



# AASB 1052 DISAGGREGATED DISCLOSURES

## FACT SHEET

This fact sheet is based on existing requirements as at 31 December 2015 and it does not take into account recent standards and interpretations that have been issued but are not yet effective.

### **IMPORTANT NOTE**

**This Standard is an Australian specific standard with no international equivalent. The application date included below is the effective date of the initial version of the Standard.**

## AASB APPLICATION DATE

AASB 1052 is applicable for annual reporting periods commencing on or after 1 July 2008.

## OBJECTIVE

The objective of AASB 1052 is to specify principles for reporting:

- a. financial information by function or activity by local governments; and
- b. financial information about service costs and achievements by government departments.

Disclosures made in accordance with AASB 1052 provide users with information relevant to assessing the performance of a local government or government department, including accountability for resources entrusted to it.

## SCOPE

AASB 1052 applies to general purpose financial statements of local governments and government departments.

AASB 1052 does not specify disaggregated disclosure requirements for whole of governments or General Government Sectors; these are contained in AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

## DISCLOSURES

Refer to Appendix 1 for a detailed checklist to assist with AASB 1052 disclosure requirements.

### **Classification according to function or activity by local governments**

AASB 1052 requires disclosure of information about the assets, income and expenses of the local government according to the broad functions or activities of the local government, whether they be related to service delivery or undertaken for commercial objectives.

### **Disclosure of service costs and achievements by government departments**

Government departments are required to achieve service delivery as well as financial objectives to enhance the quality of information available for assessing performance. AASB 1052 requires that a summary of the government department's objectives be disclosed in the complete set of financial statements where the government department's annual report does not include this disclosure.

Paragraph 15 and 16 of AASB 1052 require disclosure of information about the expenses, income, assets and liabilities attributable to the major activities of a government department for the reporting period.

### **Identifying major activities of Government departments**

Judgement is required to identify those activities of a government department that warrant separate disclosure in the complete set of financial statements. Exercising this judgement involves a consideration of the following:

- a. the objectives of the government department;
- b. the likely users of the general purpose financial statements;
- c. the activity level that may be relevant to users' assessments of the performance of the government department; and
- d. the concept of materiality. AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* define an item as material if its omission or misstatement could influence the economic decisions of users of the financial statements.

## REDUCED DISCLOSURE REQUIREMENTS (RDR)

On 30 June 2010, the Australian Accounting Standards Board published AASB 1053 *Application of Tiers of Australian Accounting Standards* (and AASB 2010-2 *Amendments to Australian Accounting Standards* arising from Reduced Disclosure Requirements) which established a differential reporting framework, consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

- a. Tier 1: Australian Accounting Standards; and
- b. Tier 2: Australian Accounting Standards  
– Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

A Tier 2 entity is a 'reporting entity' as defined in SAC 1 *Definition of the Reporting Entity* that does not have 'public accountability' as defined in AASB 1053 and is not otherwise deemed to be a Tier 1 entity by AASB 1053.

RDR is applicable to annual periods beginning on or after 1 July 2013.

When developing AASB 1053, the AASB concluded that the Australian Government and state, territory and local governments should be subject to Tier 1 requirements. The AASB also decided that General Government Sectors of the Australian Government and state and territory governments should continue to apply AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, without the reduction in disclosures provided by Tier 2. Other public sector entities are able to apply Tier 2 reporting requirements.

The requirements that do not apply to RDR entities are identified in Appendix 1 by shading of the relevant text.

## APPENDIX 1 – DISCLOSURE CHECKLIST

This checklist can be used to review your financial statements. You should complete the “Yes / No / N/A” column about whether the requirement is included. To ensure the completeness of disclosures, provide an explanation for “No” answers.

CODE		YES / NO / N/A	EXPLANATION (If required)
AASB 1052.11	<p>Have the financial statements of a <b>local government</b> disclosed in respect of each broad function or activity:</p> <p>a. by way of note</p> <p>i. the nature and objectives of that function / activity; and</p> <p>ii. the carrying amount of assets that are reliably attributable to that function / activity?; and</p> <p>b. by way of note or otherwise:</p> <p>i. income for the reporting period that is reliably attributable to that function / activity, with component revenues from related grants disclosed separately as a component thereof; and</p> <p>ii. expenses for the reporting period that are reliably attributable to that function / activity?</p>		
AASB 1052.15	<p>Have the financial statements of a government department disclosed:</p> <p>a. in summarised form, the identity and purpose of each major activity undertaken by the government department during the reporting period?;</p> <p>b. if not otherwise disclosed in, or in conjunction with, the government department's complete set of financial statements, a summary of the government department's objectives?;</p> <p>c. expenses reliably attributable to each of the activities identified in (a) above, showing separately each major class of expense?; and</p> <p>d. income reliably attributable to each of the activities identified in (a) above, showing separately user charges, income from government and other income by major class of income?</p>		
AASB 1052.16	<p>Have the financial statements of a government department disclosed the assets deployed and liabilities incurred that are reliably attributable to each of the activities identified in paragraph 15(a)?</p>		

## OTHER MATTERS

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