

# Summary of changes applied to the 2019-20 Model Report

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## Purpose and overview

The purpose of this document is to provide a summary of the key changes in the 2019-20 Model Report (Model) since the publication of the 2018-19 Model.

The changes in the Model incorporate a combination of revisions and enhancements.

The main changes include:

- incorporation of the first-time adoption, including transition disclosures, in the financial statements and associated notes arising from the suite of new accounting standards:
  - AASB 15 *Revenue from Contracts with Customers*;
  - AASB 1058 *Income of Not-for-profit entities*;
  - AASB 16 *Leases*; and
  - AASB 1059 *Service Concession Arrangements: Grantors*;
- relocating appendices relating to accounting standards guidance, tools and associated checklists to the DTF website; and
- editorial changes and enhancements.

For details of the **New** and **Revised** reporting requirements in the Model, please refer to the summary of changes tables below.

## General changes in the Model Report

Subject matter	Source of change	Summary of changes throughout the 2019-20 Model Report	Page reference
General improvements and revisions to the Model	Roll-forward dates	All relevant dates have been rolled over in the 2019-20 Model Report as part of the roll-over process from the previous Model Report.	Whole Model
	Enhanced guidance	Editorial changes and updates to the phrasing and structure of sentences/paragraphs have been made to improve the guidance material throughout the Model.	Whole Model
	To update the source references	<p>The following changes have been made to the source references:</p> <ul style="list-style-type: none"> <li>• Changes to the AASB/FRD source references as a result of the update to the relevant AASB/FRD since 1 July 2019 until 1 June 2020;</li> <li>• Reference to the Resource Management Framework, effective 1 July 2019, which supersedes the BOF and PMF; and</li> <li>• Updated references to the Guidance and Appendices section to reflect further streamlining.</li> </ul>	Whole Model
General updates to Guidance section	Streamlining of Model Report	The previous guidance section on the streamlining of the Financial Statements has been removed as part of the broader streamlining of the Model Report, because most, if not all, material reporters have already streamlined their financial reports.	Guidance section

## Model Report of Operations

Subject matter	Source of change	Summary of changes to the relevant sections in the Model Report of Operations	Page reference
[Revised] Freedom of Information	General improvement	Minor amendments have been added to the section to provide clarity on the amendments to the <i>Freedom of Information Act 1982</i> and processing time for Freedom of Information requests.	52 – 53
[Revised] Compliance with the Protected Disclosure Act 2012	General improvement	An additional person has been included in the list of Departmental personnel who can make disclosures on improper conduct or detrimental action.	55 - 56
[Revised] Compliance with the Carers Recognition Act 2012	General improvement	An additional measure has been included in the example disclosure to provide further scope on how Departments can comply with their obligations under the <i>Carers Recognition Act 2012</i> .	56
[Revised] Compliance with Other Legislation	General improvement	For enhanced clarity, the previous <i>Compliance with Technology Act 1991</i> has been renamed to <i>Compliance with Other Legislation</i> . This is to reflect the requirement for entities to disclose other applicable legislation which is relevant to their industry and not covered in the Model Report. The Model Report uses the fictitious <i>Technology Act 1991</i> as an example disclosure of compliance with legislation.	58
[Revised] Attestation for financial management compliance with Standing Direction 5,1,4	General improvement	Minor editorial updates were made to the wording of the Attestation Statement to provide more clarity on the nature of the compliance statement under the Standing Directions.	68
[Revised] Disclosure index and guidance section	General improvement	For enhanced usability, embedded hyperlinks have been inserted to the relevant page for the selected disclosure.  Additional guidance has been inserted for preparers to refer to the DTF website to ensure the most up to date references are being used in their annual reports.	70 - 71

## Model Financial Statements (grouped by source of change)

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Model Financial Statements	Page reference
[Revised] Balance sheet	Australian Accounting Standards	The Balance sheet has been amended to incorporate the recognition of Contract Assets and Contract Liabilities under AASB 15 (new disclosure requirement).	83
[Revised] Statement of Changes in Equity	Australian Accounting Standards	The Statement of changes in equity has been amended to incorporate the transitional changes for the implementation of AASB 1059 and AASB 15 for the first time.	88
[Revised] 9.7 Changes in accounting policies	Australian Accounting Standards	The section has been amended to incorporate the transitional disclosures for the first-time adoption of AASB15, 1058, AASB 16 and AASB 1059 in accordance with AASB 108.	230 - 236
[Revised] 9.14 Australian Accounting Standards issued that are not effective	Australian Accounting Standards	This note has been updated to include disclosures associated with the new accounting standards (issued but not effective for 30 June 2020) to assist preparers to disclose the potential impacts of these standards on the Department's financial statements.	244 - 245
[New] 7.2 Leases	AASB 16 Leases	AASB 16 prescribes the accounting for leases which requires the lessee to recognise right-of-use assets and lease liabilities created by leases.  As a result of the first-time adoption of AASB 16, note 7.2 has been added to provide illustrations and guidance on the transitional, as well as on-going disclosure requirements for leases.	160
[Revised] 9.15 Glossary of Technical terms	AASB 16 Leases	The revision to the definition of leases to align with the definition provided in AASB 16. Also adjusting the Borrowings and Interest expense terms to reflect the adoption of the standard.	248
[Revised] 5.1 Total property, plant and equipment	AASB 16 Leases	Tables 5.1, 5.1.1, and 5.1.2 and the associated accounting policy notes have been updated to reflect the disclosure of right-of-use assets recognised. Table 5.1.3 has been updated to reflect the adjustment to opening balances to reflect the disclosure of right-of-use assets on transition.	123 - 129
[Revised] 5.2 Investment Properties		New guidance has been inserted to reflect disclosures under AASB 16.	130
[New & Revised] 6.1 Finance leases (Lessor)	AASB 16 Leases	New maturity analysis of lease receivables table and additional guidance have been inserted to reflect AASB 16 Lessor disclosure requirements.	147

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Model Financial Statements	Page reference
<b>[Revised]</b> 7.1 Borrowings Maturity analysis of borrowings Interest Expense	AASB 16 <i>Leases</i>	The associated tables, accounting policy notes and guidance have been updated to reflect the disclosure of lease liabilities, including split by current and non-current financial liabilities and the associated maturity analysis. The disclosure of the interest charges on the associated lease liabilities has also been added.	158 - 160
<b>[New &amp; Revised]</b> 8.1.1 Financial Instruments: Categorisation	AASB 16 <i>Leases</i>	Addition of lease liabilities as financial liabilities.	185 - 186
<b>[Revised]</b> 3.4 Other operating expenses	AASB 16 <i>Leases</i>	The associated tables, accounting policy notes and guidance has been amended to incorporate AASB 16 disclosure requirements.	110 - 111
<b>[New]</b> 7.5.3 AASB 1059 Service Concession Arrangements: Grantors	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	AASB 1059 prescribes the accounting for service concession arrangement by a grantor that is a public sector entity. The grantor is required to record the service concession asset at current replacement cost with an associated Financial Liability, Grant-of-right-to-operator Liability (GORTO) or a combination of both.  As a result of the first-time adoption of AASB 1059, note 7.5.3 has been added to provide guidance on the transitional, as well as ongoing, disclosure requirements for service concession arrangements. Illustrations have been included on service concession arrangements under the GORTO and Financial Liability models.	173 - 176
<b>[Revised]</b> 5.1 Total property, plant and equipment	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Consequential amendments have been applied to the financial statements and accompanying notes to reflect the adoption of AASB 1059. This includes: <ul style="list-style-type: none"> <li>The adjustment of the Property, Plant and Equipment to include the carrying amounts of the service concession assets. The reconciliation of movements table in 5.1.3 has also been updated to include the addition of the service concession asset and to recognise the associated depreciation on the asset.</li> <li>Table 5.1.1 The disclosure of the associated depreciation and amortisation charges on the service concession assets for the period.</li> </ul>	123 - 129
<b>[Revised]</b> 5.4 Intangible assets	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	The disclosure of the intellectual property database and associated notes to reflect the recognition of the previously unrecognised intangible asset prior to the adoption of AASB 1059.	134 - 135

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Model Financial Statements	Page reference
<b>[New]</b> 6.2 Payables	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	The disclosure of the GORTO liability to reflect the unrecognised revenue at balance date, to be recognised over the remaining concession term.	152 - 154
<b>[Revised]</b> 7.1 Borrowings	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	The disclosure of the service concession financial liability split by current and non-current financial liabilities and the associated maturity profile.  The disclosure of the interest charges on the associated financial liability under the service concession arrangements.	158 - 160
<b>[Revised]</b> 7.5.2 PPP commitments	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Additional disclosure inserted explaining that some PPP arrangements may fall within the scope of AASB 1059 if certain criteria are met.	172
<b>[New]</b> 8.1.1 Financial Instruments: Categorisation	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Addition of financial liability for service concession arrangement that fall within that category, classified as a financial liability.	185 - 186
<b>[New]</b> 8.3.2 Fair Value Determination: Non-financial physical assets	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Added Service Concession Arrangements to the table of non-financial physical assets subject to fair value determination.	209 - 211
<b>[New]</b> 9.2 Other economic flows included in net result	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Recognition of previously unrecognised intangible asset as a result of applying AASB 1059.	220
<b>[Revised]</b> 9.4 Reserves	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	The Revaluation of increments/(decrements) line in physical asset revaluation surplus has been updated to include the addition of the previously unrecognised intangible asset classified as a GORTO liability service concession asset.	225
<b>[Revised]</b> 2.4.5 Other Income	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	The disclosure of service concession revenue under "other income" to reflect the revenue recognised progressively under the GORTO model.	100

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Model Financial Statements	Page reference
[Revised] 3.4 Other operating expenses	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	The disclosure of additional expenses being recognised as a result of the service concession arrangement under the GORTO model.	110
[New] 9.15 Glossary of Technical terms	AASB 1059 <i>Service Concession Arrangements: Grantors</i>	The inclusion of the definition of service concession arrangements as provided in AASB 1059. Also amending the Borrowings and Interest expense terms to reflect adoption of the standard.	249
[New] 6.1 Contract Assets	<i>Contracts with Customers / AASB 1058 Income of Not-for-Profit entities</i>	Included new table to reflect contract assets for amounts owing to the Department for works completed, but not invoiced to align with the new disclosure requirements, with associated guidance.	148
[New] 6.2 Contract liabilities	<i>Contracts with Customers / AASB 1058 Income of Not-for-Profit entities</i>	Included a new table for contract liabilities relating to consideration received in advance of satisfying performance obligations, with associated guidance.	153
[New] 6.2 Payables	<i>Contracts with Customers / AASB 1058 Income of Not-for-Profit entities</i>	The disclosure of deferred revenue as a result of new AASB 1058 criterion for transfers to the Department to construct a recognisable non-financial asset, or grant revenue deferred due to unsatisfied performance obligations at 30 June.	152
[Revised] 2.4.2 Sale of goods and services	<i>Contracts with Customers / AASB 1058 Income of Not-for-Profit entities</i>	Disclosures of initial impact of applying AASB 15, practical expedients used, performance obligations and revenue recognition policies.	97 - 98
[New & Revised] 2.4.3 Grants	<i>Contracts with Customers / AASB 1058 Income of Not-for-Profit entities</i>	Disclosures of initial impact of applying AASB 1058 and 15, practical expedients used and income recognition for specific grants.	98 - 99
[Revised] 2.4.5 Other income	<i>Contracts with Customers / AASB 1058 Income of Not-for-Profit entities</i>	The guidance section has been updated on the adoption of AASB 15 and AASB 1058, particularly surrounding the new recognition criteria for revenue.	100



## Model Appendices

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Model Appendices	Page reference
Appendix 3: Index of accounting guidance and associated checklist	Relocation to the DTF website	<p>As part of the broader streamlining of the Model Appendices, the following accounting guidance and associated checklists on the Australian Accounting Standards have been relocated from the Model Appendices to the DTF webpage:</p> <ul style="list-style-type: none"> <li>• Hierarchy of Accounting Standards;</li> <li>• Practical classification guide between transactions and other economic flows</li> <li>• AASB 5 – When to account for surplus assets as ‘held for sale’;</li> <li>• AASB 10 – Control analysis for Victorian Public Sector Entities checklist</li> <li>• AASB 12 – Interests in subsidiary and unconsolidated structure entities</li> <li>• AASB 119 – Annual leave provisions</li> </ul>	262 - 263