

OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

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OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

The functions of the AASB are to:

- develop a conceptual framework for the purpose of evaluating proposed accounting standards and international standards;
- make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate accounting standards for other purposes;
- participate in and contribute to the development of a single set of accounting standards for world-wide use; and
- facilitate the Australian economy by reducing the cost of capital, enabling Australian entities to compete effectively overseas, leaving accounting standards that are clearly stated and easily to understand, and to maintain investor confidence in the Australian economy (including its capital markets).

The vision of the AASB is to build on its reputation as a leading national standard setter and be recognised as a global centre of excellence, delivering a truly distinctive contribution to the development of high quality financial reporting standards.

The mission of the AASB is to develop and maintain high quality financial reporting standards for all sectors of the Australian economy and contribute, through leadership and talent, to the development of global financial reporting standards and be recognised as facilitating the inclusion of the Australian community in the activity of global standard setting.

Key priorities during 2012-13 include:

- issue Australian consultative documents incorporating International Accounting Standards Board (IASB) exposure drafts and discussion papers to encourage

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Australian constituents to be involved in the process and provide the AASB with information for making its own comments to the IASB;

- ensure that changes to International Financial Reporting Standards (IFRS) are processed expeditiously and are communicated to Australian constituents;
- work closely with the New Zealand Financial Reporting Standards Board to converge 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;
- continue to implement the new differential reporting framework, (Reduced Disclosure Requirements);
- actively pursue an agenda relevant to the public sector and the not-for-profit private sector, whilst maintaining a transaction neutral approach;
- participate in ongoing projects of the International Public Sector Accounting Standards Board (IPSASB) with a view to promoting and improving the IPSASB's output;
- issue a revised Standard on financial reporting by superannuation plans; and
- work closely both in the Asia Oceania and global arenas to promote Australian thought leadership and influence.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for AASB for 2012-13.

Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in 2012-13 ⁺ \$'000	Proposed at Budget 2012-13 ⁼ \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	874 ⁴	-	874	-
Departmental appropriation ³	-	3,827 ¹	3,827	3,946
Receipts from other sources (s31)	-	885 ²	885	856
Total ordinary annual services	A 874	4,712	5,587	4,802
Departmental non-operating				
Equity injections	3,688 ⁴	-	3,688	-
Total other services	B 3,688	-	3,688	-
Total net resourcing for AASB (A+B)	4,562	4,712	9,275	4,802

1. Appropriation Bill (No. 1) 2012-13.

2. Receipts under s31 of the *Financial Management and Accountability Act 1997*.

3. Includes \$0.08 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

4. Estimated adjusted balance carried from previous year for annual appropriations.

1.3 BUDGET MEASURES

The AASB does not have any budget measures for 2012-13.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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 agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The AASB's outcome is described below, specifying the strategy, program objective, program deliverables and program key performance indicators used to assess and monitor the performance of the AASB.

Outcome 1: The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions

Outcome 1 strategy

The key strategies to achieve Outcome 1 are:

- to make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the financial reporting requirements of the Corporations legislation;
- to formulate accounting standards for the purposes of financial reporting by Australian entities that are not subject to the reporting requirements of the Corporations legislation; and
- to participate in, and contribute to, the development of a single set of accounting standards for world-wide use.

The AASB will continue its role in the development of legally enforceable accounting standards, the development of accounting standards for non Corporation's legislation entities and the development of global accounting standards.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: Australian Accounting Standards Board		
Departmental expenses		
Departmental appropriation	4,702	4,631
Special accounts	-	-
Expenses not requiring appropriation in the budget year	188	203
less Revenue to be carried forward	(70)	
Total expenses for Outcome 1	4,820	4,834
	2011-12	2012-13
Average staffing level (number)	24	25

Contributions to Outcome 1

Program 1.1: Australian Accounting Standards Board

Program objective

The objectives of the AASB are to:

- ensure Australian for-profit entities complying with Australian Accounting Standards would also be complying with the IFRS;
- to the extent feasible, ensure transactions are accounted for in the same way by all entities – that is, to the extent feasible, ensure Australian Accounting Standards are transaction neutral, which requires consideration by the AASB of how each IFRS might affect not-for-profit entities in the public and private sectors;
- maintain and enhance Australia's reputation as a leading national accounting standard setter in the interests of making an important contribution to setting high-quality global standards. This also involves establishing and maintaining working relationships with other national standard setters (particularly in the Asia-Oceania region), the IASB and the IPSASB;
- drive improvements in financial reporting, particularly on issues not being dealt with internationally, including those relating to not-for-profit entities in the public and private sectors when a purely transaction neutral approach does not prove feasible;

- have consistent interpretations of requirements and encourage other jurisdictions to do the same through relationships with other standard setters;
- have an up-to-date and easy-to-use website and report on AASB decisions and projects on a timely basis; and
- develop staff with expertise in standard setting through ongoing education and graduate and secondment programs.

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.2: Program expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	4,820	4,834	4,889	4,928	4,967
Total departmental expenses	4,820	4,834	4,889	4,928	4,967

Program deliverables

The AASB has the following deliverables:

- promulgate each IFRS and IFRS amendment developed by the IASB into Australian Law;
- promulgate each standard to apply on a transaction neutral basis to the extent feasible and develop specific standards to deal with not-for-profit entity issues where necessary;
- prepare and publish accounting standards, compiled versions of standards and exposure drafts;
- participate in international standard setting and other research projects;
- maintain close relationships with equivalent organisations in other jurisdictions; and
- develop personnel with experience in standard setting.

Program key performance indicators

The AASB has the following key performance indicators:

- accounting standard and standard amendments to be developed by the IASB are in accordance with Australian legislative drafting protocols and Federal Register of Legislative Instruments requirements;
- regular consultation and liaison with a broad range of Australian constituents;
- accounting standards or compilations are lodged on the Federal Register of Legislative Instruments and are published on the AASB website within three days of finalisation;
- responses are made to all significant IASB and IPSASB exposure drafts;
- host and/or attendance at meetings of the International Forum of Accounting Standard-Setters and the Asian-Oceanian Standard-Setters Group and participate in the work of the Trans-Tasman Accounting and Auditing Standards Advisory Group; and
- develop opportunities for accounting professionals, including recent graduates and secondments.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the agency finances for the budget year 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AASB does not have any administered funds.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the AASB.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2012-13 2011-12	Receipts 2012-13 2011-12	Payments 2012-13 2011-12	Adjustments 2012-13 2011-12	Closing balance 2012-13 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Australian Accounting Standards Board Services for Other Entities and Trust Moneys Special Account	1	-	-	-	-	-
Office of the Australian Accounting Standards Board Special account	1	-	-	-	-	-
Total special accounts						
2012-13 Budget estimate		-	-	-	-	-
Total special accounts 2011-12 estimate actual		-	-	-	-	-

3.1.3 Australian Government Indigenous Expenditure

The AASB does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

The budgeted financial statements have been prepared on an Australian Accounting Standards basis.

The AASB is budgeting for a break-even operating result for 2012-13 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost for Services)
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES					
Employee benefits	3,324	3,545	3,662	3,787	3,915
Supplier	1,336	1,114	1,036	949	865
Depreciation and amortisation	154	168	184	185	180
Finance costs	6	7	7	7	7
Total expenses	4,820	4,834	4,889	4,928	4,967
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	256	285	293	301	308
Other revenue	600	600	600	600	600
Total revenue	856	885	893	901	908
Gains					
Other gains	34	35	35	35	35
Total gains	34	35	35	35	35
Total own-source income	890	920	928	936	943
Net cost of (contribution by) services	3,930	3,914	3,961	3,992	4,024
Appropriation revenue	3,846	3,746	3,777	3,807	3,844
Surplus (deficit) attributable to the Australian Government	(84)	(168)	(184)	(185)	(180)
Note: Impact of Net Cash Appropriation Arrangements					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	70	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(154)	(168)	(184)	(185)	(180)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(84)	(168)	(184)	(185)	(180)

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS					
Financial assets					
Cash and equivalents	401	401	401	401	401
Trade and other receivables	4,622	4,602	4,584	4,570	4,560
Total financial assets	5,023	5,003	4,985	4,971	4,961
Non-financial assets					
Infrastructure, plant and equipment	451	376	283	181	84
Inventories	3	3	3	3	3
Intangibles	75	63	57	57	57
Other	67	67	67	67	67
Total non-financial assets	596	509	410	308	211
Total assets	5,619	5,512	5,395	5,279	5,172
LIABILITIES					
Provisions					
Employees	1,062	1,110	1,160	1,212	1,266
Other	127	136	145	154	163
Total provisions	1,189	1,246	1,305	1,366	1,429
Payables					
Suppliers	94	87	84	81	78
Other	364	294	223	152	82
Total payables	458	381	307	233	160
Total liabilities	1,647	1,627	1,612	1,599	1,589
Net assets	3,972	3,885	3,783	3,680	3,583
EQUITY					
Contributed equity	200	281	363	445	528
Asset Revaluation Reserve	48	48	48	48	48
Retained surpluses or accumulated deficits	3,724	3,556	3,372	3,187	3,007
Total equity	3,972	3,885	3,783	3,680	3,583
Current assets	5,093	5,073	5,055	5,041	5,031
Non-current assets	526	439	340	238	141
Current liabilities	822	816	813	810	808
Non-current liabilities	825	811	799	789	781

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	232	261	269	277	284
Appropriations	3,846	3,746	3,777	3,807	3,844
Other	624	640	638	636	634
Total cash received	4,702	4,647	4,684	4,720	4,762
Cash used					
Employees	3,212	3,497	3,612	3,736	3,861
Suppliers	1,372	1,150	1,072	984	901
Other	-	-	-	-	-
Total cash used	4,584	4,647	4,684	4,720	4,762
Net cash from (used by) operating activities	118	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	100	81	82	82	83
Total cash used	100	81	82	82	83
Net cash from (used by) investing activities	(100)	(81)	(82)	(82)	(83)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	100	81	82	82	83
Total cash received	100	81	82	82	83
Net cash from (used by) financing activities	100	81	82	82	83
Net increase (decrease) in cash held	118	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	282	400	400	400	400
Cash and cash equivalents at the end of the reporting period	400	400	400	400	400

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2012-13)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	3,724	48	-	200	3,972
Adjusted opening balance	3,724	48	-	200	3,972
Comprehensive income					
Surplus (deficit) for the period	(168)	-	-	-	(168)
Total comprehensive income recognised directly in equity	(168)	-	-	-	(168)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	81	81
Total transactions with owners	-	-	-	81	81
Estimated closing balance as at 30 June 2013	3,556	48	-	281	3,885

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	100	81	82	82	83
Total new capital appropriations	100	81	82	82	83
Provided for:					
Purchase of non-financial assets	100	81	82	82	83
Total Items	100	81	82	82	83
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	100	81	82	82	83
TOTAL	100	81	82	82	83
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	100	81	82	82	83
Total cash used to acquire assets	100	81	82	82	83

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2012					
Gross book value	-	1,107	145	-	1,252
Accumulated depreciation/amortisation and impairment	-	655	71	-	726
Opening net book balance	-	452	74	-	526
Capital asset additions					
By purchase - appropriation ordinary annual services		71	10		81
Total asset additions	-	71	10	-	81
Other movements					
Depreciation/amortisation expense		147	21		168
Total other movements	-	147	21	-	168
As at 30 June 2013					
Gross book value	-	1,178	155	-	1,333
Accumulated depreciation/amortisation and impairment	-	802	92	-	894
Closing net book balance	-	376	63	-	439

Prepared on Australian Accounting Standards basis.