

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 2014-15 include:

- issue Australian consultative documents incorporating International Accounting Standards Board (IASB) exposure drafts and discussion papers to encourage 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 Accounting 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 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;
- facilitate Australian constituents' participation in the IASB's post-implementation review of the IFRS on business combinations; 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.

Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 + \$'000	Proposed at Budget 2014-15 = \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	875 ⁴	-	875	-
Departmental appropriation ³	-	3,781 ¹	3,781	3,813
Receipts from other sources (s31)	-	850 ²	850	918
Total ordinary annual services	A 875	4,631	5,506	4,731
Departmental non-operating				
Equity injections	3,304 ⁴	-	3,304	-
Total other services	B 3,304	-	3,304	-
Total net resourcing for AASB (A+B)	4,179	4,631	8,810	4,731

1. Appropriation Bill (No. 1) 2014-15.

2. Receipts under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

3. Includes \$0.08 million in 2014-15 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

Budget measures relating to the AASB are summarised below.

Table 1.2: Australian Accounting Standards Board 2014-15 Budget measures

	2013-14	2014-15	2015-16	2016-17	2017-18
Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures					
Efficiency Dividend -					
temporary increase in rate ¹	1.1	(39)	(87)	(135)	(135)
Efficiency Dividend - a further					
temporary increase of					
0.25 per cent	1.1	(9)	(19)	(28)	(28)
Public Service efficiencies ²	1.1	(5)	(12)	(16)	(16)
Reforms to APS management and					
efficient procurement of agency					
software ¹	1.1	(5)	(11)	(16)	(16)
Total expense measures		(58)	(129)	(195)	(195)
Related capital					
Efficiency Dividend - a further					
temporary increase of					
0.25 per cent	1.1	-	-	(1)	(1)
Total related capital		-	-	(1)	(1)

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

Prepared on a Government Finance Statistics (fiscal) basis.

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The AASB's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme 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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Australian Accounting Standards Board		
Departmental expenses		
Departmental appropriation	4,649	4,551
Expenses not requiring appropriation in the budget year	212	219
Total expenses for Outcome 1	4,861	4,770
	2013-14	2014-15
Average staffing level (number)	23	22

Contributions to Outcome 1

Programme 1.1: Australian Accounting Standards Board

Programme 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 programmes.

Programme expenses

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

Table 2.2: Programme expenses

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	4,861	4,770	4,714	4,575	4,595
Total departmental expenses	4,861	4,770	4,714	4,575	4,595

Programme 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.

Programme 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;

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- 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 a reasonable time;
- responses are made to all significant IASB and IPSASB exposure drafts;
- host and/or participate in meetings of the IASB's Accounting Standards Advisory Forum, the International Forum of Accounting Standard-Setters and the Asian-Oceanian Standard-Setters 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme 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

The AASB does not have any special accounts.

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 material 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 2014-15 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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	3,784	3,596	3,519	3,452	3,490
Supplier	895	985	990	998	1,004
Depreciation and amortisation	178	185	200	120	96
Finance costs	4	4	5	5	5
Total expenses	4,861	4,770	4,714	4,575	4,595
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	418	350	318	298	306
Other revenue	500	500	500	500	500
Total revenue	918	850	818	798	806
Gains					
Other gains	34	34	34	34	34
Total gains	34	34	34	34	34
Total own-source income	952	884	852	832	840
Net cost of (contribution by) services	3,909	3,886	3,862	3,743	3,755
Appropriation revenue	3,731	3,701	3,662	3,623	3,659
Surplus (deficit) attributable to the Australian Government	(178)	(185)	(200)	(120)	(96)
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(178)	(185)	(200)	(120)	(96)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(178)	(185)	(200)	(120)	(96)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and equivalents	402	402	402	402	402
Trade and other receivables	3,841	3,404	3,329	3,368	3,434
Total financial assets	4,243	3,806	3,731	3,770	3,836
Non-financial assets					
Infrastructure, plant and equipment	417	283	175	143	132
Inventories	2	2	2	2	2
Intangibles	23	52	39	31	27
Other	21	21	21	21	21
Total non-financial assets	463	358	237	197	182
Total assets	4,706	4,164	3,968	3,967	4,018
LIABILITIES					
Provisions					
Employees	793	450	509	572	638
Other	201	219	212	202	201
Total provisions	994	669	721	774	839
Payables					
Suppliers	73	73	73	73	73
Other	264	152	24	10	11
Total payables	337	225	97	83	84
Total liabilities	1,331	894	818	857	923
Net assets	3,375	3,270	3,150	3,110	3,095
EQUITY					
Contributed equity	363	443	523	603	684
Asset Revaluation Reserve	62	62	62	62	62
Retained surpluses or accumulated deficits	2,950	2,765	2,565	2,445	2,349
Total equity	3,375	3,270	3,150	3,110	3,095
Current assets	4,256	3,816	3,744	3,783	3,849
Non-current assets	440	335	215	176	160
Current liabilities	1,036	648	639	622	617
Non-current liabilities	285	234	170	226	297

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	418	350	318	298	306
Appropriations	3,731	3,701	3,662	3,623	3,659
Other	986	952	563	500	500
Total cash received	5,135	5,003	4,543	4,421	4,465
Cash used					
Employees	3,514	3,939	3,458	3,390	3,424
Suppliers	1,608	1,064	1,085	975	971
Other	-	-	-	56	70
Total cash used	5,122	5,003	4,543	4,421	4,465
Net cash from (used by) operating activities	13	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	134	80	80	80	81
Total cash used	134	80	80	80	81
Net cash from (used by) investing activities	(134)	(80)	(80)	(80)	(81)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	134	80	80	80	81
Total cash received	134	80	80	80	81
Net cash from (used by) financing activities	134	80	80	80	81
Net increase (decrease) in cash held	13	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	389	402	402	402	402
Cash and cash equivalents at the end of the reporting period	402	402	402	402	402

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	3,128	62	-	281	3,471
Adjusted opening balance	3,128	62	-	281	3,471
Comprehensive income					
Surplus (deficit) for the period	(178)	-	-	-	(178)
Total comprehensive income recognised directly in equity	(178)	-	-	-	(178)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	82	82
Total transactions with owners	-	-	-	82	82
Estimated closing balance as at 30 June 2015	2,950	62	-	363	3,375

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	82	80	80	80	81
Total new capital appropriations	82	80	80	80	81
Provided for:					
Purchase of non-financial assets	82	80	80	80	81
Total Items	82	80	80	80	81
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	134	80	80	80	81
TOTAL	134	80	80	80	81
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	134	80	80	80	81
Total cash used to acquire assets	134	80	80	80	81

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 2014					
Gross book value	-	1,275	135	-	1,410
Accumulated depreciation/amortisation and impairment	-	857	113	-	970
Opening net book balance	-	418	22	-	440
Capital asset additions					
By purchase - appropriation ordinary annual services	-	36	44	-	80
Total asset additions	-	36	44	-	80
Other movements					
Depreciation/amortisation expense	-	171	14	-	185
Total other movements	-	171	14	-	185
As at 30 June 2015					
Gross book value	-	1,311	179	-	1,490
Accumulated depreciation/amortisation and impairment	-	1,028	127	-	1,155
Closing net book balance	-	283	52	-	335

Prepared on Australian Accounting Standards basis.