

## FRR 2D Form and Content of Financial Statements

### INTRODUCTION

*Policy items*, indicated by **shaded bold print**, form the Minimum Reporting Requirements (MRRs).

Pursuant to sections 38(2) and 39(2) of the *Financial and Performance Management Standard 2019* (FPMS), departments and statutory bodies must prepare their financial statements in accordance with the MRRs. All of the MRRs are mandatory for departments. Statutory bodies comply with the FPMS by applying the parts of the MRRs that are considered relevant to their circumstances.

*Application Guidance*, indicated by plain text under the “Application Guidance” sub-headings, provides support on interpreting and applying the mandatory policy items and other matters.

© The State of Queensland (Queensland Treasury) 2023



**Licence:** This document is licensed under a Creative Commons Attribution (CC BY 4.0) International licence. Except where otherwise noted you are free to copy, communicate and adapt this work, as long as you attribute the authors.

To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>.

For permissions beyond the scope of this licence, contact [fmbregistrations@treasury.qld.gov.au](mailto:fmbregistrations@treasury.qld.gov.au)

**Attribution:** To attribute this work, cite the *2022-23 Financial Reporting Requirements for Queensland Government Agencies, The State of Queensland (Queensland Treasury) 2023*. References to Australian Accounting Standards have been reproduced with permission from the Australian Accounting Standards Board (AASB) and are not covered by the CC BY licence. Contact the copyright owner AASB directly to request or inquire about reproduction and rights of this material.



**Translating and interpreting assistance:** The Queensland Government supports and encourages the dissemination and exchange of information. However, copyright protects this publication. The State of Queensland has no objection to this material being reproduced, made available online or electronically but only if it is recognised as the owner of the copyright and this material remains unaltered.

## TABLE OF CONTENTS

2D.1	TREASURY REQUIREMENTS FOR ALL AGENCY FINANCIAL STATEMENTS.....	2
2D.2	AGENCIES CLASSIFIED 'TIER 1' PER FRR 2A.5 DIFFERENTIAL REPORTING FRAMEWORK .....	6

### 2D.1 TREASURY REQUIREMENTS FOR ALL AGENCY FINANCIAL STATEMENTS

#### REFERENCES

- AASB 101 *Presentation of Financial Statements*
- *Financial Accountability Act 2009* (FA Act) (Part 3, s62)
- FPMS (Part 3)
- Financial Accountability Handbook - Information Sheet 5.2 Preparation of Financial Statements

#### POLICY

- **The name of the agency and the timeframe covered by the financial statements must appear on each page of the financial statements, including the notes.**
- **The line items displayed on the face of an agency's statements must reflect, as a minimum, all line items illustrated in the applicable model financial statements (i.e. Part 6A or Part 6B), to the extent that they apply to the agency.**
- **Where an agency considers a departure from the layout of the corresponding model statement is more appropriate:**
  - **each of the line items on the face of that corresponding model statement must be included (with or without additional sub-totals), if it is applicable to the agency's circumstances;**
  - **the agency's line items must retain the same description, and represent the same amount, as the corresponding line items in the relevant model statement;**

- **each line item must be presented in such a way that its impact on the agency's operating result, net assets, net increase/decrease in cash and cash equivalents (as applicable) is clear; and/or**
- **the departure is required for compliance with an accounting standard requirement that is not illustrated in the corresponding model statements.**
- **Amounts shown in the financial statements must be rounded to the nearest \$1,000 or, where that amount is less than \$500, to zero.**
- **Although rounded amounts should correctly add to the associated total or sub-total presented, it is allowable for rounded amounts to not correctly add, provided the difference at the total or sub-total level is not greater than one or two (thousand).**
- **Where the Operating Result for the year is a deficit, this must be clearly shown by the use of brackets around the relevant amount.**
- **Notes to an agency's financial statements need only address those transactions/balances, policies and/or information that are material to the agency's circumstances.**
- **Where specific information is required in a note to the financial statements, the note must contain sufficient headings, cross-references and other detail to enable the subject matter to be understood fully.**
- **A department's notes must also include an explanation of the distinction between controlled and administered items.**
- **Agencies are responsible for determining the most appropriate and meaningful location within their financial statements to disclose their significant accounting policies.**
- **The financial statements shown in the Annual Report of the agency must be in the same form and content as the financial statements certified by the Auditor-General or his delegate and must not be abridged, amended or otherwise varied (see FPMS s.46(3)(a)).**

- **Queensland public sector entities are effectively out of scope of the application of AASB 8 *Operating Segments*.**

## APPLICATION GUIDANCE

Agencies are referred to the Financial Accountability Handbook's Information Sheet 5.2 Preparation of Financial Statements for strategies to facilitate the preparation and audit of financial statements in accordance with deadlines under the FA Act.

### **Target Timeframes for Resolution of Accounting Issues**

Agencies are *strongly recommended* to have resolved, by the end of April each year, all material one off, complex or significant accounting issues identified as at 31 March (e.g. prior year audit issues, changes in accounting policies, new/amended accounting standards becoming effective for that reporting period etc).

For each case, this should include documentation of the proposed treatment and rationale for that treatment, management review and endorsement of that documentation, and consultation with external audit/QAO to confirm the intended accounting treatment.

### **Target Timeframes for Pro-forma Financial Statements**

Agencies are strongly recommended to have prepared, by the end of April each year, pro-forma annual financial statements for review and endorsement by management that include, at least:

- all comparative information;
- updated accounting policy notes; and
- the impact/expected impact of applying new/amended accounting standards; and
- all associated working papers.

### **End-of-Year Draft Financial Statements**

A complete draft set of annual financial statements should be submitted as soon as available, and no later than mid-August each year, to external audit/QAO. Draft financial statements (either complete or extracts thereof) to be considered by the agency's Audit Committee should be distributed to the members of that committee and external audit/QAO **at least five working days** before the scheduled meeting. This allows sufficient time for proper review and analysis of the draft statements in preparation for discussions at the meeting.

In preparing the financial statements, the document titled "*Annual Report Requirements for Queensland Government agencies*" issued by the Department of the Premier and Cabinet should also be considered.

Where an accounting standard specifically prescribes the presentation of an item on the face of the financial statements, the provisions of that standard must be applied where relevant e.g. AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

**FRR 6A and FRR 6B Illustrative Financial Statements – Require Tailoring by Agencies**

Detailed disclosures in the model financial statements **will need to be tailored by agencies** to reflect their individual circumstances and operational characteristics.

Where the model financial statements disclose a circumstance that is not applicable to an agency in the current and previous reporting periods, such disclosure need not be included in the financial statements of the agency. Also, while those model financial statements have been developed to be as inclusive as possible, not all situations that may be encountered by an individual agency have been addressed in the model financial statements e.g. tax effect accounting, equity accounting, foreign currency translation.

To enable the reader to easily locate disclosures within the notes to the financial statements, Treasury recommends inclusion of a clearly defined table of contents or index.

The notes contained in the model financial statements reflect the corresponding policies and application guidance. Agencies have discretion to vary such notes to meet their specific circumstances, provided the applicable content requirements are complied with. This is particularly the case with accounting policies and line item captions within notes.

Where appropriate, agencies are encouraged to simplify disclosures having regard to materiality considerations and consider drafting the narrative using a more 'plain language' writing style.

The breakdown of statement line items contained in various notes needs to be tailored to individual agency circumstances. All material amounts need to be individually disclosed in these notes. It follows that where a line item in a statement comprises a number of individual, material items, these items should be separately disclosed in the notes to the financial statements.

## 2D.2 AGENCIES CLASSIFIED 'TIER 1' PER FRR 2A.5 DIFFERENTIAL REPORTING FRAMEWORK

### REFERENCES

- AASB 101 *Presentation of Financial Statements*
- AASB 1052 *Disaggregated Disclosures*
- AASB 1053 *Application of Tiers of Australian Accounting Standards*
- FA Act (s.62)
- FPMS (Part 3)
- Financial Accountability Handbook – Volume 5 Reporting Systems, IS 5.2

### POLICY

- **All departments must also include the following in their general purpose financial statements:**
  - **a Statement of Comprehensive Income by Major Departmental Services, Commercialised Business Units (CBUs) and Shared Service Providers (SSPs); and**
  - **a Statement of Assets and Liabilities by Major Departmental Services, CBUs and SSPs.**

### APPLICATION GUIDANCE

To comply with AASB 101.138(b) and AASB 1052.15(b), a summary of agency objectives must be included as the initial note for Tier 1 entities if not otherwise disclosed in, or in conjunction with, the agency's financial statements. Detailed disclosure in an agency's annual report will satisfy this requirement, as long as the agency's financial statements are included in that document, and not published separately.