



# Tasmanian Audit Office

## Accounting issues

Treasurer's Instructions – departure from Accounting Standards

Control vs joint control

Debt

Restricted cash

Development incentives

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# Accounting issues

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



# Accounting issues



Joint control



Control

or

Poll

# Accounting issues

## 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

# Accounting issues

Is it a current or non-current liability?

1. 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
4. 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



# Accounting issues

## 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?



# Accounting issues



## 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**