

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 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-wise use; and
- facilitate the Australian economy by reducing the cost of capital, enabling Australian entities to compete effectively overseas, having accounting standards that are clearly stated and easy to understand, and maintaining investor confidence in the Australian economy (including its capital markets).

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 create principles based external reporting standards for Australia that meet user needs; and contributes to the development of international external reporting standards.

Key priorities during 2015-16 include:

- issue Australian financial reporting standards based on International Financial Reporting Standards (IFRS) which are transaction neutral whenever appropriate, taking into account cost/benefit considerations for both the for-profit and not-for-profit sectors that meet user needs. Ensure that IFRS standards are made available as Australian Accounting Standards expeditiously;

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- facilitate and encourage active stakeholder participation in the development of standards internationally and in Australia. Issue consultative documents incorporating International Accounting Standards Board (IASB) exposure drafts and discussion papers and where appropriate International Public Sector Accounting Standards Board (IPSASB) consultative documents. Promote feedback through roundtables, discussions with decision makers/advisory panels and social media;
- enhance the AASB's international influence with respect to IASB and 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 and Oceanian Standard Setters Group (AOSSG), New Zealand Accounting Standards Board, relevant national standard setters who can assist AASB to influence international outcomes and IPSASB;
- 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; 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 resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Office of the Australian Accounting Standards Board resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	4,332	3,854	-	3,854
Departmental appropriation (c)	3,781	-	3,730	3,730
s 74 Retained revenue receipts (d)	813	-	767	767
Total	8,927	3,854	4,497	8,351
Total ordinary annual services [A]	8,927	3,854	4,497	8,351
Total other services [B]	-	-	-	-
Total available annual appropriations [A+B]	8,927	3,854	4,497	8,351

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$.08m for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Estimated Retained revenue receipts under section 74 of the PGPA Act.

Reader note: All figures are GST exclusive.

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 entities achieve the intended results of their outcome statements. Entities are required to identify the programmes which contribute to government outcomes over the Budget and forward years.

The AASB's outcome is described below, including the strategy, program objectives, program deliverables and program key performance indicators and targets used to assess and monitor the performance of the AASB in achieving government outcomes.

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

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, by programme.

Table 2.1: Budgeted expenses for Outcome 1

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
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		
Programme 1.1: Australian Accounting Standards Board		
Departmental expenses		
Departmental appropriation (a)	4,514	4,418
Expenses not requiring appropriation in the Budget year (b)	192	213
Total expenses for Outcome 1	4,706	4,631
	2014-15	2015-16
Average staffing level (number)	22	22

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.
(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, makegood expenses, and audit fees.

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

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 also comply with IFRS;
- to the extent feasible, ensure standards are transaction neutral (i.e. transactions are accounted for in the same way by all entities), – considering 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 to contribute to the development of high-quality global standards. Establishing and maintaining alliances 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;
- use the website and other social media to communicate AASB decisions and projects clearly and concisely; and

- develop staff with expertise in standard setting through ongoing education and graduate and secondment programs.

Programme expenses

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

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	4,706	4,631	4,528	4,542	4,555
Total programme expenses	4,706	4,631	4,528	4,542	4,555

Programme 1.1 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 1.1 key performance indicators

The AASB has the following key performance indicators:

- accounting standard and standard amendments are in accordance with Australian legislative drafting protocols and Federal Register of Legislative Instruments requirements and are made publicly available on a timely basis. Standards based on IFRS are available for adoption in Australia shortly after being issued by the IASB.
- increase in engagement of Australian constituents in the standard setting process;
- responses made to all significant IASB and IPSASB exposure drafts;

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- 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; and
- AASB staff recognised as technical experts in their respective fields.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

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 entity resourcing and financial statements

There are no material differences between entity 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 2015-16 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 of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	3,472	3,337	3,147	3,195	3,244
Suppliers	1,072	1,111	1,263	1,246	1,227
Depreciation and amortisation	158	179	117	101	84
Finance costs	4	4	1	-	-
Total expenses	4,706	4,631	4,528	4,542	4,555
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	313	267	272	277	282
Other	500	500	500	500	500
Total own-source revenue	813	767	772	777	782
Gains					
Other	34	34	34	34	34
Total gains	34	34	34	34	34
Total own-source income	847	801	806	811	816
Net cost of/(contribution by) services	3,859	3,830	3,722	3,731	3,739
Revenue from Government	3,701	3,651	3,605	3,630	3,655
Surplus/(deficit) attributable to the Australian Government	(158)	(179)	(117)	(101)	(84)
Total comprehensive income/(loss)	(158)	(179)	(117)	(101)	(84)
Total comprehensive income/(loss) attributable to the Australian Government	(158)	(179)	(117)	(101)	(84)

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.					
	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	158	179	117	101	84
Total comprehensive income/(loss) - as per the statement of comprehensive income	(158)	(179)	(117)	(101)	(84)

(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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	402	402	402	402	402
Trade and other receivables	3,555	3,503	3,545	3,587	3,639
Total financial assets	3,957	3,905	3,947	3,989	4,041
Non-financial assets					
Property, plant and equipment	250	142	113	109	105
Intangibles	32	41	32	15	16
Inventories	2	2	2	2	2
Other non-financial assets	10	10	10	10	10
Total non-financial assets	294	195	157	136	133
Assets held for sale					
Total assets	4,251	4,100	4,104	4,125	4,174
LIABILITIES					
Payables					
Suppliers	83	83	83	83	83
Other payables	164	52	40	30	31
Total payables	247	135	123	113	114
Provisions					
Employee provisions	428	481	530	581	632
Other provisions	217	225	229	229	228
Total provisions	645	706	759	810	860
Total liabilities	892	841	882	923	974
Net assets	3,359	3,259	3,222	3,202	3,200
EQUITY*					
Contributed equity	443	522	602	683	765
Reserves	62	62	62	62	62
Retained surplus (accumulated deficit)	2,854	2,675	2,558	2,457	2,373
Total Equity	3,359	3,259	3,222	3,202	3,200

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

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	2,854	62	-	443	3,359
Adjusted opening balance	2,854	62	-	443	3,359
Comprehensive income					
Surplus/(deficit) for the period	(179)	-	-	-	(179)
Total comprehensive income	(179)	-	-	-	(179)
of which:					
Attributable to the Australian Government	(179)	-	-	-	(179)
Transactions with owners					
Distributions to owners					
Contributions by owners					
Departmental Capital Budget (DCB)	-	-	-	79	79
Sub-total transactions with owners	-	-	-	79	79
Estimated closing balance as at 30 June 2016	2,675	62	-	522	3,259

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,701	3,651	3,605	3,630	3,655
Sale of goods and rendering of services	313	267	272	277	282
Other	632	556	500	500	500
Total cash received	4,646	4,474	4,377	4,407	4,437
Cash used					
Employees	3,599	3,284	3,097	3,145	3,193
Suppliers	1,138	1,190	1,240	1,222	1,192
Other	-	-	40	40	52
Total cash used	4,737	4,474	4,377	4,407	4,437
Net cash from/(used by) operating activities	(91)	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	134	79	80	81	82
Total cash used	134	79	80	81	82
Net cash from/(used by) investing activities	(134)	(79)	(80)	(81)	(82)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	134	79	80	81	82
Total cash received	134	79	80	81	82
Net cash from/(used by) financing activities	134	79	80	81	82
Net increase/(decrease) in cash held	(91)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	493	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 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	80	79	80	81	82
Total new capital appropriations	80	79	80	81	82
<i>Provided for:</i>					
Purchase of non-financial assets	80	79	80	81	82
Total Items	80	79	80	81	82
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	134	79	80	81	82
TOTAL	134	79	80	81	82
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	134	79	80	81	82
Total cash used to acquire assets	134	79	80	81	82

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2015					
Gross book value	-	1,245	157	-	1,402
Accumulated depreciation/ amortisation and impairment	-	(995)	(124)	-	(1,119)
Opening net book balance	-	250	33	-	283
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation equity (a)	-	35	44	-	79
Total additions	-	35	44	-	79
Other movements					
Depreciation/amortisation expense	-	(143)	(36)	-	(179)
Total other movements	-	(143)	(36)	-	(179)
As at 30 June 2016					
Gross book value	-	1,280	201	-	1,481
Accumulated depreciation/ amortisation and impairment	-	(1,138)	(160)	-	(1,298)
Closing net book balance	-	142	41	-	183

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2015-16, including CDABs.

Prepared on Australian Accounting Standards basis.