

Treasurer's Instructions – departure from Accounting Standards

Control vs joint control

Debt

Restricted cash

Development incentives

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Treasurer's Instructions – departure from accounting standards

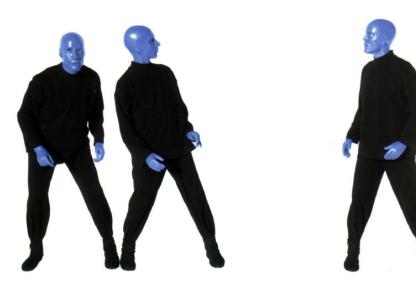




- Conflict between accounting standard and Treasurer's Instruction – which to apply?
- Can management depart from an accounting standard?
- Is there a fair/acceptable accounting framework?
- What is the impact on our audit opinion







Control

or

Poll

Control or joint control?

- Assess control
 - Exposed, or have rights, to variable returns
 - Affect those returns
 - Power over the arrangement (existing rights that give the current ability to direct the relevant activities)
- Assess joint control
 - Contractually agreed sharing of control
 - Rights and obligations
 - Unanimous agreement



Is it a current or non-current liability?

- Original loan term > 12 months, but repayable within 12 months of YE
- 2. New long term agreement after year end but before signing the FS
- 3. Entity has discretion to roll/refinance debt for at least twelve months after the YE under an existing loan facility
- Loan agreement breach before YE, but lender waived action after
 YE but before signing FS
- 5. Loan facility has termination date "not before the next review date", is subject to annual review with next review 30 June 2019





Restricted cash:

 AASB 107 - an entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group



- what level is "significant"?
- what does "not available for use" mean?
- does the restriction exclude the item from being classified as cash or cash equivalent?





Development incentives

- Lease incentives AASB 117 (AASB 16)
- Concessional loans AASB 139
- Future payment obligations AASB 137
- Remission of fees, taxes, rates AASB 118, AASB 1004, (AASB 15, AASB 1058)
- Revenue recognition (recipient) AASB 118, AASB 1004, (AASB 15, AASB 1058)
- Grants and government assistance AASB 120, AASB 1004



Important reminders

- An accountable authority responsible for the operations of a State entity is to advise the Auditor-General, in writing, before the end of the relevant financial year of all subsidiaries of the State entity (section 21(1))
- A State entity, or an audited subsidiary of a State entity, is to have an accountable authority (section 14(1))
- An accountable authority, as soon as possible and within 45 days after the end of each financial year, is to prepare and forward to the Auditor-General a copy of the financial statements for that financial year which are complete in all material respects (section 17(1))
- This includes submission of financial statements for subsidiary entities

