

OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Agency overview and resources	307
1.1 Strategic direction	307
1.2 Agency resource statement	309
1.3 Budget measures.....	310
Section 2: Outcomes and planned performance	311
2.1 Outcomes and performance information	311
Section 3: Explanatory tables and budgeted financial statements	315
3.1 Explanatory tables	315
3.2 Budgeted financial statements	316

OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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 2011-12 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 Financial Reporting Standards Board to converge reporting requirements across the Tasman, consistent with the Outcome Proposals agreed in August 2009 by the Australian and New Zealand Prime Ministers;
- implement the new differential reporting framework, (Reduced Disclosure Regime);
- actively pursue an agenda relevant to 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 from all sources. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts + available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	=	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services					
Departmental					
Prior year departmental appropriation	821 ⁴	-		821	-
Departmental appropriation ³	-	3,946 ¹		3,946	3,148
Receipts from other sources (s31)	-	841 ²		841	1,515
Total ordinary annual services	A 821	4,787		5,608	4,663
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)	4,509	4,787		9,296	4,663

1. Appropriation Bill (No. 1) 2011-12.

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

3. Includes \$0.1 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).

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

1.3 BUDGET MEASURES

Budget measures relating to AASB are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Australian Accounting Standards Board 2011-12 Budget measures

		2010-11	2011-12	2012-13	2013-14	2014-15
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures						
Australian Accounting Standards Board and Auditing and Assurance Standards Board - additional funding						
	1.1	-	656	662	669	675
Efficiency dividend - temporary increase in the rate						
	1.1	-	(16)	(39)	(49)	(60)
Total expense measures		-	640	623	620	615
Related capital						
Efficiency dividend - temporary increase in the rate						
	1.1	-	(1)	(1)	(1)	(2)
Total related capital		-	(1)	(1)	(1)	(2)

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, deliverables and 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 and providing guidance on the interpretation of those standards;
- formulating accounting standards for purposes of financial reporting by Australian entities that are not subject to the reporting requirements of the Corporations legislation and providing guidance on the interpretation of those standards; and
- to provide Australian participation in, and contribution 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	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Australian Accounting Standards Board		
Departmental expenses		
Departmental appropriation	3,897	4,087
Special accounts	666	600
Expenses not requiring appropriation in the budget year	130	191
Revenue to be carried forward	(350)	-
Total expenses for Outcome 1	4,343	4,878
	2010-11	2011-12
Average staffing level (number)	22	23

Contributions to Outcome 1

Program 1: Australian Accounting Standards Board

Program objective

The objectives of the AASB are:

- 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 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 graduate and secondment programs.

Program expenses

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

Table 2.2: Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	4,343	4,878	4,899	4,935	4,973
Total departmental expenses	4,343	4,878	4,899	4,935	4,973

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 standards 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 National Standards-Setters Group and Asian-Oceania Standard-Setters Group meetings and participate in the work of the Trans-Tasman Accounting and Auditing Standards Advisory Group; and
- developmental opportunities for accounting professionals, including recent graduates and secondments, are provided.

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 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program 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

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 2011-12 2010-11	Receipts 2011-12 2010-11	Payments 2011-12 2010-11	Adjustments 2011-12 2010-11	Closing balance 2011-12 2010-11
	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	-	600	600	-	-
		-	666	666	-	-
Total special accounts						
2011-12 Budget estimate		-	600	600	-	-
Total special accounts 2010-11 estimate actual		-	666	666	-	-

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 AASB is budgeting for a break-even operating result for 2011-12 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	3,140	3,430	3,544	3,654	3,779
Supplier	1,047	1,274	1,164	1,089	1,007
Depreciation and amortisation	150	168	184	185	180
Finance costs	6	6	7	7	7
Total expenses	4,343	4,878	4,899	4,935	4,973
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	265	241	248	255	263
Other revenue	1,250	600	600	600	600
Total revenue	1,515	841	848	855	863
Gains					
Other gains	21	23	22	22	22
Total gains	21	23	22	22	22
Total own-source income	1,536	864	870	877	885
Net cost of (contribution by)					
services	2,807	4,014	4,029	4,058	4,088
Appropriation revenue	3,048	3,846	3,845	3,873	3,908
Surplus (deficit) attributable to the Australian Government	241	(168)	(184)	(185)	(180)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	241	(168)	(184)	(185)	(180)
Plus non-appropriated expenses depreciation and amortisation expenses	109	168	184	185	180
Operating result attributable to the AASB	350	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	401	401	401	401	401
Trade and other receivables	4,551	4,538	4,514	4,494	4,476
Total financial assets	4,952	4,939	4,915	4,895	4,877
Non-financial assets					
Infrastructure, plant and equipment	581	526	451	370	292
Inventories	3	3	3	3	3
Intangibles	46	35	28	28	27
Other	9	9	9	9	9
Total non-financial assets	639	573	491	410	331
Total assets	5,591	5,512	5,406	5,305	5,208
LIABILITIES					
Provisions					
Employees	828	870	913	958	1,005
Other	206	226	231	238	244
Total provisions	1,034	1,096	1,144	1,196	1,249
Payables					
Suppliers	375	302	231	161	89
Other	57	57	57	57	57
Total payables	432	359	288	218	146
Total liabilities	1,466	1,455	1,432	1,414	1,395
Net assets	4,125	4,057	3,974	3,891	3,813
EQUITY					
Contributed equity	100	200	301	403	506
Retained surpluses or accumulated deficits	4,025	3,857	3,673	3,488	3,307
Total equity	4,125	4,057	3,974	3,891	3,813
Current assets	4,965	4,951	4,926	4,906	4,887
Non-current assets	626	561	480	399	321
Current liabilities	858	867	863	862	859
Non-current liabilities	608	588	569	552	536

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	266	241	248	255	263
Appropriations	3,048	3,845	3,844	3,873	3,908
Other	1,250	623	621	619	617
Total cash received	4,564	4,709	4,713	4,747	4,788
Cash used					
Employees	3,211	3,387	3,500	3,609	3,732
Suppliers	1,097	1,322	1,213	1,138	1,056
Other	88	-	-	-	-
Total cash used	4,396	4,709	4,713	4,747	4,788
Net cash from (used by) operating activities	168	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	100	100	101	102	103
Total cash used	100	100	101	102	103
Net cash from (used by) investing activities	(100)	(100)	(101)	(102)	(103)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	100	100	101	102	103
Total cash received	100	100	101	102	103
Net cash from (used by) financing activities	100	100	101	102	103
Net increase (decrease) in cash held	168	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	233	401	401	401	401
Cash and cash equivalents at the end of the reporting period	401	401	401	401	401

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	4,025	-	-	100	4,125
Adjusted opening balance	4,025	-	-	100	4,125
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)	-	-	-	100	100
Total transactions with owners	-	-	-	100	100
Estimated closing balance as at 30 June 2012	3,857	-	-	200	4,057

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	100	100	101	102	102
Total capital appropriations	100	100	101	102	102
Represented by:					
Purchase of non-financial assets	100	100	101	102	102
Total represented by	100	100	101	102	102
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	100	100	101	102	102
TOTAL	100	100	101	102	102
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	100	100	101	102	102
Total cash used to acquire assets	100	100	101	102	102

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	-	1,377	98	1,475
Accumulated depreciation/amortisation and impairment	-	794	52	846
Opening net book balance	-	583	46	629
Capital asset additions				
By purchase - appropriation ordinary annual services	-	90	10	100
Total asset additions	-	90	10	100
Other movements				
Depreciation/amortisation expense	-	147	21	168
Total other movements	-	147	21	168
As at 30 June 2012				
Gross book value	-	1,467	108	1,575
Accumulated depreciation/amortisation and impairment	-	941	73	1,014
Closing net book balance	-	526	35	561

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

