

Disaggregated Disclosures

This compiled Standard applies to annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2014 but before 1 January 2022. It incorporates relevant amendments made up to and including 20 December 2021.

Prepared on 7 April 2022 by the staff of the Australian Accounting Standards Board.



Australian Government

**Australian Accounting
Standards Board**

Obtaining copies of Accounting Standards

Compiled versions of Standards, original Standards and amending Standards (see Compilation Details) are available on the AASB website: www.aasb.gov.au.

Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007
AUSTRALIA

Phone: (03) 9617 7600
E-mail: standard@aaasb.gov.au
Website: www.aasb.gov.au

Other enquiries

Phone: (03) 9617 7600
E-mail: standard@aaasb.gov.au

COPYRIGHT

© Commonwealth of Australia 2022

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission. Reproduction within Australia in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgment of the source. Requests and enquiries concerning reproduction and rights should be addressed to The National Director, Australian Accounting Standards Board, PO Box 204, Collins Street West, Victoria 8007.

Contents

COMPARISON WITH INTERNATIONAL PRONOUNCEMENTS

ACCOUNTING STANDARD

AASB 1052 *DISAGGREGATED DISCLOSURES*

	<i>from paragraph</i>
OBJECTIVE	1
APPLICATION	3
CLASSIFICATION ACCORDING TO FUNCTION OR ACTIVITY BY LOCAL GOVERNMENTS	11
DISCLOSURE OF SERVICE COSTS AND ACHIEVEMENTS BY GOVERNMENT DEPARTMENTS	15
Identifying major activities of government departments	20
APPENDICES	
A Comparison of AASB 1052 with AASs 27 and 29	
B Australian simplified disclosures for Tier 2 entities	
COMPILATION DETAILS	

BASIS FOR CONCLUSIONS

Australian Accounting Standard AASB 1052 *Disaggregated Disclosures* (as amended) is set out in paragraphs 1 – 21 and Appendix B. All the paragraphs have equal authority. Paragraphs in **bold type** state the main principles. AASB 1052 is to be read in the context of other Australian Accounting Standards, including AASB 1048 *Interpretation Standards*, which identifies the Australian Accounting Interpretations, and AASB 1057 *Application of Australian Accounting Standards*. In the absence of explicit guidance, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies.

Comparison with international pronouncements

This Standard contains relevant requirements relating to reporting of disaggregated information by local governments and government departments that have been relocated from AAS 27 *Financial Reporting by Local Governments* and AAS 29 *Financial Reporting by Government Departments* in substantially unamended form (with some exceptions, as noted in Appendix A). Accordingly, the development of this Standard did not involve consideration of International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board or International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board.

The longer-term review of disaggregated disclosures for local governments and government departments will involve consideration of International pronouncements.

AASB 1052 and IPSAS

IPSAS 18 *Segment Reporting* addresses segment reporting issues and specifies requirements for all public sector entities other than government business enterprises. It contains more detailed requirements and guidance than this Standard. For example, IPSAS 18:

- (a) defines a segment as a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information for the purpose of evaluating the entity's past performance in achieving its objectives and making decisions about the future allocation of resources;
- (b) provides detailed guidance on determining segments;
- (c) requires specific disclosures about segments, including segment revenue, expenses, assets, liabilities and capital expenditure; and
- (d) requires assets that are jointly used by two or more segments to be allocated to segments only if their related revenues and expenses are also allocated to those segments.

AASB 1052 and IFRS Standards

IFRS 8 *Operating Segments* does not apply to the general purpose financial statements of local governments and government departments. IFRS 8 specifies requirements that differ substantially from the requirements in this Standard.

Accounting Standard AASB 1052

The Australian Accounting Standards Board made Accounting Standard AASB 1052 *Disaggregated Disclosures* on 13 December 2007.

This compiled version of AASB 1052 applies to annual reporting periods beginning on or after 1 January 2022. It incorporates relevant amendments contained in other AASB Standards made by the AASB up to and including 20 December 2021 (see Compilation Details).

Accounting Standard AASB 1052 *Disaggregated Disclosures*

Objective

- 1 The objective of this Standard 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.
- 2 Disclosures made in accordance with this Standard provide users with information relevant to assessing the performance of a local government or government department, including accountability for resources entrusted to it.

Application

- 3 **Subject to paragraphs 4 and 5, this Standard applies to general purpose financial statements of local governments and government departments.**
- 4 **Paragraphs 11 to 14 only apply to general purpose financial statements of local governments.**
- 5 **Paragraphs 15 to 21 only apply to general purpose financial statements of government departments.**
- 6 **This Standard applies to annual reporting periods beginning on or after 1 July 2008.**
[Note: For application dates of paragraphs changed or added by an amending Standard, see Compilation Details.]
- 7 **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2008, provided there is early adoption for the same annual reporting period of the following pronouncements being issued at about the same time, as applicable:**
 - (a) **AASB 1004 *Contributions*;**
 - (b) **AASB 1049 *Whole of Government and General Government Sector Financial Reporting*;**
 - (c) **AASB 1050 *Administered Items*;**
 - (d) **AASB 1051 *Land Under Roads*;**
 - (e) **AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31*; and**
 - (f) **AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.**
- 8 This Standard does not specify disaggregated disclosure requirements for whole of governments or General Government Sectors (GGSSs). The requirements for disaggregated disclosures for whole of governments and GGSSs are contained in AASB 1049.
- 9 [Deleted by the AASB]
- 10 **When applicable, this Standard, together with the Standards referred to in paragraph 7, supersede:**
 - (a) **AAS 27 *Financial Reporting by Local Governments* as issued in June 1996, as amended; and**
 - (b) **AAS 29 *Financial Reporting by Government Departments* as issued in June 1998, as amended.**

Classification according to function or activity by local governments

Paragraphs 11 to 14 only apply to local governments.

- 11 **The complete set of financial statements of a local government shall disclose in respect of each broad function or activity:**
- (a) **by way of note:**
 - (i) **the nature and objectives of that function/activity; and**
 - (ii) **the carrying amount of assets that are reliably attributable to that function/activity; and**
 - (b) **by way of note or otherwise:**
 - (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**
 - (ii) **expenses for the reporting period that are reliably attributable to that function/activity.**
- 12 **The information provided by way of note in accordance with paragraph 11 shall be aggregated and reconciled to agree with the related information in the financial statements of the local government.**
- 13 This Standard 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 this information assists users in identifying the resources committed to particular functions/activities of the local government, the costs of service delivery that are reliably attributable to those functions/activities, and the extent to which the local government has recovered those costs from income that is reliably attributable to those functions/activities. Function/activity classification of financial information will also assist users in assessing the significance of any financial or non-financial performance indicators reported by the local government.
- 14 AASB 8 *Operating Segments* is not applicable to local governments. The bases considered appropriate for identifying broad functions or activities of local governments would not necessarily accord with the criteria for identification of segments contained in that Standard. However, preparers of the complete set of financial statements may find that the guidance contained in that Standard is useful in identifying the income, expenses and assets that are reliably attributable to the broad functions or activities of the local government.

Disclosure of service costs and achievements by government departments

Paragraphs 15 to 21 only apply to government departments.

- 15 **The complete set of financial statements of a government department shall disclose:**
- (a) **in summarised form, the identity and purpose of each major activity undertaken by the government department during the reporting period;**
 - (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;**
 - (c) **expenses reliably attributable to each of the activities identified in (a) above, showing separately each major class of expenses; and**
 - (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.**
- 16 **The complete set of financial statements of a government department shall also disclose the assets deployed and liabilities incurred that are reliably attributable to each of the activities identified in paragraph 15(a).**
- 17 Government departments are required to achieve service delivery as well as financial objectives. Accordingly, a government department's performance is assessed by reference to the effectiveness, economy and efficiency with which the government department achieves its service delivery and financial objectives. Financial information is therefore only a subset of the information necessary to enable an adequate assessment of a government department's performance. Accordingly, the complete set of financial statements is presented as part of an annual report that discloses information about such matters as the government

department's objectives and service delivery achievements during the reporting period. To enhance the quality of information available for assessing performance, paragraph 15 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.

- 18 Paragraphs 15 and 16 require disclosure of information about the expenses, income, assets and liabilities attributable to the major activities of a government department for the reporting period. This information is relevant in assessing the effectiveness, efficiency and economy of operations and of resource allocation decisions. It is also necessary for reviewing existing expenditure commitments and service delivery arrangements, and for considering the long-term funding implications of new initiatives.
- 19 However, in some instances it may not be possible to reliably attribute all expenses, income, assets and liabilities to each of the major activities of a government department. Paragraphs 15 and 16 require that the complete set of financial statements of a government department only disclose, on an activity by activity basis, information about the expenses, income, assets and liabilities that can be reliably attributed to major activities.

Identifying major activities of government departments

- 20 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* defines information as material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- 21 AASB 1050 also contains requirements relating to the disclosure of administered income and expenses attributable to a government department's activities. The principles in this Standard are used in satisfying the requirements in AASB 1050.

Appendix A Comparison of AASB 1052 with AASs 27 and 29

This Appendix accompanies, but is not part of, AASB 1052.

This Standard reproduces the material relating to disaggregated disclosures contained in AAS 27 and AAS 29, except that:

- (a) Appendix 1 to AAS 27 contained an illustrative example of the disclosures required in respect of the broad functions/activities of a local government. This Standard does not provide an illustration;
- (b) AAS 29 (paragraph 12.7.2) encouraged a government department to disclose the assets deployed and liabilities incurred that are reliably attributable to each of its activities. This Standard (paragraph 16) requires such disclosure; and
- (c) this Standard (paragraph 21) notes that its principles are used in satisfying the requirement in AASB 1050 *Administered Items* to disclose administered income and expenses attributable to a government department's activities. AASs 27 and 29 contained no such reference.

The following table provides source references to paragraphs 11–21 of this Standard, most of which were derived from AASs 27 and 29. It is provided to facilitate an understanding of, and assist in the application of, the requirements in this Standard.

Paragraph in AASB 1052	Relevant source paragraphs in AASs 27 & 29
11–14	86–89 of AAS 27
15–20	12.7–12.7.4 of AAS 29
21	New paragraph

Appendix B

Australian simplified disclosures for Tier 2 entities

This appendix is an integral part of the Standard.

AusB1 **Paragraphs 15–21 do not apply to entities preparing general purpose financial statements that apply AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.**

Compilation details

Accounting Standard AASB 1052 *Disaggregated Disclosures (as amended)*

Compilation details are not part of AASB 1052.

This compiled Standard applies to annual reporting periods beginning on or after 1 January 2022. It takes into account amendments up to and including 20 December 2021 and was prepared on 7 April 2022 by the staff of the Australian Accounting Standards Board (AASB).

This compilation is not a separate Accounting Standard made by the AASB. Instead, it is a representation of AASB 1052 (December 2007) as amended by other Accounting Standards, which are listed in the table below.

Table of Standards

Standard	Date made	Effective date (<i>annual periods</i> ... <i>on or after ...</i>)	Application, saving or transitional provisions
AASB 1052	13 Dec 2007	(<i>beginning</i>) 1 Jul 2008	see (a) below
AASB 2010-2	30 Jun 2010	(<i>beginning</i>) 1 Jul 2013	see (b) below
AASB 2013-9	20 Dec 2013	Pt B (<i>beginning</i>) 1 Jan 2014	see (c) below
AASB 2014-1	4 Jun 2014	Pt A (<i>beginning</i>) 1 Jul 2014	see (d) below
AASB 1060	6 Mar 2020	(<i>beginning</i>) 1 Jul 2021	see (e) below
AASB 2021-7	20 Dec 2021	(<i>beginning</i>) 1 Jan 2022	see (f) below

- (a) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2008, provided that the Standards listed in paragraph 7 are also applied to such periods.
- (b) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 July 2009 but before 1 July 2013, provided that AASB 1053 *Application of Tiers of Australian Accounting Standards* is also applied to such periods.
- (c) Earlier application of Part B of this Standard is not permitted.
- (d) Entities may elect to apply Part A of this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2014.
- (e) Entities may elect to apply this Standard to annual periods beginning before 1 July 2021.
- (f) Entities may elect to apply this Standard to annual periods beginning before 1 January 2022.

Table of amendments

Paragraph affected	How affected	By ... [paragraph/page]
9	deleted	AASB 2013-9B [37, 38]
10A-10B (and preceding heading)	added deleted	AASB 2010-2 [48] AASB 1060 [page 65]
14	amended	AASB 2014-1A [40]
20	amended amended	AASB 2013-9B [42] AASB 2021-7 [45]
Appendix B	added	AASB 1060 [page 65]

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, AASB 1052.

Introduction

BC1 This Basis for Conclusions summarises the Board’s considerations in developing this Standard in the context of the Board’s short-term review of the requirements in AAS 27 *Financial Reporting by Local Governments*, AAS 29 *Financial Reporting by Government Departments* and AAS 31 *Financial Reporting by Governments*.

Background

- BC2 The Board considered it timely to review the requirements in AASs 27, 29 and 31, in particular to:
- (a) review the extent to which local governments, government departments and governments should continue to be subject to requirements that differ from requirements applicable to other not-for-profit entities and for-profit entities contained in Australian Accounting Standards. The Board concluded that differences should be removed, where appropriate and timely, to improve the overall quality of financial reporting;
 - (b) bring requirements applicable to local governments, government departments and governments up-to-date with contemporary accounting thought;
 - (c) consider the implications of the outcomes of its project on the harmonisation of Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS), in particular on the requirements in AAS 31;
 - (d) decide whether the encouragements in AASs 27, 29 and 31 should be made mandatory or removed; and
 - (e) remove uncertainty in the application of cross-references to other Australian Accounting Standards and the override provisions in AASs 27, 29 and 31 that made the requirements in AASs 27, 29 and 31 take precedence over other requirements.
- BC3 The Board considered the following alternative mechanisms for implementing the approach of updating and improving the requirements for local governments, government departments and governments:
- (a) review the requirements in AASs 27, 29 and 31 and where appropriate:
 - (i) amend other Australian Accounting Standards to pick up any issues that are addressed in AASs 27, 29 and 31 that are not adequately addressed in the latest Australian Accounting Standards and have them apply to local governments, government departments and governments; or
 - (ii) create public sector specific topic-based Standards; and consequently withdraw AASs 27, 29 and 31; or
 - (b) review AASs 27, 29 and 31 and re-issue them in light of the latest Australian Accounting Standards, retaining/amending where necessary any issues that are addressed in AASs 27, 29 and 31 that are not adequately addressed in the latest Australian Accounting Standards.
- BC4 The Board chose alternative (a) given the improvements in the quality of financial reporting by local governments, government departments and governments since AASs 27, 29 and 31 were first issued.
- BC5 Where the Board identified that the material in AASs 27, 29 and 31 could be improved within time and resource constraints, improvements have been made. Much of the material in AASs 27, 29 and 31 has been retained substantively unamended. Improvements will be progressed in due course in line with the AASB’s Public Sector Policy Paper *Australian Accounting Standards and Public Sector Entities*.
- BC6 The first stage of the short-term review of the requirements in AASs 27, 29 and 31 was the preparation of a paragraph-by-paragraph analysis of each of AASs 27, 29 and 31, listing each paragraph of each Standard alongside corresponding Standards or other pronouncements that would apply to local governments, government departments or governments in the absence of AASs 27, 29 and 31. The Board’s conclusions and rationale for the treatment of each paragraph in the context of the review were also provided in the analysis. The Board’s primary focus was on dealing with the requirements from the three Standards in such a way as to not leave a vacuum.

- BC7 Each paragraph from AASs 27, 29 and 31 was classified as being:
- (a) no longer needed or adequately dealt with in other Standards;
 - (b) more appropriately dealt with in other Standards; or
 - (c) not adequately and/or appropriately dealt with in other Standards and therefore should be retained or improved and incorporated into other Standards.

The paragraph-by-paragraph analyses considered by the AASB in developing the Exposure Draft ED 156 *Proposals Arising from the Short-term Review of the Requirements in AAS 27, AAS 29 and AAS 31* that gave rise to this Standard are available on the AASB website. They support, but do not form part of, this Basis for Conclusions.

- BC8 In reviewing the paragraphs, the Board noted that some material in AASs 27, 29 and 31 would, under the current style of writing Standards, be located in a separate Basis for Conclusions. Given the short-term nature of the review of AASs 27, 29 and 31, the Board concluded that explanations of technical issues that both originated in and are being relocated from AASs 27, 29 and 31 should, when appropriate, be located in the body of the Standard to which they are relocated.
- BC9 The Board decided not to retain the illustrative general purpose financial reports provided in AASs 27, 29 and 31, because their purpose, which was to provide an educational tool in the initial stages of accrual reporting by local governments, government departments and governments, is no longer needed.
- BC10 The remainder of this Basis for Conclusions focuses on issues specific to disaggregated disclosures.

Disaggregated Disclosures

- BC11 The Board decided to retain, substantially unchanged, the requirements relating to segment-like reporting from paragraphs 86 to 89 of AAS 27 and paragraphs 12.7 to 12.7.4 of AAS 29 and relocate them into a separate new topic-based Standard. Because of the differing requirements, the Board concluded that they should be expressed separately for local governments and government departments. A longer-term separate project on disaggregated disclosures for local governments and government departments will be progressed in due course.
- BC12 The Board considered relocating the material into AASB 114 *Segment Reporting* (and subsequently AASB 8 *Operating Segments*), but rejected this option consistent with its intention to retain requirements substantively unchanged in the short term. The guidance in AASB 114 (and AASB 8), which is not applicable to not-for-profit entities or for-profit government departments, comprehensively addresses segment reporting issues and specifies requirements that differ substantially from those required under AASs 27, 29 and 31.
- BC13 The Board considered whether for-profit government departments should be subject to AASB 114 (and AASB 8) rather than this Standard. The Board noted that for-profit government departments typically do not exist in practice. Consistent with the general approach to the short-term review of AASs 27, 29 and 31, and because AAS 29 applied to government departments, including for-profit government departments, the Board decided that for-profit government departments should continue to adopt policies that are consistent with not-for-profit government departments to the extent previously required by AAS 29. This approach will be reviewed as part of the Board's longer-term consideration of the definition of government departments in the context of the reporting entity concept.
- BC14 Paragraph 12.7.2 of AAS 29 encouraged the disclosure of information about assets deployed and liabilities incurred in relation to each major activity undertaken by a government department. Consistent with paragraph BC2(d), the Board decided that, in relation to disaggregated information, assets deployed and liabilities incurred in relation to and reliably attributable to each major activity undertaken by a government department should be required to be disclosed (see paragraph 16). The information is relevant in assessing the effectiveness, efficiency and economy of operations and of resource allocation decisions.
- BC15 The Board decided not to retain the requirements relating to segment-like reporting from paragraphs 15.12 to 15.12.2 of AAS 31. It is not necessary for this Standard to specify disaggregated disclosure requirements for governments, as AASB 1049 *Whole of Government and General Government Sector Financial Reporting* addresses disaggregated disclosure requirements for governments.