



Appendix E – Financial reporting
challenges facing selected international
Defence organisations

Financial Reporting Challenges Facing Selected International Defence Organisations

	Required to prepare financial statements as a Stand Alone agency	Required to implement IFRS	Specific Accounting Challenges				
			Challenges maintaining records of Inventory	Required to maintain Employee Leave Entitlements records for long term	Required to report Embedded Derivatives	Required to provide for Restoration and Decontamination	Required to recognise and value Heritage and Cultural assets
Australia	Yes	Yes 30 June 2006	Yes	Yes	Yes	Yes	Yes
New Zealand	Yes	Yes 30 June 2008	No	No	No	Yes	No
United Kingdom	Yes	No	Yes	No*	No	No	No
United States	No**	No	Yes	Unknown	Unknown	Yes	Unknown

* The United Kingdom does not have entitlements similar to Australia. As a consequence it does not recognise a provision for employee long service leave in its financial statements.

** The United States Department of Defense did not produce published financial statements due to the Department's continuing self qualification of accounts.

Source: *Department of Defence, sub 4, p 61.*

New Zealand: New Zealand Defence Force

Stand Alone Financial Statements	Audited Financial Statements	IFRS Adoption Timing	Accrual Accounting	Audit Qualifications Experienced			Financial Statement Remediation
				2002-03	2003-04	2004-05	
Yes	Yes	30 June 08	Yes	No	No	No	Limited

Source: *Department of Defence, sub 4, p 63.*

United Kingdom: Ministry of Defence

Stand Alone Financial Statements	Audited Financial Statements	IFRS Adoption Timing	Accrual Accounting	Audit Qualifications Experienced			Financial Statement Remediation
				2002-03	2003-04	2004-05	
Yes	Yes	Unknown	Yes	Yes	No	No	Major – Complete

Source: *Department of Defence, sub 4, p 65.*

United States: Department of Defense

Stand Alone Financial Statements	Audited Financial Statements	IFRS Adoption Timing	Accrual Accounting	Audit Qualifications Experienced			Financial Statement Remediation
				FY 2003	FY 2004	FY 2005	
Yes	No	Unknown	Unknown	Yes	Yes	Yes	Major – In Progress

Source: Department of Defence, sub 4, p 70.

Stand Alone Financial Statements	Audited Financial Statements	IFRS Adoption Timing	Accrual Accounting	Audit Qualifications Experienced			Financial Statement Remediation
				2002-03	2003-04	2004-05	
Yes	No	Unknown	No	No	No	No	Unknown, but likely

Source: Department of Defence, sub 4, p 73.