



2024-25
**Tier 2 Model Financial
Report for Victorian
public sector entities**

The Secretary
Department of Treasury and Finance
1 Treasury Place
Melbourne Victoria 3002
Australia
Telephone: +61 3 9651 5111
df.vic.gov.au

Authorised by the Victorian Government
1 Treasury Place, Melbourne, 3002

© State of Victoria 2025



You are free to re-use this work under a [Creative Commons Attribution 4.0 licence](#), provided you credit the State of Victoria (Department of Treasury and Finance) as author, indicate if changes were made and comply with the other licence terms. The licence does not apply to any branding, including Government logos.

Copyright queries may be directed to IPpolicy@df.vic.gov.au.

ISSN 2982-2793 – Online (pdf/word)
Published February 2025

If you would like to receive this publication in an accessible format, please email information@df.vic.gov.au

Important disclaimer:

The Department of Treasury and Finance is not engaged in rendering legal, accounting, or other professional advice.

While all reasonable care has been taken in the preparation of information contained in this publication, no responsibility is taken for any action(s) taken on the basis of information contained herein nor for any errors or omissions in that information.

The Department of Treasury and Finance expressly disclaims any liability whatsoever, to any person, whether purchaser or not, in relation to any reliance, in whole or in part, on such information.

Persons should consult a suitably qualified professional adviser to obtain advice tailored to their particular circumstances.

The Technology Victoria is a fictitious department and has been used only for the purposes of illustrating financial reporting requirements for Victorian government departments.

This document is available in Word and PDF format at df.vic.gov.au.

A MESSAGE FROM THE MINISTER FOR FINANCE

I am pleased to endorse the first 2024-25 Tier 2 Model Financial Report for Victorian public sector entities (the Tier 2 Model). This model will assist preparers with the planning and preparation of their 30 June 2025 financial statements in accordance with the Tier 2 disclosure requirements.

This publication, together with the Model Report for Victorian Government Departments (the Tier 1 Model), serves as the State's primary compliance guide for section 5.2 of the Standing Directions. This section of the Standing Directions requires entities to prepare high-quality and accurate annual reports. These annual reports play an essential role in a transparent, accountable and effective government.

I strongly encourage all Victorian public sector entities that are required to prepare Tier 2 financial statements, in accordance with FRD 101 *Application of Tiers of Australian Accounting Standards*, to follow this Tier 2 Model as the authoritative guide to assist them in the preparation of their financial statements. This will ensure that Victoria maintains its high standard of reporting on the use of all public resources.

I commend this Tier 2 Model to you as the benchmark for Tier 2 financial reporting within the Victorian public sector.



THE HON. DANNY PEARSON MP

Minister for Finance

ACKNOWLEDGEMENTS

The Department of Treasury and Finance (DTF) would like to express its gratitude to the Victorian Auditor-General's Office (VAGO) for its contribution and support of this Tier 2 Model.

TABLE OF CONTENTS

- Introduction 4**
 - The Tier 2 Model financial report – Purpose and scope 4
 - How to use the Tier 2 Model financial report 4
 - Structure of the Tier 2 Model and disclosure requirements 5
 - Source references 6
- Technology Victoria – Tier 2 Model Financial Statements 7**
- Guidance section 64**
- Appendices 67**

INTRODUCTION

The Tier 2 Model financial report – Purpose and scope

The *Financial Management Act 1994* (FMA) requires all agencies to table audited annual reports in Parliament in compliance with the FMA, including the *Standing Directions 2018* (SD) under the FMA.

Those annual reports, must be prepared in accordance with the:

- Australian Accounting Standards (AAS), which includes Interpretations
- Financial Reporting Directions (FRD)
- Resource Management Framework (RMF)

[FRD 101 Application of Tiers of Australian Accounting Standards](#) prescribes two tiers of reporting requirements for preparing general purpose financial statements in accordance with AASB 1053 *Application of Tiers of Australian Accounting Standards*. Under FRD 101, an entity that:

- meets the 'significant entity' definition prepares Tier 1 financial statements (as illustrated in the [Model Financial Report](#))
- does not meet the definition of a 'significant entity' prepares Tier 2 financial statements (as illustrated in this Model Financial Report).

The Tier 2 Model is published as the primary guide to assist Tier 2 entities with their **financial** reporting requirements. Tier 2 entities shall refer to the Report of Operations section of the Tier 1 Model for the preparation of **non-financial** reporting requirements of the annual report.

How to use the Tier 2 Model financial report

This Tier 2 Model will enable preparers to readily identify applicable legislative, accounting and reporting requirements, and to view related illustrative examples. In this way, the Tier 2 Model can be used as a basic guide for developing Victorian public sector Tier 2 financial statements.

The Tier 2 Model financial report does not and cannot be expected to cover all situations that may be encountered in practice. It illustrates the minimum disclosure requirements for a **fictitious entity** in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and FRD 101. It focuses on illustrating disclosure requirements for entities for usual disclosures. Therefore, the Tier 2 Model may not cover transactions that are non-routine in nature or all the disclosure requirements that might be applicable to Tier 2 entities. For non-routine transactions that are not covered by the Tier 2 Model, entities may refer to Appendix 2 for relevant illustrative disclosures.

Entities may also include additional disclosures using the Tier 1 reporting requirements as a guide if, in their judgement, such additional disclosures are consistent with the objective of general-purpose financial statements.

For ease of preparation, placeholder years have been used throughout the Model. For the purposes of this report, 20X1-X2 is to be interpreted as the current reporting year, while 20X0-X1 represents the comparative year. Refer to the table below for more detail.

Placeholder	Year
20XX	2022
20X0	2023
20X1	2024
20X2	2025
20X3	2026

Structure of the Tier 2 Model and disclosure requirements

The Tier 2 Model is based on a fictitious entity, Technology Victoria ('TV'), to highlight and illustrate disclosure requirements. It is divided into the following sections.

- **Introduction**
- **Tier 2 Model financial report:**
 - Illustrative disclosures are presented first. These are predominantly in black text and for a fictitious entity, Technology Victoria. These disclosures provide the minimum requirements for compliance with AASB 1060 and FRD 101.
 - Guidance (or commentary) is provided on the illustrative disclosures in blue font and includes references to more detailed guidance, additional examples and illustrations.
 - Source references are included throughout the illustrative disclosures and the guidance, and are prefixed by AASB, FRD, SD and FMA.
- **Guidance Section:**
 - Guidance Section 1 – General and specific disclosure requirements, including presentation.
- **Appendices:**
 - Appendix 1 – Index of accounting guidance and associated checklists on the DTF website.
 - Appendix 2 – Non-routine transactions not covered by the Tier 2 Model and associated disclosure requirements.

The Tier 2 Model has been prepared in accordance with the FMA, incorporating the latest applicable requirements of AASs and FRDs that were available as of January 2025.

Key reminders

Do:

- apply the disclosure requirements included within the Tier 2 Model for public sector entities that are required to prepare Tier 2 financial reports as per FRD 101
- apply judgement in determining whether the Tier 2 Model needs to be modified to meet entity specific reporting requirements
- apply all AASs and FRDs applicable to the financial year– even those issued after the publication of the Tier 2 Model
- apply FRD 30 *Standard requirements for the publication specifications* when preparing annual reports
- determine which disclosures could be omitted because they are not material both quantitatively and qualitatively.

Don't:

- use the Tier 2 Model as a template – it provides presentation formats and illustrative disclosures that need to be modified for circumstances and requirements that are specific to the entity
- use the Tier 2 Model as a substitute for referring to actual legislation, AASs and FRDs that are relevant to the entity.

Source references

References to the relevant requirements are provided in the headings and body text of this Tier 2 Model and are noted in red. If further clarity is needed, entities should refer to the source of the disclosure requirement.

Abbreviations used in the Tier 2 Model are as follows:

<i>Reference</i>	<i>Title</i>
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, including Interpretations
TV	Technology Victoria (a fictitious entity)
FRD	Financial Reporting Direction
SD	Standing Direction

TECHNOLOGY VICTORIA – TIER 2 MODEL FINANCIAL STATEMENTS

How this report is structured

The Technology Victoria (TV) has presented its audited general-purpose financial statements for the financial year ended 30 June 20X2 in the following structure, to provide users with the information about TV's stewardship of resources entrusted to it.

Financial statements	Comprehensive operating statement	13
	Balance sheet	15
	Cash flow statement	17
	Statement of changes in equity	20
Notes to the financial statements	1. About this report	21
	The basis on which the financial statements have been prepared and compliance with reporting requirements.	
	2. Funding delivery of our services	23
	Income and Revenue recognised from sales of goods and services, grants, and other sources	
	2.1 Summary of revenue and income that funds the delivery of our services	23
	2.2 Income from transactions	23
	3. The cost of delivering services	27
	Operating expenses of TV	
	3.1 Expenses incurred in delivery of services	27
	3.2 Grant expenses	29
	3.3 Other operating expenses	29
	4. Key assets to support service delivery	31
	Land, property and intangible assets	
	4.1 Property, plant and equipment	31
	4.2 Intangible assets	35
5. Other assets and liabilities	37	
Working capital balances, and other key assets and liabilities		
5.1 Other assets	37	
5.2 Other liabilities	39	
5.3 Inventories	41	
5.4 Other non-financial assets	42	
5.5 Other provisions	42	

Notes to the financial statements (continued)	6. How we financed our operations	44
	Borrowings, cash flow information and leases	
	6.1 Borrowings	44
	6.2 Leases	46
	6.3 Cash flow information and balances	48
	6.4 Commitments for expenditure	49
	7. Financial instruments, contingencies and valuation judgements	50
	Financial instruments, contingent assets and liabilities as well as fair value determination	
	7.1 Financial instruments specific disclosures	50
	7.2 Contingent assets and contingent liabilities	53
	7.3 Fair value determination	54
	8. Other disclosures	57
	8.1 Ex gratia expenses	57
	8.2 Other economic flows included in net result	58
	8.3 Responsible persons	59
	8.4 Remuneration of executives	59
	8.5 Related parties	60
	8.6 Remuneration of auditors	62
	8.7 Subsequent events	63

Guidance: Financial report structure

A complete set of financial statements comprises the following:

- (a) a statement of financial position as at the reporting date
- (b) either:
 - (i) a single statement of profit or loss and other comprehensive income for the reporting period displaying all items of income and expense recognised during the period including those items recognised in determining profit or loss (which is a subtotal in the statement of comprehensive income) and items of other comprehensive income; or
 - (ii) a separate statement of profit or loss and a separate statement of comprehensive income. If an entity chooses to present both a statement of profit or loss and a statement of comprehensive income, the statement of comprehensive income begins with profit or loss and then displays the items of other comprehensive income.
- (c) a statement of changes in equity for the reporting period
- (d) a statement of cash flows for the reporting period; and
- (e) notes, comprising material accounting policy information and other explanatory information. [\[AASB 1060.25\]](#)

Contents of the notes to the financial statements

The notes shall:

- (a) present information about the basis of preparation of the financial statements and the specific accounting policies applied
- (b) disclose the information required by AASB 1060 that is not presented elsewhere in the financial statements; and
- (c) provide information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them. [\[AASB 1060.91\]](#)

An entity shall, as far as practicable, present the notes in a systematic manner. An entity shall cross-reference each item in the financial statements to any related information in the notes. [\[AASB 1060.92\]](#)

An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements. [\[AASB 1060.94\]](#)

DECLARATION IN THE FINANCIAL STATEMENTS

The attached financial statements for the Technology Victoria (TV) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements. [SD 5.2.1, 5.2.2(b)]

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 20X2 and financial position of TV at 30 June 20X2.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate. [SD 5.2.2(b)]

We authorise the attached financial statements for issue on 14 August 20X2.

.....

R Mclvor

Chief Financial Officer
Technology Victoria

Melbourne
14 August 20X2

.....

J Smith

Chief Executive Officer
Technology Victoria

Melbourne
14 August 20X2

Guidance: Declaration in financial statements

The Accountable Officer is required to implement and maintain a process to ensure the agency's annual report is prepared in accordance with the *Financial Management Act 1994* (FMA), the Standing Directions (SD) and its supporting Instructions, applicable Australian Accounting Standards (AASs) and Financial Reporting Directions (FRDs). [SD 5.2.1]

SD 5.2.2 requires that the financial statements of agencies must, where applicable, be signed and dated by the Accountable Officer and Chief Finance Officer (CFO) and a member of the Responsible Body. [SD 5.2.2]

For public bodies, if the Accountable Officer or the CFO is a member of the public body's board, two signatories are required. However, three signatures are required if the Accountable Officer or the CFO is not a member of the public body's board.

Direction 2.4.5 requires a CFO to be suitably experienced, hold a graduate or post-graduate qualification in accounting or other relevant discipline granted by a tertiary provider, and keep their knowledge and expertise up-to-date with current developments in financial management and AASs. [SD2.4.5]

What constitutes a relevant discipline will depend on the judgement of the Accountable Officer having regard to the circumstances of the entity. It may include a qualification in finance, business or economics and relevant prior experience.

An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact. [AASB 1060.186]

Abolished agencies and declaration in financial statements required by SD 5.2.2

In circumstances where an entity has been or is expected to be abolished, the entity is strongly encouraged to engage with the Department of Treasury and Finance (DTF) as early as practicable to determine the arrangements for reporting, including who will sign the declaration in financial statements as required by SD 5.2.2.

DTF expects that transitional arrangements (for instance, by way of legislation or legislative instrument) will make provisions for the authorisation of the final set of financial statements. In the absence of any such provisions, the agency taking on the bulk of the abolished agency's ongoing operations should take on the responsibility for meeting the requirements of SD 5.2.2.

If for any reason no such agency exists and no provision has been made regarding the final set of financial statements, the entity to be wound up should seek independent legal advice and liaise with DTF to agree to appropriate arrangements on a case-by-case basis.

In the absence of an existing CFO in the abolished entity, it is recommended that anyone signing a declaration in the place of a CFO is required to have the experience and qualifications of CFOs as suggested above.

PLACEHOLDER FOR VAGO REPORT

[Please Insert your entity's audit report from VAGO]

Comprehensive operating statement (a)

For the financial year ended 30 June 20X2

(\$ thousand)

Source reference	Notes	20X2	20X1
		Continuing operations	
		Revenue and income from transactions	
AASB 1060.52 (a)			
AASB 1060.52 (a)	2.2.2	82 392	64 466
AASB 1060.229 (a)	2.2.3	13 338	12 213
AASB 1060.52 (a)	2.2.1	3 864	2 897
AASB 1060.229 (a)	2.2.4	1 589	1 708
AASB 1060.56	2.2.5	3 213	3 826
		104 396	85 110
		Expenses from transactions	
AASB 1060.58 (a)	3.1.1	(13 767)	(10 970)
AASB 1060.58 (a)	4.1.3 & 4.2	(12 879)	(13 358)
AASB 1060.52 (b)	6.1	(1 485)	(1 310)
AASB 1060.58(a)	3.2	(43 934)	(43 040)
AASB 1060.56	3.3	(16 328)	(8 822)
		(88 393)	(77 500)
AASB 1049.32		16 003	7 610
		Net result from transactions (net operating balance)	
		Other economic flows included in net result	
AASB 1060.56	8.2	(3 032)	330
AASB 1060.56	8.2	(603)	(327)
AASB 1060.56	8.2	(2 921)	(1 048)
		(6 556)	(1 045)
AASB 1060.56		9 447	6 565
AASB 1060.52 (f)		9 447	6 565
AASB 1049.30		Other economic flows – other comprehensive income:	
AASB 1060.52 (g)(i)		Items that will not be reclassified to net result	
AASB 1060.136 (d)	4.1.3	7 403	2 825
		7 403	2 825
AASB 1060.52 (i)		16 850	9 390

The accompanying notes form part of these financial statements.

Notes:

- (a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.
- (b) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.
- (c) 'Net gain/(loss) on financial instruments' includes unrealised and realised gains/(losses) from fair value measurement, impairments and reversals of impairment, and gains/(losses) from disposals of financial instruments, except when these are taken through the financial assets at fair value through other comprehensive income.

Guidance – Comprehensive operating statement

Presentation of comprehensive operating statement

The whole of government statement of comprehensive income and GGS statement of comprehensive income, and notes thereto, shall be presented in a manner consistent with the requirements for a single statement of comprehensive income in AASB 101. [AASB 1049.29] For consistency and consolidation purposes, all Tier 2 entities are required to adopt the single-statement approach.

Under the single-statement approach, the statement of profit or loss and other comprehensive income shall include all items of income and expense recognised in a period unless other Australian Accounting Standards require otherwise. Australian Accounting Standards provide different treatment for the following circumstances:

- (a) The effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods instead of as part of profit or loss in the period in which they arise (see AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*); and
- (b) Items of other comprehensive income are recognised as part of total comprehensive income, outside of profit or loss, when they arise. [AASB 1060.51]

As a minimum, an entity shall include, in the statement(s) presenting profit or loss and other comprehensive income, line items that present the following amounts for the period:

- (a) Revenue
- (b) Finance costs
- (c) Share of the profit or loss of investments in associates and joint ventures accounted for using the equity method (see AASB 128 *Investments in Associates and Joint Ventures*)
- (d) Tax expense
- (e) A single amount for the total of:
 - (i) discontinued operations (see AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*)
 - (ii) the post-tax gain or loss attributable to an impairment, or reversal of an impairment, of the assets in the discontinued operation (see AASB 5), both at the time and subsequent to being classified as a discontinued operation and to the disposal of the net assets constituting the discontinued operation.
- (f) Profit or loss (if an entity has no items of other comprehensive income, this line need not be presented);
- (g) Each item of other comprehensive income (see AASB 1060.51(b)) classified by nature (excluding amounts in (h)). Such items shall be grouped into those that, in accordance with other Australian Accounting Standards:
 - (i) will not be reclassified subsequently to profit or loss
 - (ii) will be reclassified subsequently to profit or loss when specific conditions are met.
- (h) Share of the other comprehensive income of associates and joint ventures accounted for by the equity method; and
- (i) Total comprehensive income (if an entity has no items of other comprehensive income, it may use another term for this line such as profit or loss). [AASB 1060.52]

An entity shall not present or describe any items of income and expense as 'extraordinary items' in the statement(s) or in the notes. [AASB 1060.57]

For consistency and consolidation purposes, Tier 2 Model Report adopts the presentation requirements in AASB 1049. For the purpose of presentation, all amounts relating to an item included in the determination of comprehensive result (total change in net worth [before transactions with owners in their capacity as owners]) shall be classified as transactions or other economic flows in a manner that is consistent with applying the principles in the ABS GFS Manual from the GAAP perspective. [AASB 1049.30]

Classification of expenses by nature or function: An entity shall present in the statement of profit or loss and other comprehensive income or in the notes an analysis of expenses using a classification based on either the nature of expenses or the function of expenses within the entity, whichever provides information that is reliable and more relevant. [AASB 1060.58] The Tier 2 Model applies analysis by nature of expense. Under this method of classification, expenses are aggregated in the statement(s) of profit and loss and other comprehensive income according to their nature (for example, depreciation, employee benefits and interest costs) and are not reallocated among various functions within the entity.

Additional disclosures: An entity shall present additional line items, headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income (and in the statement of profit or loss, if presented), when such presentation is relevant to an understanding of the entity's financial performance. [AASB 1060.56]

Streamlining tips: Where there are no amounts applicable to any individual line item, that line item should be omitted from the comprehensive operating statement, balance sheet, cash flow statement and statement of changes in equity.

Materiality and aggregation: An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial. [AASB 1060.21]

Balance sheet (a)

As at 30 June 20X2

(\$ thousand)

Source reference	Notes	20X2	20X1
Assets			
Financial assets			
AASB 1060.42			
AASB 1060.35 (a)	6.3	71 803	66 443
AASB 1060.35 (b)	5.1.1	36 045	20 525
AASB 15.105	5.1.2	20	20
Total financial assets		107 868	86 988
Non-financial assets			
AASB 1060.42			
AASB 1060.35 (d)	5.3	12 055	19 732
AASB 1060.35 ©	8.2.1	753	1 469
Non-financial physical assets classified as held for sale including disposal group assets			
AASB 1060.35 (e)	4.1	143 905	135 683
AASB 1060.35 (g)	4.2	9 252	9 447
AASB 1060.36	8.2.1	1 483	380
Total non-financial assets		167 448	166 711
Total assets		275 316	253 699
Liabilities			
AASB 1060.35 (k)	5.2.1	35 844	35 859
AASB 15.105	5.2.2	50	50
AASB 1060.35 (l)	6.1	67 015	59 878
AASB 1060.44 (e)	3.1.2	10 754	17 073
AASB 1060.35 (o)	5.5	2 152	3 938
Total liabilities		115 815	116 798
Net assets		159 501	136 901
Equity			
AASB 1060.44 (f)		73 719	70 482
AASB 1060.44 (f)		22 525	15 759
AASB 1060.44 (f)		63 257	50 660
Net worth		159 501	136 901

The accompanying notes form part of these financial statements.

Note:

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Guidance – Balance sheet

Presentation of the balance sheet

An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented in order of approximate liquidity (ascending or descending). [AASB 1060.37] Assets and liabilities are presented based on the order of liquidity in the balance sheet. The presentation of 'current' and 'non-current' assets and liabilities are in the notes.

Minimum information to be presented

Assets

- cash and cash equivalents
- trade and other receivables
- financial assets (not elsewhere presented)
- inventories
- property, plant and equipment
- investment property
- intangible assets
- biological assets
- investments in associates
- investments in joint venture
- current tax assets
- deferred tax assets
- the total assets classified as held for sale and assets included in disposal groups classified as held for sale

Liabilities

- trade and other payables
- financial liabilities (not elsewhere presented)
- current tax liabilities
- deferred tax liabilities
- liabilities included in disposal groups classified as held for sale
- provisions

Equity

- non-controlling interests, presented within equity separately from the equity attributable to the owners of the parent
- equity attributable to the owners of the parent [AASB 1060.35]

Sub-classification of line items: An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operation. This includes for example:

- (a) property, plant and equipment in classifications appropriate to the entity
- (b) trade and other receivables showing separately amounts due from related parties, amounts due from other parties and contract assets from contracts with customers
- (c) inventories, showing separately amounts of inventories:
 - (i) held for sale in the ordinary course of business
 - (ii) in the process of production for such sale
 - (iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services.
- (d) trade and other payables, showing separately amounts payable to trade suppliers, amounts payable to related parties, contract liabilities from contracts with customers and accruals
- (e) provisions for employee benefits and other provisions
- (f) classes of equity, such as paid-in capital, share premium, retained earnings and items of income and expense that, as required by Australian Accounting Standards, are recognised in other comprehensive income and presented separately in equity. [AASB1060.44]

Additional line items: An entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position. [AASB 1060.36]

The judgement on whether additional items are presented separately is based on an assessment of all of the following:

- (a) the amounts, nature and liquidity of assets
- (b) the function of assets within the entity
- (c) the amounts, nature and timing of liabilities. [AASB 1060.43]

For consistency and consolidation purposes, Tier 2 Model Report adopts the presentation requirements in AASB 1049. For the purpose of presentation, all amounts relating to an item included in the determination of comprehensive result (total change in net worth [before transactions with owners in their capacity as owners]) shall be classified as transactions or other economic flows in a manner that is consistent with applying the principles in the ABS GFS Manual from the GAAP perspective. [AASB 1049.30]

Cash flow statement (a)

For the financial year ended 30 June 20X2

(\$ thousand)

Source reference	Notes	20X2	20X1
AASB 1060.70 (b)		Cash flows from operating activities	
		Receipts	
AASB 1060.67 (a) (b)		15 536	14 373
AASB 1060.67 (a) (b)		73 069	86 903
AASB 1060.82-83		1 749	1 606
AASB 1060.67 (b)		516	262
		90 870	103 144
		Payments	
		(36 227)	(47 011)
AASB 1060.67 (c)(d)		(23 479)	(21 792)
AASB 1060.67 (e) Interpretation 1031.11		(3 055)	(3 497)
AASB 1060.82-83		(5 609)	(4 944)
		(4 382)	(6 200)
		(72 752)	(83 444)
		18 118	19 700
		Cash flows from investing activities	
AASB 1060.66, 74		(33 140)	(29 575)
AASB 1060.68 (a)		4 292	7 428
AASB 1060.68 (b)			
		(28 848)	(22 147)
		Cash flows from financing activities	
		5 750	10 500
AASB 1060.69 (c)		24 673	7 455
AASB 1060.69 (d), (e)		(8 896)	(4 544)
		21 527	13 411
		10 797	10 964
AASB 1060.88		61 006	50 042
AASB 1060.88			
AASB 1060.86-87	6.3	71 803	61 006

The accompanying notes form part of these financial statements.

Notes:

- (a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.
- (b) GST paid to the Australian Taxation Office is presented on a net basis.
- (c) TV has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

Guidance – Cash flow statement

Reporting cash flows

The statement of cash flows provides information about the changes in cash and cash equivalents of an entity for a reporting period, showing separately changes from operating activities, investing activities and financing activities. [AASB 1060.64]

There are two methods for reporting cash flows, the direct method and the indirect method. DTF supports the use of the direct method, and this method is adopted for this Model. [AASB 1060.66, 1060.70]

Direct method: Under the direct method, net cash flow from operating activities is presented by disclosing information about major classes of gross cash receipts and gross cash payments. Such information may be obtained either:

- (a) from the accounting records of the entity
- (b) by adjusting sales, cost of sales and other items in the statement of comprehensive income (or the statement of profit or loss, if presented) for:
 - (i) changes during the period in inventories and operating receivables and payables
 - (ii) other non-cash items
 - (iii) other items for which the cash effects are investing or financing cash flows. [AASB 1060.73]

Operating activities: Operating activities are the principal revenue-producing activities of the entity. Consequently, cash flows from operating activities generally result from the transactions and other events and conditions that enter into the determination of profit or loss. Examples of cash flows from operating activities are:

- (a) cash receipts from the sale of goods and the rendering of services
- (b) cash receipts from royalties, fees, commissions and other revenue
- (c) cash payments to suppliers for goods and services
- (d) cash payments to and on behalf of employees
- (e) cash payments or refunds of income tax, unless they can be specifically identified with financing and investing activities
- (f) cash receipts and payments from investments, loans and other contracts held for dealing or trading purposes, which are similar to inventory acquired specifically for resale.

Some transactions, such as the sale of an item of plant by a manufacturing entity, may give rise to a gain or loss that is included in profit or loss. However, the cash flows relating to such transactions are cash flows from investing activities. [AASB 1060.67]

Investing activities: Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Examples of cash flows arising from investing activities are:

- (a) cash payments to acquire property, plant and equipment (including self-constructed property, plant and equipment), intangible assets and other long-term assets
- (b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets
- (c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments classified as cash equivalents or held for dealing or trading)
- (d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments classified as cash equivalents or held for dealing or trading)
- (e) cash advances and loans made to other parties
- (f) cash receipts from the repayment of advances and loans made to other parties
- (g) cash payments for futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the payments are classified as financing activities
- (h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the receipts are classified as financing activities. [AASB 1060.68]

Financing activities: Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of an entity. Examples of cash flows arising from financing activities are:

- (a) cash proceeds from issuing shares or other equity instruments
- (b) cash payments to owners to acquire or redeem the entity's shares
- (c) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short-term or long-term borrowings
- (d) cash repayments of amounts borrowed
- (e) cash payments by a lessee for the reduction of the outstanding liability relating to a lease. [AASB 1060.69]

Reporting cash flows on a net basis

Cash flows arising from the following operating, investing or financing activities may be reported on a net basis:

- (a) Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity; and
 - (b) Cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short. [AASB 1060.75]
-

Statement of changes in equity (a)

For the financial year ended 30 June 20X2

(\$ thousand)

<i>Source reference</i>		<i>Physical asset revaluation surplus</i>	<i>Accumulate d surplus</i>	<i>Contributions by owner</i>	<i>Total</i>
AASB 1060.61 (c)	Balance at 1 July 20X0	14 756	62 095	40 160	117 011
	Net result for the year	..	6 565	..	6 565
	Other comprehensive income for the year	2 825	..	..	2 825
	Total comprehensive income for the year	2 825	6 565	..	9 390
	Transfer to accumulated surplus	(1 822)	1 822	..	..
	Capital contribution	..	..	10 500	10 500
	Balance at 30 June 20X1	15 759	70 482	50 660	136 901
	Balance at 1 July 20X1	15 759	70 482	50 660	136 901
	Net result for the year	..	9 447	..	9 447
	Other comprehensive income for the year	7 403	..	..	7 403
	Total comprehensive income for the year	7 403	9 447	..	16 850
	Transfer to accumulated surplus	(637)	637	..	..
	Transfer to contributed capital	..	(6 847)	6 847	..
	Capital contribution	..	..	5 750	5 750
	Balance at 30 June 20X2	22 525	73 719	63 257	159 501

The accompanying notes form part of these financial statement.

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Guidance – Statement of changes in equity**Presentation and disclosure of statement of changes in equity**

The statement of changes in equity presents an entity's profit or loss for a reporting period, other comprehensive income for the period, the effects of changes in accounting policies and corrections of errors recognised in the period and the amounts of investments by, and dividends and other distributions to, owners in their capacity as owners during the period. [AASB 1060.60]

The statement of changes in equity includes the following information:

- (a) Total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests
- (b) For each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with AASB 108; and
- (c) For each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:
 - (i) profit or loss
 - (ii) other comprehensive income
 - (iii) the amounts of investments by, and dividends and other distributions to, owners in their capacity as owners, showing separately issues of shares, treasury share transactions, dividends and other distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control. [AASB 1060.61]

1 ABOUT THIS REPORT

The Technology Victoria (TV) is a not-for-profit entity established as a public authority on 1 July 1998 under the *Technology Victoria Act 1998*. [AASB 1060.11 (b)]

Its principal address is:

Technology Victoria
1 Victoria Place
Melbourne VIC 3000

A description of the nature of its operations and its principal activities is included in the Report of Operations, which does not form part of these financial statements. [AASB 1060.32]

Basis of preparation

These financial statements are Tier 2 general purpose financial statements prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

TV is a Tier 2 entity in accordance with FRD 101. These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. TV's prior year financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards (Tier 1). As TV is not a 'significant entity' as defined in FRD 101, it was required to change from Tier 1 to Tier 2 reporting effective from 1 July 2024.

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the notes to the financial statements. [AASB 1060.31(d), AASB1060.181 and AASB 121.11]

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid. [AASB 1060.95]

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of TV.

Capital grants which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of distributions to or contributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. [AASB 1060.96 and 1060.97]

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. [AASB 108.36] Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

These financial statements cover TV as an individual reporting entity and include all the controlled activities of TV. There is no entity consolidated into TV. [AASB 1060.31 (b)]

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. [AASB 1060.31(e)]

Compliance information

These general-purpose financial statements have been prepared in accordance with the FMA and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). [AASB 1060.11 (a)]

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. [AASB 101.17]

Guidance – Basis of preparation and compliance information

An entity shall disclose in the notes:

- (a) the statutory basis or other reporting framework, if any, under which the financial statements are prepared
- (b) whether, for the purposes of preparing the financial statements, it is a for-profit or not-for-profit entity. [AASB 1060.11]

Information about judgements

An entity shall disclose, in the material accounting policy information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. [AASB 1060.96]

Key sources of estimation uncertainty

An entity shall disclose in the notes information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

- (a) their nature
- (b) their carrying amount as at the end of the reporting period. [AASB 1060.97]

Rounding of amounts

An entity shall display the level of rounding, if any, used in presenting amounts in the financial statements prominently and repeat it when necessary for an understanding of the information presented. [AASB 1060.31(e)]

2 FUNDING DELIVERY OF OUR SERVICES

Introduction

Technology Victoria's (TV) overall objective is to research, develop, promote and support the use of leading-edge information, and telecommunications that bring improvements to the efficiency and effectiveness of government operation, and improvements to the quality of life of Victorians.

TV receives income (grants) and market-based fees providing advice and other services in relation to information technology and telecommunications.

Structure

2.1	Summary of revenue and income that funds the delivery of our services.....	23
2.2	Income from transactions	23

2.1 Summary of revenue and income that funds the delivery of our services

(\$ thousand)

Source reference	Notes	20X2	20X1
AASB 1060.157(b)	Sale of goods and services	82 392	64 466
AASB 1060.229(a)	Grants	13 338	12 213
AASB 1060.157(b)	Fair value of assets and services received free of charge or for nominal consideration	1 589	1 708
AASB 1060.119(a)	Interest income	3 864	2 897
AASB 1060.157(b)	Other income	3 213	3 826
AASB 1060.157 (b)	Total revenue and income from transactions	104 396	85 110

Revenue and income that fund delivery of TV's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.2 Income from transactions

2.2.1 Interest income

Interest income includes interest received on cash and deposits. Refer to 7.1.1 for information on interest income.

2.2.2 Sale of goods and services [AASB 1060.157 (a)]

(\$ thousand)

Source reference	20X2	20X1	
AASB 1060.157(b)	Sale of goods	13 706	9 206
AASB 1060.157(b)	Rendering of services	68 686	55 260
	Total sale of goods and services	82 392	64 466

The sale of goods and services included in the table above are transactions that TV has determined to be classified as revenue from contracts with customers in accordance with AASB 15 *Revenue from Contracts with Customers*.

Revenue is measured based on the consideration specified in the contract with the customer. TV recognises revenue when it transfers control of a good or service to the customer, i.e. when, or as, the performance obligations for the sale of goods or services to the customer are satisfied.

Customers obtain control and revenue from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises. The goods provided by TV include computer software.

Revenue is recognised when the goods are delivered and accepted by customers. Invoices are usually payable within 30 days.

Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed, over time when the customer simultaneously receives and consumes the services as it is provided. [AASB15.35] The services provided by TV include workplace support, hosting and projects. [AASB1060.157] The majority of service revenue is recognised over time as the customer simultaneously receives and consumes the services as it is provided.

2. FUNDING DELIVERY OF OUR SERVICES

When revenue is recognised over time as the services are provided, the stage of completion for determining the amount of revenue to recognise is assessed based on output method. [AASB1060.158] Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. [AASB15.B15] TV applies output method by assessing milestone reached and time elapsed. Invoices for services are usually payable within 30 days. In the rare circumstance where there may be a change in the scope of services provided, the customer will be provided with a new contract for the additional services to be rendered and revenue is recognised consistent with the accounting policy above.

For contracts that permit the customer to return an item, revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for the expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

Consideration received in advance of fulfilment of the performance obligation and the related recognition of the associated revenue from the customer is recorded as a contract liability (Note 5.2). Where the performance obligations is satisfied but not yet billed, a contract asset is recorded (Note 5.1.1). [AASB 15.105]

2.2.3 Grants

Source reference	(\$ thousand)		
	20X2	20X1	
	Grants recognised as income of not-for-profit entities		
AASB 1060.229	General purpose	6 066	7 902
AASB 1060.233	Other specific purpose to acquire a recognisable non-financial asset	2 482	910
AASB 1060.229	Other specific purpose grants	3 230	1 006
	Grants recognised as revenue from contract with customers		
AASB 15.F20	Other specific purpose grants	1 560	2 395
	Total grants	13 338	12 213

Grants recognised under AASB 1058

TV has determined that the income of not-for-profit entities in the table above is recognised under AASB 1058 on the basis that it has been earned under arrangements that are either not enforceable or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations or that are not enforceable, is recognised when TV has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, TV recognises any related contributions by owners, increases in liabilities, decreases in assets or revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 *Contributions*
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15
- a lease liability in accordance with AASB 16 *Leases*
- a financial instrument, in accordance with AASB 9 *Financial Instruments*
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Income from grants to construct TV's Wantirna South data storage centre and the development and construction of the web infrastructure framework are recognised progressively as the asset is constructed. This aligns with TV's obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction progress as costs are incurred as the works are completed. [AASB 1058.32; 1060.234-237]

Grants recognised under AASB 15

Income from grants that are enforceable and sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15. These grants relate to the provision of technology services. Revenue is recognised when TV satisfies the performance obligation by providing the relevant technology services to the relevant agencies. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The payments are normally received in advance or shortly after the relevant obligation is satisfied. [AASB 1060.157-159]

2.2.4 Assets and services received free of charge or for nominal consideration

		(\$ thousand)	
Source reference		20X2	20X1
	Assets		
AASB 1060.229 (a)	Cash donations and gifts	1 540	1 674
	Plant and equipment	49	34
AASB 1060.229	Total fair value of assets and services received free of charge or for nominal consideration	1 589	1 708

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the TV obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

2.2.5 Other income

		(\$ thousand)	
Source reference		20X2	20X1
AASB 15.104	Bad debts reversal	205	114
AASB 1060.230	Fines & regulatory fees	2 735	3 220
	Other miscellaneous income	273	492
	Total other income	3 213	3 826

Fines and regulatory fees are recognised when an invoice is issued, which establishes the entitlement to the payment.

Guidance – Income from transactions

General disclosure of revenue

An entity shall disclose:

- information about its performance obligations in contracts with customers, including a description of when the entity typically satisfies its performance obligations, the significant payment terms, the nature of the goods or services that the entity has promised to transfer, obligations for returns, refunds and other similar obligations and types of warranties and related obligations; and
- the amount of each category of revenue recognised during the period, disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. An entity applies the guidance in AASB 15 *Revenue from Contracts with Customers* paragraphs B87–B89 when selecting the categories to use to disaggregate revenue. [AASB 1060.157]

Disclosures relating to performance obligations satisfied over time

For performance obligations that an entity satisfies over time, an entity shall disclose the methods used to recognise revenue (for example, a description of the output methods or input methods used and how those methods are applied). [AASB 1060.158]

An entity shall disclose the closing balances of contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed. [AASB 1060.159]

Income of non-for-profit entities

The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the effects of volunteer services and other transactions where an entity acquires an asset for consideration that is significantly less than fair value principally to enable the entity to further its objectives on the financial position, financial performance and cash flows of the entity. [AASB 1060.226]

An entity shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. 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. [AASB 1060.227]

An entity shall disclose income 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. An entity considers disclosing separately the following categories of income:

- grants, bequests and donations of cash, other financial assets and goods
- recognised volunteer services
- for government departments and other public sector entities, appropriation amounts recognised as income, by class of appropriation. [AASB 1060.229]

2. FUNDING DELIVERY OF OUR SERVICES

Non-contractual income arising from statutory requirements

An entity shall disclose 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 1060.230]

An entity shall consider disclosing information about assets and liabilities recognised at the reporting date in accordance with AASB 1058 *Income of Not-for-Profit Entities*, including the amounts of:

- (a) receivables that are not a financial asset as defined in AASB 132 *Financial Instrument: Presentation* (e.g. income tax receivable from a taxpayer), and:
 - (i) interest income recognised in relation to such receivables during the period; and
 - (ii) impairment losses recognised in relation to such receivables during the period; and
- (b) 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. [AASB 1060.231]

Transfers to enable an entity to acquire or construct a recognisable nonfinancial asset to be controlled by the entity

An entity shall disclose the opening and closing balances of financial assets arising from transfers to enable an entity to acquire or construct recognisable non-financial assets to be controlled by the entity and the associated liabilities arising from such transfers, if not otherwise separately presented or disclosed. An entity shall also disclose income recognised in the reporting period arising from the reduction of an associated liability. [AASB 1060.233]

An entity shall disclose information about its 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 1060.234]

An entity shall disclose the judgements, and changes in the judgements, made in applying AASB 1058 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. [AASB 1060.235]

For obligations that an entity satisfies over time, an entity shall disclose the methods used to recognise income (for example, a description of the output methods or input methods used and how those methods are applied). [AASB 1060.236]

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 1060.237]

Entities should advise DTF (Consolidated Reporting & Analysis team), via the respective portfolio department, if volunteer services are being recognised so they can be captured in the whole of State consolidated report.

3 THE COST OF DELIVERING SERVICES

Introduction

This section provides an account of the expenses incurred by TV in delivering services. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are disclosed.

Structure

3.1	Expenses incurred in delivery of services.....	27
3.2	Grant expenses	29
3.3	Other operating expenses	29

3.1 Expenses incurred in delivery of services

		(\$ thousand)	
Source reference	Notes	20X2	20X1
AASB 1060.58(a)	Employee benefit expenses	13 767	10 970
AASB 1060.58(a)	Grants expenses	43 934	43 040
AASB 1060.58(a)	Other operating expenses	16 328	8 822
AASB 1060.56	Total expenses incurred in delivery of services	74 029	62 832

Guidance – Expenses presentation

An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial. [AASB 1060.21]

An entity shall present in the statement of profit or loss and other comprehensive income or in the notes an analysis of expenses using a classification based on either the nature of expenses or the function of expenses within the entity, whichever provides information that is reliable and more relevant. [AASB 1060.58] In the illustrative disclosures, TV classifies its expenses by nature. Expenses are presented on the face of the comprehensive operating statements and further disaggregated in the notes.

3.1.1 Employee expenses in the comprehensive operating statement

		(\$ thousand)	
Source reference		20X2	20X1
AASB 1060.172, FRD 112	Defined contribution superannuation expense	451	325
AASB 1060.173 (d), FRD 112	Defined benefit superannuation expense	235	155
AASB 1060.174	Termination benefits	1 810	120
	Salaries and wages, annual leave and long service leave	11 271	10 370
	Total employee expenses	13 767	10 970

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. [AASB 119.8]

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The defined benefit plan(s) provides benefits based on years of service and final average salary. The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans. [AASB 1060.173 (a)] TV does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, TV accounts for contributions to these plans as if they were defined contribution plans under AASB 119 *Employee Benefits*. the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer). [FRD 112]

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when TV is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. [AASB 119.128, 133,134, AASB 1060.174]

3.1.2 Employee-related Provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered. [AASB 119.11, 153]

<i>Source reference</i>	(\$ thousand)	
	20X2	20X1
Current provisions:		
AASB 1060.44(e) Annual leave	2 352	2 234
AASB 1060.44(e) Long service leave	3 139	9 320
AASB 1060.44(e) Provisions for on-costs	649	1 154
AASB 1060.44(e) Total current provisions for employee benefits	6 140	12 708
Non-current provisions:		
Employee benefits	3 743	3 528
On-costs	871	837
Total non-current provisions for employee benefits	4 614	4 365
Total provisions for employee benefits	10 754	17 073

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because TV does not have an unconditional right to defer settlements of these liabilities. [AASB 1060.40 and 119.8]

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As TV expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts. [AASB 1060.40 and 119.8]

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as TV does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. [AASB 1060.40(d)]

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred. [AASB 1060.44(e)]

Unconditional LSL is disclosed as a current liability, even where TV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. [AASB 1060.40(d)]

The components of this current LSL liability are measured at either:

- undiscounted value – if TV expects to wholly settle within 12 months
- present value – if TV does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3. THE COST OF DELIVERING SERVICES

Guidance – Employee benefits

Unit of account

The definition of short-term employee benefits introduces the notion of 'wholly'. The expectation of the timing of settlement is based on the entity level, not at the individual employee level.

It is unnecessary for entities to obtain detailed information of each employee's anticipated timing for their leave settlement. Entities should form their own reasonable expectations of the timing of employee benefit settlement as long as it is not temporary in their own context. Where employee benefits are expected to be settled wholly within 12 months, they should be classified as 'short-term employee benefits' and measured at nominal values without discounting.

Please refer to [Annual leave and long service leave arrangements on the DTF website](#) for further guidance on estimating annual leave and long service leave provisions under AASB 119 *Employee Benefits*.

When calculating employee provision balances, entities shall consider the relevant salary on-costs. This includes assessing if there have been any changes to these on-costs for the reporting period.

Disclosures about defined contribution plans

- An entity shall disclose the amount recognised in Comprehensive Operating Statement as an expense for defined contribution plans. If an entity treats a defined benefit multi-employer plan as a defined contribution plan because sufficient information is not available to use defined benefit accounting (see paragraph 34 of AASB 119), it shall disclose the fact that it is a defined benefit plan and the reason why it is being accounted for as a defined contribution plan, along with any available information about the plan's surplus or deficit and the implications, if any, for the entity. [AASB 1060.172]

3.2 Grant expenses

(\$ thousand)

	20X2	20X1
General purpose grants	29 052	29 445
Payments for specific purposes	14 882	13 595
Total grant expenses	43 934	43 040

Grant expenses are contributions of TV's resources to another party for specific or general purposes where there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

Grants can either be operating or capital in nature. Grants can be paid as general-purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grant expenses are recognised in the reporting period in which they are paid or payable. Grants can take the form of money, assets, goods, services or forgiveness of liabilities. [AASB Framework paragraph 83]

3.3 Other operating expenses

(\$ thousand)

Source reference	20X2	20X1	
	Purchase of inventories	1 477	1 057
	Purchase of services (including remuneration of auditors)	4 135	2 622
	Maintenance	226	101
	Other borrowing cost (other than interest)	307	144
	Fair value of assets and services provided free of charge or for nominal consideration	709	852
AASB 1060.146(b)	Short-term lease expenses	1 036	854
AASB 1060.146(b)	Low-Value lease expenses	820	98
	Impairment of receivables	600	320
AASB 1060.123(c)	Cost of goods sold/distributed	6 210	2 463
AASB 1060.139	Research and development costs immediately expensed	652	295
FRD 11.5.1	Ex gratia expense	156	16
	Total other operating expenses	16 328	8 822

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when the inventories are distributed.

The following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term 12 months or less [AASB 16.5(a)]
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10 000. [AASB 16.5(b), FRD 104]

Variable lease payments that are not included in the measurement of the lease liability, i.e. variable lease payments that do not depend on an index or a rate such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive Operating Statement (except for payments which have been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occur. [AASB 16.38(b)] TV's variable lease payments during the year ended 30 June 20X2 was nil. [AASB 1060.144(c)]

Research activities: Expenditure on research activities is recognised as an expense in the period in which it is incurred. [AASB 138.54]

Cost of goods sold/distributed: When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related income is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in other economic flows in the period the write down or loss occurs (see note 8.2).

The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. [AASB 102.34]

Impairment of receivables: Impairment of receivables as a result of mutual agreement with counterparty is deemed as expenses from transactions. Refer to Note 8.2 for unilateral written off included in other economic flows.

Guidance – Other operating expenses

An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period. Research and development expenditure comprises all expenditure that is directly attributable to research or development activities. (See paragraphs 66 and 67 of AASB 138 *Intangible Assets* for guidance on the type of expenditure to be included for the purpose of the disclosure requirement in this paragraph.) [AASB 1060.139]

An entity shall disclose the following:

- material accounting policy information about the measurement of inventories, including the cost formula used
- the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity
- the amount of inventories recognised as an expense during the period
- impairment losses recognised or reversed in profit or loss in accordance with AASB 102 *Inventories*
- the total carrying amount of inventories pledged as security for liabilities. [AASB 1060.123]

AASB 1060 requires the following disclosures for short-term leases and leases of low-value assets that are not recognised as right-of-use assets under the exemption in paragraph 6 of AASB 16 *Leases*:

- the amount of its lease commitments for short-term leases 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 expense disclosed applying paragraph (b) below relates
- lease payments recognised as an expense. [AASB 1060.146]

4 KEY ASSETS TO SUPPORT SERVICE DELIVERY

Introduction

TV controls assets that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to TV to be utilised for delivery of those services.

Structure

4.1	Property, plant and equipment	31
4.2	Intangible assets	35

4.1 Property, plant and equipment

		(\$ thousand)					
Source reference		Gross carrying amount		Accumulated depreciation		Net carrying amount	
		20X2	20X1	20X2	20X1	20X2	20X1
AASB 1060.134 (a)(d)	Land at fair value ^(a)	5 272	3 521	0	0	5 272	3 521
AASB 1060.134 (a)(d)	Buildings at fair value	87 106	79 447	(3 902)	(1 417)	83 204	78 030
AASB 1060.134 (a)(d)	Plant, equipment and vehicles at fair value	62 868	69 793	(10 916)	(16 684)	51 952	53 109
AASB 1060.134 (a)(d)	Assets under construction at cost	713	1 023	..	..	713	1 023
AASB 1060.134 (a)(d)	Cultural assets at fair value	2 764	..	..	..	2 764	..
	Net carrying amount	158 723	153 784	(14 818)	(18 101)	143 905	135 683

Note:

(a) If any entity has significant land under roads, i.e. significant in value and/or difference in methodology, it should be disclosed separately from land. [AASB 1060.221]

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. [AASB 116.73(a); FRD 103; 1060.134(a)] The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The following tables are right-of-use assets included in the PPE balance, presented by subsets of buildings, and plant and equipment.

4.1.1 Total right-of-use assets: buildings, plant, equipment and vehicles.

		(\$ thousand)					
Source reference		Gross carrying amount	Accumulated depreciation	Net carrying amount	Gross carrying amount	Accumulated depreciation	Net carrying amount
		20X2	20X2	20X2	20X1	20X1	20X1
AASB 1060.144 (a)	Buildings at fair value	10 774	(910)	9 864	10 774	(759)	10 015
AASB 1060.144 (a)	Plant, equipment and vehicles	4 579	(1 156)	3 423	4 579	(958)	3 621
	Net carrying amount	15 353	(2 066)	13 287	15 353	(1 717)	13 636

		(\$ thousand)	
Source reference		Buildings	Plant, equipment and vehicles at fair value
	Opening balance – 1 July 20X1	10 015	3 621
AASB 1060.145	Additions	0	0
	Disposals	0	0
AASB 1060.145	Depreciation	(151)	(198)
AASB 1060.144 (a)	Closing balance – 30 June 20X2	9 864	3 423

4. KEY ASSETS TO SUPPORT SERVICE DELIVERY

Right-of-use asset acquired by lessees – Initial measurement

TV recognises a right-of-use asset and a lease liability at the lease commencement date [AASB 16.23]

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received [AASB 16.24(b)]
- any initial direct costs incurred [AASB 16.24(c)]
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located [AASB 16.24(d)].

Right-of-use asset – Subsequent measurement

TV depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation. [AASB 16.32 and AASB 16.35]

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. [AASB 16.33]

Impairment of property, plant and equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

4.1.2 Depreciation and amortisation

20X120X1 All buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. The exceptions to this rule include items under assets held for sale, cultural assets and land.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. [AASB 1060.134(b)] Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

		(years)
Source reference	Asset	Useful life
AASB 1060.134 (c)	Buildings	20 to 100
	Leasehold buildings	2 to 60
	Plant, equipment and vehicles (including leased assets)	3 to 10
	Cultural assets (with finite useful lives)	100

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. [The useful lives illustrated in the Model are for illustrative purposes only. Entities should determine the useful lives of assets.]

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where TV obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Indefinite life assets: Land and cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

4.1.3 Reconciliation of movements in carrying amount of property, plant and equipment ^(a)

(\$ thousand)

<i>Source reference</i>	<i>Land at fair value 20X2</i>	<i>Buildings at fair value 20X2</i>	<i>Plant, equipment and vehicles at fair value 20X2</i>	<i>Assets under construction at cost 20X2</i>	<i>Cultural assets at fair value 20X2</i>	<i>Total 20X2</i>
AASB 1060.134 (d)	3 521	78 030	53 109	1 023	..	135 683
AASB 1060.134(e)(viii)	1 348	..	241	..	..	1 589
AASB 1060.134 (e)(viii)	(445)	..	(110)	..	(154)	(709)
AASB 1060.134 (e)(i)	1 059	4 103	5 065	130	2 625	12 982
AASB 1060.134 (e)(ii)	..	..	(442)	..	..	(442)
AASB 1060.134 (e)(viii)	..	..	..	(440)	..	(440)
AASB 1060.134(e)(iv)	542	3 916	2 652	0	293	7 403
AASB 1060.134 (e)(vii)	0	(2 845)	(8 563)	0	0	(11 408)
AASB 1060.134 (e)(ii)	(753)	0	0	0	0	(753)
AASB 1060.134 (d)	5 272	83 204	51 952	713	2 764	143 905

Note

(a) Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation as per the requirement of FRD 103. The next scheduled full revaluation for this purpose group will be conducted in 20X2. Refer to note 7.3 for more information.

Guidance – Property, plant and equipment

Disclosures

An entity shall disclose the following for each class of property, plant and equipment and separately for investment property carried at cost less accumulated depreciation and impairment:

- (a) the measurement bases used for determining the gross carrying amount
- (b) the depreciation methods used
- (c) the useful lives or the depreciation rates used
- (d) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period
- (e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately:
 - (i) additions
 - (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with AASB 5 and other disposals
 - (iii) acquisitions through business combinations
 - (iv) increases or decreases resulting from revaluations under AASB 116 *Property, Plant and Equipment* and from impairment losses recognised or reversed in other comprehensive income in accordance with AASB 136 *Impairment of Assets*
 - (v) transfers to and from investment property carried at fair value through profit or loss (see paragraph 57 of AASB 140 *Investment Property*)
 - (vi) impairment losses recognised or reversed in profit or loss in accordance with AASB 136
 - (vii) depreciation; and
 - (viii) other changes.

This reconciliation need not be presented for prior periods. [AASB 1060.134]

An entity shall also disclose the following:

- (a) the existence and carrying amounts of property, plant and equipment to which the entity has restricted title or that is pledged as security for liabilities
- (b) the amount of contractual commitments for the acquisition of property, plant and equipment
- (c) if an entity has investment property whose fair value cannot be measured reliably, it shall disclose that fact and the reasons why fair value cannot be measured reliably for those items of investment property. [AASB 1060.135]

If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the following:

- (a) the effective date of the revaluation
- (b) whether an independent valuer was involved
- (c) the methods and significant assumptions applied in estimating the items' fair values
- (d) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders. [AASB 1060.136]

A lessee shall make the following disclosures for leases:

- (a) for each class of underlying asset, the net carrying amount of the right-of-use asset at the end of the reporting period
- (b) the total of future lease payments at the end of the reporting period, for each of the following periods
 - (i) not later than one year
 - (ii) later than one year and not later than five years
 - (iii) later than five years; and
- (c) a general description of the lessee's significant leasing arrangements including, for example, information about variable lease payments, extension and termination options, residual value guarantees, subleases and restrictions imposed by lease arrangements. [AASB 1060.144]

In addition, the requirements for disclosure about assets in accordance with AASB 1060.134(e)(i) and (vii) and AASB 1060.136 apply to lessees for the right-of-use assets. [AASB 1060.145]

4.2 Intangible assets

(\$ thousand)

Source reference	Computer software	Total
	20X2	20X2
	Gross carrying amount	
AASB 1060.137 (c)		
	Opening balance	
	12 295	12 295
AASB 1060.137 (e)(i)		
	Additions	
	2 655	2 655
AASB 1060.137 (e)(i)		
	Additions from internal development	
	631	631
AASB 1060.137 (c)		
	Closing balance	
	15 581	15 581
FRD 109		
	Accumulated amortisation and impairment	
	Opening balance	
	(2 848)	(2 848)
AASB 1060.137 (e)(v)		
	Amortisation of intangible produced assets ^(a)	
	(1 471)	(1 471)
AASB 1060.137 (e)(v)		
	Amortisation of intangible non-produced assets ^(a)	

AASB 1060.137 (e)(vi)		
	Impairment losses charged to net result ^(b)	
	(2 010)	(2 010)
AASB 1060.137 (e)(vi)		
	Reversals of impairment losses charged to net result	

AASB 1060.137 (c)		
	Closing balance	
	(6 329)	(6 329)
	Net book value at end of financial year	
	9 252	9 252

Notes:

- (a) The consumption of intangible produced assets is included in 'depreciation and amortisation' line item, where the consumption of the intangible non-produced assets is included in 'net gain/(loss) on non-financial assets' line item on the comprehensive operating statement. [AASB 1060.137 (d)]
- (b) Impairment losses are included in the line item 'net gain/(loss) on non-financial assets' in the comprehensive operating statement. Due to the development of the Series Z software as discussed below, it was determined that the existing software will be phased out over the next year and as such, an impairment loss was recognised for the period based on its recoverable amount, which was determined on fair value less costs to sell using market prices.

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begin when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. [AASB 138.74; FRD 109]

An **internally generated intangible asset** arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated, including:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development. [AASB 138.57]

Subsequent measurement

Intangible produced assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. [AASB 1060.137 (b)] Produced intangible assets have useful lives of between three and five years. [AASB 1060.137 (a)]

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a straight-line basis over their useful lives. [AASB 1060.137 (b)] The amortisation period is three to five years. [AASB 1060.137 (a)]

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

Significant intangible assets

TV has capitalised software development expenditure for the development of its Series Z technology software. The carrying amount of the capitalised software development expenditure is \$9.25 million (20X1: \$9.45 million). Its useful life is five years and will be fully amortised in 20X6. [AASB 1060.138(a)]

4. KEY ASSETS TO SUPPORT SERVICE DELIVERY

Guidance – Intangible assets

An entity shall disclose the following for each class of intangible assets, including:

- (a) the useful lives or the amortisation rates used
- (b) the amortisation methods used
- (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period
- (d) the line item(s) in the statement of profit or loss and other comprehensive income (if presented), the statement of profit or loss and the statement of comprehensive income (if presented), or the combined statement of income and retained earnings (if presented) in which any amortisation of intangible assets is included
- (e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately:
 - (i) additions
 - (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with AASB 5 and other disposals
 - (iii) acquisitions through business combinations
 - (iv) increases or decreases resulting from revaluations under AASB 138 and from impairment losses recognised or reversed in other comprehensive income in accordance with AASB 136
 - (v) amortisation
 - (vi) impairment losses recognised or reversed in profit or loss in accordance with AASB 136; and
 - (vii) other changes.

This reconciliation need not be presented for prior periods. [AASB 1060.137]

An entity shall also disclose:

- (a) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements
- (b) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 44 of AASB 138):
 - (i) the fair value initially recognised for these assets; and
 - (ii) their carrying amounts;
- (c) the existence and carrying amounts of intangible assets to which the entity has restricted title or that are pledged as security for liabilities
- (d) the amount of contractual commitments for the acquisition of intangible assets. [AASB 1060.138]

An entity shall disclose, for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

[AASB 1060.141]

5 OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from TV's controlled operations.

Structure

5.1	Other assets	37
5.2	Other liabilities.....	39
5.3	Inventories.....	41
5.4	Other non-financial assets.....	42
5.5	Other provisions	42

Guidance – Other asset and liability disclosures

An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 38–41, except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented in order of approximate liquidity (ascending or descending). [AASB 1060.37]

5.1 Other assets

5.1.1 Receivables

	(\$ thousand)	
	20X2	20X1
<i>Source reference</i>		
AASB 1060.44(b)	Contractual	
AASB 1060.113(b)	Sale of goods and services	36 231 20 387
	Statutory	
	GST input tax credit recoverable	34 50
	Fines and regulatory fees	383 415
	Total receivables	36 045 20 525
	<i>Represented by</i>	
AASB 1060.37	Current receivables	36 000 20 325
AASB 1060.37	Non-current receivables	45 200

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. TV holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment. [AASB 1060.112]

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. TV applies AASB 9 for initial measurement of the statutory receivables and, as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. [AASB 1060.230, 231(a)]

5.1.2 Contract assets

	20X2	20X1
<i>Source reference</i>		
AASB 15.105	Contract assets	20 20
	<i>Represented by</i>	
AASB 1060.37	Current contract assets	20 20
AASB 1060.37	Non-current contract assets	.. ..

Contract assets relate to TV's right to consideration in exchange for services transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when TV issues an invoice to the customer. The balance of the contract assets at 30 June 20X2 was impacted by timing of the works completed by contractors and is not billable at this stage. The works are expected to be completed and recovered early next year.

5. OTHER ASSETS AND LIABILITIES

5.1.3 Impairment loss

		(\$ thousand)	
Source reference		20X2	20X1
	Impairment loss		
AASB 1060.97, 119(c)	Impairment loss on contractual receivables		
	<i>From transactions</i>	(600)	(320)
	<i>In other economic flow</i>	(603)	(327)
AASB 1060.97, 231(a)	Impairment loss on statutory receivables	..	..
AASB 15.107;1060.97	Impairment loss on contract assets	..	..

In accordance to FRD 114 *Financial Instrument*, all entities shall apply the simplified approach, which requires the loss allowance to always be measured at an amount equal to lifetime expected credit losses for all trade receivables, lease receivables and statutory receivables.

The loss allowances for receivables and contract assets are based on assumptions about risk of default and expected loss rates. The expected loss rates applied as at 30 June 20X2 vary from 1 per cent for receivables that are more than 30 days past due to 44 per cent for receivables that are more than 120 days past due (30 June 20X1 – from 1 per cent to 40 per cent). [AASB 1060.97]

Impairment of financial assets [AASB 1060.112]

TV records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. TV's contractual receivables and statutory receivables are subject to AASB 9 impairment assessment. [AASB 9.5.5.1, FRD 114.4.3]

Contract assets recognised applying AASB 15 also subject to impairment requirements of AASB 9 however it is immaterial. [AASB 9.5.5.1]

Contractual receivables at amortised cost

TV applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. TV has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on TV's past history, existing market conditions, as well as forward looking estimates at the end of the financial year. [AASB 1060.97]

Credit loss allowance is classified as other economic flows in the net result (refer to Note 8.2). Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised. [AASB 1060.230-231]

Guidance – Receivables

An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operation. This includes for example trade and other receivables showing separately amounts due from related parties, amounts due from other parties and contract assets from contracts with customers. [AASB 1060.44 (b)]

An entity shall disclose in the notes information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

- (a) their nature
- (b) their carrying amount as at the end of the reporting period. [AASB 1060.97]

Accounting policy disclosure – financial instrument

An entity shall disclose material accounting policy information. Information about the measurement basis (or bases) for financial instruments used in preparing the financial statements is expected to be material accounting policy information. [AASB 1060.112]

Disclosures relating to performance obligations satisfied over time

An entity shall disclose the closing balances of contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed. [AASB 1060.159]

Contract assets and contract liabilities

An impairment of a contract asset shall be measured, presented and disclosed on the same basis as a financial asset that is within the scope of AASB 9 *Financial Instruments*. [AASB 15.107]

Non-contractual income arising from statutory requirements

An entity shall disclose 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 1060.230]

To meet the objective in paragraph 226, an entity shall consider disclosing information about assets and liabilities recognised at the reporting date in accordance with AASB 1058 *Income of Not-for-Profit Entities*, including the amounts of:

- (a) receivables that are not a financial asset as defined in AASB 132 (e.g. income tax receivable from a taxpayer), and:
 - (i) interest income recognised in relation to such receivables during the period
 - (ii) impairment losses recognised in relation to such receivables during the period; and
- (b) 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. [AASB 1060.231]

5.2 Other liabilities

5.2.1 Payables

	(\$ thousand)	
<i>Source reference</i>	20X2	20X1
Contractual payables		
Supplies and services	23 475	31 462
Amounts payable to government and agencies	10 891	1 796
Unearned income	1 145	1 990
Deferred capital grant income	26	13
Statutory payables		
FBT payable	82	169
GST payable	108	225
Other taxes payable	82	169
AASB 1060.113(d) Total payables	35 809	35 824
<i>Represented by:</i>		
AASB 1060.37 Current payables	31 025	31 520
AASB 1060.37 Non-current payables	4 784	4 304

Payables consist of:

- **Contractual payables:** Classified as financial instruments and measured at amortised cost. [AASB 1060.112] Accounts payable represent liabilities for goods and services provided to TV prior to the end of the financial year that are unpaid.
- **Statutory payables:** Recognised and measured similarly to contractual payables, but not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts. [AASB 7.21, AASB 9.5.1.1 and AASB 9.5.3.1]

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables' for the first 30 days from the date of the invoice. Thereafter, interest is calculated as 2 per cent on the outstanding balance per annum. [AASB 1060.114]

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are classified as financial instruments.

5. OTHER ASSETS AND LIABILITIES

5.2.2 Contract liabilities

<i>Source reference</i>		20X2	20X1
AASB 1060.159	Contract liabilities	85	85
	<i>Represented by:</i>		
AASB 1060.37	Current contract liabilities	85	85
AASB 1060.37	Non-current contract liabilities	..	..

Contract liabilities include consideration received in advance from customers in respect of IT infrastructure connectivity services. Invoices are raised once the goods and services are provided to them. The balance of contract liabilities was significantly higher at 30 June 20X2 as there was higher demand for remote access. A large number of advances were received for significant upgrades to infrastructure frameworks yet to be provided.

5.2.3 Deferred capital grant income

Grant consideration was received from the Commonwealth Government to support the construction of the data storage centre at Wantirna South and the development and construction of the web infrastructure framework in TV. Grant income is recognised progressively as the asset is constructed, since this is the time when TV satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. As a result, TV has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations. [AASB 1060.234-237]

<i>Source reference</i>		(\$ thousand)	
		20X2	20X1
AASB 1060.233	Grant for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	13	..
AASB 1060.233	Grant for capital works received during the year	53	53
AASB 1060.233	Grant income for capital works recognised consistent with the capital works undertaken during the year	(40)	(40)
AASB 1060.233	Closing balance of deferred grant received for capital works	26	13

There was a slight delay on completion of the construction work and TV is expected to recognise all of the remaining grant income for capital works the following year. This is because the Commonwealth Government only provides grant funding progressively based on the estimated costs expected to be incurred each year.

Guidance – Payables and other financial liabilities

Statutory payables: Liabilities that are not contractual (such as liabilities that arise as a result of statutory requirements) are not considered financial liabilities. Therefore, although these liabilities are similar to financial instruments, they are in fact not in the scope of AASB 7 *Financial Instrument: Disclosures*. However, entities may wish to apply disclosure requirements similar to those from AASB 7 to such liabilities at their own discretion. [AASB 132.AG12]

An entity shall disclose material accounting policy information. Information about the measurement basis (or bases) for financial instruments used in preparing the financial statements is expected to be material accounting policy information. [AASB 1060.112]

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. For example, for long-term debt such information would normally include the terms and conditions of the debt instrument (such as interest rate, maturity, repayment schedule, and restrictions that the debt instrument imposes on the entity). [AASB 1060.114]

An entity shall disclose the opening and closing balances of financial assets arising from transfers to enable an entity to acquire or construct recognisable non-financial assets to be controlled by the entity and the associated liabilities arising from such transfers, if not otherwise separately presented or disclosed. An entity shall also disclose income recognised in the reporting period arising from the reduction of an associated liability. [AASB 1060.233]

An entity shall disclose information about its 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 1060.234]

An entity shall disclose the judgements, and changes in the judgements, made in applying AASB 1058 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.

[AASB 1060.235]

For obligations that an entity satisfies over time, an entity shall disclose the methods used to recognise income (for example, a description of the output methods or input methods used and how those methods are applied).

[AASB 1060.236]

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 1060.237]

An entity shall disclose the closing balances of contract assets and contract liabilities from contracts with customers where performance obligations were satisfied over time, if not otherwise separately presented or disclosed.

[AASB 1060.159]

5.3 Inventories

		(\$ thousand)	
Source reference		20X2	20X1
	Current inventories		
	Supplies and consumables:		
AASB 1060.123 (b)	At cost	7 299	9 404
	Work in progress:		
AASB 1060.123 (b)	At cost	1 931	1 515
AASB 1060.123 (b)	Inventories held for sale:		
	At cost	2 523	8 594
	At net realisable value	91	99
	Total current inventories	11 844	19 612
	Inventories held for distribution:		
AASB 1060.124	At cost	308	144
	Loss of service potential	(97)	(24)
AASB 1060.123 (b)	Total inventories	12 055	19 732

Inventories include computer software held either for sale, or for distribution at zero or nominal cost, or for consumption in the ordinary course of business operations.

In 20X2, inventories of \$1.48 million (20X1: \$1.06 million) were recognised as an expense during the year and included in "other operating expenses" (see note 3.3).

In addition, inventories have been reduced by \$0.18 million (2021: \$0.02 million) as a result of the write-down to net realisable value. The write-down was recognised as an expense in other economic flows during 2022 (see note 8.2).

[AASB 1060.123(d)]

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value. [AASB 1060.123(a)]

Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition. [AASB 102.9; 1060.123 (a)]

Cost includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired. [AASB 102.Aus 9.1; 1060.124]

5. OTHER ASSETS AND LIABILITIES

Guidance – Inventories

An entity shall disclose the following:

- (a) material accounting policy information about the measurement of inventories, including the cost formula used
- (b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity
- (c) the amount of inventories recognised as an expense during the period
- (d) impairment losses recognised or reversed in profit or loss in accordance with AASB 102
- (e) the total carrying amount of inventories pledged as security for liabilities. [AASB 1060.123]

Not-for-profit entities shall disclose 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, in addition to the information required by AASB 1060.123. [AASB 1060.124]

5.4 Other non-financial assets

		(\$ thousand)	
Source reference		20X2	20X1
	Current other assets		
	Prepayments	1 483	380
AASB 1060.37	Total current other assets	1 483	380

Other non-financial assets include pre-payments, which represent payments in advance of receipt of goods or services or the payments made for services covering a term extending beyond the reporting period.

5.5 Other provisions

		(\$ thousand)	
Source reference		20X2	20X1
AASB 1060.37	Current provisions		
	Onerous contracts	993	2 290
	Total current provisions	993	2 290
AASB 1060.37	Non-current provisions		
	Onerous contracts	709	1 273
	Make-good provision	450	375
	Total non-current provisions	1 159	1 648
	Total other provisions	2 152	3 938

Other provisions are recognised when TV has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. [AASB 137.14]

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision. [AASB 137.47]

Reconciliation of movements in other provisions

		(\$ thousand)		
Source reference		Onerous contracts	Make-good	Total 20X2
AASB 1060.153(a)(i)	Opening balance	3 563	375	3 938
AASB 1060.153(a)(ii)	Additions including adjustments resulting from changes in discounted amount	..	75	75
AASB 1060.153(a)(iii)	Amounts charged against the provision	(1 861)	..	(1 861)
AASB 1060.153(a)(iv)	Used amounts reversed	..	..	..
AASB 1060.153(a)(i)	Closing balance	1 702	450	2 153

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably. [AASB 1060.153 (c)]

The make-good provision is recognised in accordance with the lease agreement over the plants. TV must remove any leasehold improvements from the leased plants and restore the premises to its original condition at the end of the lease term. [AASB 1060.153 (b)]

Onerous contracts: An onerous contract is considered to exist when the unavoidable cost of meeting the contractual obligations exceeds the estimated economic benefits to be received. [AASB 137.66, 1060.153 (b)]

Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received. The provision has been measured based on the unavoidable costs of meeting the contractual obligations. The unavoidable costs are the lower of the costs of fulfilling the contract and any compensation or penalties from the failure to fulfill the contract. [AASB 1060.153 (c)]

Guidance – Provisions

For each class of provision, an entity shall disclose:

- (a) a reconciliation showing:
 - (i) the carrying amount at the beginning and end of the period
 - (ii) additions during the period, including adjustments that result from changes in measuring the discounted amount
 - (iii) amounts charged against the provision during the period
 - (iv) unused amounts reversed during the period
- (b) a brief description of the nature of the obligation and the expected amount and timing of any resulting payments
- (c) an indication of the uncertainties about the amount or timing of those outflows
- (d) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement

Comparative information for prior periods is not required. [AASB 1060.153]

Exemptions: In extremely rare cases, disclosure of some or all of the information required by paragraphs 153–155 of AASB1060 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed. [AASB 1060.156]

6 HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised by TV during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of TV.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

Structure

6.1	Borrowings	44
6.2	Leases.....	46
6.3	Cash flow information and balances.....	48
6.4	Commitments for expenditure	49

6.1 Borrowings

(\$ thousand)

Source reference		20X2	20X1
AASB 1060.40	Current borrowings		
	Bank overdrafts	..	5 437
	Lease liabilities ^(a)	10 364	14 863
	Total current borrowings	10 364	20 300
AASB 1060.41,47A	Non-current borrowings		
	Lease liabilities	7 955	11 873
	Loans from TCV ^(b)	48 696	27 705
	Total non-current borrowings	56 651	39 578
AASB 1060.113(d)	Total borrowings	67 015	59 878

Notes:

(a) Secured by the assets leased. Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

[AASB1060.114]

(b) Note that the TCV loans are for illustration only. Preparers must review the terms of the loan to determine whether they shall be classified as current or non-current loans. [AASB1060.47A]

'Borrowings' refer to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, lease liabilities and other interest-bearing arrangements.

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost and recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. [AASB1060.112]

Terms and conditions of borrowings [AASB 1060.114]

(\$ thousand)

20X2	Weighted average interest rate (%)	Carrying amount	Nominal amount	Maturity dates					
				Less than 1 month	1-3 months	3 months–1 year	1–5 years	5+ years	
Bank overdrafts	..	..	..	..	..	..	..	..
Lease liabilities	4.52	18 319	23 995	504	3 511	6 536	8 313	5 131	
Loans from TCV	3.55	48 696	68 696	..	..	..	29 478	39 218
Total		67 015	92 691	504	3 511	6 536	37 791	44 349	
20X1									
Bank overdrafts	10.25	5 437	5 437	5 437	..	..	..	..
Lease liabilities	4.52	26 736	29 074	8 195	3 074	3 025	6 890	7 890	
Loans from TCV	5	27 705	37 655	..	..	..	21 032	16 623
Total		59 878	72 166	13 632	3 074	3 025	27 922	24 513	

TV operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution. [AASB1060.114]

Guidance – Borrowings

An entity shall classify a liability as current when:

- (a) it expects to settle the liability in the entity's normal operating cycle
- (b) it holds the liability primarily for the purpose of trading
- (c) the liability is due to be settled within twelve months after the reporting date
- (d) the entity does not have the right at the reporting date to defer settlement of the liability for at least twelve months after the reporting date. [AASB 1060.40]

An entity shall classify all other liabilities as non-current. [AASB 1060.41]

In applying paragraph 40, an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting date. In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting date, including:

- (a) information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities
- (b) facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants – for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the reporting date. [AASB 1060.47A]

An entity shall disclose material accounting policy information. Information about the measurement basis (or bases) for financial instruments used in preparing the financial statements is expected to be material accounting policy information. [AASB 1060.112]

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. For example, for long-term debt such information would normally include the terms and conditions of the debt instrument (such as interest rate, maturity, repayment schedule, and restrictions that the debt instrument imposes on the entity). [AASB 1060.114]

For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, for example, quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. [AASB 1060.115]

Defaults and breaches:

For loans payable recognised at the reporting date for which there is a breach of terms or a default of principal, interest, sinking fund or redemption terms that have not been remedied by the reporting date, an entity shall disclose:

- (a) details of that breach or default
- (b) the carrying amount of the related loans payable at the reporting date
- (c) whether the breach or default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue. [AASB 1060.118]

Statutory borrowings: Liabilities that are not contractual (such as liabilities that arise as a result of statutory requirements), are not financial instruments. Therefore, although these liabilities are similar to financial instruments, they are in fact not in the scope of AASB 7. [AASB 132.AG12]

6. HOW WE FINANCED OUR OPERATIONS

Interest expense

		(\$ thousand)	
Source reference		20X2	20X1
	Interest on government loans	1 005	650
	Interest on leases liabilities	300	460
	Other expense	180	200
AASB 1060.119	Total interest expense	1 485	1 310

'Interest expense' includes costs incurred in connection with the borrowing of funds and includes interest on bank overdrafts and short-term and long-term borrowings, interest component of lease repayments and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time. [AASB 1060.112]

Interest expense is recognised in the period in which it is incurred. [AASB 123.8 and 123; AASB 1060.112]

TV recognises borrowing costs immediately as an expense, even where they are directly attributable to the acquisition, construction or production of a qualifying asset. [AASB 123.Aus1.0, Aus8.1, FRD 105; AASB 1060.112]

6.2 Leases

6.2.1 Right-of-use assets

TV leases various properties, IT equipment and motor vehicles. The lease contracts are typically made for fixed periods of 1-10 years with an option to renew the lease after that date. Lease payments for properties are renegotiated every five years to reflect market rentals. [AASB 1060.144(c)]

Leases of IT equipment are either short-term and or/leases of low-value items (see note 6.2.2 for lease expenses). TV has elected not to recognise right-of-use assets and lease liabilities for these leases. [AASB 16.60]

Right-of-use assets are presented in note 4.1.1 [AASB 1060.144 (a)].

Below market lease

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable TV to further its objectives, are initially and subsequently measured at cost. [AASB 16.Aus25.1, AASB 16.Aus35.1, FRD 104]

TV entered into a 30-year lease for the use of a facility to provide community services. The lease contract specifies lease payments of \$100 per annum. The leased premises must be used by TV for the provision of IT classes to the community. This building accounts for a small portion of similar assets used by TV is using for the purpose of providing services to the community and therefore it does not have a significant impact on TV 's operations. [AASB 16. Aus59.1 and 16.Aus59.2; AASB 1060.144(c)];151;152]

6.2.2 Expense recognised for short-term leases and leases of low-value assets

The following amounts are recognised as expense relating to short-term leases and leases of low-value assets:

		(\$ thousand)	
Source reference		20X2	20X1
AASB 1060.146 (b)	Expenses relating to short term leases	1 036	854
AASB 1060.146 (b)	Expenses relating to leases of low-value assets	820	98
	Total amount recognised as expense	1 856	952

TV has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss included in "other operating expenses" (see note 3.3) on a straight-line basis over the lease term. [AASB 16.60, FRD104]

6.2.3 Recognition and measurement of leases as a lessee

For any new contracts entered into, TV considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition TV assesses whether the contract meets three key evaluations:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to TV and for which the supplier does not have substantive substitution rights
- whether TV has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and TV has the right to direct the use of the identified asset throughout the period of use
- whether TV has the right to make decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Lease liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or TV's incremental borrowing rate. [AASB 16.26]

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- payments arising from purchase and termination options reasonably certain to be exercised.

[AASB 16.27]

Lease liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

[AASB 16.36]

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. [AASB 16.39]

Presentation of right-of-use assets and lease liabilities

TV presents right-of-use assets as 'property plant equipment' (refer to note 4.1). Lease liabilities are presented as 'borrowings' in the balance sheet (refer to note 6.1). [AASB 16.47 and AASB 16.48]

Future lease payments

		(\$ thousand)	
		Minimum future lease payments ^(a)	
Source reference		20X2	20X1
AASB 1060.144 (b)(i)	Not longer than 1 year	6 878	7 294
AASB 1060.144 (b)(ii)	Longer than 1 year but not longer than 5 years	5 400	6 490
AASB 1060.144 (b)(iii)	Longer than 5 years	4 399	5 890
	Minimum future lease payments	16 677	19 674
	Less future finance charges	(3 671)	(5 282)
	Present value of minimum lease payments	13 006	14 392

Note:

(a) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

6. HOW WE FINANCED OUR OPERATIONS

Guidance – Leases

A lessee shall make the following disclosures for leases:

- (a) for each class of underlying asset, the net carrying amount of the right-of-use asset at the end of the reporting period
- (b) the total of future lease payments at the end of the reporting period, for each of the following periods:
 - (i) not later than one year
 - (ii) later than one year and not later than five years
 - (iii) later than five years; and
- (c) a general description of the lessee's significant leasing arrangements including, for example, information about variable lease payments, extension and termination options, residual value guarantees, subleases and restrictions imposed by lease arrangements. [AASB 1060.144]

The following requirements for disclosure about assets apply to lessees for the right-of-use assets:

- (a) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately:
 - (i) additions
 - (ii) depreciation
- (b) If ROU assets are stated at revalued amounts, an entity shall disclose the following:
 - (i) the effective date of the revaluation
 - (ii) whether an independent valuer was involved
 - (iii) the methods and significant assumptions applied in estimating the items' fair values
 - (iv) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders. [AASB 1060.145]

A lessee shall make the following disclosures for short-term leases and leases of low-value assets that are not recognised as right-of-use assets under the exemption in paragraph 6 of AASB 16:

- (a) the amount of its lease commitments for short-term leases 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 expense is disclosed; and
- (b) lease payments recognised as an expense. [AASB 1060.146]

6.3 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank [AASB 1060.88]. TV's bank accounts are held in the Central Banking System (CBS) under the *Standing Directions 2018*.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

		(\$ thousand)	
Source reference		20X2	20X1
AASB 1060.88	Total cash and deposits disclosed in the balance sheet^(a)	71 083	66 443
	Bank overdraft	..	(5 437)
AASB 1060.88	Balance as per cash flow statement	71 803	61 006

Note:

- (a) Cash and deposits bear variable interest rate with a weighted-average interest rate of 3.00% during 20X1-22 [AASB 1060.114]

Guidance – Cash flow balances and information

Components of cash and cash equivalents

An entity shall present the components of cash and cash equivalents and shall present a reconciliation of the amounts presented in the statement of cash flows to the equivalent items presented in the statement of financial position. However, an entity is not required to present this reconciliation if the amount of cash and cash equivalents presented in the statement of cash flows is identical to the amount similarly described in the statement of financial position. [AASB 1060.88]

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 entity. Cash and cash equivalents held by an entity may not be available for use by the entity because of, among other reasons, foreign exchange controls or legal restrictions. [AASB 1060.89]

6.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.4.1 Total commitments payable

(\$ thousand)

<i>Source reference</i>	<i>Nominal amounts</i>	<i>Less than</i>	<i>1–5</i>	<i>5+</i>	<i>Total</i>
	<i>20X2</i>	<i>1 year</i>	<i>years</i>	<i>years</i>	
AASB 1060.135 (b)	Capital expenditure commitments payable	4 782	74	..	4 856
AASB 1060.138 (d)	Intangible assets commitments payable	23	..	20	43
	Other commitments payable	56	112	..	168
	Total commitments (inclusive of GST)	4 861	186	20	5 067
	Less GST recoverable				(340)
	Total commitments (exclusive of GST)				4 727
20X1					
AASB 1060.135 (b)	Capital expenditure commitments payable	5 812	198	..	6 010
AASB 1060.138 (d)	Intangible assets commitments payable	15	5	..	20
	Other commitments payable	..	..	..	..
	Total commitments (inclusive of GST)	5 827	203	0	6 030
	Less GST recoverable from the Australian Tax Office				(946)
	Total commitments (exclusive of GST)				5 084

Guidance – Commitments

Components of cash and cash equivalents

An entity shall disclose the amount of contractual commitments for the acquisition of property, plant and equipment
[\[AASB 1060.135 \(b\)\]](#)

An entity shall disclose the amount of contractual commitments for the acquisition of intangible assets.
[\[AASB 1060.138 \(d\)\]](#)

7 FINANCIAL INSTRUMENTS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

It is often necessary for TV to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for TV related mainly to fair value determination.

Structure

7.1	Financial instruments specific disclosures	50
7.2	Contingent assets and contingent liabilities	53
7.3	Fair value determination	54

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of TV's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Categories of financial assets

Financial assets at amortised cost [AASB 1060.112]

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by TV to collect the contractual cash flows
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

TV recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Derecognition of financial assets

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 rights to receive cash flows from the asset have expired
- TV retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement
- TV has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where TV has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of TV's continuing involvement in the asset.

Categories of financial liabilities [AASB 1060.112]**Financial liabilities at amortised cost**

Financial liabilities measured at amortised costs are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. TV recognises the following liabilities in this category:

- payables (excluding statutory payables)
- borrowings (including lease liabilities)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, 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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the Comprehensive Operating Statement.

Guidance – Financial instruments**Accounting policy disclosure**

An entity shall disclose material accounting policy information. Information about the measurement basis (or bases) for financial instruments used in preparing the financial statements is expected to be material accounting policy information. [AASB 1060.112]

Statutory receivables and payables [AASB 9.Aus2.1.1 and AASB 2016/8.4 and BC10-12]

Financial assets or financial liabilities that are not contractual, such as receivables or payables that arise as a result of statutory requirements, are not financial instruments for disclosure purposes. Therefore, these financial assets or financial liabilities are not in the scope of AASB 7.

7.1.1 Financial instruments – Net gain/(loss) on financial instruments by category

(\$ thousand)

20X2	Carrying amount	Net gain/(loss)	Total interest income/ (expense)	Fee income/ (expense)	Impairment loss
Financial assets at amortised cost					
Cash and deposits	71 803	..	3 864	..	..
Trade receivables ^(a)	36 231	..	..	..	(603)
Total financial assets at amortised cost	108 034	..	3 864	..	(603)
Financial liabilities at amortised cost					
Trade payables ^(a)	34 366	..	..	..	..
Borrowings					
Bank overdrafts	..	..	..	..	..
Lease liabilities	18 319	..	(430)	..	..
Loans from TCV	48 696	..	(1 055)	(307)	..
Total contractual financial liabilities	101 381	..	(1 485)	(307)	..

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable). [AASB 132.AG12]

20X1	Carrying amount	Net gain/(loss)	Total interest income/ (expense)	Fee income/ (expense)	Impairment loss
Financial assets at amortised cost					
Cash and deposits	66 443	..	2,897	..	..
Trade receivables ^(a)	20 387	..	..	..	(327)
Total financial assets at amortised cost	86 830	..	2,897	..	(327)
Financial liabilities at amortised cost					
Trade payables ^(a)	33 258	..	..	..	..
Borrowings					
Bank overdrafts	5 437	..	..	..	..
Lease liabilities	26 736	..	(560)	..	..
Loans from TCV	27 705	..	(750)	(144)	..
Total contractual financial liabilities	93 136	..	(1 310)	(144)	..

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable). [AASB 132.AG12]

Guidance – Disclosures of financial instruments

Carrying amount disclosures:

An entity shall disclose the carrying amounts of each of the following categories of financial assets and financial liabilities at the reporting date, in total, either in the statement of financial position or in the notes:

- (a) financial assets measured at fair value through profit or loss
- (b) financial assets measured at amortised cost
- (c) financial liabilities measured at fair value through profit or loss
- (d) financial liabilities measured at amortised cost
- (e) 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 paragraph 4.1.2A of AASB 9
 - (ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of AASB 9. [AASB 1060.113]

Items of income, expense, gains or losses

An entity shall disclose the following items of income, expense, gains or losses:

- (a) income, expense, gains or losses, including changes in fair value, recognised on:
 - (i) financial assets measured at fair value through profit or loss
 - (ii) financial liabilities measured at fair value through profit or loss
 - (iii) financial assets measured at amortised cost
 - (iv) financial liabilities measured at amortised cost
 - (v) investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9; and
 - (vi) financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.
- (b) total interest income and total interest expense (calculated using the effective interest method) for financial assets or financial liabilities that are not measured at fair value through profit or loss
- (c) the amount of any impairment loss for each class of financial asset. [AASB 1060.119]

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

Contingent assets are possible assets that arise from past events, 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.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Quantifiable contingent assets (arising from outside of government)	(\$ thousand)	
	20X2	20X1
Contingent assets		
Claims from lawsuits ^(a)	140	..
	140	..

Note:

- (a) TV has a claim outstanding against a supplier for the supply of faulty products. Based on negotiations to date, management believes that it may be possible to recover this amount. [AASB 1060.155]

7.2.2 Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, 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
- present obligations that arise from past events but are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Non-quantifiable contingent liabilities

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities provided in relation to transactions, including financial arrangements and consultancy services, as well as for directors and administrators
- deeds in respect of certain obligations [AASB 1060.154]

Quantifiable contingent liabilities

	(\$ thousand)	
	20X2	20X1
Legal proceedings and disputes ^(a)	250	210
Total	250	210

Notes:

- (a) Claims for damages were lodged during the year against TV and certain staff in relation to alleged non-performance under a technology contract. TV has denied liability and is defending the action. [AASB 1060.154]

Guidance – Contingent assets and contingent liabilities

Contingent assets

If an inflow of economic benefits is probable (more likely than not) but not virtually certain, an entity shall disclose a description of the nature of the contingent assets at the end of the reporting period and, where practicable, an estimate of their financial effect, measured using the principles set out in paragraphs 36–52 of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Where any of the information required by this paragraph is not disclosed because it is not practicable to do so, that fact shall be stated. [AASB 1060.155]

Contingent liabilities

Unless the possibility of any outflow of resources in settlement is remote, an entity shall disclose, for each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability and, when practicable:

- an estimate of its financial effect, measured in accordance with paragraphs 36–52 of AASB 137
- an indication of the uncertainties relating to the amount or timing of any outflow; and
- the possibility of any reimbursement.

If it is impracticable to make one or more of these disclosures, that fact shall be stated. [AASB 1060.154]

Prejudicial disclosure

In extremely rare cases, disclosure of some or all of the information required for provisions, contingent liabilities and contingent assets can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed. [AASB 1060.156]

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of TV.

This section sets out information on how TV determines fair value for financial reporting purposes. 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.

Land, buildings, plant and equipment are carried at fair value.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

TV determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria (VGV) is TV's independent valuation agency. In conjunction with VGV, TV monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- valuation techniques
- details of significant assumptions used in the fair value determination.

7.3.1 Fair value determination: Non-financial physical assets

Valuation techniques and significant assumptions of non-financial physical assets measured at fair value

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* amended AASB 13 *Fair Value Measurement* by adding Appendix F *Australian implementation guidance for not-for-profit public sector entities*. Appendix F explains and illustrates the application of the principles in AASB 13 on developing unobservable inputs and the application of the cost approach. These clarifications are mandatorily applicable annual reporting periods beginning on or after 1 January 2024. FRD 103 permits Victorian public sector entities to apply Appendix F of AASB 13 in their next scheduled formal asset revaluation or interim revaluation process (whichever is earlier).

The last scheduled full independent valuation of all TV's non-financial physical assets was performed by VGV in 20X0. [Entities should disclose the effective date of revaluation and the fact whether an independent valuer was involved during the current financial period]. [AASB 1060.136 (a), (b)] Annual fair value assessment for 30 June 20X2 using VGV indices does not identify material changes in value. In accordance with FRD 103, TV will reflect Appendix F in its next scheduled formal revaluation in 20X5 or interim revaluation process (whichever is earlier)¹. All annual fair value assessments thereafter will continue compliance with Appendix F. [FRD 103.4.5A.

For all assets measured at fair value, TV considers the current use is the highest and best use.

Non-specialised land and non-specialised buildings are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset. [AASB 1060.136(c)]

Cultural assets is valued using the market approach, whereby valuation of the assets is determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on recent prices paid for similar examples offered at auction or through art galleries. [AASB 1060.136(c)]

Plant and equipment (including right-of-use assets) is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold, fair value is determined using the current replacement cost method. [AASB 1060.136(c)]

¹ For external reporting purposes, non-financial physical assets shall be primarily classified by the 'purpose' for which the assets are used based upon the Classification of the functions of government (COFOG). For entities under the Transport category, Appendix F of AASB 13 applies to financial year ending 30 June 2025 (as part of the scheduled formal revaluation process)

Vehicles (including right-of-use assets) are valued using the current replacement cost method. TV acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in TV who set relevant depreciation rates during use to reflect the utilisation of the vehicles. [AASB 1060.136 (c)]

Specialised land and specialised buildings (including right-of-use assets): The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued. [AASB 1060.136 (c)]

The CSO adjustment reflects the valuer’s assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. [AASB 1060.136 (c)]

For TV’s specialised buildings, the current replacement cost method is used, adjusting for the associated depreciations. [AASB 1060.136 (c)]

Description of significant assumptions applied to fair value measurement [AASB1060.136 (c)]

20X1 and 20X2	Valuation technique ^(a)	Significant assumption ^(a)	Range (weighted average) ^(a)
Specialised land	Market approach	Community service obligation (CSO) adjustment	50-70 per cent (60 per cent) ^(b)
Specialised buildings	Current replacement cost	Direct cost per square metre	\$1 000-\$1 500/m ² (\$1 300)
		Useful life of specialised buildings	30-60 years (45 years)
Vehicles	Current replacement cost	Cost per unit	\$9 000-\$10 000 per unit (\$9 500 per unit)
		Useful life of vehicles	3-5 years (3 years)
Plant and equipment	Current replacement cost	Cost per unit	\$3 000-\$4 000 per unit (\$3 500 per unit)
		Useful life of plant and equipment	5-10 years (7 years)

Notes:

- (a) [Illustrations on the valuation techniques and significant assumptions and unobservable inputs are indicative and should not be directly used without consultation with entities’ independent valuer.
- (b) CSO adjustments ranging from 50 per cent to 70 per cent were applied to reduce the market approach value for TV’s specialised land, with the weighted average 60 per cent reduction applied.

Guidance – Fair value determination: Non-financial physical assets

If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the following:

- (a) the effective date of the revaluation
- (b) whether an independent valuer was involved
- (c) the methods and significant assumptions applied in estimating the items’ fair values
- (d) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders. [AASB 1060.136]

8 OTHER DISCLOSURES

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

8.1	Ex gratia expenses	577
8.2	Other economic flows included in net result	58
8.3	Responsible persons	59
8.4	Remuneration of executives	59
8.5	Related parties	60
8.6	Remuneration of auditors	62
8.7	Subsequent events	63

8.1 Ex gratia expenses ^(a)

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that are not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

	(\$ thousand)	
Source reference	20X2	20X1
Property damage payments ^(b)	156	16
Total ex gratia expenses ^(c)	156	16

Notes:

(a) Includes ex gratia expenses for both individual items and in aggregate that are greater than or equal to \$5 000.

(b) Payments for water damage to properties adjacent to the Victorian Highway site due to burst pipes in the March storms (not being in settlement of a legal liability).

(c) The total for ex gratia expenses is also presented in 'other operating expenses' of Note 3.3 Other operating expenses.

Guidance – Ex gratia expenses

The disclosure of ex gratia expenses is required for all entities that are defined as either a public body or an entity under section 3 of the *Financial Management Act 1994*. Public bodies include the following:

- public statutory authority
- a State business corporation or State body within the meaning of the *State Owned Enterprises Act 1992*
- Court Services Victoria
- a body, office or trust body that is:
 - established by or under an Act or enactment
 - established by the Governor in Council or a Minister
 - declared by the Minister, by notice published in the Government Gazette, to be a body or office to which Part 7 of Financial Management Act 1994 applies.

An entity must disclose in aggregate the total amount of material ex gratia expenses in the notes to the financial statements. The disclosure must be accompanied by a description of the nature and purpose of the expenses (including amounts written off), and the relevant line item or items to which the expenses were recognised in the financial statements. Where an entity has incurred multiple ex gratia expenses that are clearly distinguishable by their nature and/or purpose, the disclosure must be disaggregated to provide sufficient information to allow users to understand the different natures and/or purposes of the expenses. [FRD 11.4.1]

Materiality threshold of \$5000 for ex gratia expenses disclosure

Only ex gratia expense items greater than or equal to \$5 000 need be included in a disclosure, unless there are factors which make an expense item of less than \$5 000 material in the circumstances. [FRD 11.6.5]

8.2 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

		(\$ thousand)	
Source reference		20X2	20X1
	Net gain/(loss) on non-financial assets		
AASB 1060.169 (a)	Impairment of property plant and equipment (including intangible assets)	(2 010)	(200)
AASB 1060.123 (d))	Write down of inventory	(178)	(19)
	Net gain/(loss) on disposal of property plant and equipment	(844)	549
	Total net gain/(loss) on non-financial assets	(3 032)	330
	Net gain/(loss) on financial instruments		
	Impairment of receivables	(603)	(327)
	Total net gain/(loss) on financial instruments	(603)	(327)
	Other gains/(losses) from other economic flows		
	Net gain/(loss) arising from revaluation of long service liability ^(a)	(2 846)	(1 009)
AASB 137.60	Unwinding of other provision	(75)	(39)
	Total other gains/(losses) from other economic flows	(2 921)	(1 048)
	Total other economic flows included in net result	(6 556)	(1 045)

Notes:

(a) Revaluation gain/(loss) due to changes in bond rates.

[Please note that revaluation gain/(loss) on the long service leave liability due to the changes in the discount bond rates is included in other economic flows.]

Guidance – Other economic flows

Disclosure requirements

To align with whole of government reporting, which complies with requirements in AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, entities are required to classify items of expense between transactions and other economic flows as appropriate.

8.2.1 Other Non-financial assets

	(\$ thousand)	
	20X2	20X1
<i>Non-Current assets:</i>		
Freehold land held for sale	753	1 469
Total other non-financial assets	753	1 469

TV intends to dispose of freehold land it no longer utilises in the next 10 months. The land was previously vacant land used as a storage site. A search is under way for a buyer. No impairment loss was recognised on reclassification of the freehold land as held for sale at the end of the reporting period. [AASB 1060.47]

Measurement of non-financial physical assets

Non-financial physical assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- the asset is available for immediate use in the current condition
- the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

These non-financial physical assets are measured at the lower of carrying amount and fair value less costs to sell and are not subject to depreciation or amortisation.

Freehold land held for sale is carried at fair value less costs to disposal. Refer to Note 7.3 for the valuation technique applied to non-specialised land.

Guidance – Discontinued operations and non-current assets held for sale

Disclosure requirements

If, at the reporting date, an entity has any assets classified as held for sale, or assets and liabilities that are included in a disposal group that is classified as held for sale, the entity shall disclose the following information:

- (a) a description of the asset(s) or the group of assets and liabilities
- (b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal. [AASB 1060.47]

8.3 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers and Accountable Officers in TV are as follows:

Minister for Technology	The Hon. John Bristol MP	1 July 20X1 to 30 June 20X2
Minister for Biotechnology	The Hon. Laura Toddington MP	1 July 20X1 to 30 June 20X2
Secretary	Ms Jane Smith	1 July 20X1 to 30 June 20X2

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of TV during the reporting period was in the range: \$460 000–469 000 (20X1: \$450 000–459 000).

Guidance – Responsible persons

The disclosure requirements of FRD 21 *Disclosures of responsible persons and executive officers in the financial report* requires that the financial report of a reporting entity must disclose the following in relation to responsible persons at any time during the reporting period:

- (a) the number of responsible persons
- (b) the name of each person holding a position of responsible person
- (c) the total remuneration received within a \$10 000 range.

The names of the relevant Ministers at any time during the reporting period must be disclosed. Ministerial remuneration is only to be disclosed in the financial report of the Department of Parliamentary Services.

For further disclosure guidance in relation to responsible persons, please refer to FRD 21.

8.4 Remuneration of executives

The number of senior executive service members, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of senior executive service members retired, resigned or were retrenched in the past year.

(\$ thousand)

Remuneration of the senior executive service (including Key Management Personnel disclosed in Note 8.5) ^(a)	Total remuneration	
	20X2	20X1
Total remuneration ^(a)	8 915	7 701
Total number of executives	79	77
Total annualised employee equivalents ^(b)	76.2	75.8

Notes:

- (a) The total number of senior executive service members includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.5).
- (b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

Guidance – Remuneration of executives

An entity shall disclose the following in relation to executive officers:

- the number of executive officers with total remuneration received or receivable in connection to their position as an executive officer over the reporting period. An executive officer's remuneration should be disclosed within remuneration categories in a table format
- the total remuneration received or receivable by executive officers identified in paragraph 4.3(a) over the reporting period
- the total annualised employee equivalent (AEE) of executive officers identified in paragraph 4.3(a) over the reporting period
- the reasons for significant variations between the current and previous reporting period. [FRD 21.4.3]

For guidance on how to disclose an executive's total remuneration package and other specific employee benefits, refer to the 'Guidelines for reporting remuneration in accordance with AASB 124 *Related Party Disclosures* document available on the DTF website.

Annualised employee equivalent (AEE) is required to be disclosed in addition to the headcount disclosure of the senior executive service. AEE is defined and explained in FRD 21 in the financial statements. It is calculated by dividing the total number of days that an employee is engaged to work during the week by the total number of full-time working days per week.

If a person becomes an executive during the reporting period, no disclosure is required for remuneration paid to that person prior to their appointment as an executive.

If a person ceases to be an executive during the reporting period, the disclosure should only include their remuneration for the reporting period up until the end of their term of employment as an executive.

The disclosure of senior executive service remuneration does not relate to any VPS 6 or 7 staff acting on a temporary basis in executive roles, while the substantive senior executive service member is on paid leave or secondment.

Where a member of the senior executive service from the same department backfills for another executive while on paid leave or secondment in that same department, then both senior executive service members are included in the disclosure. [FRD 15]

8.5 Related parties

TV is a wholly owned and controlled entity of the State of Victoria. Related parties of TV include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all Cabinet Ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

TV received funding from, and made payments to, government related entities of \$15.5 million (20X1: \$14.37 million) and \$10.18 million (2021: \$9.62 million) respectively.

During the year, TV had the following government-related entity transactions:

- the following information in sufficient detail to enable users' of the entity's financial statements to understand the effect of related party transaction on its financial statements:
 - the nature and amount of each individually significant transaction
 - for other transactions that are collectively, but not individually significant, a qualitative or quantitative indication of their extent.

Key management personnel (KMP) of TV includes the Portfolio Ministers, the Hon. John Bristol MP and the Hon. Laura Toddingham MP, the Secretary, Jane Smith, and members of the Senior Executive Team, which includes:

- Head of the Strategic Policy Advice division, John Tails
- Head of the Research and Development Biological Technologies division, Paul Germs
- Head of the Information Technology and Telecommunication Services division, Gail Mods
- Chief Finance and Accounting Officer, Robert McIvor.

Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

(\$ thousand)

Compensation of KMPs	20X2	20X1
Total ^(a)	4 287	3 845

Note:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4)

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occurs on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

Outside of normal citizen type transactions with the Technology Victoria, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Guidance – KMP and related parties

Key Management Personnel

An entity shall disclose key management personnel compensation in total. [AASB 1060.194]

If an entity obtains key management personnel services from another entity (the 'management entity'), the entity is not required to apply the requirements in paragraph 194 to the compensation paid or payable by the management entity to the management entity's employees or directors. [AASB 1060.195]

Amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed. [AASB 1060.196]

Remuneration of other personnel (contractors with significant management responsibilities): Other personnel were defined as personnel engaged by an entity as contractors and charged with significant management responsibilities. As these contractors are responsible for planning, directing or controlling, directly or indirectly, TV's activities, they meet the definition of Key Management Personnel (KMP) under AASB 125. As a result, contractors with significant management responsibilities will be captured as part of the related parties disclosure.

Related parties

If an entity has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements. Those disclosure requirements are in addition to the requirements in paragraph 194 to disclose key management personnel compensation. At a minimum, disclosures shall include:

- (a) the amount of the transactions
- (b) the amount of outstanding balances and:
 - (i) their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement
 - (ii) details of any guarantees given or received;
- (c) provisions for uncollectable receivables related to the amount of outstanding balances; and
- (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

Such transactions could include purchases, sales or transfers of goods or services; leases; guarantees; and settlements by the entity on behalf of the related party or vice versa. [AASB 1060.198]

An entity shall make the disclosures required by paragraph 198 separately for each of the following categories:

- (a) entities with control, joint control or significant influence over the entity
- (b) entities over which the entity has control, joint control or significant influence
- (c) key management personnel of the entity or its parent (in the aggregate); and
- (d) other related parties. [AASB 1060.199]

An entity is exempt from the disclosure requirements of AASB 1060.198 in relation to:

- (a) a state (a national, regional or local government) that has control, joint control or significant influence over the reporting entity; and
- (b) another entity that is a related party because the same state has control, joint control or significant influence over both the reporting entity and the other entity.

However, the entity must still disclose a parent – subsidiary relationship as required by AASB1060.192.

8.6 Remuneration of auditors

	(\$ thousand)	
<i>Source reference</i>	20X2	20X1
AASB 1060.98	Victorian Auditor-General’s Office	
AASB 1060.98 (a)	1 000	1 100
AASB 1060.98 (b)	14	77
	1 014	1 177

Note:

- (a) The Victorian Auditor-General’s Office is prohibited from providing non-audit services.

Guidance – Remuneration of auditors

The amount paid or due and payable to the Auditor-General for auditing the financial statements of TV pursuant to the *Audit Act 1994* must be disclosed and should be net of GST except where the GST included in fees is not recoverable from the tax authority. GST that is not recoverable should be included as part of the remuneration. [AASB Interpretation 1031.6,7]

An entity shall disclose fees to each auditor or reviewer, including any network firm, separately for [AASB 1060.98]:

- (a) the audit or review of the financial statements
 - (b) all other services performed during the reporting period
- with a description of the nature of the services performed. [AASB 1060.99]

8.7 Subsequent events

The Technology Victoria (TV) intends to privatise its consulting division subsequent to the current reporting period. Given that the expertise of this division is highly regarded in the private sector, several expressions of interests have been received. Further announcements, including the financial effect on the operations of TV, will be made once agreements are finalised.

The policy in connection with recognising subsequent events that are for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

Guidance – Subsequent events

Adjusting events after the end of reporting period

An entity shall adjust the amounts recognised in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period. [AASB 1060.185]

Non-adjusting events after the end of reporting period

An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period:

- the nature of the event
- an estimate of its financial effect, or a statement that such an estimate cannot be made. [AASB 1060.187]

The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue:

- a major business combination after the end of the reporting period or disposing of a major subsidiary
- announcing a plan to discontinue an operation
- major purchases of assets, classifications of assets as held for sale, other disposals of assets, or expropriation of major assets by government
- destruction of a major production plant by a fire, more widespread destruction
- announcing, or commencing the implementation of, a major restructure
- abnormally large changes after the reporting period in asset prices or foreign exchange rates
- entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees
- commencing major litigation arising solely out of events that occurred after the reporting period. [AASB 1060.188]

GUIDANCE SECTION

Guidance section 1

65

General and specific disclosure requirements, including presentation requirements

GUIDANCE SECTION 1: GENERAL AND SPECIFIC DISCLOSURE REQUIREMENTS, INCLUDING PRESENTATION REQUIREMENTS

Requirements that apply to all aspects of the preparation of financial statements

This guidance section highlights those requirements that all agencies need to adhere to in preparing financial statements.

Consistency: The presentation and classification of items in the financial statements shall be retained from one period to the next unless either:

- 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
- Australian Accounting Standards – Simplified Disclosures require a change in presentation. [AASB 1060.17(b)]

Materiality and aggregation: Each material class of similar items shall be presented separately in the financial statements. Items of a similar nature or function shall be presented separately unless they are immaterial. [AASB 1060.21]

An agency must assess and make judgements to determine if an item is material. As a general guide, financial information will be considered material if their omission, misstatement or non-disclosure has the potential, individually or collectively, to:

- influence the economic decisions that users make on the basis of the financial statements
- affect the discharge of accountability by management or governing body of the entity.

Items that are immaterial both individually and in aggregate may be combined and presented as a single line item. However, the value of such line item is unlikely to exceed 10 per cent of the total value of the financial statement component that it forms part of.

Offsetting: Income, expenses, assets and liabilities shall not be offset unless required by an AAS or permitted by an FRD. [AASB 1060.24]

For financial instruments, a financial asset and a financial liability shall be offset and the net amount presented in the balance sheet only when an entity:

- currently has a legally enforceable right to set off the recognised amounts
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability. [AASB 132.42]

Comparative information shall be disclosed in respect of the previous period for all amounts reported in the complete set of financial statements unless AASB 1060 permits otherwise. Comparative information shall be included for narrative and descriptive information when it is relevant to an understanding of the current period's complete set of financial statements. [AASB 1060.20]

Reclassification of financial information: When the presentation or classification of items in the complete set of financial statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose:

- the nature of the reclassification
- the amount of each item or class of items that is reclassified
- the reason for the reclassification. [AASB 1060.18]

When it is impracticable to reclassify comparative amounts, an entity shall disclose:

- the reason for not reclassifying the amounts [AASB 1060.19]

GUIDANCE SECTION 1: GENERAL AND SPECIFIC DISCLOSURE REQUIREMENTS, INCLUDING PRESENTATION REQUIREMENTS

Goods and Services Tax (GST): AASB Interpretation 1031 provides that revenue, expenses and assets must be recognised, net of the amount of GST, except where GST relating to the expenditure items is not recoverable from the taxation authority, in which case the item is recognised GST inclusive.

Agencies that are not able to recover GST relating to particular expenditure items should include a disclosure note indicating which items are inclusive of non-recoverable GST and amend the wording of specific disclosures to make it clear that the amounts disclosed are inclusive of non-recoverable GST. [AASB Interpretation 1031.6 and 1031.7]

Receivables and payables shall be stated with the amount of GST included. [AASB Interpretation 1031.8]

The gross amount of GST recoverable from, or payable to, the taxation authority shall be included as part of either receivables or other liabilities in the balance sheet. [AASB Interpretation 1031.9]

The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority shall be classified as operating cash flows and will be included in receipts from customers or payments to suppliers, as appropriate. [AASB Interpretation 1031.10, 1031.11]

True and fair override: A complete set of financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the AASB's conceptual framework (the framework). The application of the recognition and measurement requirements in Australian Accounting Standards and the disclosures in this Standard, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation of the financial position, financial performance and cash flows of Tier 2 entities. [AASB 1060.9; AusCF9]

In the extremely rare circumstance when management concludes that compliance with a requirement in an AAS would be so misleading that it would conflict with the objective of financial statements set out in the framework, the agency shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:

- the title of the AAS in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the framework [AASB 1060.13(a)]
- for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation. [AASB 1060.13(b); AusCF13]

Going concern basis [AASB 1060.14]

When preparing financial statements, the management of an entity using Australian Accounting Standards – Simplified Disclosures shall make an assessment of the entity's ability to continue as a going concern. An entity is a going concern unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the reporting date.

When management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern. [AASB 1060.15]

APPENDICES

Appendix 1	Index of accounting guidance and associated checklists on the DTF webpage	68
Appendix 2	Non-routine transactions not covered by the Tier 2 Model and associated disclosure requirements	70

APPENDIX 1: INDEX OF ACCOUNTING GUIDANCE AND ASSOCIATED CHECKLISTS ON THE DTF WEBSITE

Supporting information on the Australian accounting standards is available on the DTF website. This incorporates accounting guidance and assessment checklists that were previously included in past editions of the Model report appendices.

These documents should be used as a general guide only and note there may be exceptions specific to the arrangements of the user.

The following table provides a summary of the supporting information available at: www.dtf.vic.gov.au/financial-reporting-policy/accounting-standards-checklists

<i>Accounting standard</i>	<i>Title of the document</i>	<i>Summary</i>
AASB 10 <i>Consolidated Financial Statements</i>	Control analysis for Victorian Public Sector Entities – checklist	The assessment template assists users to determine whether an entity is required to be consolidated into another entity under AASB 10.
AASB 5 <i>Non-current assets held for sale and discontinued operations</i>	When to account for surplus assets as ‘held for sale’	The document provides accounting guidance on the classification of surplus assets as ‘held for sale’, including a checklist to aid the assessment on whether the surplus asset meets the recognition criteria of ‘held for sale’ under AASB 5.
AASB 12 <i>Disclosure for interest in subsidiaries</i>	Interests in subsidiary and unconsolidated structured entities	The document provides guidance on the disclosure requirements for interests in subsidiaries and interest in unconsolidated structured entities under AASB 12.
AASB 119 <i>Employee Benefits</i>	Annual leave provisions	The document provides guidance on the revised requirements for short-term employee benefits under AASB 119, including an example illustration with calculation guidance,
Practical classification guide between transactions and other economic flows	Classification guide	The document provides guidance on the classification of items between transactions, OEF included in net result and OEF-OCI for presentation in the operating statement.
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Classification of Arrangements checklist	The Service Concessions guidance checklist assists with analysing whether a contract between the State and the private sector is a service concession arrangement under AASB 1059.
AASB 9 <i>Financial Instruments</i>	Guidance	The document provides accounting guidance on AASB 9.
AASB 16 <i>Leases</i>	Identification of a lease checklist	The Leases questionnaire assists users to identify whether a contract is, or contains, a lease.
AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of not-for-profit entities</i>	AASB 15 <i>Revenue from contract with customers</i> and AASB 1058 <i>Income of Not-for-Profit entities</i> – assessment checklist	The document provides accounting guidance on AASB 15 and AASB 1058.
	AASB 15 Enforceability checklist	For revenue to be recognised under AASB 15, the contract must be ‘enforceable’ and contain ‘sufficiently specific performance obligations’. The checklist assists users to identify whether a contract is enforceable.
	AASB 15 Sufficiently specific performance obligations checklist	For revenue to be recognised under AASB 15, the contract must be ‘enforceable’ and contain ‘sufficiently specific performance obligations’. The checklist assists users to identify whether a contract has sufficiently specific performance obligations.
	AASB 1058 Accounting for volunteer services checklist	Entities are required to assess their specific circumstances and use the checklist to help determine if they meet the requirements to recognise volunteer services.

APPENDIX 1: INDEX OF ACCOUNTING GUIDANCE AND ASSOCIATED
CHECKLISTS ON THE DTF WEBSITE

These supporting documents for AASB 124 *Related Party Disclosures* are available at: www.dtf.vic.gov.au/financial-reporting-policy/aasb-124-related-party-disclosures.

<i>Accounting standard</i>	<i>Title of the document</i>	<i>Summary</i>
AASB 124 <i>Related Party Disclosures</i>	Declaration certificate for executives – The certificate for declaration of related party transactions in compliance with AASB 124	The document supports preparers' due diligence processes in the preparation of the related party disclosures under AASB 124.
AASB 124 <i>Related Party Disclosures</i>	AASB 124 <i>Related Party Disclosures</i> – entity management checklist	The document supports preparers in the preparation of the remuneration disclosures in the financial statements.

APPENDIX 2: NON-ROUTINE TRANSACTIONS NOT COVERED BY THE TIER 2 MODEL AND ASSOCIATED DISCLOSURE REQUIREMENTS

<i>Transactions/Items</i>	<i>Tier 2 vs Tier 1</i>	<i>Tier 2 Disclosure Requirements</i>
Budgetary reporting	Unchanged	Not applicable to Tier 2 entities [AASB 1060.222-225]
Appropriations	Unchanged	Refer to Tier 1 Model Report [AASB 1060.229; 238-241]
Service concession arrangements	Unchanged	Refer to Tier 1 Model Report [AASB 1060.242-243]
Biological assets	Simplified	Refer to Guidance – Biological Assets
Discontinued operations	Simplified	Refer to Guidance – Discontinued Operations
Business combination	Simplified	Refer to Guidance – Business Combination
Investment properties	Simplified	Refer to Guidance – Investment Properties
Investments and other financial assets	Simplified	Refer to Guidance – Investments and Other Financial Assets
Other financial liabilities	Simplified	Refer to Guidance – Other Financial Liabilities
Investment accounted for using the equity method	Simplified	Refer to Guidance – Investment Accounted for Using the Equity Method
Defaults and breaches on loans payable	Unchanged	Refer to Tier 1 Model Report [AASB 1060.118]
Administered items	Simplified	Not applicable to Tier 2 entities
Administrative restructure	Unchanged	Refer to Tier 1 Model Report [AASB 1060.216-218]
Foreign currency translation	Simplified	Refer to Guidance – Foreign Currency Translation
Finance lease (as a lessor)	Simplified	Refer to Guidance – Finance Lease
Machinery of government changes	Unchanged	Refer to Tier 1 Model Report [Not covered by AASB 1060]
Assets pledged as security	Unchanged	Refer to Tier 1 Model Report [AASB 1060.117;123(e);135(a);138(c)]
Hedging	Simplified	Refer to Guidance – Hedging
Reclassification	Unchanged	Refer to Tier 1 Model Report [AASB 1060.18]
Offsetting	Unchanged	Refer to Tier 1 Model Report [AASB 1060.24]
Change in accounting policy	Simplified	Refer to Guidance – Change in Accounting Policy
Change in estimate	Simplified	Refer to Guidance – Change in Estimate
Correction of prior year error	Simplified	Refer to Guidance – Correction to Prior Year Error

Guidance – Biological assets

Disclosures – fair value model

An entity shall disclose the following with respect to its biological assets measured at fair value:

- a description of each class of its biological assets.
- the methods and significant assumptions applied in determining the fair value of each category of agricultural produce at the point of harvest and each category of biological assets.
- a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:
 - (i) the gain or loss arising from changes in fair value less costs to sell
 - (ii) increases resulting from purchases
 - (iii) decreases resulting from harvest
 - (iv) increases resulting from business combinations
 - (v) net exchange differences arising on the translation of financial statements into a different presentation currency and on the translation of a foreign operation into the presentation currency of the reporting entity; and
 - (vi) other changes.

This reconciliation need not be presented for prior periods. [AASB 1060.204]

Disclosures – cost model

An entity shall disclose the following with respect to its biological assets measured using the cost model:

- a description of each class of its biological assets
- an explanation of why fair value cannot be measured reliably
- the depreciation method used
- the useful lives or the depreciation rates used; and
- the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period. [AASB 1060.204]

Guidance – Discontinued operations

As a minimum, an entity shall include, in the statement(s) presenting profit or loss and other comprehensive income (single-statement approach), a single amount for the total of:

- discontinued operations (see AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*); and
- the post-tax gain or loss attributable to an impairment, or reversal of an impairment, of the assets in the discontinued operation (see AASB 5), both at the time and subsequent to being classified as a discontinued operation and to the disposal of the net assets constituting the discontinued operation. [AASB 1060.52 (e)]

Guidance – Business combinations

For business combination(s) during the reporting period

For each business combination during the period, the acquirer shall disclose the following:

- the names and descriptions of the combining entities or businesses
- the acquisition date
- the percentage of voting equity instruments acquired;
- the cost of the combination and a description of the components of that cost (such as cash, equity instruments and debt instruments)
- the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, including goodwill
- the amount of any excess recognised in profit or loss in accordance with paragraph 34 of AASB 3 *Business Combinations* and the line item in the statement of comprehensive income (and in the statement of profit or loss, if presented) in which the excess is recognised

APPENDIX 2: NON-ROUTINE TRANSACTIONS NOT COVERED BY THE TIER 2 MODEL AND ASSOCIATED DISCLOSURE REQUIREMENTS

- a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, or intangible assets or other items not recognised in accordance with paragraphs 10–14 of AASB 3; and
- for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date, the acquirer shall disclose the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount. [AASB 1060.142]

For all business combinations

An acquirer shall disclose a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period, showing separately:

- changes arising from new business combinations
- impairment losses
- disposals of previously acquired businesses; and
- other changes.

This reconciliation need not be presented for prior periods. [AASB 1060.143]

Guidance – Investment properties

Investment property at fair value

An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 33 of AASB 140 *Investment Property*):

- the methods and significant assumptions applied in determining the fair value of investment property
- the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued. If there has been no such valuation, that fact shall be disclosed
- the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal
- contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements; and
- a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately:
 - (i) additions, disclosing separately those additions resulting from acquisitions through business combinations
 - (ii) net gains or losses from fair value adjustments
 - (iii) transfers to and from investment property carried at cost less accumulated depreciation and impairment (see paragraph 57 of AASB 140)
 - (iv) transfers to and from inventories and owner-occupied property; and
 - (v) other changes.

This reconciliation need not be presented for prior periods. [AASB 1060.132]

In accordance with the section covering Leases, the owner of an investment property provides lessors' disclosures about leases into which it has entered. A lessee that holds a right-of-use asset that is an investment property provides lessees' disclosures as required by that section for any leases into which it has entered. [AASB 1060.133]

Investment property at cost

An entity shall disclose the following for each class of property, plant and equipment determined in accordance with paragraph 44(a) and separately for investment property carried at cost less accumulated depreciation and impairment:

- the measurement bases used for determining the gross carrying amount
- the depreciation methods used
- the useful lives or the depreciation rates used
- the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; and

- a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately:
 - (i) additions;
 - (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with AASB 5 and other disposals
 - (iii) acquisitions through business combinations
 - (iv) increases or decreases resulting from revaluations under AASB 116 and from impairment losses recognised or reversed in other comprehensive income in accordance with AASB 136 *Impairment of Assets*
 - (v) transfers to and from investment property carried at fair value through profit or loss (see paragraph 57 of AASB 140);
 - (vi) impairment losses recognised or reversed in profit or loss in accordance with AASB 136
 - (vii) depreciation; and
 - (viii) other changes.

This reconciliation need not be presented for prior periods. [AASB 1060.134]

An entity shall also disclose the following:

- the existence and carrying amounts of property, plant and equipment to which the entity has restricted title or that is pledged as security for liabilities
- the amount of contractual commitments for the acquisition of property, plant and equipment; and
- if an entity has investment property whose fair value cannot be measured reliably, it shall disclose that fact and the reasons why fair value cannot be measured reliably for those items of investment property. [AASB 1060.135]

If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the following:

- the effective date of the revaluation
- whether an independent valuer was involved
- the methods and significant assumptions applied in estimating the items' fair values; and
- the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders. [AASB 1060.136]

Guidance – Investments and other financial assets

Disclosure of accounting policies

An entity shall disclose, in the significant accounting policies, the measurement basis (or bases) used for financial instruments and the other accounting policies used for financial instruments that are relevant to an understanding of the financial statements. [AASB 1060.112]

Categories of financial assets

An entity shall disclose the carrying amounts of each of the following categories of financial assets at the reporting date, in total, either in the statement of financial position or in the notes:

- financial assets measured at fair value through profit or loss
- 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 paragraph 4.1.2A of AASB 9; and
 - (ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of AASB 9. [AASB 1060.113]

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. For example, for long-term debt such information would normally include the terms and conditions of the debt instrument (such as interest rate, maturity, repayment schedule, and restrictions that the debt instrument imposes on the entity). [AASB 1060.114]

For all financial assets measured at fair value, the entity shall disclose the basis for determining fair value, for example, quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. [AASB 1060.115]

Derecognition

If an entity has transferred financial assets to another party in a transaction that does not qualify for derecognition (see paragraph 3.2.15 of AASB 9), the entity shall disclose the following for each class of such financial assets:

- the nature of the assets
- the nature of the risks and rewards of ownership to which the entity remains exposed; and
- the carrying amounts of the assets and of any associated liabilities that the entity continues to recognise. [AASB 1060.116]

Collateral

When an entity has pledged financial assets as collateral for liabilities or contingent liabilities, it shall disclose the following:

- the carrying amount of the financial assets pledged as collateral; and
- the terms and conditions relating to its pledge. [AASB 1060.117]

Items of income, expenses, gains or losses

An entity shall disclose the following items of income, expense, gains or losses:

- income, expense, gains or losses, including changes in fair value, recognised on:
 - financial assets measured at fair value through profit or loss
 - investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9; and
 - financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.
- total interest income for financial assets that are not measured at fair value through profit or loss; and
- the amount of any impairment loss for each class of financial asset. [AASB 1060.119]

Guidance – Other financial liabilities

An entity shall disclose the carrying amount of each of the following categories of financial liabilities at the reporting date, in total, either in the statement of financial position or in the notes:

- financial liabilities measured at fair value through profit or loss [AASB 1060.113(c)]

An entity shall disclose the following items of income, expenses, gains or losses:

- financial liabilities measured at fair value through profit or loss [AASB 1060.119(b)]

Guidance – Investment accounted for using the equity method

Investments in associates

An entity shall disclose the following:

- its accounting policy for investments in associates
- the carrying amount of investments in associates; and
- the fair value of investments in associates accounted for using the equity method for which there are published price quotations. [AASB 1060.125]

For investments in associates accounted for by the cost model, an investor shall disclose the amount of dividends and other distributions recognised as income. [AASB 1060.126]

For investments in associates accounted for by the equity method, an investor shall disclose separately its share of the profit or loss of such associates and its share of any discontinued operations of such associates. [AASB 1060.127]

Investments in joint ventures

An entity shall disclose the following:

- the accounting policy it uses for recognising its interests in joint ventures
- the carrying amount of investments in joint ventures
- the fair value of investments in joint ventures accounted for using the equity method for which there are published price quotations; and
- the aggregate amount of its commitments relating to joint ventures, including its share in the capital commitments that have been incurred jointly with other venturers, as well as its share of the capital commitments of the joint ventures themselves. [AASB 1060.129]

For joint ventures accounted for in accordance with the equity method, the venturer shall also disclose separately its share of profit or loss of such associates and its share of any discontinued operations of such associates.

[AASB 1060.130]

Guidance – Foreign currency translation

In paragraphs 181 and 182, references to ‘functional currency’ are, in the case of a group, to the functional currency of the parent. [AASB 1060.179]

An entity shall disclose the following:

- the amount of exchange differences recognised in profit or loss during the period, except for those arising on financial instruments measured at fair value through profit or loss in accordance with AASB 9; and
- the amount of exchange differences arising during the period and classified in a separate component of equity at the end of the period. [AASB 1060.180]

An entity shall disclose the currency in which the financial statements are presented. When the presentation currency is different from the functional currency, an entity shall state that fact and shall disclose the functional currency and the reason for using a different presentation currency. [AASB 1060.181]

When there is a change in the functional currency of either the reporting entity or a significant foreign operation, the entity shall disclose that fact and the reason for the change in functional currency. [AASB 1060.182]

Guidance – Finance lease

A lessor shall make the following disclosures for finance leases:

- a reconciliation between the gross investment in the lease at the end of the reporting period and the present value of lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of lease payments receivable at the end of the reporting period, for each of the following periods:
 - (i) not later than one year
 - (ii) later than one year and not later than five years; and
 - (iii) later than five years.
- unearned finance income;
- the unguaranteed residual values accruing to the benefit of the lessor
- the loss allowance for uncollectable lease payments receivable
- income relating to variable lease payments not included in the measurement of the net investment in the lease; and
- a general description of the lessor’s significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements. [AASB 1060.147]

Guidance – Hedging

An entity shall disclose the following separately for each category of risk exposures that it decides to hedge and for which hedge accounting is applied:

- a description of the hedge
- a description of the financial instruments designated as hedging instruments and their fair values at the reporting date; and
- the nature of the risks being hedged, including a description of the hedged item. [AASB 1060.120]

For fair value hedges, the entity shall disclose the following:

- the amount of the change in fair value of the hedging instrument recognised in profit or loss for the period; and
- the amount of the change in fair value of the hedged item recognised in profit or loss for the period. [AASB 1060.121]

For cash flow hedges and hedges of a net investment in a foreign operation, an entity shall disclose the following:

- the periods when the cash flows are expected to occur and when they are expected to affect profit or loss
- a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur
- the amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period
- the amount that was reclassified to profit or loss for the period; and
- the amount of any excess of the cumulative change in fair value of the hedging instrument over the cumulative change in the fair value of the expected cash flows that was recognised in profit or loss for the period. [AASB 1060.122]

Guidance – Change in accounting policy

When initial application of an Australian Accounting Standard has an effect on the current period or any prior period, or might have an effect on future periods, an entity shall disclose the following:

- the nature of the change in accounting policy
- for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected
- the amount of the adjustment relating to periods before those presented, to the extent practicable; and
- an explanation if it is impracticable to determine the amounts [AASB 1060.106]

Where an entity has selected a transition option under another Standard and there are specific transition disclosure requirements in that Standard, the entity shall apply the full transition disclosure requirements in that Standard instead of the requirements in paragraph 106. [AASB 1060.107]

In the reporting period in which an entity first applies *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*, the entity is not required to disclose the information that would otherwise be required by paragraph 106 (for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected) in respect of the accounting policy changes made in applying AASB 2020-8. [AASB 1060.107A]

When a voluntary change in accounting policy has an effect on the current period or any prior period, an entity shall disclose the following:

- the nature of the change in accounting policy
- the reasons why applying the new accounting policy provides reliable and more relevant information
- to the extent practicable, the amount of the adjustment for each financial statement line item affected, shown separately:
 - for the current period
 - for each prior period presented
 - in the aggregate for periods before those presented; and
- an explanation if it is impracticable to determine the amounts to be disclosed.

Financial statements of subsequent periods need not repeat these disclosures. [AASB 1060.108]

Guidance – Change in estimate

An entity shall disclose the nature of any change in an accounting estimate and the effect of the change on assets, liabilities, income and expense for the current period. If it is practicable for the entity to estimate the effect of the change in one or more future periods, the entity shall disclose those estimates. [AASB 1060.109]

Guidance – Correction to prior error

An entity shall disclose the following about prior period errors:

- 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
- to the extent practicable, the amount of the correction at the beginning of the earliest prior period presented; and
- an explanation if it is not practicable to determine the amounts to be disclosed in (b) or (c).
- Financial statements of subsequent periods need not repeat these disclosures. [AASB 1060.110]