

QUEENSLAND TREASURY

# Company Financial Reporting in the Queensland Public Sector

For reporting periods beginning  
on or after 1 January 2018

© The State of Queensland (Queensland Treasury) 2017

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 <https://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 *Company Financial Reporting in the Queensland Public Sector, The State of Queensland (Queensland Treasury) September 2017*.

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 copy 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.

## Introduction

The purpose of this policy is to prescribe the requirements for Queensland public sector companies for:

- the preparation of financial statements; and
- making the financial statements publicly available.

This policy aims to ensure transparency of public sector companies and to discharge public accountability to the community.

This policy applies to all companies that meet the definition of '**public sector company**' as set out in this policy. The policy **does not apply** to:

- Government Owned Corporations (GOCs) and prescribed GOC subsidiaries<sup>1</sup>;
- companies controlled by any local government; and
- companies that are not Queensland public sector companies, but have their financial statements audited by arrangement by the Auditor-General.

## Prescribed requirements

*Corporations Act 2001 (Commonwealth)*

*Government Owned Corporations Act 1993*

*Auditor-General Act 2009*

*AASB 10 Consolidated Financial Statements*

*AASB 127 Separate Financial Statements*

*AASB 1053 Application of Tiers of Australian Accounting Standards*

*SAC 1 Definition of the Reporting Entity*

*ASIC Regulatory Guide 85 Reporting requirements for non-reporting entities*

## Definitions

For the purpose of this policy, a '**public sector company**' is defined as:

an entity that has been incorporated under the *Corporations Act 2001* where that entity's ultimate parent is required to table its annual financial statements in Parliament under applicable Queensland Government legislation. Such entities include companies limited by guarantee and companies that have issued shares.

---

<sup>1</sup> Chapter 3 and Schedule 4 of *Government Owned Corporations Act 1993*

SAC 1 (paragraph 40) defines **reporting entities** as:

*all entities in respect of which it is reasonable to expect the existence of users dependent on general purpose financial reports for information which will be useful to them for making and evaluating decisions about the allocation of scarce resources.*

## Effective date

This version of the policy applies to reporting periods beginning on or after 1 January 2018.

## Policy

The Under Treasurer may grant an exemption from application of this policy under exceptional circumstances. The exemption issued may be:

- temporary or indefinite, according to the rationale for granting the exemption; and
- accompanied by conditions e.g. being subject to an annual review regarding the continued appropriateness of the exemption.

## Determination of reporting status

In the absence of a Treasurer's direction, shareholder direction or a direction in the public sector company's constitution, the board of directors is to determine whether the company is a reporting entity for the purposes of the preparation of financial statements.

The board is to review that position whenever any significant change occurs in the operations, ownership or size of the company, but as a minimum, every three years. The review is to be documented by the board to assist the audit review of this process.

## Financial reporting

A public sector company is to apply the criteria in the *Corporations Act 2001* to determine whether financial statements are to be prepared, and if so, whether they should be general purpose or special purpose financial statements.

The *Corporations Act 2001* refers companies to the Australian Accounting Standards as part of this process.

A public sector company that is a reporting entity must prepare general purpose financial statements in accordance with Australian Accounting Standards.

A public sector company that is not a reporting entity is to apply the criteria in the *Corporations Act 2001* to determine whether financial statements should be prepared. The Guidance section below outlines when public sector companies (that are not reporting entities under SAC 1) are to prepare financial statements.

Unless otherwise directed by the Treasurer, its shareholders, or the board of directors, a public sector company may adopt either Tier 1 (full disclosure) or Tier 2 (reduced disclosure requirements) of AASB 1053 to prepare its general purpose financial statements.

Reporting entity status generally determined by board of directors

Reporting entities prepare general purpose financial statements

## Audit by the Auditor-General

All Queensland public sector companies are to be audited by QAO unless exempted

All financial statements prepared by public sector companies, regardless of whether they are general purpose or special purpose financial statements, are to be audited by the Auditor-General unless the public sector company is exempt from audit by the Auditor-General in terms of s.30A or s.31 of the *Auditor-General Act 2009*.

## Public availability of financial statements

### Tabling in Parliament

Financial statements are to be made publicly available

A public sector company that prepares general purpose financial statements is to present them to the relevant portfolio Minister to enable tabling in Parliament within one month of obtaining the Auditor-General's certification.

### Publication

A public sector company that prepares general purpose financial statements is to publish the financial statements on the company's website within six weeks of obtaining the Auditor-General's certification.

If the public sector company does not host a website then the financial statements are to be published on the website of the company's controlling entity.

## Annual reporting policy

Annual reports only to be prepared when directed

A public sector company is not to prepare an annual report unless otherwise directed by:

- its shareholders;
- the board of directors;
- its constitution; or
- the conditions of incorporation and/or the Treasurer as part of the approval for the formation of the company.

## Guidance

### Dormant entities

Where a public sector company is dormant, the parent entity should, on a periodic basis, assess the continuing need for the company and where no such need can be identified, the company should be deregistered.

## Financial statements by public sector companies that are not reporting entities

### Small Proprietary Company

Generally, for a public sector company assessed to not be a reporting entity<sup>2</sup>, and is a small proprietary company under the *Corporations Act 2001*<sup>3</sup>, financial statements are not required to be prepared unless one or more of following criteria are met:

- 5% of the company's shareholders have requested that the company prepare financial statements<sup>4</sup>, be it special purpose or general purpose financial statements;
- ASIC has issued a direction for the company to prepare financial statements<sup>5</sup>, be it special purpose or general purpose financial statements;
- the constitution of the company specifies that financial statements are to be prepared, be it special purpose or general purpose financial statements;
- the board of directors require financial statements to be prepared, be it special purpose or general purpose financial statements; and/or
- the condition of incorporation, or the initial Treasurer's approval under the relevant Queensland legislation, directs that financial statements are to be prepared, be it special purpose or general purpose financial statements.

### Large Proprietary Company

For a public sector company assessed to not be a reporting entity, that is a large proprietary company under the *Corporations Act 2001*<sup>6</sup>, special purpose financial statements may be prepared unless one or more of the following criteria are met:

- the company's shareholders have requested that the company prepare general purpose financial statements;
- the constitution of the company specifies that general purpose financial statements are to be prepared;
- the board of directors require general purpose financial statements to be prepared; and/or
- the conditions of incorporation, or the initial Treasurer's approval under relevant Queensland legislation, directs that general purpose financial statements are to be prepared.

Large proprietary public sector companies are not required to prepare financial statements if ASIC has granted relief from the requirement to prepare an annual report (e.g. ASIC instrument 2016/785).

Where a company determines that special purpose financial statements are appropriate, it should be noted that auditing standards require an emphasis of matter paragraph to be included in the audit report for such financial statements. Evidence of management's determination of the appropriateness of special purpose reporting will form part of the audit.

---

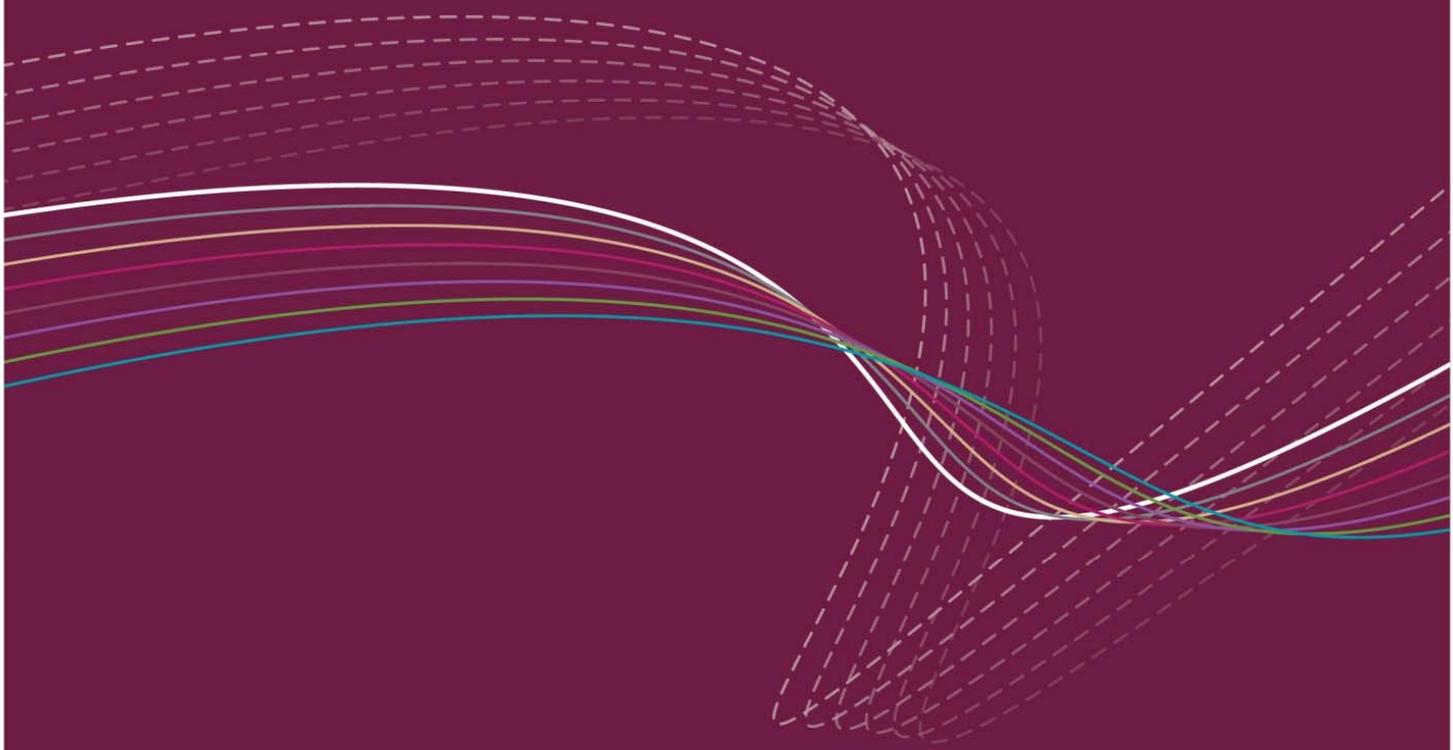
<sup>2</sup> Paragraph 40 of SAC1 Definition of the Reporting Entity

<sup>3</sup> Section 45A(2), 292 and 296 of *Corporations Act 2001*

<sup>4</sup> Section 293 of *Corporations Act 2001*

<sup>5</sup> Section 294 of *Corporations Act 2001*

<sup>6</sup> Section 45A(3), 292(1) and 296(1) of *Corporations Act 2001*



Queensland  
Government