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 2010;
- Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”);
- Australian Accounting Interpretations;
- Higher Education Support Act 2003 (Financial Statement Guidelines); 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 University is a not-for-profit entity and the financial statements and notes of the University have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the International Financial Reporting Standards (IFRSs) requirements.

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 profit or loss 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. The estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are disclosed in the financial statements.

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

**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.

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**

<table>
<thead>
<tr>
<th>Version</th>
<th>Authorised by</th>
<th>Approval Date</th>
<th>Effective Date</th>
<th>Sections Modified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Acting Vice-Chancellor</td>
<td>14 October 2009</td>
<td>1 January 2009</td>
<td></td>
</tr>
<tr>
<td>2.0</td>
<td>President and Vice-Chancellor</td>
<td>26 February 2013</td>
<td>31 December 2012 to 30 December 2013</td>
<td>Full review</td>
</tr>
</tbody>
</table>