current' in the Statement of Financial Position, but it is likely to be recognised and measured, as a long-term employee benefit.
AASB 101.61	9. Notwithstanding this, AASB 101 provides that for each liability line item that combines amounts expected to be settled no more than 12 months after the reporting date and more than 12 months after the reporting date, an entity must disclose the amount expected to be settled after more than 12 months.
	Superannuation liabilities
TC14-05	10. Where superannuation is not assumed by the Crown, there may be an unfunded superannuation liability that must be fully recognised and disclosed by the entity.
AASB 119.135-152 TC18-10	AASB 119 and TC18-10 set out the recognition and disclosure requirements in regard to defined benefit superannuation plans where the superannuation liabilities are not assumed by the Crown. Where the superannuation liabilities are not assumed, information to satisfy the AASB 119 disclosure requirements are provided to entities as part of the annual Superannuation Position Statement issued by Mercer Administration Services (Australia) Pty Ltd or the Energy Industries Superannuation Scheme.
	Other provisions- recognition and measurement
AASB 137.5, 7	11. AASB 137 prescribes requirements for the recognition, measurement and disclosure of provisions and reimbursements receivable and disclosure of contingent liabilities and assets. Among other things, the Standard generally does not apply to 'employee benefits', which are subject to AASB 119 or 'financial instruments' that are within the scope of AASB 9. The term 'provisions' does not include depreciation and doubtful debts as these are adjustments to the carrying amounts of assets. Provisions are a subset of liabilities. A provision is defined in AASB 137 as ‘a liability of uncertain timing or amount’.
AASB 137.10 AASB 137.14, 23	12. A provision must be recognised in the Statement of Financial Position when and only when: • an entity has a present obligation (legal or constructive) as a result of a past event • it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and • a reliable estimate can be made of the amount of the obligation.
AASB 137.17	13. A past event that leads to a present obligation is called an obligating event. For an event to be an obligating event, it is necessary that the entity has no realistic alternative to settling the obligation. This is the case only: • where the settlement of the obligation can be enforced by law (a legal obligation exists) or • in the case of a constructive obligation, where the event (which may be an action of the entity) creates valid expectations in other parties that the entity will discharge the obligation.

	Commentary on Provisions
AASB 137.36, 42, 45, 47	14. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditure expected to be required to settle the obligation. The discount rate shall be a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks for which future cash flow estimates have been adjusted.
TC11-17 AASB 119 Aus83.1	For not-for-profit entities, the discount rate is to be based on the market yield on Commonwealth government bonds as published by the Reserve Bank of Australia, modified to reflect entity / liability specific risks.
Treasury Mandates	For-profit entities are required to use high quality corporate bond rates.
	Reimbursements
AASB 137.53	15. The Standard provides that when some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised as a separate asset when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation.
AASB 137.54	16. In these circumstances the expense recognised in respect of the provision may be presented net of the reimbursement.
	Restoration provisions
AASB 137.17, 19-22	17. AASB 137 applies to provisions for the retirement or disposal of long lived assets. Obligations may be legal or constructive. However, it is only those obligations arising from past events that exist independently of an entity's future actions that are recognised as provisions. This may arise as a consequence of installation or as a consequence of using an item. Provisions cannot be recognised for major periodic maintenance or overhauls as there is no present obligation.
AASB 137.Appendix C	Examples in the Standard for provisions for restoration / remediation include: • penalties or clean-up costs for unlawful environmental damage • decommissioning costs of an oil installation or nuclear power station to the extent the entity is obliged to rectify damage already caused
Interpretation 1.6, Aus6.1	18. Any changes in decommissioning and restoration provisions must be accounted for in accordance with Interpretation 1. Under the revaluation model, any decrease in the liability must be credited directly to the asset revaluation surplus, except that it must be recognised in profit/loss to the extent that it reverses a previous revaluation decrease in respect of that class that is recognised in profit or loss. Any increase in the liability must be recognised in profit or loss, except that it must be debited to the revaluation surplus to the extent of any credit balance existing in the reserve for that class. However, where a decrease in the liability exceeds the amount that would have been recognised had the asset been carried under the cost model, the excess must be recognised immediately in profit or loss.
	Restructuring
AASB 137.71, 72 AASB 137.10	19. The Standard specifies the conditions under which provisions for restructurings are recognised, including restructurings occurring as a consequence of an acquisition of an entity or operation, and the costs that are included in such provisions. Restructuring is defined to mean a program that is planned and controlled by the entity's management and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.
	Onerous contracts
AASB 137.66, 68	20. If an entity has an onerous contract, the present obligation under the contract must be recognised and measured as a provision. An onerous contract is a contract under which the entity's unavoidable costs of meeting its obligations under the contract exceed the economic benefits expected to be received. While not explicit in the Australian Accounting Standard, the concept of onerous contracts is only relevant to the public sector in limited circumstances.
	For example, where a public sector entity provides social benefits by delivering health, education, transport and other social services to the community, any contract to provide such benefits cannot be regarded as an onerous contract. This is because the nature of the benefit is such that there is no expectation that the public sector entity will receive consideration approximately equal to the value of goods and services provided, from the recipients of these benefits (i.e. the community).

	Commentary on Provisions
	Other provisions – disclosure
	21. AASB 137 requires disclosure for each class of provision of:
AASB 137.85	• a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits • an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, the entity shall disclose the major assumptions made concerning future events, and • the amount of any expected reimbursement, stating the amount of any asset recognised for that expected reimbursement.
AASB 137.84	22. Movements during the reporting period for each class of provision must also be disclosed. Comparatives are not required.
AASB 137.92	23. Entities are exempt from disclosure in the rare circumstances where disclosure would be expected to seriously prejudice the position of the entity in a dispute with other parties on the subject matter of the provision. However, the entity shall disclose the general nature of the dispute, together with the fact and reason why that information has not been disclosed.

27. Current / Non-Current Liabilities – Other liabilities

		2020 $'000	2019 $'000
Treasury Mandates	Liability for lapsed appropriations drawn down		
	Unearned revenue		
AASB 1058.31	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity		
	[Specify other major categories]		

		2020 $'000
	Reconciliation of financial assets and corresponding liabilities arising from transfers to acquire or construct non-financial assets to be controlled by the entity	
AASB 1058.31	Liabilities arising from transfers to acquire/construct non-financial assets to be controlled by the entity recognised upon initial application of AASB 1058	
	Add: receipt of cash during the financial year	
	Deduct: income recognised during the financial year	
	Closing balance of liabilities arising from transfers to acquire/construct non-financial assets to be controlled by the entity	

AASB 1058.32 — Refer to Note 3(f) for a description of the entity's obligations under transfers received to acquire or construct non-financial assets to be controlled by the entity.

AASB 1058.33 — The entity expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period evenly in the next X financial years, as the related asset(s) are constructed/acquired.

Commentary on Other Liabilities	
Treasury Mandates	14. The notes are to disclose the liability for lapsed appropriations drawn down, unearned revenue and any major categories of other liabilities. Current and non-current portions are to be separately disclosed.
Treasury Mandates	**Liability for lapsed appropriations drawn down**
	15. Employee benefits are defined in AASB 119 to mean all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment. The Standard outlines recognition criteria and disclosure requirements for employee benefits, including salaries and wages (including non-monetary benefits), annual leave, sick leave, long service leave, profit sharing and bonus plans, termination benefits and other post-employment benefits.
	Multi-year government grant agreements
Treasury Mandates AASB 137.Aus26.1-Aus26.2	16. Where a government entity intends to make payments to other parties, whether as a result of government budget policy, election promises or a statement of intent, this does not of itself create a present obligation which is binding on the government entity. A liability would be recognised only where the government entity is committed in the sense that it has little or no discretion to avoid the sacrifice of future economic benefits.

	For example, a government entity does not have a present obligation to sacrifice future economic benefits under multi-year public policy grant agreements until the grantee meets conditions, such as grant eligibility criteria, or has provided the services or facilities required by the grant agreement. Where the grantee meets these conditions, only amounts outstanding in relation to current or previous periods satisfy the definition of liabilities.
	Transfers to acquire or construct non-financial assets to be controlled by the entity (effective from 1 July 2019)
AASB 1058.31	17. Disclose opening and closing of financial asset and liability balances arising from grants to transfer received to construct recognisable non-financial assets to be used by the entity, and income recognised from these transfers.
AASB 1058.33	18. An entity shall disclose an explanation of when it expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period, either on a quantitative basis or through qualitative information.
	Prepaid taxes
AASB 1058.29(b)	19. An entity shall consider disclosing financial liabilities relating to prepaid taxes or rates for which the taxable event has yet to occur, and the future period(s) to which those taxes or rates relate.

28. Equity

Revaluation surplus

AASB 101.79(b)

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the entity's policy on the revaluation of property, plant and equipment as discussed in Note 16.

Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

Reserves

Treasury Mandates

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or AAS (e.g. revaluation surplus and foreign currency translation reserve).

Increase / Decrease in Net Assets from Equity Transfers

AASB 1004.58
TPP09-3
Treasury Mandates

[Details of assets and liabilities transferred in broad categories and a reconciliation to the change in net assets from equity transfers; including comparative figures for the previous financial year for the transferred function or activity.]

Equity transfers - Recognition and Measurement

Interpretation 1038
AASB 1004.54-59

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

AASB 138.63, 75

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor

TPP09-3

because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

Commentary on Increase / Decrease in Net Assets from Equity Transfers

Contribution by or distribution to owners

TPP09-3

1. In NSW, the transfer of net assets as a result of transfers effected by Orders under the Government Sector Employment Act 2013, other transfers of programs / functions or part thereof, equity appropriations and certain other transfers are designated by NSW Treasury as 'contributions by owners'. These transfers are regarded as contributions by owners, in terms of Interpretation 1038, as the Government has in effect made a policy decision to increase the financial resources of a public sector entity (i.e. the entity's equity). Transfers that are a 'restructure of administrative arrangements' with government controlled not-for-profit entities and for-profit government entities subject to AASB 1004 must be recognised as 'contributions by owners'.

AASB 1004.54-58

AASB 1004.Appendix A

AASB 3.Appendix A

2. A 'restructure of administrative arrangements' is defined in AASB 1004 as: "The reallocation or reorganisation of assets, liabilities, activities and responsibilities amongst the entities that the government controls that occurs as a consequence of a rearrangement in the way in which activities and responsibilities are prescribed under legislation or other authority are allocated between the government's controlled entities". The scope of the requirements relating to 'restructures of administrative arrangements' is limited to the transfer of a 'business' (as defined in AASB 3 *Business Combinations*). A 'business' is defined in AASB 3 as "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants" (AASB 3, Appendix A).

Disclosure

AASB 1004.58

3. AASB 1004 requires separate disclosure of the total amounts of any assets and liabilities recognised as a result of a restructuring of administrative arrangements during the financial year.

TPP09-3

4. This is further elaborated on in NSW Treasury's Policy. This Policy requires certain disclosures to be made in regard to transfers designated as contributions by owners (i.e. equity transfers), including details / amounts of assets and liabilities transferred.

AASB 5.Aus2.1, 33

5. AASB 5 does not apply to restructuring of administrative arrangements subject to AASB 1004. However, the AASB 5 discontinued operation disclosure requirements may apply in limited circumstances where restructures are not subject to AASB 1004. Where this is the case, AASB 5 requires additional disclosures.

Value of assets and liabilities transferred

AASB 1004.BC28

TPP09-3

6. In determining the value of assets transferred as a result of administrative restructuring that is subject to AASB 1004, assets need not be recognised at their fair values and may be recognised at the amounts at which the assets were recognised by the transferor entity immediately prior to the restructuring of administrative arrangements.

TPP09-3

AASB 116.31

7. Subject to para 8 below, in most instances there will not be a material difference between the fair value and the carrying amount of the asset (i.e. where the existing use is the same). This is because AASB 116 provides that where fair value is adopted, revaluations must be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

8. For other equity transfers that are not subject to AASB 1004, the transferee must recognise transfers at fair value (subject to para 8 below). Where the existing use of the physical assets is different between the two entities, the transferor's fair value prior to the transfer will be different to the fair value of the asset recognised by the transferee. As a result, the difference in value between the carrying amount previously recognised by the transferor and the fair value to be recognised by the transferee is to be recognised by the transferor in its financial statements immediately prior to transfer.

TPP09-3

9. Other exceptions to the fair value measurement principle:

AASB 138.63-64, 75

Commentary on Increase / Decrease in Net Assets from Equity Transfers	
AASB 127.10	• Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market (AASB 138 para 75), the transferee recognises the asset at the transferor's carrying amount. • Where the transferor does not recognise an internally generated intangible subject to AASB 138 para 63-64 (i.e. internally generated brands, mastheads, customer lists etc.), the transferee must not recognise that asset. • Where the only change is that a government-controlled entity becomes a subsidiary of another government-controlled entity, as described in TPP09-3 Section 6.5, Treasury's Policy permits but does not require entities to measure in the parent entity's financial statements, the parent entity's investment in the subsidiary at cost as permitted under AASB 127; and in the consolidated financial statements, the assets and liabilities based on their previous carrying amounts.
	Example note disclosure The following example disclosure relates to an entity that has received / transferred out a program group and that has received an equity appropriation.
AASB 1004.58	Example Note Disclosure for Entity A a) Program Group X was transferred to Entity A from Entity C. b) Program Group Y was transferred to Entity B from Entity A. c) Equity appropriation received by Entity A to fund payment to for-profit Entity D. Descriptions of the purposes of the above program groups are in Note 9. Responsibility assumed for Program Group X Assets transferred from Entity C Plant and equipment Liabilities transferred from Entity C Provision for employee benefits Responsibility relinquished for Program Group Y Assets transferred to Entity B Plant and equipment Liabilities transferred to Entity B Provision for employee benefits Equity appropriation received Payment to adjust for-profit Entity D's capital structure (funded from equity Appropriation) Increase in net assets from equity transfers

29. Commitments

		2020 $'000	2019 $'000
	Capital Commitments		
AASB 116.74(c) AASB 138.122(e)	Aggregate capital expenditure for the acquisition of [specify] contracted for at balance date and not provided for:		
	Within one year		
	Later than one year and not later than five years		
	Later than five years		
	Total (including GST)		

Commentary on Commitments

Disclosure

AASB 12.23(a)

1. Commitments relating to joint ventures and associates must be separately disclosed from other commitments.

Interpretation 1031

Goods and Services Tax

2. Consistent with Interpretation 1031 *Accounting for the GST* commitments must be shown inclusive of GST.

   However, the amount of any tax recoverable from or payable to the Australian Taxation Office included within commitments must also be disclosed.

30. Contingent Liabilities and Contingent Assets

	2020 $'000	2019 $'000
[Specify]		

Contingent liabilities

AASB 137.86

[For each class of contingent liabilities, the following must be disclosed: a brief description of the nature of the contingent liability; an estimate of the potential financial effect (or statement that this is not practicable); an indication of the uncertainties relating to the amount or timing of any outflow; and the possibility of any reimbursement.]

AASB 7.14-15

[Disclose the carrying amount/fair value of any financial assets pledged as security / collateral for contingent liabilities.]

AASB 137.89

Contingent Assets

[For each class of contingent assets, the following must be disclosed: brief description of the nature of the contingent assets; and, where practicable, an estimate of the potential financial effect (or statement that this is not practicable).]

Commentary on Contingent Liabilities and Contingent Assets

AASB 137.10

1. AASB 137 provides that contingent liabilities are:
   - possible liabilities that arise from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the entity or
   - provisions that fail either or both the criteria for recognition as liabilities i.e. not probable or cannot be measured reliably.

AASB 137.10

2. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

	Commentary on Contingent Liabilities and Contingent Assets
AASB 137.33-34, 53, 89	3. AASB 137 adopts a 'prudent' approach and requires a separate asset to be recognised when the related realisation of revenue or expected recovery receivable is virtually certain. AASB 137 requires disclosure of contingent assets when realisation is probable.
AASB 137.30, 86	Therefore, the AASB 137 treatment of contingent assets and recoveries receivable is inconsistent with the treatment of contingent liabilities because liabilities are recognised when outflows of resources are probable and contingent liabilities are disclosed when the possibility of outflows is higher than remote but less than probable.
AASB 137.86, 89	4. AASB 137 provides that the following information for each class of contingent liabilities and contingent assets must be disclosed: • a brief description of the nature of the contingent liability / asset • an estimate of the financial effect, or a statement that it is not practicable to make such an estimate when that is the case • in relation to contingent liabilities, an indication of the uncertainties relating to the amount or timing of any outflow and • the possibility of any reimbursement.
AASB 137.28, 34,	5. When the probability of the contingent liability is remote, the entity need not make the above disclosures. For contingent assets, the above disclosures are required when the inflow of economic benefits is probable.
AASB 12.23(b)	6. Contingent liabilities relating to joint ventures and associates must be separately disclosed from other contingent liabilities.
AASB 137.92	7. Entities are exempt from disclosure in the rare circumstances where disclosure would be expected to seriously prejudice the position of the entity in a dispute with other parties on the subject matter of the contingent asset or liability. However, the general nature of the dispute, together with the fact and reason why that information has not been disclosed, must be stated.
AASB 137.32, Appendix C, Ex 10	8. Examples of contingent liabilities and assets are included in the Standard – e.g. legal proceedings where damages are sought from the entity, but where lawyers advise that it is not probable the entity will be found liable.

31. Budget Review

AASB 1055.6

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net result

The actual net result was lower / higher than budget by $X, primarily due to:

[Give detailed reasons for and quantify major variances between original budget and actual for expenses, revenue and gains/losses contributing to the Net Result variance].

AASB 1055.6(f)

Assets and liabilities

[Give detailed reasons for and quantify major variances between original budget and actual for current and non-current categories of assets and liabilities].

AASB 1055.6(f)

Cash flows

[Give detailed reasons for and quantify major variances between original budget and actual for cash flows from operating, investing and financing activities].

32. Reconciliation of Cash Flows from Operating Activities to Net Result

AASB 107.Aus20.2

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2020 $'000	2019 $'000
Net cash used on operating activities		
Depreciation and amortisation expense		
Allowance for impairment		
Decrease / (increase) in provisions		
Increase / (decrease) in prepayments and other assets		
Increase / (decrease) in contract assets		
Decrease / (increase) in payables		
Decrease / (increase) in contract liabilities		
Net gain / (loss) on sale of property, plant and equipment and investment properties		
Net result		

	Commentary on Reconciliation of Cash Flows from Operating Activities to the Net Result
AASB 1054.16	The financial statements shall provide a reconciliation of the net cash flow from operating activities to profit or loss or net result.

33. Non-cash Financing and Investing Activities

		2020 $'000	2019 $'000
AASB 107.43	*[Disclose investing and financing transactions/other events which do not result in cash flows]*		

Commentary on non-cash financing and investing activities

Examples include: assets received by donation; plant and equipment acquired by finance lease; liabilities and expenses assumed by the Government; and assets and liabilities assumed or relinquished as a result of restructuring of administrative arrangements.

34. Trust Funds

Framework 49(a)

The entity holds money in a Miscellaneous Trust Fund which is used for [specify]. As the entity performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the entity's own objectives, these funds are not recognised in the financial statements. The following is a summary of the transactions in the trust account:

	2020 $'000	2019 $'000
Cash balance at the beginning of the financial year		
Add: Receipts		
Less: Expenditure		
Cash balance at the end of the financial year		

Commentary on Trust Funds

Disclosure of trust funds

Framework 49(a)

1. As the entity performs only a custodial role in respect of trust monies, and because the monies cannot be used to obtain benefits from its activities (i.e. the definition criteria for assets are not met), trust funds are not brought to account in the financial statements but are shown in the notes for information purposes.

Treasury mandates

2. Disclosure of types, purposes and movements of trust funds by broad categories.

35. Administered Assets and Liabilities

AASB 1050.7(c)(d)
AASB 1055.7(a)
Treasury Mandates

	Budget* 2020 $'000	2020 $'000	2019 $'000
Administered Assets			
Receivables			
Land and buildings			
[Other material categories]			
Total Administered Assets			
Administered Liabilities			
Liability for lapsed appropriations drawn down			
[Other material categories]			
Total Administered Liabilities			

*This column is ***only*** required when an entity has included administered items in its original budgeted financial statements presented to Parliament. The column ***must*** be omitted where this has not occurred.

35. Administered Assets and Liabilities

[Refer Note 31 for details regarding major variances between budget and actual for 2020].

	Commentary on Administered Assets and Liabilities
AASB 1050.11	1. An entity may manage government assets in the capacity of an agent and may incur liabilities which may, for example, involve a future disbursement from the Consolidated Fund or other Fund, but which will not involve a reduction of assets controlled by the entity. Assets and liabilities of this type are referred to in AASB 1050 *Administered Items* as administered assets and liabilities.
AASB 1050.7(c)(d) AASB 1050.11 Treasury Mandates	2. Administered assets and liabilities are not recognised in the Statement of Financial Position but are required by AASB 1050 to be disclosed in the notes, showing separately each major class of asset and liability. The Code extends these requirements to all NSW GGS entities.
AASB 1050.24	3. Administered assets and liabilities are reported on the same basis adopted for the recognition of assets and liabilities in the financial statements.
	4. Entities must disclose administered assets and liabilities including receivables, land and buildings and other material categories. Receivables include administered income receivable (e.g. Consolidated Fund - taxes, fees and fines) and any deductions for the allowance for impairment.
AASB 1050.17 Treasury Mandates	5. Any liability for lapsed appropriations drawn down calculated in the summary of compliance that relates to transfer payments must be disclosed in the administered assets and liabilities note. For further information regarding the calculation, refer to the commentary to the summary of compliance.
AASB 1055.7(a)	6. An entity with administered items included in its original budgeted financial statements presented to Parliament must disclose the corresponding budgeted amount for these items for the current financial year.
AASB 1055.7(b)	7. Entities disclosing original budgeted amounts for administered items must quantify major variances between the budgeted and actual amounts for these items, and give detailed reasons for the variances in Note 31.

36. Financial Instruments

AASB 7.31

The entity's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the entity's operations. The entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The entity's main risks arising from financial instruments are outlined below, together with the entity's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The [Secretary / Board] has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the entity, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the entity on a continuous basis.

a) Financial instrument categories

AASB 7.8

Class	Note	Category	Carrying Amount 2020	Carrying Amount 2019
Financial Assets				
Cash and cash equivalents	10	Amortised cost		
Receivables[1]	11	Amortised cost		
Contract assets[2]	12			
Financial assets at fair value	14	Fair value through profit or loss – mandatory classification		
		Fair value through profit or loss – designated as such at initial recognition		
		Fair value through other comprehensive income		
		Fair value through other comprehensive income – designated as such at initial recognition[4]		
Other financial assets	15	Amortised cost		
Financial Liabilities				
Payables[3]	24	Financial liabilities measured at amortised cost		
Borrowings	25	Financial liabilities measured at amortised cost		
	25	Fair value through profit or loss – designated as such at initial recognition		

AASB 132.AG11-AG12

Notes
1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. While contract assets are also not financial assets, they are explicitly included in the scope of AASB 7 for the purpose of the credit risk disclosures.

36. Financial Instruments

3. Excludes statutory payables and unearned revenue (not within scope of AASB 7).
4. Only applicable to equity instruments

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

b) Derecognition of financial assets and financial liabilities

AASB 9.3.2.3(a)
AASB 9.3.2.3(b)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

AASB 9.3.2.4(a)

- the entity has transferred substantially all the risks and rewards of the asset; or
- the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

AASB 9.3.2.4(b)
AASB 9.3.2.6
AASB 9.3.2.16

When the entity has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

AASB 9.3.2.17

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

AASB 9.3.2.16(a)
AASB 9.3.3.1
AASB 9.3.3.2
AASB 9.3.3.3

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

c) Offsetting financial instruments

AASB 132.42

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Financial risks

i. Credit risk

[NB: Entity must review its own circumstances and amend this note accordingly]

AASB 7.AppA
AASB 7.35K(a), 36

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the entity. The maximum exposure to credit risk is generally represented by the

36. Financial Instruments

AASB 7.33

carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

AASB 7.35K(b)

Credit risk arises from the financial assets of the entity, including cash, receivables, and authority deposits. No collateral is held by the entity. The entity has not granted any financial guarantees [details are required to be disclosed where collateral is held or guarantees have been granted].

Credit risk associated with the entity's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

AASB 7.35F(b)
AASB 9.5.5.9
AASB 9.B5.5.37

The entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

Cash and cash equivalents

AASB 7.21

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorpIM Funds cash facility is discussed in market risk below.

Accounting policy for impairment of trade receivabless and other financial assets

Receivables - trade receivables [if applicable - contract assets, and lease receivables]

Collectability of trade receivables is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

AASB 101.117
AASB 7.21
AASB 9.5.5.15

The entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables *[if applicable - contract assets and lease receivables]*.

AASB 7.35F(c)

To measure the expected credit losses, trade receivables *[if applicable - contract assets and lease receivables]* have been grouped based on shared credit risk characteristics and the days past due.

AASB 7.35G

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The entity has identified *[the GDP and the unemployment rate]* to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

AASB 7.35F(e)

Trade receivables *[if applicable - contract assets and lease receivables]* are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than [xx] days past due.

AASB 7.35M (b)
AASB 7.35N

The loss allowance for trade receivables *[if applicable - contract assets and lease receivables]* as at 30 June 2020 and 2019 was determined as follows:

	30 June 2020		
	$000		
	30–60	61–90	>91

36. Financial Instruments

	Current	<30 days	days	days	days	Total
Expected credit loss rate						
Estimated total gross carrying amount						
Expected credit loss						

			30 June 2019 $000			
	Current	<30 days	30–60 days	61–90 Days	>91 days	Total
Expected credit loss rate						
Estimated total gross carrying amount						
Expected credit loss						

AASB 132.AG12

Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the sum of the receivables total in Note 11 and the contract assets total in Note 12.

AASB 7.34(c)
AASB 7.35B(c), 35M

The entity is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2020 and 2019. Most of the entity's debtors have a [XXX] credit rating.

Other financial assets - Authority Deposits

AASB 7.35F.(a)(i)

The entity has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. These deposits are considered to be low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The entity recognised provision for expected credit losses on its other financial assets in the amount of $xx in 2020 (2019: $xx).

[Include below if applicable]

Debt financial assets at fair value through other comprehensive income

The entity invests only on quoted debt securities with very low credit risk. The entity's debt instruments at fair value through other comprehensive income comprised solely of quoted bonds that are graded in the top investment category by Standard and Poor's and, therefore, are considered to be low credit risk investments. The loss allowance recognised during the period was therefore limited to 12 months expected losses. The entity recognised provision for expected credit losses on its debt instruments at fair value through other comprehensive income in the amount of $xx in 2020 (2019: $xx).

ii. Liquidity risk

AASB 7.AppA
AASB 7.33, 39(c)

Liquidity risk is the risk that the entity will be unable to meet its payment obligations when they fall due. The entity continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

[Details of credit standby arrangements of the entity; and a summary of the used and unused loan facilities of the entity, as this is considered a best practice disclosure.]

AASB 7.18

During the current and prior year, there were no defaults of borrowings. No assets have been pledged as collateral. The entity's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

36. Financial Instruments

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in TC11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was [X]% (2019 – [X]%).

The table below summarises the maturity profile of the entity's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

AASB 7.39(a)(b) *Maturity analysis and interest rate exposure of financial liabilities*

AASB 7.B11

	Weighted Average Effective Int. Rate %	Nominal Amount[1] $'000	Interest rate exposure: Fixed Interest Rate $'000	Interest rate exposure: Variable Interest Rate $'000	Interest rate exposure: Non-interest bearing $'000	Maturity dates: < 1 year $'000	Maturity dates: 1 to 5 years $'000	Maturity dates: > 5 years $'000
2020								
Payables								
Borrowings								
Derivatives								
Bank overdraft								
Advances repayable								
TCorp borrowings								
Other loans and deposits								
Lease liabilities (AASB 16.58)								
[Specify other major classes]								
2019								
Payables								
Borrowings								
Derivatives								
Bank overdraft								
Advances repayable								
TCorp borrowings								
Other loans and deposits								
Finance leases								
[Specify other major classes]								

AASB 7.B10A

iii. Market risk

AASB 7.AppA
AASB 7.33

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The entity's exposures to market risk are primarily through interest rate risk on the entity's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The entity has no exposure to foreign currency risk and does not enter into commodity contracts.

AASB 7.40, B17-21

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2019. The analysis assumes that all other variables remain constant.

Interest rate risk

AASB 7.B22

AASB 7.22A

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the entity's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The entity does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- X% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

AASB 7.40(a)

	2020 $'000		2019 $'000	
	-1%	**+1%**	**-1%**	**+1%**
Net Result				
Equity				

AASB 7.B25 - B28

Other price risk – TCorpIM Funds

AASB 7.33

Exposure to 'other price risk' primarily arises through the investment in the TcorpIM funds, which are held for strategic rather than trading purposes. The entity has no direct equity investments. The entity holds units in the following TCorpIM Funds trusts:

Facility	Investment Sectors	Investment Horizon	2020 $'000	2019 $'000
TCorpIM Cash Fund	Cash and fixed income	Up to 1.5 years		
TCorpIM Short Term Income Fund	Cash and fixed income	1.5 years to 3 years		
TCorpIM Medium Term Growth Fund	Cash and fixed income, credit, equities, alternative assets, real assets	3 years to 7 years		
TCorpIM Long Term	Cash and fixed income, credit, equities,	7 years and over		

Growth Fund	alternative assets, real assets

[Note: Only disclose those facilities in which the entity has an investment (current or prior year)]

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the TCorpIM Funds facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorpIM Funds facilities limits the entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

AASB 7.40(b)

TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95% probability). The TCorpIM Funds are measured at fair value through profit or loss and therefore any change in unit price impacts directly on net results. A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from TCorpIM Funds statement).

AASB 7.40(a)

		Impact on net result / equity	
	Change in unit price	**2020 $'000**	**2019 $'000**
TCorpIM Funds – Cash facility	+/-V%		
TCorpIM Funds – Short Term Income facility	+/-W%		
TCorpIM Funds – Medium Term Growth facility	+/-Y%		
TCorpIM Funds – Long Term Growth facility	+/-Z%		

e) Fair value measurement

i. Fair value compared to carrying amount

AASB 13.9

AASB 13.16

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

AASB 7.25-26,29

The following table details the financial instruments, by class, where the fair value differs from the carrying amount:

AASB 13.93(a)

AASB 7.25-26

	2020		2019	
	Fair Value $'000	**Carrying Amount $'000**	**Fair Value $'000**	**Carrying Amount $'000**
Financial assets				
[Describe]				
Financial liabilities				
[Describe]				

AASB 7.29

ii. Fair value recognised in the Statement of Financial Position

Management assessed that cash and short-term deposits, trade receivables, trade payables, *[bank overdrafts*] and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

AASB 13.93(d)

[For Level 2 and Level 3 fair value measurements, a description of the valuation techniques and the inputs used in the fair value measurement. If there has been a change in valuation technique, the entity must disclose that change and the reason for making it.]

AASB 13.61

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

AASB 13.72-90, 91-99

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

AASB 13.93(b)

	2020			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets at fair value				
Derivatives				
TCorpIM funds				
[Other categories]				

AASB 13.93(b)

	2019			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets at fair value				
Derivatives				
TCorpIM funds				
[Other categories]				

[The tables above include only financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position.]

AASB 13.93(c)

[There were no transfers between Level 1 or 2 during the periods.]

AASB 13.93(d)

The value of the TCorpIM Funds is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the TCorpIM Funds facilities are valued using 'redemption' pricing.

AASB 13.93(d)

[For other Level 2 and 3 fair value measurements, a description of the valuation technique(s) and inputs used in the fair value measurement. If there has been a change in valuation technique, the entity must disclose that change and reasons for making it.]

AASB 13.93(d)(g)(h)(i)

[Additional disclosure requirements for Level 3 measurements including:

- *quantitative information about significant unobservable inputs, where reasonably available*
- *a description of the valuation processes used*
- *a narrative description of sensitivity to changes in unobservable inputs that may significantly impact on fair value, including a description of interrelationships between those inputs and other unobservable inputs and how the entity might magnify or mitigate the effects of the changes.*

To comply with this disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, *the unobservable inputs disclosed if significant, the effect of a change to reasonably possible alternative assumptions. How the effect of a change to reflect a reasonably possible alternative assumption was calculated.]*

AASB 13.93(e)

iii. Reconciliation of Level 3 fair value measurements

	[Class/es] $'000	Total Level 3 $'000
Opening balance 1 July 2019		
Total gains or losses		
- in net results ('other gains/losses')		
- in other comprehensive income ('other net increases/ decreases in equity')		
Purchases		
Sales		
Issues		
Settlements		
Transfers into Level 3		
Transfers out of Level 3		
[Other categories – specify]		
Closing balance 30 June 2020		
Opening balance 1 July 2018		
Total gains or losses		
- in net results ('other gains/losses')		
- in other comprehensive income ('other net increases/ decreases in equity')		
Purchases		
Sales		
Issues		
Settlements		
Transfers into Level 3		
Transfers out of Level 3		
[Other categories – specify]		
Closing balance 30 June 2019		

AASB 13.93(f)

Of total gains or losses included in the net result, $X ($Y in 2019) relates to assets held at the end of the reporting period.

AASB 13.93(e)(iv)

[Disclose reasons for transfers into or out of Level 3].

Commentary on Financial Instruments

Background

1. The commentary below discusses the AASB 7, AASB 13 and AASB 132 disclosure requirements that are illustrated above in the example note disclosure. Entities should modify or add to NSW Treasury's suggested disclosures to suit their own circumstances, including quantitative disclosures based on information provided internally to the entities' key management personnel. The format of presentation is a decision to be made by each entity. The note is based on those financial instruments that are typically held by General Government Sector entities in the NSW Public Sector.

AASB 7.7

2. AASB 7 requires detailed disclosures to assist users in assessing the nature and extent of risk related to financial instruments and how they are managed. An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance.
3. The Standard allows disclosure of the prescribed information in either a separate note, or across existing notes to the financial statements. The suggested disclosures above are based on the core financial instrument information being presented in one note. The disclosures in this note cover the following main areas:
   - categories of financial instruments (AASB 7 para 8)
   - fair value (AASB 7 para 25-30)

	Commentary on Financial Instruments
	• financial risk management objectives and policies (AASB para 7.31-42) • Other AASB 7 disclosures, however, are disclosed across existing notes to the financial statements.
	4. AASB 13 requires extensive disclosures for assets measured at fair value in the Statement of Financial Position after initial recognition. This includes disclosing the valuation techniques and inputs, and for Level 3, fair value measurements, the effect of the measurements on the net result or other comprehensive income for the period.
	5. Entities should modify or add to NSW Treasury's suggested disclosures below to suit their own circumstances, including quantitative disclosures based on information provided internally to the entities' key management personnel. The format of presentation is a decision to be made by each entity. The note is based on those financial instruments that are typically held by General Government Sector entities in the NSW Public Sector.
	Scope of accounting standard for disclosure on financial instruments
AASB 132.11	6. AASB 7 does not apply to the following items as they are not financial instruments as defined in para 11 of AASB 132: • prepayments made (right to receive future good or service, not cash or a financial asset) • tax receivables and payables and similar items (statutory rights or obligations, not contractual), or • contract liabilities (obligation to deliver good or service, not cash or financial liability).
AASB 7.5A	While contract assets are also not financial assets, they are explicitly included in the scope of AASB 7 for the purpose of the credit risk disclosures.
	Categories of financial instruments
AASB 7.8	7. An entity must disclose the following categories, as defined in AASB 9, either on the face of the Statement of Financial Position or in the notes: • financial assets measured at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently and (ii) those mandatorily measured at fair value through profit or loss in accordance with AASB 9. • financial assets measured at amortised cost • financial assets measured at fair value through other comprehensive income, showing separately (i) financial assets that are measured at fair value through other comprehensive income in accordance with AASB 9; and (ii) investments in equity instruments designated as such upon initial recognition in accordance with AASB 9 • financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently and (ii) those that meet the definition of held for trading in accordance with AASB 9. • financial liabilities measured at amortised cost.
	Reclassification of financial assets
AASB 7.12B	8. If the entity changed its business model during the period which resulted in a reclassification consistent with AASB 9, the entity shall disclose the date of reclassification, a detailed explanation of the change in business model and a qualitative description of its effect on the entity's financial statements and amount reclassified into and out of each category.
AASB 7.12C	9. If the entity reclassified financial assets out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income in accordance with AASB 9, it must make additional disclosures under AASB 7, for each reporting period following reclassification until derecognition. Few entities are expected to be impacted.
AASB 7.12D	10. If the entity has reclassified a financial asset out of the fair value through other comprehensive income category so that they are measured at amortised cost or out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income it must make additional disclosures under AASB 7, including the amount reclassified. Few entities are expected to be impacted.
	Capital management objectives

Commentary on Financial Instruments

AASB 101.Aus1.7

11. Not-for-profit entities are exempt from the capital management disclosure requirements in AASB 101 para 134-136.

AASB 7.31-42

Nature and extent of risks arising from financial instruments

12. An entity must disclose information to allow users to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date and how they are managed. These risks include:

AASB 7.App A

- Credit risk; i.e. the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Liquidity risk; i.e. the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
- Market risk; i.e. the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; i.e. currency risk, interest rate risk and other price risk.

AASB 7.33-35

Qualitative and quantitative disclosures

13. For each type of risk arising from financial instruments, an entity must disclose the exposures to risk and how they arise, its objectives, policies and processes for managing the risk and the methods to measure risk, as well as any changes from the previous period.
14. For each type of risk, an entity must disclose summary quantitative data about its exposure to that risk at the reporting date, based on the information provided internally to key management personnel of the entity (as defined in AASB 124 *Related Party Disclosures*); for example, the Board or chief executive officer.
15. Entities are also required to disclose the credit risk, liquidity risk and market risk disclosures discussed below, to the extent not already provided (unless the risk is not material) and the concentrations of risk if this is not apparent from the disclosures provided. If the quantitative data disclosed at the reporting date is not representative of the exposure to risk during the period, an entity must provide further information that is representative.
16. To assist in these disclosures, NSW TCorp will provide the following information to entities, where relevant:

- AASB 7.20(a)(i) — Unrealised gains / losses on derivatives, including commodity swaps, FX forwards and currency options.
- AASB 7.39 — Contractual maturity analysis for entity liabilities payable to TCorp, based on undiscounted cash flows (including fixed / variable loans).
- AASB 7.40 — Sensitivity analysis information for each of the TCorpIM Funds facilities and for derivatives.
- For managed asset and debt clients, additional qualitative disclosures (see extract below) and certain quantitative disclosures.

17. Suggested disclosures for TCorp managed asset and debt clients:

Managed debt portfolios

NSW TCorp manages interest rate risk exposures applicable to specific borrowings of [the entity] in accordance with a debt portfolio mandate agreed between the two parties. TCorp receives a fee for this service. At the reporting date, the carrying value of borrowings and derivatives (net of funds held at call) managed by TCorp stood at $XX million (2019: $XX million).

Managed asset portfolios

NSW TCorp manages credit risk and interest rate risk exposures applicable to specific fixed-interest investments of [the entity] in accordance with an asset portfolio mandate agreed between the two parties. For this service TCorp receives a fee based on the dollar value of the portfolio [and a fixed component – if applicable]. The various risks are managed by TCorp within limits stipulated in the portfolio mandate, as summarised below:

- Credit risk – fixed-interest holdings are categorised by the Standard & Poors (S&P) or Moody's credit rating applicable to the underlying securities. The amount of securities held must not exceed the limit for the relevant S&P or Moody's equivalent category. Limits also apply to the amounts that may be held with individual counterparties. To be eligible for investment,

Commentary on Financial Instruments

counterparties must satisfy minimum credit rating criteria. Monitoring processes ensure that credit rating information is up-to-date and portfolio holdings are maintained within the approved credit limits.

- Interest rate risk – TCorp uses derivatives, primarily interest rate futures, to manage the duration and maturity profile of the portfolio within specified tolerance limits.

At reporting date, the carrying value of securities, derivatives, and funds at call, managed by TCorp stood at $XX million (2019: $XX million).

AASB 7.35A-38

Credit risk

AASB 7.35F

18. An entity must disclose its credit risk management practices; information about expected credit losses; credit risk exposures; and collateral and other credit enhancements, including the following:

- how an entity determined whether the credit risk of financial instruments has increased significantly since initial recognition
- definition of default, and reasons for that definition
- how the instruments were grouped, if expected credit losses were measured on a collective basis
- how to determine that financial assets are credit-impaired
- write-off policy, including the indicators that there is no reasonable expectation of recovery, and information about the policy for financial assets that are written off but are still subject to enforcement activity

AASB 7.35G

- the inputs, assumptions and estimation techniques used to apply the impairment requirements in AASB 9
- how forward-looking information has been incorporated into the determination of expected credit losses, including the use of macro-economic information
- changes in the impairment estimation techniques or significant assumptions made during the reporting period, and the reasons for those changes

AASB 7.35I

- an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance, including origination or acquisition of assets and write-offs

AASB 7.35K

- by class of financial instrument, the maximum exposure to credit risk, without taking into account collateral or other credit enhancements
- a description of collateral held as security and other credit enhancements, and their financial effect (e.g. a quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk.

AASB 7.35L

- contractual amounts outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity

AASB 7.35M

- maximum risk exposures by credit risk rating grades, the gross carrying amount of financial assets, showing separately those assets which the allowance is measured using the 12 month expected credit losses, those which the allowance is measured based on lifetime expected credit losses or which are credit impaired. This information could be based on a provision matrix (see para B5.5.35 of AASB 9)

AASB 7.38

19. If applicable, when an entity takes possession during the period of collateral or other credit enhancements that meet the recognition criteria, the entity must disclose for such assets held at the reporting date the nature and carrying amount of the assets; and its policies for disposing of such assets or using them in its operations (when not readily convertible to cash).

AASB 9.5.1.15(a)
AASB 15.AppA

20. The impairment rules in AASB 9 also apply to contract assets. A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as financial assets that are within the scope of AASB 9.

Liquidity risk

21. An entity must disclose:

AASB 7.39

- a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities;

AASB 7.App B10A-B11F

- a maturity analysis for derivative financial liabilities, including the remaining contractual maturities for those derivative financial liabilities for which

Commentary on Financial Instruments

contractual maturities are essential for an understanding of the timing of the cash flows; and

- a description of how it manages the liquidity risk inherent in the above.
- As the amounts included in the maturity tables are the contractual undiscounted cash flows, including principal and interest payments, these amounts will not reconcile to the amounts disclosed in the statement of financial position. In particular as far as borrowings or derivative financial instruments are concerned. Entities can choose to add a column with the carrying amounts which ties into the statement of financial position and a reconciling column if they so wish, but this is not mandatory. In preparing this disclosure, an entity shall not separate an embedded derivative from a hybrid (combined) financial instrument.

AASB 7.B11

22. In preparing the maturity analyses, an entity uses its judgement to determine an appropriate number of time bands. For example, an entity might determine that the following time bands are appropriate:

    (a) not later than one month;

    (b) later than one month and not later than three months;

    (c) later than three months and not later than one year; and

    (d) later than one year and not later than five years.

AASB 7.B11C(a)-(c)

23. When a counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which the entity can be required to pay the amount. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

AASB 7.B10A

24. An entity discloses summary information about its exposure to liquidity risk based on information provided internally to key management personnel. An entity shall explain how the information is determined.

AASB 7.B11E

25. An entity shall disclose a maturity analysis of financial assets it holds for managing liquidity risk if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk.

Market risk

AASB 7.40-42
AASB 7.App B17-B21

26. Unless an entity prepares a sensitivity analysis such as value-at-risk (VaR) that reflects interdependencies between risk variables, an entity must disclose a sensitivity analysis for each type of market risk (e.g. interest rate risk, currency risk or other price risk) to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date. The entity must also disclose the methods and assumptions used in preparing the sensitivity analysis and any changes from the previous period and the reasons for such changes.

27. In determining a reasonably possible change in the relevant risk variable, an entity should consider the economic environment in which it operates (it should not include remote or worst case scenarios or stress tests) and the time frame over which it is making the assessment. The sensitivity analysis must show the effects of changes that are considered to be reasonably possible over the period until its next annual reporting period.

Financing arrangements

AASB 107.50(a)
AASB 7.39(c)

28. Committed borrowing facilities are a major element of liquidity management. Entities should therefore consider providing information about their undrawn facilities. AASB 107 also recommends disclosure of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments, indicating any restrictions on the use of these facilities.

Fair value

AASB 7.25, 29

29. An entity must disclose for each class of financial assets and liabilities, the fair value of that class compared to its carrying amount, except:

    - when the carrying amount is a reasonable approximation of fair value i.e. short-term trade receivables and payables
    - for a contract containing a discretionary participation feature (as described in AASB 4) if the fair value of that feature cannot be measured reliably
    - for lease liabilities.

AASB 13.91

30. Where financial instruments are measured at fair value in the Statement of Financial Position after initial recognition, an entity must disclose information to help users

	Commentary on Financial Instruments
	assess the valuation techniques, inputs and for level 3 measurements, the effect on the profit/loss or other comprehensive income.
AASB 13.92	31. In making disclosures, the entity must consider the level of detail necessary, the emphasis on each of the requirements, the level of aggregation and whether users need additional information to evaluate the quantitative information. Where disclosures provided in accordance with the Accounting Standards are insufficient to help users' assessments, additional information must be disclosed.
AASB 13.93, 97	32. To help users make their assessments, AASB 13 sets out the minimum disclosures required for each class of assets and liabilities measured at fair value in the Statement of Financial Position after initial recognition – refer AASB 13.93(a) to (i). In addition, certain disclosures are also required for assets and liabilities not measured at fair value in the Statement of Financial Position but for which the fair value is disclosed (AASB 13.97).
AASB 13.93(a)	33. The illustrative disclosure provided in Note 36 assumes that all fair value disclosures of financial instruments are 'recurring' fair value measurements under AASB 13.
AASB 13.94	34. An entity needs to determine appropriate classes on the basis of nature, characteristics and risks of the asset and level of the fair value hierarchy. The number of classes may need to be greater for level 3 valuations as measurements have a greater degree of uncertainty and subjectivity. A single class may include valuations at different levels of the fair value hierarchy, but an entity may need to further disaggregate if different categories indicate the assets are different in nature, characteristics or risks.
AASB 13.95	35. An entity must disclose and consistently follow the policy for determining transfers between levels in hierarchy and must apply the same policy for transfers in and transfers out of levels.
AASB 13.99	36. An entity must present quantitative disclosure in a table unless another format is more appropriate.
AASB 7.28	37. In respect of any 'day one' gains or losses, the entity must disclose by class of financial asset or financial liability the: • accounting policy for recognising that difference in profit or loss to reflect a change in factors that market participants would consider when pricing, • aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference, and • why the entity concluded the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.
	Offsetting financial assets and financial liabilities
AASB 7.13A-13F	38. Additional disclosures are required for all recognised financial instruments set off in accordance with AASB 132.42. These disclosures also apply to recognised financial instruments subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with AASB 132.42. Refer AASB 7.13A-13F for details of disclosure requirements.
	Transfer of financial assets
AASB 7.42A-42H	39. Separate note disclosure is required for transferred financial assets that are: • not derecognised in their entirety and • derecognised in their entirety but the entity has continuing involvement in the transferred financial assets

37. Related Party Disclosures

AASB 124.17

The entity's key management personnel compensation are as follows:

Short-term employee benefits:

	2020 $'000	2019 $'000
Salaries		
Other monetary allowances		
Non-monetary benefits		
Other long-term employee benefits		
Post-employment benefits		
Termination benefits		
Total remuneration		

AASB 124.18, 19

The entity entered into transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof. The aggregate value of the material transactions and related outstanding balances are as follows:

AASB 124.18, 21

	2020 $'000		2019 $'000	
	Transaction value	Net receivable/ (payable)	Transaction value	Net receivable/ (payable)
Sales of goods				
Purchases of goods				
Services received				

[Refer to AASB 124.21 for further examples of categories of transactions that could be disclosed]

[Also to be disclosed in respect of the outstanding balances, including comparatives, are details (if material) of any guarantees given or received, provisions/write-off of doubtful debts etc.]

AASB 124.26

The entity entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the entity's sale of goods/ rendering of services/ receiving of services [refer to AASB 124.21 for more transaction categories].

AASB 124.18A

During the year, the entity incurred $xx million (2019: $xx million) in respect of the key management personnel services that are provided by a separate management entity [name of the entity].

Commentary on related party disclosures

Key management personnel compensation

AASB 124.9

1. Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

AASB 124.17
NSW TC16-12

2. Compensation is aggregated by the following categories: (a) short-term employee benefits (b) post-employment benefits (c) other long-term benefits and (d) termination benefits. Each of these four categories may be disaggregated by position of KMP e.g. Secretary, Deputy Secretary, Board of Directors (executive / non-executive), Other Senior executives etc.

AASB 124.9

3. Compensation includes:
   - Short-term employee benefits including wages, salaries, social security contributions, paid annual leave and paid sick leave, allowances, profit-sharing or bonuses (if payable within twelve months of the end of the financial year) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services);
   - Other long-term employee benefits (benefits other than short-term, termination or post-employment benefits), such as long service leave or sabbatical leave,

	Commentary on related party disclosures
	▪ jubilee or other long service benefits, long-term disability benefits and, if not payable wholly within twelve months of the end of the financial year, profit-sharing, bonuses and deferred compensation; and ▪ Post-employment benefits such as pensions, other retirement benefits, post-employment life insurance, and post-employment medical care.
	4. If an entity provides non-monetary benefits to Ministers, they should calculate the monetary value of such benefits and disclose them as 'non-monetary benefits' under 'short-term employee benefits' as part of KMP compensation disclosure.
	Management entity
AASB 124.17A	5. In situations where a reporting entity obtains KMP services from another entity ('management entity'), the reporting entity is not required to disclose KMP compensation paid or payable by the management entity.
AASB 124.18A	Instead, where the reporting entity reimburses the management entity for KMP services provided, the reporting entity must disclose the name of the management entity and amounts paid/payable to the management entity for such KMP services.
AASB 124.IG8	If the reporting entity does not reimburse the management entity for KMP services provided, then no disclosure is required in the reporting entity. An example of a management entity is NSW Legislature that pays Ministerial compensation. No disclosure is required by relevant agencies as they are not obliged to reimburse NSW Legislature.
AASB 124.18, 19 NSW TC 16-12	**Related party transactions**
	6. The extent of information disclosed about related party transactions and balances is subject to the application of professional judgement by preparers of financial statements. This includes the extent to which related party items of a similar nature can be disclosed in aggregate.
	7. Therefore, it is important to understand that the disclosures in the following examples could vary depending on the circumstances of the entity making the disclosures and factors such as the nature of the transactions, the relationships and materiality.
	8. **Disclosure Example 1:** The following arm's length transactions have been identified as material for disclosure in the financial statements of Government agency 'XYZ' for FY 2020: A controlled entity of the daughter of the CEO entered in to a cleaning contract with XYZ to provide cleaning services for the office buildings. During the year, services of $1.5 million were rendered and a payable of $0.2 million remained outstanding in the books of XYZ at the year end. Mrs. A, wife of the CFO, provided consultancy services of $1 million during the year to XYZ, which was fully settled before the year end. The CEO and CFO are assessed to be KMP of XYZ. <u>The following would be the likely disclosure in XYZ's financial statements:</u> "During the year, XYZ entered in to transactions on arm's length terms and conditions with the close family members and controlled entities of key management personnel. The total expense for services received was $2.5 million, of which $0.2 million was payable as at the reporting date." If deemed material, similar disclosure will be made in the financial statements of the General Government and Total State Sector.
	9. **Disclosure Example 2:** The following arm's length transactions have been identified as material for disclosure in the financial statements of Government agency 'ABC' for FY 2020: ABC sold $5 million worth of goods during the year to the jointly controlled entity of the son of the CEO, of which $0.5 million was receivable at the year end. ABC purchased office equipment worth $1 million during the year from the controlled entity of the daughter of the Executive Director, of which $0.2 million was payable as at the year end. Mrs. Y, wife of the CFO, provided consultancy services of $1 million during the year to ABC, which was fully settled before the year end. A controlled entity of the COO provided legal services of $1.5 million during the year to ABC, of which $0.2 million was payable as at year end. The CEO, Executive Director, CFO and COO are assessed to be KMP of ABC.

	Commentary on related party disclosures
	<u>The following would be the likely disclosure in ABC's financial statements:</u> During the year, the entity entered in to transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof. The aggregate value of the transactions and outstanding balances are as follows:

Nature of transaction	Transaction value $'000	Net receivable / (payable) as at 30 June 2020 $'000
Sales of goods	5,000	500
Purchases of goods	1,000	(200)
Services received	2,500	(200)

If deemed material, similar disclosure will be made in the financial statements of the General Government and Total State Sector.

Government-related entities

AASB 124.26

10. Government-related entities are those that are controlled or jointly controlled or significantly influenced by the NSW Government. The nature and amount of each individually significant transaction must be disclosed.

Treasury Mandates

For transactions with government-related entities that are collectively, but not individually, significant, agencies must provide a qualitative description.

38. Events after the Reporting Period

AASB 110

[Disclose details of events after the reporting period as required by AASB 110]

Commentary on events after the reporting period

AASB 110.19-20

1. AASB 110 *Events after the Reporting Period* requires disclosure of certain information for material non-adjusting events, including the nature of the event and an estimate of its financial effect or a statement that such an estimate cannot be made.
2. If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it must update disclosures that relate to these conditions, in the light of the new information.

End of audited financial statements

Appendix 1 Definitions

'Administered' activities give rise to income and expenses which are not attributable to the entity. The entity may also manage government assets in the capacity of an agent and may incur liabilities which may involve a future disbursement from the Consolidated Fund but which do not involve a sacrifice of the assets that the entity controls. These administered income, expenses, assets and liabilities should not be recognised in the entity's Statement of Comprehensive Income or Statement of Financial Position.

'Department' refers to an entity subject to Division 4A of Part 3 of the *Public Finance and Audit Act 1983*

'General Government Sector' consists of those public sector entities which provide, in the main, goods and services outside the market mechanism, as well as providing for the transfer of income for public policy purposes – in accordance with Australian Bureau of Statistics classification. The major form of financing these goods and services is by taxation, imposed by the State or by the Commonwealth and subsequently passed on to the State.

'Infrastructure systems' means assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems.

'Restricted assets' means assets whose use by the entity is limited by externally imposed restrictions.

'Taxes, fees and fines' means compulsory levies which are not directly related to the specific provision of goods or services provided by the entity.

'Transfer payments' are amounts received by government entities for transfer to eligible beneficiaries consistent with the parameters established by legislation or other authoritative requirements and are not controlled by the entity.

'User charges' means revenues of the entity, which result from the voluntary acquisition by the purchaser of particular goods or services of direct benefit to the purchaser.

Appendix 2 Key references and acronyms

AASB	Australian Accounting Standards Board
Framework	Framework for the Preparation and Presentation of Financial Statements (AASB Framework)
FRC	Financial Reporting Code for General Government Sector Entities
Interpretation	Australian Accounting Interpretation
TC	NSW Treasury Circular
PFAA	Public Finance and Audit Act 1983
GSF Act	Government Sector Finance Act 2018
TCorp	NSW Treasury Corporation
TPP	NSW Treasury Policy and Guidelines Paper
Treasury Mandates	Treasury Circular *Mandates of Options and Major Policy Decisions under Australian Accounting Standards*

Appendix 3 Current Treasury Circulars / Policy and Guidelines Papers on accounting policy matters

The NSW Treasury accounting policies issued as Treasury Circulars and Treasury Policy Papers currently in force (at date of publication) are listed below. In addition, entities are required to comply with all future NSW Treasury Circulars and policies on accounting policy matters, where the circular/policy paper specifically indicates that it will be mandatory.

Title	Treasury Circular No	Mandatory / Non-mandatory
Financial Reporting Code for NSW General Government Sector Entities	TPP20-01	Non-mandatory
Valuation of Physical Non-Current Assets at Fair Value	TPP14-01	Mandatory
Accounting for Long Service Leave and Annual Leave	TC18-13	Mandatory
Mandates of Options and Major Policy Decisions under Australian Accounting Standards	TC20-01	Mandatory
Financial and Annual Reporting requirements arising from personnel service arrangements	TC15-07	Mandatory
Financial reporting requirements for NSW Government entities including those affected by restructures	TC15-05	Explains mandatory legislative requirements
Accounting for Superannuation	TC18-10	Mandatory
Lessor classification of long-term land leases	TPP11-01	Mandatory
Financial Distribution Policy for Government Businesses	TC16-04	Mandatory
Contributions by owners made to wholly-owned Public Sector Entities	TPP09-03	Mandatory
Accounting for Financial Instruments	TPP19-05	Mandatory
Accounting for Privately Financed Projects	TPP06-08	Mandatory
Guidelines for Capitalisation of Expenditure on Property, Plant and Equipment	TPP06-06	Mandatory
Distinguishing For-Profit from Not-For-Profit entities	TPP05-04	Mandatory
Agency guidelines for the 2019-20 Mandatory Early Close	TC19-08	Mandatory
Agency guidelines for the 2018-19 Mandatory Annual Returns to Treasury	TC19-05	Mandatory
Related Party disclosures	TC16-12	Mandatory
AASB 16 *Leases Transition Elections*	TC18-05	Mandatory
AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* Transition Elections	TC19-07	Mandatory

Appendix 4 Main changes in the Financial Reporting Code for NSW General Government Sector Entities (TPP20-01) compared to the previous version TPP19-04

TPP20-01 Financial Reporting Code for NSW General Government Sector Entities (the Code) has been updated for changes in AAS and Treasury policy requirements.

The main change relates to the adoption of AASB 15 *Revenue from Contracts with Customers,* AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases*. NSW Treasury mandates the modified retrospective approach for the adoption of AASB 15, AASB 1058 and AASB 16. Hence for the comparative financial year, the accounting standard reference for revenue is the superseded AASB 111 *Construction Contracts,* AASB 118 *Revenue* and AASB 1004 *Contributions*, and the accounting standard reference for leases is the superseded AASB 117 *Leases*.

The main changes to TPP19-04 include:

- addition of transitional disclosures upon the adoption of AASB 15, AASB 1058 and AASB 16
- addition of the new disclosure requirements subsequent to the adoption of AASB 15, AASB 1058 and AASB 16
- revised accounting policies and the related commentary on revenue and leasing
- revised disaggregation of revenue items and the related commentary on presentation
- changes to the disclosure of appropriations due to the introduction of the new concept of “deemed appropriations” in *Government Sector Finance Act 2018*
- Removal of financial instrument disclosures relevant to FY 17/18