

## **APPENDIX C: AUSTRALIAN ACCOUNTING STANDARDS FINANCIAL STATEMENTS**

This Appendix provides financial tables based on applicable Australian Accounting Standards (AAS), including AAS 31 *Financial Reporting by Governments*, except where departures from the standards are identified in Note 1.

A reconciliation between the Australian Government's general government AAS financial statements and Government Finance Statistics (GFS) revenue, expenses and operating results is provided in Appendix B.

**Table C1: Statement of financial performance for the Australian Government general government sector — AAS**

	Estimates		Projections	
	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m
<b>Revenues</b>				
Taxation				
Income taxation	153,210	161,310	171,180	181,280
Indirect taxation	27,954	27,969	28,273	28,911
Fringe benefits tax	3,240	3,260	3,350	3,450
Other taxes	1,742	1,837	1,836	1,789
<b>Total taxation revenue</b>	<b>186,146</b>	<b>194,376</b>	<b>204,639</b>	<b>215,430</b>
Non-taxation				
Sales of goods and services	4,476	4,567	4,703	4,795
Interest and dividends	6,671	6,962	7,573	7,527
Net foreign exchange gains	2	0	0	0
Proceeds from the sale of assets	919	746	11,857	11,855
Other sources of non-taxation revenue	2,868	2,837	2,809	2,800
<b>Total non-taxation revenue</b>	<b>14,936</b>	<b>15,113</b>	<b>26,942</b>	<b>26,977</b>
<b>Total revenue</b>	<b>201,082</b>	<b>209,489</b>	<b>231,581</b>	<b>242,406</b>
<b>Expenses</b>				
Goods and services				
Employees	22,021	22,479	22,822	23,331
Suppliers	16,455	15,784	16,066	16,725
Depreciation and amortisation	4,301	4,164	4,298	4,426
Net writedown of assets	1,945	2,016	2,042	2,202
Value of assets sold	839	715	2,400	2,381
Other goods and services expenses	7,777	8,122	8,415	8,782
<b>Total goods and services</b>	<b>53,337</b>	<b>53,281</b>	<b>56,042</b>	<b>57,849</b>
Subsidies benefits and grants				
Personal benefits	88,424	95,157	101,651	108,457
Subsidies	10,489	11,008	11,387	11,934
Grants	39,737	40,042	40,884	42,898
<b>Total subsidies benefits and grants</b>	<b>138,651</b>	<b>146,206</b>	<b>153,923</b>	<b>163,289</b>
Borrowing costs				
Interest	6,222	5,977	5,780	5,453
Other borrowing costs	22	21	21	20
<b>Total interest and other borrowing costs</b>	<b>6,245</b>	<b>5,998</b>	<b>5,801</b>	<b>5,473</b>
<b>Total expenses</b>	<b>198,233</b>	<b>205,485</b>	<b>215,766</b>	<b>226,612</b>
<b>Operating result</b>	<b>2,849</b>	<b>4,004</b>	<b>15,815</b>	<b>15,795</b>

**Table C2: Statement of financial position for the Australian Government general government sector as at 30 June — AAS**

	Estimates		Projections	
	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m
<b>Assets</b>				
Financial assets				
Cash	1,401	1,300	1,387	1,452
Receivables	30,065	32,137	35,384	38,919
Investments(a)	25,597	25,562	23,851	22,202
Equity accounted investments	401	401	401	401
Accrued revenue	391	405	450	497
Other financial assets	16	17	17	18
<b>Total financial assets</b>	<b>57,872</b>	<b>59,822</b>	<b>61,490</b>	<b>63,489</b>
Non-financial assets				
Land and buildings (excluding heritage)	19,042	19,147	19,280	19,384
Infrastructure(b)	39,691	40,866	42,021	43,271
Heritage and cultural assets(b)	6,465	6,491	6,517	6,541
Intangibles	1,606	1,596	1,529	1,483
Inventories	4,904	4,835	4,856	4,860
Other non-financial assets	1,946	1,513	1,441	1,352
<b>Total non-financial assets</b>	<b>73,655</b>	<b>74,447</b>	<b>75,643</b>	<b>76,890</b>
<b>Total assets</b>	<b>131,527</b>	<b>134,270</b>	<b>137,133</b>	<b>140,379</b>
<b>Liabilities</b>				
Debt				
Government securities(a)	37,885	33,920	17,303	77
Loans	4,702	4,537	4,377	4,263
Leases	204	166	156	121
Deposits	365	365	365	365
Other debt	1,180	1,184	1,187	1,192
<b>Total debt(c)</b>	<b>44,335</b>	<b>40,172</b>	<b>23,388</b>	<b>6,018</b>
Provisions and payables				
Employees and superannuation	98,308	101,562	104,704	108,142
Suppliers	2,238	2,229	2,243	2,255
Personal benefits payable	5,409	5,510	5,920	6,561
Subsidies payable	416	343	317	316
Grants payable	9,792	9,889	9,896	10,266
Other provisions and payables	10,487	9,966	10,172	10,416
<b>Total provisions and payables</b>	<b>126,649</b>	<b>129,500</b>	<b>133,252</b>	<b>137,956</b>
<b>Total liabilities</b>	<b>170,984</b>	<b>169,672</b>	<b>156,640</b>	<b>143,974</b>
<b>Net assets</b>	<b>-39,457</b>	<b>-35,402</b>	<b>-19,507</b>	<b>-3,595</b>
<b>Equity</b>				
Accumulated results	-74,511	-70,507	-53,050	-35,617
Reserves	35,054	35,105	33,543	32,021
Capital	0	0	0	0
<b>Total equity</b>	<b>-39,457</b>	<b>-35,402</b>	<b>-19,507</b>	<b>-3,595</b>

(a) For 2004-05 and the forward years, transactions relating to debt management activities in Financial assets – investments and Debt – government securities have been netted. This treatment has been applied because of the uncertainty associated with the actual split between government securities and financial assets acquired for debt management purposes.

(b) Heritage and cultural assets were previously included in infrastructure.

(c) Debt includes interest-bearing and non-interest bearing debt.

**Table C3: Statement of cash flows for the Australian Government general government sector — AAS**

	Estimates		Projections	
	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m
<b>Operating activities</b>				
Cash received				
Taxation	182,407	191,039	200,985	211,514
Sales of goods and services	4,630	4,745	4,870	4,968
Interest	3,511	3,674	4,312	5,037
Dividends	3,694	3,426	2,990	2,273
GST input credit receipts	2,920	2,839	2,924	3,038
Other	2,769	2,634	2,593	2,569
<b>Total operating cash received</b>	<b>199,931</b>	<b>208,357</b>	<b>218,673</b>	<b>229,400</b>
Cash used				
Payments to employees	18,894	19,211	19,673	19,886
Payments to suppliers	19,493	18,600	19,050	19,824
Subsidies paid	9,920	10,471	10,840	11,374
Personal benefits	88,529	94,980	101,235	107,844
Grant payments	38,814	39,504	40,814	42,503
Interest and other financing costs	6,092	6,792	5,896	5,587
GST payments to taxation authority	131	132	137	140
Other	7,798	8,099	8,394	8,758
<b>Total operating cash used</b>	<b>189,672</b>	<b>197,788</b>	<b>206,038</b>	<b>215,915</b>
<b>Net cash from operating activities</b>	<b>10,259</b>	<b>10,569</b>	<b>12,635</b>	<b>13,485</b>
<b>Investing activities</b>				
Cash received				
Proceeds from asset sales program	0	0	11,280	11,280
Proceeds from sales of property, plant and equipment and intangibles	814	648	489	487
Net loans, advances and HECS	0	0	0	0
Other net investing cash received	106	103	88	88
<b>Total investing cash received</b>	<b>919</b>	<b>750</b>	<b>11,857</b>	<b>11,855</b>
Cash used				
Purchase of property, plant and equipment and intangibles	5,988	6,075	5,960	6,106
Net loans, advances and HECS	1,152	1,317	1,645	1,786
Other net investing cash paid	95	66	210	255
<b>Total investing cash used</b>	<b>7,236</b>	<b>7,458</b>	<b>7,815</b>	<b>8,147</b>
<b>Net cash from investing activities</b>	<b>-6,317</b>	<b>-6,708</b>	<b>4,042</b>	<b>3,708</b>
<b>Financing activities</b>				
Cash received				
Net cash received from currency issues	0	0	0	0
Other	0	211	226	251
<b>Total financing cash received</b>	<b>0</b>	<b>211</b>	<b>226</b>	<b>251</b>
Cash used				
Net repayments of borrowings	2,824	4,130	16,777	17,340
Other	1,309	44	39	39
<b>Total financing cash used</b>	<b>4,133</b>	<b>4,174</b>	<b>16,817</b>	<b>17,379</b>
<b>Net cash from financing activities</b>	<b>-4,133</b>	<b>-3,962</b>	<b>-16,590</b>	<b>-17,128</b>
<b>Net increase/decrease in cash held</b>	<b>-190</b>	<b>-101</b>	<b>87</b>	<b>65</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: External reporting standards and accounting policies

The *Charter of Budget Honesty Act 1998* requires that the Pre-Election Economic and Fiscal Outlook (PEFO) be based on external reporting standards and that departures from applicable external reporting standards be identified.

The financial statements included in this Appendix have been prepared on an accrual basis in accordance with current applicable Australian Accounting Standards (AAS), including AAS 31 *Financial Reporting by Governments*, except as noted below. AAS will change from 2005-06, with the introduction of Australian Equivalents to the International Financial Reporting Standards released in July 2004. Given the timing of the release, the financial statements in this Appendix are prepared on the same basis as the 2004-05 Budget and not in accordance with the Australian Equivalents to the International Financial Reporting Standards.

AAS requires governments to prepare accrual-based general-purpose financial reports. This means that assets, liabilities, revenues and expenses are recorded in financial statements when transactions have an economic impact on the government, rather than when the cash flow associated with these transactions occurs. Consistent with AAS, a statement of financial performance, a statement of financial position and a statement of cash flows have been prepared for the current financial year and the three following financial years.

The accounting policies in this Appendix are generally consistent with the requirements of AAS. While the scope for financial reporting recommended in AAS 31 is the whole of government (that is, the Australian Government public sector), in accordance with the *Charter of Budget Honesty Act 1998*, the PEFO presentation covers the general government sector only. This publication does not include full note disclosures.

AAS would suggest the gross amount of goods and services tax (GST) be included in the Australian Government's financial statements. However, consistent with the presentation adopted by the Government in the Budget, the PEFO AAS tables do not include GST collections and equivalent payments to the states and territories, which is a departure from AAS. Estimates of GST receipts are provided in Table B5 of Appendix B.

