

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 principle based accounting standards and reporting guidelines that meet the needs of external report users;
- In partnership with the Auditing and Assurance Standards Board (AUASB) play a lead role in reshaping the Australian external reporting framework;
- Actively influence international accounting standards and reporting guidance;
- Attain significant key stakeholder engagement;
- Influence initiatives to develop standards and guidance that meet the user's needs for external reporting beyond financial reporting;
- Monitor and respond to emerging issues impacting the development of external reporting standards and guidance; and
- Develop guidance and education initiatives to enhance the consistent application of external reporting and accounting standards guidance.
- Build a high performing team that operates efficiently, effectively in the delivery of organisation goals and objectives.

The vision of the AASB is to contribute to stakeholder confidence in the Australian economy, including Australian capital markets and in external reporting.

This is achieved by developing, issuing and maintaining principle -based Australian accounting and external reporting standards, together with guidance that meets the needs of external users and enhances the consistency and quality of external reporting.

We use our expertise and influence to contribute to the development of a single set of accounting and external reporting standards for world-wide use.

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This is achieved by developing, issuing and maintaining in the public interest high quality Australian auditing and assurance standards and guidance that meet user needs and enhanced audit and assurance consistency and quality.

We use our expertise and influence to contribute to the development of a single set of auditing and assurance standards and guidance for worldwide use.

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 by administered (on behalf of the Government or the public) 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: Office of the Australian Accounting Standards Board resource statement — Budget estimates for 2021-22 as at Budget May 2021

	2020-21 Estimated actual \$'000	2021-22 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	1,584	1,543
Departmental appropriation (b)	3,565	3,568
s74 External Revenue (c)	1,043	1,124
Departmental capital budget (d)	51	51
Total departmental annual appropriations	6,243	6,286
Total departmental resourcing	6,243	6,286
	2020-21	2021-22
Average staffing level (number)	22	22

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

Prepared on a resourcing (that is, appropriations available) basis.

(a) Appropriation Bill (No. 1) 2021-22.

(b) Excludes departmental capital budget (DCB).

(c) Estimated External 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

The AASB has no 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.

The AASB's 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 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 a complete picture of an entity's planned and actual performance.

The most recent corporate plan for AASB can be found at:
(https://www.transparency.gov.au/sites/default/files/reports/aasb-auasb_corporateplan_2020-21_0.pdf)

The most recent annual performance statement can be found at:
(<https://www.transparency.gov.au/annual-reports/office-australian-accounting-standards-board/reporting-year/2019-20>)

2.1 BUDGETED EXPENSES AND PERFORMANCE 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.

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, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
Program 1.1: Office of the Australian Accounting Standards Board					
Departmental expenses					
Departmental appropriation	2,999	3,194	3,273	3,287	3,300
s74 External Revenue	1,037	1,136	1,153	1,050	1,050
Expenses not requiring appropriation in the Budget year (a)	361	546	486	487	489
Departmental total	4,397	4,876	4,912	4,824	4,839
Total expenses for program 1.1	4,397	4,876	4,912	4,824	4,839

	2020-21	2021-22
Average staffing level (number)	22	22

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, audit fees and services received free of charge.

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

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2020-21 Budget measures have created new programs or materially changed existing programs.

<p>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.</p>	
<p>Program 1.1 –</p> <ul style="list-style-type: none"> • Develop, issue and maintain principles-based Australian accounting and external reporting standards and guidance that meet user needs and enhance external reporting consistency and quality. • Contribute to the development of a single set of accounting and external reporting standards for world-wide use. 	
<p>Delivery</p>	<p>To achieve program 1 the AASB:</p> <ul style="list-style-type: none"> • Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users. For 'publicly accountable' entities maintain International Financial Reporting Standards (IFRS) compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance • With the AUASB, play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on: <ul style="list-style-type: none"> • who prepares external reports (including financial reports) • the nature and extent of assurance required on these external reports. • Actively influence International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships. • Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach. • Influence initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting. • Monitor and respond to emerging issues impacting the development of accounting and external reporting standards and guidance, including changing technologies. • Develop guidance and education initiatives, or promote development by others, to enhance consistent application of accounting and external reporting standards and guidance. • Build a high performing team that operates efficiently, effectively and within budget, complying with all relevant legislation and Commonwealth Government requirements.

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Performance information		
Year	Performance criteria	Targets
2020-21	<ul style="list-style-type: none"> IASB equivalent Standards issued in the same timeframe of the release of the IFRS and in accordance with legislative drafting and registration requirements. Develop Australian specific Standards and/or guidance for topics not specifically addressed by IFRS Standards within timelines in project plans agreed with the Board. Develop consultative documents in relation to the Australian Financial Reporting Framework, to develop objective criteria for which entities in the for-profit sector and the not-for profit sector prepare external reports including financial reports and the type of assurance needed for these reports. Includes working with policy makers in the for-profit and not-for-profit sectors (including public sector policy makers). Maintain Australia/New Zealand convergence in accordance with Trans-Tasman requirements for for-profit entities by harmonising, wherever possible given the different regulatory environments, Australian and New Zealand Accounting Standards through working actively with the New Zealand Accounting Standards Board (NZASB). Maintain and enhance key international relationships (IASB, IPSASB and Asian-Oceanian Standard-Setters Group (AOSSG)). Complete projects for external reporting beyond financial reporting as per timelines in project plans agreed with the Board. Consider emerging issues and impact of changing technologies in all AASB submissions and each major AASB project. Education initiatives, such as webinars and presentations for new major Standards issued considered effective by stakeholders. Promote the development of education initiatives by others (for example Accounting Charities and Not-for-profits Commission (ACNC) by providing, technical input to their initiatives and co-presenting at their education sessions. Develop staff publications, and frequently asked questions (FAQs) to help with consistent application of accounting and external reporting standards as agreed with the Board. 	<ul style="list-style-type: none"> Timely release of relevant standards and guidance. The identification and development of Australian specific standards and Guidance to meet the needs of external reporting users. An increase in engagement of Australian constituents in the standard setting process, Development and implementation of an annual performance and service benchmark to measure improvements. Build data analytics that indicate the use and impact of external reporting on the confidence levels of the economy and capital markets. Enhanced research program to inform, educate and influence domestic and international standard setting. As per 2020-21 IASB equivalent Standards issued within two months of the release of the IFRS. Australian specific Standards for the projects outlined below: <ul style="list-style-type: none"> insurance in the Not-for-Profit (NFP_ public sector. implement the IASB Revised Conceptual Framework in Australia for other entities. other topics coming out of agenda consultation process. Consultative Documents outlined below: <ul style="list-style-type: none"> NFP private sector development of tiering proposal in conjunction with ACNC and state and territory regulators. NFP public sector consultation on AASB Discussion Paper

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Performance information		
Year	Performance criteria	Targets
	<ul style="list-style-type: none"> Conduct agenda consultation, usually in connection with IASB agenda consultation, to seek formal input on AASB's work program. The AASB has a thorough awareness of ideas and concerns of Australian Stakeholders through effective engagement. Stakeholder satisfaction survey net promoter score used to obtain initial year results to benchmark for performance improvement including of Board and staff. Improved levels of stakeholder engagement. <p>Monitor through press coverage, Minister, Financial Reporting Council (FRC) and other stakeholder feedback, Australian Securities and Investments Commission (ASIC), Australian Prudential Regulation Authority (APRA) and other regulator surveillance program results that there is no evidence that confidence in the Australian economy, including its capital market has been lost due to accounting standard issues.</p>	<ul style="list-style-type: none"> Improving Financial Reporting for Australian Public Sector, including discussion with parliamentary accounts committees. Present at least two papers to Accounting Standards Advisory Forum (ASAF), International Forum of Accounting Standard Setters (IFASS) and/or AOSSG and receive positive feedback on the paper. Commence the following projects for external reporting: <ul style="list-style-type: none"> reporting service performance information. remuneration reporting. management commentary. Conduct formal agenda consultation. <p>The AASB expects to meet all its targets and expectations implied by performance criteria in 2020-21</p>
2021-22	As per 2020-21	As per 2020-21
2022-23 and beyond	As per 2021-22	As per 2021-22
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>	
<p>Material changes to Program 1.1 resulting from the following measures:</p> <ul style="list-style-type: none"> Measure title – AASB does not have any measures. 		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2021-22 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 financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The AUASB and the Office of the Australian Accounting Standards Board (AASB) have an arrangement where the AASB provides 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 technical staff and supplier expenses relating to AASB management fee. These items are projected to be steady over the budget and forwarded 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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
EXPENSES					
Employee benefits	2,889	3,320	3,376	3,444	3,513
Suppliers	1,243	1,084	1,122	970	920
Depreciation and amortisation (a)	261	425	363	364	364
Finance	4	47	51	46	42
Total expenses	4,397	4,876	4,912	4,824	4,839
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	537	636	653	550	550
Other	600	621	623	623	625
Total gains	1,137	1,257	1,276	1,173	1,175
Total own-source income	1,137	1,257	1,276	1,173	1,175
Net (cost of)/contribution by services	(3,260)	(3,619)	(3,636)	(3,651)	(3,664)
Revenue from Government	3,565	3,568	3,585	3,599	3,612
Surplus/(deficit) attributable to the Australian Government	305	(51)	(51)	(52)	(52)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	305	(51)	(51)	(52)	(52)
Total comprehensive income/(loss) attributable to the Australian Government	305	(51)	(51)	(52)	(52)

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

Note: Impact of net cash appropriation arrangements

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	364	12	46	35	24
plus: depreciation/amortisation expenses previously funded through revenue appropriations (a)	51	51	51	52	52
plus: depreciation/amortisation expenses for ROU (b)	219	374	312	312	312
add principal repayments on leased assets (b)	211	362	266	277	288
Total comprehensive income/(loss) - as per the statement of comprehensive income	305	(51)	(51)	(52)	(52)

Prepared on Australian Accounting Standards basis.

- (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.
- (b) Applies leases under AASB 16 Leases.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	300	300	300	300	300
Trade and other receivables	2,493	2,502	2,544	2,579	2,593
Total financial assets	2,793	2,802	2,844	2,879	2,893
Non-financial assets					
Buildings Right of Use (ROU)	140	3,262	2,950	2,638	2,326
Property, plant and equipment	153	153	153	153	153
Other non-financial assets	128	129	133	133	143
Total non-financial assets	421	3,544	3,236	2,924	2,622
Total assets	3,214	6,346	6,080	5,803	5,515
LIABILITIES					
Payables					
Suppliers	106	104	104	104	104
Other payables	150	150	150	150	150
Total payables	256	254	254	254	254
Interest bearing liabilities					
Leases	147	3,281	3,015	2,738	2,450
Total interest bearing liabilities	147	3,281	3,015	2,738	2,450
Provisions					
Employee provisions	304	304	304	304	304
Total provisions	304	304	304	304	304
Total liabilities	707	3,839	3,573	3,296	3,008
Net assets	2,507	2,507	2,507	2,507	2,507
EQUITY*					
Parent entity interest					
Contributed equity	702	753	804	856	908
Retained surplus (accumulated deficit)	1,805	1,754	1,703	1,651	1,599
Total equity	2,507	2,507	2,507	2,507	2,507

Prepared on Australian Accounting Standards basis.

*'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2021-22)

	Retained earnings \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2021			
Balance carried forward from previous period	1,805	702	2,507
Adjustment for changes in accounting policies	-	-	-
Adjusted opening balance	1,805	702	2,507
Comprehensive income			
Other comprehensive income			-
Surplus/(deficit) for the period	(51)	-	(51)
Total comprehensive income	(51)	-	(51)
Transactions with owners			
Contributions by owners			
Departmental Capital Budget (DCB)	-	51	51
Sub-total transactions with owners	-	51	51
Estimated closing balance as at 30 June 2022	1,754	753	2,507
Closing balance attributable to the Australian Government	1,754	753	2,507

Prepared on Australian Accounting Standards basis

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	1,331	3,559	3,543	3,564	3,598
Sale of goods and rendering of services	537	636	653	550	550
Other	500	500	500	500	500
Total cash received	2,368	4,695	4,696	4,614	4,648
Cash used					
Employees	2,889	3,320	3,376	3,444	3,513
Suppliers	1147	966	1003	847	805
Interest payments on lease liabilities	4	47	51	46	42
Total cash used	4,040	4,333	4,430	4,337	4,360
Net cash from/(used by) operating activities	(1,672)	362	266	277	288
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	51	51	51	52	52
Total cash used	51	51	51	52	52
Net cash from/(used by) investing activities	(51)	(51)	(51)	(52)	(52)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	51	51	51	52	52
Total cash received	51	51	51	52	52
Cash used					
Principal payments on lease liability	211	362	266	277	288
Total cash used	211	362	266	277	288
Net cash from/(used by) financing activities	(160)	(311)	(215)	(225)	(236)
Net increase/(decrease) in cash held	(1,883)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	2,183	300	300	300	300
Cash and cash equivalents at the end of the reporting period	300	300	300	300	300

Prepared on Australian Accounting Standards basis.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	51	51	51	52	52
Total new capital appropriations	51	51	51	52	52
Provided for:					
Purchase of non-financial assets	51	51	51	52	52
Total items	51	51	51	52	52
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	51	51	51	52	52
TOTAL	51	51	51	52	52
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	51	51	51	52	52
Total cash used to acquire assets	51	51	51	52	52

Prepared on Australian Accounting Standards basis.

(a) Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

Table 3.6: Statement of asset movements (Budget year 2021-22)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2021				
Gross book value	-	260	68	328
Gross book value - ROU assets	560	-	-	560
Accumulated depreciation/ amortisation and impairment	-	(107)	(68)	(175)
Accumulated depreciation/amortisation and impairment - ROU assets	(420)	-	-	(420)
Opening net book balance	140	153	-	293
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	-	51	-	51
By purchase - appropriation equity - ROU assets	3,496	-	-	3,496
Total additions	3,496	51	-	3,547
Other movements				
Depreciation/amortisation expense	-	(51)	-	(51)
Depreciation/amortisation on ROU assets	(374)	-	-	(374)
Total other movements	(374)	(51)	-	(425)
As at 30 June 2022				
Gross book value	-	311	68	379
Gross book value - ROU assets	4,056	-	-	4,056
Accumulated depreciation/ amortisation and impairment	-	(158)	(68)	(226)
Accumulated depreciation/amortisation and impairment - ROU assets	(794)	-	-	(794)
Closing net book balance	3,262	153	-	3,415

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2021-22, including CDABs.