

OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

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OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Australian Accounting Standards Board (AASB) is an Australian Government entity under the *Australian Securities and Investments Commission Act 2001*.

The strategic directions of the AASB are to:

- develop, issue and maintain standards based on International Financial Reporting Standards (IFRS) and the principle of transaction neutrality, to maintain IFRS compliance for publicly accountable entities, and for other entities, as necessary, modify IFRS taking into account user needs, and undue effort or cost considerations or develop Australian specific standards and guidance;
- take a leadership role in shaping the Australian Reporting Framework;
- enhance international influence with the International Accounting Standards Board (IASB) and International Public Sector Accounting Standards Board (IPSASB);
- facilitate and encourage active stakeholder participation in developing standards; and
- investigate the potential for standards to cover external reporting, beyond financial reporting.

The vision of the AASB is to be recognised as a leading national standard setter and a global centre of excellence.

The mission of the AASB is to develop, issue and maintain principle-based external reporting standards for Australia that meet user needs, maintain investor confidence in the Australian economy and contribute to the development of international external reporting standards.

Key priorities during 2017-18 include:

- use International Financial Reporting Standards (IFRS) and the principle of transaction neutrality as a starting point for developing, issuing and maintaining Australian Accounting Standards. Modifications are made as necessary to:
 - address user needs, prevalence and magnitude of issues specific to the not-for-profit (NFP) sectors, NFP application issues and undue effort or cost considerations;
 - subject to maintaining IFRS compliance for publicly accountable entities, and;
 - ensure that IFRS standards are made available as Australian Accounting Standards expeditiously.
- take a leadership role in shaping the Australian Reporting Framework, including improving the differential reporting framework (Reduced Disclosure Requirements) and assisting regulators to objectively identify entities that should prepare and lodge general purpose financial reports;
- enhance the AASB's international influence with respect to International Accounting Standards Board (IASB) and International Public Sector Accounting Standards Board (IPSASB) outcomes. Provide high quality thought leadership with an overlay of practical application to meet user needs. Be recognised as a high quality contributor to the IASB's Accounting Standards Advisory Forum (ASAF). Develop and maintain appropriate alliances, including through the Asian Oceanian Standard Setters Group (AOSSG), New Zealand Accounting Standards Board and relevant national standard setters who can assist AASB to influence international outcomes;
- facilitate and encourage active stakeholder participation in the development of standards internationally and in Australia. Issue consultative documents incorporating IASB exposure drafts and discussion papers and where appropriate IPSASB consultative documents. Promote feedback through roundtables, discussions with decision makers/advisory panels, education sessions and social media; and
- work closely with the New Zealand Accounting Standards Board to maintain converged reporting requirements across the Tasman, consistent with the Outcome Proposals agreed in August 2009 (as amended in 2011) by the Australian and New Zealand Prime Ministers.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: AASB resource statement — Budget estimates for 2017-18 as at Budget May 2017

	2016-17 <i>Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	3,755	2,457
Departmental appropriation	3,597	3,548
s 74 retained revenue receipts (c)	710	710
Departmental capital budget (d)	80	79
<i>Total departmental annual appropriations</i>	<i>8,142</i>	<i>6,794</i>
Total departmental resourcing	8,142	6,794
Total resourcing for the AASB	8,142	6,794
<hr/>		
Average staffing level (number)	22	22

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2017-18.

(b) Adjusted appropriation carried forward from previous year.

(c) Estimated retained revenue receipts under section 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

AASB does not have any new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the AASB can be found at: [Corporate Plan](#).

The most recent annual performance statement can be found at: [Annual Performance Report](#).

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Australian Accounting Standards Board					
Departmental expenses					
Departmental appropriations	3,597	3,548	3,526	3,530	3,548
s74 Retained revenue receipts (a)	710	710	710	710	710
Expenses not requiring appropriation in the Budget year (b)	89	89	89	89	89
Departmental total	4,396	4,347	4,325	4,329	4,347
Total expenses for program 1.1	4,396	4,347	4,325	4,329	4,347
Outcome 1 Totals by appropriation type					
Departmental expenses					
Departmental appropriations	3,597	3,548	3,526	3,530	3,548
s74 Retained revenue receipts (a)	710	710	710	710	710
Special appropriations					
Special accounts					
Expenses not requiring appropriation in the Budget year (b)	89	89	89	89	89
Departmental total	4,396	4,347	4,325	4,329	4,347
Total expenses for Outcome 1	4,396	4,347	4,325	4,329	4,347
	2016-17	2017-18			
Average staffing level (number)	22	22			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the budget year are made up of depreciation expenses and amortisation expenses and an approved operating loss.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1 The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions</p>		
<p>Program 1 – Office of the Australian Accounting Standards Board Develop, issue and maintain Australian accounting standards that facilitate both for-profit and not-for-profit entities preparing high-quality financial statements that maintain investor confidence in the Australian economy. Ensure Australian publicly accountable entities comply with IFRS to facilitate access to international capital markets.</p>		
<p>Delivery</p>	<p>The AASB achieves its objectives of developing, issuing and maintaining Australian accounting standards by:</p> <ul style="list-style-type: none"> • preparing consultation documents, including exposure drafts, and consulting widely through round tables, education sessions and targeted outreach; • preparing and publishing accounting standards, compiled versions of standards in accordance with the ASIC Act and other relevant legislation; • participating in international standard setting and other research projects; and • maintaining close relationships with equivalent organisations in other jurisdictions. 	
<p>Performance information</p>		
<p>Year</p>	<p>Performance criteria (a)</p>	<p>Targets</p>
<p>2016-17</p>	<ul style="list-style-type: none"> • Publicly accountable entities comply with IFRs. • Australian Accounting Standards are available for adoption in Australia within two months of being issued by the IASB. • IFRS modified as necessary to maintain investor confidence in Australian markets, meet user needs, prevalence and magnitude of NFP specific issues, NFP application issues and undue cost or effort considerations. • Australian specific standards and guidance developed as necessary where IFRS does not comprehensively or appropriately address the issue. 	<ul style="list-style-type: none"> • An increase in engagement of Australian constituents in the standard setting process. • Responses made to all significant IASB and IPSASB exposure drafts. <p>The AASB expects to meet all its targets and expectations implied by performance criteria in 2016-17.</p>

Office of the Australian Accounting Standards Board Budget Statements

Year	Performance criteria (a)	Targets
	<ul style="list-style-type: none"> • At least two thought leadership documents presented to meetings of the IASB's Accounting Standards Advisory Forum, the International Forum of Accounting Standard-Setters and the Asian-Oceanian Standard-Setters Group and other appropriate forums. • AASB staff recognised as technical experts in their respective fields. • AASB has a positive net promoter score. 	
2017-18	As per 2016-17	As per 2016-17
2018-19 and beyond	As per 2017-18	As per 2017-18
Purposes	<p>Make accounting standards under the <i>Corporations Act 2001</i> for corporations and for other purposes. Participate in and contribute to the development of a single set of accounting standards for world-wide use. In a financial reporting context, enable Australian entities to compete effectively; and maintain investor confidence in the Australian economy, including its capital markets; having regard to the interests of Australian corporations raising capital in major international financial centres.</p>	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and the Financial Statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

In 2015-16 there was a restructure between AASB and the Office of the Auditing and Assurance Standards Board (AUASB) with an arrangement for AASB to provide corporate services for both entities. Under the arrangement, AASB charges AUASB a management fee for providing corporate support.

The comprehensive income statement is comprised mainly of employee expenses relating to corporate and technical staff; supplier expenses relating to office expenses; and revenue relating to the management fee charged to AUASB. These items are projected to be steady over the budget and forward years.

The balance sheet is predominantly comprised of receivables and provisions relating to the accounting of unspent appropriation and employees.

Other financial items are immaterial in movements.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	3,325	3,334	3,316	3,315	3,337
Suppliers	958	958	954	959	955
Grants					
Depreciation and amortisation	55	55	55	55	55
Total expenses	4,338	4,347	4,325	4,329	4,347
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	210	210	210	210	210
Other	500	500	500	500	500
Total own-source revenue	710	710	710	710	710
Gains					
Sale of assets					
Other	34	34	34	34	34
Total gains	34	34	34	34	34
Total own-source income	744	744	744	744	744
Net (cost of)/contribution by services	(3,594)	(3,603)	(3,581)	(3,585)	(3,603)
Revenue from Government	3,597	3,548	3,526	3,530	3,548
Surplus/(deficit) attributable to the Australian Government	3	(55)	(55)	(55)	(55)
Total comprehensive income/(loss) attributable to the Australian Government	3	(55)	(55)	(55)	(55)
Note: Impact of net cash appropriation arrangements					
	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	58	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	55	55	55	55	55
Total comprehensive income/(loss) - as per the statement of comprehensive income	3	(55)	(55)	(55)	(55)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	667	732	858	1,024	1,024
Trade and other receivables	3,224	3,275	3,251	3,169	3,169
Total financial assets	3,891	4,007	4,109	4,193	4,193
Non-financial assets					
Property, plant and equipment	124	111	99	87	115
Intangibles	0	36	71	107	103
Other non-financial assets	26	26	25	24	24
Total non-financial assets	150	173	195	218	242
Total assets	4,041	4,180	4,304	4,411	4,435
LIABILITIES					
Payables					
Suppliers	752	786	797	777	777
Other payables	34	38	48	69	69
Total payables	786	824	845	846	846
Provisions					
Employee provisions	768	845	924	1,005	1,005
Other provisions	1,375	1,375	1,375	1,375	1,375
Total provisions	2,143	2,220	2,299	2,380	2,380
Total liabilities	2,929	3,044	3,144	3,226	3,226
Net assets	1,112	1,136	1,160	1,185	1,209
EQUITY*					
Parent entity interest					
Contributed equity	602	681	760	839	918
Retained surplus (accumulated deficit)	510	455	400	346	291
Total parent entity interest	1,112	1,136	1,160	1,185	1,209
Total equity	1,112	1,136	1,160	1,185	1,209

*'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity —
summary of movement (Budget year 2017-18)**

	Retained earnings	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017			
Balance carried forward from previous period	510	602	1,112
Adjusted opening balance	510	602	1,112
Comprehensive income			
Surplus/(deficit) for the period	(55)	-	(55)
Total comprehensive income	(55)	-	(55)
Contributions by owners			
Departmental capital budget (DCB)	-	79	79
Total transactions with owners	-	79	79
Estimated closing balance as at 30 June 2018	455	681	1,136
Closing balance attributable to the Australian Government	455	681	1,136

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,542	3,550	3,619	3,694	3,548
Sale of goods and rendering of services	218	206	206	205	205
Other	563	500	500	500	500
Total cash received	4,323	4,256	4,325	4,399	4,253
Cash used					
Employees	2,999	3,029	3,005	3,000	3,337
Suppliers	1,333	1,116	1,150	1,177	916
s74 Retained revenue receipts transferred to OPA	(77)	46	44	56	-
Total cash used	4,255	4,191	4,199	4,233	4,253
Net cash from/(used by) operating activities	68	65	126	166	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	80	79	79	79	79
Total cash used	80	79	79	79	79
Net cash from/(used by) investing activities	(80)	(79)	(79)	(79)	(79)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	80	79	79	79	79
Total cash received	80	79	79	79	79
Net cash from/(used by) financing activities	80	79	79	79	79
Net increase/(decrease) in cash held	68	65	126	166	-
Cash and cash equivalents at the beginning of the reporting period	599	667	732	858	9,006
Cash and cash equivalents at the end of the reporting period	667	732	858	1,024	9,006

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	80	79	79	79	79
Total new capital appropriations	80	79	79	79	79
<i>Provided for:</i>					
Purchase of non-financial assets	80	79	79	79	79
Total items	80	79	79	79	79
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	80	79	79	79	79
TOTAL	80	79	79	79	79
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	80	79	79	79	79
Total cash used to acquire assets	80	79	79	79	79

(a) Does not include annual finance lease costs. Include purchases from current and previous years' departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017			
Gross book value	1,275	185	1,460
Accumulated depreciation/amortisation and impairment	(1,179)	(164)	(1,343)
Opening net book balance	96	21	117
Capital asset additions			
Estimated expenditure on new or replacement assets			
(a)	66	19	85
Total additions	66	19	85
Other movements			
Depreciation/amortisation expense	(51)	(4)	(55)
Total other movements	(51)	(4)	(55)
As at 30 June 2018			
Gross book value	1,341	204	1,545
Accumulated depreciation/amortisation and impairment	(1,230)	(168)	(1,398)
Closing net book balance	111	36	147

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

