Purpose

To establish decisions, directions and precedents which act as a reference for financial reporting and are the basis from which the University's accounting procedures are determined.

Scope

This Policy should be consistently applied by the University, as well as all of its controlled entities, for both their financial reporting responsibilities and group consolidation purposes.

This Policy is applied in the preparation and the presentation of the consolidated financial statements of the group of entities under the control of the University. The financial statements include separate financial statements for the University as an individual entity and the consolidated entity (the “Group”), consisting of the University and its controlled entities.

Basis of Preparation

The general purpose financial statements of the University are prepared in accordance with the following requirements:

- *Public Finance and Audit Act 1983;*
- *Public Finance and Audit Regulations 2005;*
- *Australian Accounting Standards;*
- *other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”);*
- *Australian Accounting Interpretations;*
- Financial Statements Guidelines for Australian Higher Education Providers issued by the Department of Education, Employment and Workplace Relations (DEEWR); and
- *other Australian Government and State legislative requirements.*
General Features

*Fair Presentation*

The financial statements of the University shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria of assets, liabilities, income and expenses as set out in the AASB Framework.

*Compliance with International Financial Reporting Standards ("IFRSs")*

The financial statements and notes of the University comply with Australian Accounting Standards, which include Australian Equivalents to the International Financial Reporting Standards (IFRSs), some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRSs requirements. The University has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 124 Related Party Disclosures.

*Historical Cost Convention*

The financial statements are prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through the income statement and certain classes of property, plant and equipment.

*Critical Accounting Estimates*

The preparation of the financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University’s accounting policies.

*Going Concern*

The financial statements are prepared on the assumption that the University is operating as a going concern (and will continue to do so in the foreseeable future, which is at least 12 months from the balance sheet date).

*Accrual Basis of Accounting*

The financial statements of the University are prepared using the accrual basis of accounting, except for cash flow information.
Materiality and Aggregation

Each material class of similar items shall be presented separately in the financial statements of the University. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.

Offsetting

Assets and liabilities, and income and expenses, shall not be offset unless required or permitted under the Australian Accounting Standards.

Comparative Information

Except when Australian Accounting Standards permit or require otherwise, comparative information shall be disclosed in respect to the previous period for all amounts reported in the financial report. Comparative information shall be included for narrative and descriptive information when it is relevant to an understanding of the current period’s financial statements.

Consistency of Presentation

The presentation and classification of items in the financial statements shall be consistent from one period to the next unless:

(a) it is apparent, following a significant change in the nature of the University’s operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies; or
(b) an Australian Accounting Standard requires a change in presentation.

Principles of Consolidation

The University, as a parent, shall present consolidated financial statements in which it should include all controlled entities of the University.

Controlled entities are fully consolidated from the date on which control is transferred to the University. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of controlled entities by the University.

When preparing consolidated financial statements, the University combines the financial statements of the University and its controlled entities (line by line) by adding together like items of assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the group as that of a single economic entity, the following steps are then taken:
(a) the carrying amount of the University’s investment in each controlled entity and the University’s portion of equity of each controlled entity are eliminated;
(b) minority interests in the profit or loss of consolidated controlled entities for the reporting period are identified; and
(c) minority interests in the net assets of consolidated controlled entities are identified separately from the University shareholders’ equity in them. Minority interests in the net assets consist of:
   (i) the amount of those minority interests at the date of the original business combination measured in accordance with AASB 3; and
   (ii) the minority’s share of changes in equity since the date of the combination.

All inter-entity transactions, balances and unrealised gains on transactions shall be eliminated in full on consolidation. Unrealised losses shall also be eliminated unless the transaction provides evidence of the impairment of the asset transferred.

The financial statements of the University and its controlled entities used in the preparation of the consolidated financial statements are prepared as of the same reporting date and using uniform accounting policies for like transactions and other events in similar circumstances.

Minority interests shall be presented in the consolidated balance sheet within equity, separately from the University shareholders’ equity. Minority interests in the profit or loss of the Group shall also be separately disclosed.

Definitions

A **controlled entity** is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent).

**Control** is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

**Minority interest** is that portion of the profit or loss and net assets of a controlled entity attributable to equity interests that are not owned, directly or indirectly through controlled entities, by the parent.

A **parent** is an entity that has one or more controlled entities.

**The Group** means the University and its controlled entities.

**The University** means the University of New South Wales.

References

AASB 3 – *Business Combinations*
AASB 101 – *Presentation of Financial Statements*
AASB 127 – *Consolidated and Separate Financial Statements*
## Appendix A: History

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