



Summary of key changes to the 2023-24 financial statements reporting guidance

Overview

This document provides an overview of the key changes to the following documents, which are applicable to the preparation of Commonwealth entities' 2023-24 financial statements:

- the [Public Governance, Performance and Accountability \(Financial Reporting\) Rule 2015](#) (FRR)
- [Commonwealth Entities Financial Statements Guide – 2023-24](#) (RMG 125)
- [Accounting for Annual Appropriations – 2023-24](#) (RMG 116)
- [Primary Reporting and Information Management Aid \(PRIMA\) Forms – 2023-24](#).

1. Changes to the FRR

There are no changes to the FRR for the 2023-24 financial reporting period, including 2023-24 financial statements.

Please refer to the [current version of the FRR](#) on the Federal Register of Legislation (FRL) for the current legislated financial statements requirements.

The FRR sets out the financial reporting requirements for Commonwealth reporting entities (see section 6 of the FRR), which are non-corporate Commonwealth entities and corporate Commonwealth entities.

All Commonwealth reporting entities are required to prepare their financial statements in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the FRR, the [Australian Accounting Standards \(AAS\)](#) and/or other entity-specific legislation.

Please note that the FRR does not apply to companies established under the *Corporations Act 2001*, nor subsidiaries of a Commonwealth entity.

2. Changes to RMG 125

The *Commonwealth Entities Financial Statements Guide* (RMG 125) contains guidance likely to be applicable to all Commonwealth reporting entities responsible for preparing financial statements under the FRR.

Changes include:

- updates to the market sensitivity analysis section, noting that the Commonwealth's exposure in relation to financial instruments is mainly in two currencies (USD and EUR)

- additional or updated information on:
 - changes to terminology from “reallocation” to “reclassification” of departmental appropriations between operating and capital
 - clarification of the measurement requirement for administered investments held for sale
 - clarification of when breaches of section 83 of the Constitution should be disclosed

[Appendix A](#) provides a detailed list of the key changes to RMG 125.

Please note that the Australian Accounting Standards Board (AASB) has commenced work making Australian sustainability standards, as the [International Sustainability Standards Board](#) has now issued its standards. For further information, please refer to guidance on [APS Net Zero Emissions by 2030](#) and the [AASB website](#).

In addition, a new [Appendix E to RMG 125](#) has been added under *Tools and templates* to provide a list of Commonwealth entities with regulatory charging activities which fall within the scope of the [Australian Government Charging Framework](#).

3. Changes to RMG 116

Accounting for Annual Appropriations (RMG 116) provides guidance to Commonwealth reporting entities on the mandatory disclosure requirements for annual appropriations under the FRR and AAS.

Changes include:

- clarification of the accounting treatment for lapsing departmental appropriations, including relevant accounting standard references and updated example journals in Appendix 1
- updates to account codes in journal entries to ensure consistent accounting treatment across the Estimates and Actuals modules in the Central Budget Management System, in particular for adjustments to prior year operating appropriations
- changes to terminology from “reallocation” to “reclassification” of departmental appropriations between operating and capital.

[Appendix B](#) provides a detailed list of the key changes to RMG 116.

4. Changes to PRIMA Forms

PRIMA Forms illustrate the most common disclosures and related notes for financial statements required by the FRR and AAS.

There are two separate sets of PRIMA Forms which demonstrate tiered reporting requirements:

- Tier 1 – full disclosure
- Tier 2 – simplified disclosures under AASB 1060.

For a list of Commonwealth entities subject to Tier 1 reporting requirements, please refer to [section 18 of the FRR](#).

The PRIMA Forms continue to be guidance only, consequently entities have the opportunity to customise disclosures (provided they still comply with AAS and the FRR) – this includes, but is not limited to, the sequence of notes.

Changes include:

- all macros have been removed from the 2023-24 PRIMA Forms to address entity security concerns. As a result, entities will need to manually restructure, format and/or rename the tables and notes. An updated [PRIMA Forms - User Guide](#) is available on the Finance website
- additional information on disclosure of breaches of section 83 of the Constitution
- further guidance on how to determine who may sign the certification statement accompanying the financial statements
- the inclusion of a reference to AASB 1060.115 in the PRIMA Tier 2 Forms in relation to disclosures of the basis for determining the fair value of financial assets and liabilities.

[Appendix C](#) provides a list of detailed changes to PRIMA Forms for Tier 1 entities.

[Appendix D](#) provides a list of detailed changes to PRIMA Forms for Tier 2 entities.

Appendix A: Key content changes to RMG 125

2022-23 RMG 125 (previous)	2023-24 RMG 125 (changes)
2. Application and presentation	2. Application and presentation
<p>Reallocation of departmental appropriation</p> <p>Where an entity has approval to reallocate a departmental appropriation between operating and capital, it must seek a new appropriation for the reallocation and where applicable, seek a section 51 withholding for the original appropriation. Without a new appropriation, entities are prohibited from redesignating the original departmental appropriation provided under Appropriation Act 1 between operating and capital, even following a government decision to do so. Failing to report appropriations as per the original designation in their financial statements will result in non-compliance with AAS – see paragraph 12 of AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities for more information.</p> <p>See New policy proposals in RMG-124 Capital Budgeting by Commonwealth Entities in the General Government Sector for information on seeking a reallocation of funding between operating and capital expenditure.</p>	<p>Reclassification of departmental appropriation</p> <p>Where an entity has approval to reclassify a departmental appropriation between operating and capital, it must seek a new appropriation for the reclassification and where applicable, seek a section 51 withholding for the original appropriation. Without a new appropriation, entities are prohibited from redesignating the original departmental appropriation provided under Appropriation Act 1 between operating and capital, even following a government decision to do so. Failing to report appropriations as per the original designation in their financial statements will result in non-compliance with AAS – see paragraph 12 of AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities for more information.</p> <p>See New policy proposals in RMG-124 Capital Budgeting by Commonwealth Entities in the General Government Sector for information on seeking a reclassification of funding between operating and capital expenditure.</p>
4. Statement of financial position	4. Statement of financial position
<p>Financial instruments</p> <p>Market risk sensitivity – standardised rates</p> <p>The statistical analysis for the FX sensitivity analysis rate (FXSA rate) is based on main currencies movement for the last 5 years with information revised and adjusted for reasonableness under the current economic circumstances. The 5 main currencies that the Commonwealth has exposure to are the USD (United States Dollar), EUR (Euro), VND (Vietnamese Dong), IDR (Indonesian Rupiah) and the KRW (South Korean Won).</p>	<p>Financial instruments</p> <p>Market risk sensitivity – standardised rates</p> <p>The statistical analysis for the FX sensitivity analysis rate (FXSA rate) is based on main currencies movement for the last 5 years with information revised and adjusted for reasonableness under the current economic circumstances. The 5 main currencies that the Commonwealth has exposure to in relation to financial instruments include the USD (United States Dollar) and EUR (Euro).</p>

2022-23 RMG 125 (previous)	2023-24 RMG 125 (changes)
6. Administered reporting	6. Administered reporting
Administered investments held for sale	Administered investments held for sale
Under AASB 5 Non-current Assets Held for Sale and Discontinued Operations (AASB 5), administered investments that are held for sale are to be presented separately from other assets. As they are financial assets, they are measured under AASB 9.	Under AASB 5 Non-current Assets Held for Sale and Discontinued Operations (AASB 5), administered investments that are held for sale are to be presented separately from other assets. Administered investments continue to be measured under AASB 9 when they meet the classification threshold for being held for sale.
8. Appropriations	8. Appropriations
Appropriation – disclosure	Appropriation – disclosure
Where an entity is concerned that appropriation may be or has been spent in breach of section 83 of the Constitution, an appropriate risk assessment must be conducted to determine if a section 83 disclosure is required. A section 83 disclosure is generally required where an entity considers that there is a risk that a breach occurred, or an actual a breach has occurred, in the reporting period.	Where an entity is concerned that there is a risk that appropriation may have been spent in breach of section 83 of the Constitution, an appropriate risk assessment must be conducted to determine if a section 83 disclosure is required. A section 83 disclosure is generally required where an entity considers that there is a risk that a breach may have occurred in the reporting period.
Related Resources	Related Resources
Appendix B updated.	Added “Entities should have (or obtain) legal advice to support amounts reported as being held on trust. The fact that amounts are held in a special account (i.e. a Services for Other Entities and Trust Moneys special account) does not automatically classify those amounts held as being trust in nature, the nature of trust moneys should be confirmed by legal advice”.
Appendix C updated.	Updated list of Commonwealth entities with administered and/or departmental capital budget funding (based on the PGPA flipchart as at 3 October 2023).
New Appendix E added.	A list of Commonwealth entities with regulatory charging activities which fall within the scope of the Australian Government Charging Framework. Entities should refer to this list when determining whether they need to prepare a regulatory charging note to the financial statements under section 34A of the FRR. This list will be updated annually.

Appendix B: Key content changes to RMG 116

2022-23 RMG 116 (previous)	2023-24 RMG 116 (changes)
<p>Audience A paragraph removed.</p>	<p>Audience Replaces Accounting Guidance Note No. 2013/1 Annual Appropriations Reporting.</p>
Part 1 - Departmental appropriations	Part 1 - Departmental Appropriations
<p>Accounting treatment for lapsing appropriations</p> <p>The following treatment assumes a 1 July repeal date:</p> <ul style="list-style-type: none"> accounting treatment – appropriations receivable is reduced against contributed equity on 1 July appropriation note – lapsing amounts included as legally available appropriation (as they are still legally available as at 30 June), with a footnote to disclose that the amounts will lapse on 1 July. 	<p>Accounting treatment for lapsing appropriations</p> <p>The following treatment assumes a 1 July repeal date:</p> <ul style="list-style-type: none"> accounting treatment – appropriations receivable is reduced against contributed equity on 30 June <ul style="list-style-type: none"> Note – the reduction in contributed equity on 30 June reflects the expected loss of control shortly after the end of the financial year (on 1 July) – an adjusting event under paragraph 8 of AASB 110 <i>Events after the Reporting Period</i>. appropriation note – lapsing amounts included as legally available appropriation (as they are still legally available as at 30 June), with a footnote to disclose that the amounts will lapse on 1 July. <ul style="list-style-type: none"> Note – reporting of legally available amounts in appropriation note disclosures are an important part of the Government’s accountability to the Parliament and the public, and are consistent with the requirements of paragraphs 238-41 of AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> (and paragraphs 38-39 of AASB 1058 <i>Income of Not-for-Profit Entities</i>).
Related Resources	Related Resources
<p>Appendix 1 Example D2 Journal entries - prior year operating</p> <p>4100003 Contributed Equity – 7228 Return of equity</p>	<p>Appendix 1 Example D2 Journal entries - prior year operating</p> <p>4100001 Accumulated results – 7592 Cash transfers to the OPA</p>

2022-23 RMG 116 (previous)	2023-24 RMG 116 (changes)
<p>Appendix 1 Example D2</p> <p>Under section 44 of the FRR, in the annual appropriations notes, the entity is to state reasons for amounts of current and prior year annual appropriation being withheld under section 51 of the PGPA Act and/or quarantined for administrative purposes for each appropriation Act that is still legally in force (annual Appropriation Acts remain in force for three years after commencement) as of 30 June. Amounts withheld or administrative quarantined do not need to be disclosed by each individual direction/item – entities should disclose total net amounts withheld and/or administrative quarantined by Act.</p>	<p>Appendix 1 Example D2</p> <p>Under section 45 of the FRR, in the annual appropriations notes, the entity is to state reasons for amounts of current and prior year annual appropriation being withheld under section 51 of the PGPA Act and/or quarantined for administrative purposes for each appropriation Act that is still legally in force (annual Appropriation Acts remain in force for three years after commencement) as of 30 June. Amounts withheld or administrative quarantined do not need to be disclosed by each individual direction/item – entities should disclose total net amounts withheld and/or administrative quarantined by Act.</p>
<p>Appendix 1 Example D4.4 Journal entries – year of approval (\$5.5M)</p> <p>30.07.X2</p>	<p>Appendix 1 Example D4.4 Journal entries – year of approval (\$5.5M)</p> <p>30.07.X3</p>
<p>Appendix 1 Example D5 Journal entry</p> <p>01.07.20X4 4100003 Contributed Equity – 7228 Return of equity</p>	<p>Appendix 1 Example D5 Journal entry</p> <p>30.06.20X4 4100001 Accumulated results – 7592 Cash transfers to the OPA</p>

Appendix C: Changes to PRIMA Forms for Tier 1 entities

Statement/Note PRIMA reference	Changes from 2022-23
All relevant tabs	Removed: All macros and the PRIMA Model Excel ribbon.
All relevant tabs	Updated text in red: Year references changed to 20X1 and 20X2.
Cover	Inserted text: Added "January 2024" to clarify the date of the version.
Navigation	Removed tab.
Contents	Added: Enter the Current Year here (e.g. 20X2) Enter the Comparator Year here (e.g. 20X1)
Certification	Inserted text: Please refer to your Accountable Authority's delegation instrument under the PGPA Act to determine who is the Chief Financial Officer designate.
Statement of Changes in Equity	Inserted text: Operating balance as at 1 July
Administered Primary Statements	Updated tabs colour: Changed from purple to orange.
Overview	Inserted text under 'Breaches of Section 83 of the Constitution' As a general rule, a Section 83 disclosure would only be required if it was considered that a breach may have occurred in the reporting period.

Appendix D: Changes to PRIMA Forms for Tier 2 entities

Statement/Note PRIMA reference	Changes from 2022-23
All relevant tabs	Removed: All macros and the PRIMA Model Excel ribbon.
All relevant tabs	Updated text in red: 20X1 and 20X2.
Cover	Inserted text: Added “January 2024” to clarify the date of the version.
Navigation	Removed tab.
Contents	Added: Enter the Current Year here (e.g. 20X2) Enter the Comparator Year here (e.g. 20X1)
Certification	Inserted text: Please refer to your Accountable Authority's delegation instrument under the PGPA Act to determine who is the Chief Financial Officer designate.
Statement of Changes in Equity	Inserted text: Operating balance as at 1 July
Administered Primary Statements	Updated tabs colour: Changed from purple to orange.
Overview	Inserted text under ‘Breaches of Section 83 of the Constitution’ As a general rule, a Section 83 disclosure would only be required if it was considered that a breach may have occurred in the reporting period.
7.2: Financial Instruments	Inserted reference to Accounting Standards: Added reference to “AASB 1060.115”, which relates to disclosures around the basis for determining the fair value of financial assets and financial liabilities.