



<b>UNSW Accounting Procedure</b>	
<b>Linked UNSW Policy</b>	Provisions and Employee benefits
<b>Responsible Officer</b>	Director, Corporate Finance and Advisory Services and Shared Services
<b>Contact Officer</b>	Senior Group Statutory Reporting Manager, Corporate Finance and Advisory Services
<b>Review</b>	Every year
<b>Effective Date</b>	31 December 2013

**1. Objective**

This procedure outlines the process to account for adjustments to the defined benefit superannuation schemes, determined in accordance with AIFRS, at a central level in NS Financials.

**2. Basis for annual adjustments**

This procedure looks at annual superannuation scheme adjustments to reflect the schemes' future unfunded superannuation liabilities as defined in the actuary's report for the State Superannuation schemes (SASS, SSS & SANCS) and Professorial Superannuation Fund (PSF). The impact on the Income Statement is limited to the extent that unfunded superannuation liabilities are not guaranteed by the Commonwealth Government (ADFA portion of SASS and SSS, SANCS and PSF) and does not include the actuarial gains and loss for the year.

For State schemes SASS, SANCS and SSS superannuation actuarial report is prepared by Pillar who will deliver its report (as at 31 December previous year) on the 3rd week of January (current year). For the Professorial Fund its actuarial fund valuation as at 31 December of the previous year is prepared by Alea Actuarial Consulting Pty Ltd.

The actuarial valuation reports show the present value of defined benefit liability at year end, and the funds' assets. If the liability is greater (less) than the assets it will result in a net liability (asset), which is recognised at the end of the year in UNSW's, (the University's) Statement of Financial Position.

Adjustments are quantified when the end balance of the net liability (asset) is compared to the beginning of the year's balance. This represents the overall movement of the fund and the net position of the superannuation fund at the end of the year.

**3. Accounting Procedure**

The actuarial reports submitted by the actuaries show the University's AASB 119 (Employee Benefits) overall superannuation position for each scheme as at 31 December. It also provides detailed note disclosure information concerning the University's superannuation liabilities and transactions to be disclosed in the the University's annual financial report.

These reports will invariably involve journal adjustments to the Income Statement and Statement of Comprehensive Income at year end to recognise the movements of the defined benefit superannuation funds. All accounting entries are processed and charged centrally.

The net movement of the defined benefit superannuation funds for the year is limited only to the following:

- a) current service costs
- b) interest on obligation
- c) expected returns on plan assets
- d) contributions from the employer
- e) actuarial losses (gains) for the year

The actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period which they occur, outside of the income statement, in other comprehensive income, and are subsequently recognised directly in retained earnings. All other costs related to the funds are recognised in the income statement.

### **3.1 Accounting for SASS and SSS (excluding ADFA)**

The unfunded superannuation liability for these funds are being offset by a Receivable recognised as Recoverable from the Commonwealth Government. The movements of the funds do not have any impact on the Income Statement.

Actuarial gains and losses for both the liability and receivable are recognised outside of the income statement, in other comprehensive income, and are subsequently recognised directly in retained earnings.

### **3.2 Accounting for ADFA portion of SASS and SSS**

The unfunded superannuation liabilities for these funds are not guaranteed by the Commonwealth Government. Thus, the movements of the funds for the year, except for the actuarial gains and losses, will have an impact on the Income Statement, and will be presented in the financial report as employee related expenses under the deferred employment benefits for superannuation.

Actuarial gains and losses for the unfunded superannuation liability for these funds are recognised outside of the income statement, in other comprehensive income, and are subsequently recognised directly in retained earnings.

### **3.3 Accounting for SANCS and Professorial Super**

The unfunded superannuation liabilities for these funds are the University's responsibility. Any movements of the funds for the year, except for the actuarial gains and losses, will have an impact on the Income Statement and will be presented in the financial report as 'Employee related Expenses under the Provisions for Future Emerging Costs'.

Actuarial gains and losses for the unfunded superannuation liability for these funds are recognised outside of the income statement, in other comprehensive income, and are subsequently recognised directly in retained earnings.