

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

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 2010-11 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;

- 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;
- overhaul the existing differential reporting framework, including finalising a Reduced Disclosure Regime for early application in 2010;
- retain and promote a transaction neutral policy of standard setting;
- participate in ongoing projects of the International Public Sector Accounting Standards Board (IPSASB) with a view to promoting and improving the IPSASB's output; and
- issue a revised Standard on financial reporting by superannuation plans.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for AASB for 2010-11.

Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation carried forward	915 ⁴	-	915	-
Departmental appropriation ³	-	3,148 ¹	3,148	3,091
Receipts from other sources (s31)	-	1,517 ²	1,517	1,905
Total ordinary annual services	A 915	4,665	5,580	4,996
Departmental non-operating				
Equity injections	3,688	-	3,688	-
Total other services	B 3,688	-	3,688	-
Special accounts				
Opening balance ⁵	-	-	-	-
Non-appropriation receipts to Special Accounts	-	666	666	666
Total special account	C -	666	666	666
Total resourcing (A+B+C)	4,603	5,331	9,934	5,662
Less receipts from other sources credited to special accounts	-	666	666	666
Total net resourcing for AASB	4,603	4,665	9,268	4,996

1. Appropriation Bill (No. 1) 2010-11.

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

3. Includes \$0.1 million in 2010-11 for the Departmental Capital Budget (also refer to Table 3.2.5).

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

5. Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

The AASB does not have any Budget measures for 2010-11.

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. Agencies deliver programs which are government actions taken to deliver the stated outcomes. 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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Australian Accounting Standards Board		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,091	3,048
Revenues from independent sources (s31)	1,240	1,517
Special accounts	666	-
Expenses not requiring appropriation in the Budget year	21	125
less Revenue to be carried forward	639	-
Total expenses for Outcome 1	4,379	4,690
	2009-10	2010-11
Average staffing level (number)	24	24

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 International Financial Reporting Standards (IFRSs);
- 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 IFRSs 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

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	4,379	4,690	4,847	4,864	4,896
Total departmental expenses	4,379	4,690	4,847	4,864	4,896

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 transition neutral basis to the extent feasible and develop specific standards to deal with non 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-Oceanian 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 AASB finances for the budget year 2009-10. 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 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Adjustments 2010-11 2009-10	Closing balance 2010-11 2009-10
	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	-	666	666	-	-
Total Special Accounts						
2010-11 Budget estimate		-	666	666	-	-
Total special accounts 2009-10 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 2010-11.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	3,140	3,245	3,350	3,454	3,560
Supplier	1,101	1,299	1,353	1,255	1,183
Depreciation and amortisation	132	140	138	148	146
Finance costs	6	6	6	7	7
Total expenses	4,379	4,690	4,847	4,864	4,896
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	282	267	274	282	290
Other revenue	1,624	1,250	1,250	1,250	1,250
Total revenue	1,906	1,517	1,524	1,532	1,540
Gains					
Other gains	21	23	23	23	23
Total gains	21	23	23	23	23
Total own-source income	1,927	1,540	1,547	1,555	1,563
Net cost of (contribution by) services	2,452	3,150	3,300	3,309	3,333
Appropriation revenue	3,091	3,048	3,199	3,201	3,226
Surplus (deficit) attributable to the Australian Government	639	(102)	(101)	(108)	(107)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	639	(102)	(101)	(108)	(107)
Plus non-appropriated expenses depreciation and amortisation expenses	-	102	101	108	107
Operating result attributable to the AASB	639	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	401	401	401	401	401
Trade and other receivables	4,633	4,599	4,577	4,550	4,523
Total financial assets	5,034	5,000	4,978	4,951	4,924
Non-financial assets					
Infrastructure, plant and equipment	590	547	507	461	415
Inventories	3	3	3	3	3
Intangibles	5	8	10	8	8
Other	17	15	15	16	16
Total non-financial assets	615	573	535	488	442
Total assets	5,649	5,573	5,513	5,439	5,366
LIABILITIES					
Provisions					
Employees	1,191	1,191	1,191	1,191	1,191
Other	214	212	224	228	233
Total provisions	1,405	1,403	1,415	1,419	1,424
Payables					
Suppliers	55	55	55	55	55
Other	446	374	303	233	162
Total payables	501	429	358	288	217
Total liabilities	1,906	1,832	1,773	1,707	1,641
Net assets	3,743	3,741	3,740	3,732	3,725
EQUITY					
Contributed equity	-	100	200	300	400
Retained surpluses or accumulated deficits	3,743	3,641	3,540	3,432	3,325
Total equity	3,743	3,741	3,740	3,732	3,725
Current assets	5,054	5,018	4,996	4,970	4,943
Non-current assets	595	555	517	469	423
Current liabilities	890	871	887	885	883
Non-current liabilities	1,016	961	886	822	758

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	281	266	274	282	290
Appropriations	3,091	3,048	3,199	3,201	3,226
Other	1,624	1,278	1,277	1,273	1,274
Total cash received	4,996	4,592	4,750	4,756	4,790
Cash used					
Employees	3,141	3,245	3,349	3,452	3,560
Suppliers	1,150	1,347	1,401	1,304	1,230
Other	620	-	-	-	-
Total cash used	4,911	4,592	4,750	4,756	4,790
Net cash from (used by) operating activities	85	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	80	100	100	100	100
Total cash used	80	100	100	100	100
Net cash from (used by) investing activities	(80)	(100)	(100)	(100)	(100)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	100	100	100	100
Total cash received	-	100	100	100	100
Net cash from (used by) financing activities	-	100	100	100	100
Net increase (decrease) in cash held	5	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	396	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 2010-11)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	3,743	-	-	-	3,743
Adjusted opening balance	3,743	-	-	-	3,743
Comprehensive income					
Surplus (deficit) for the period	(102)	-	-	-	(102)
Total comprehensive income recognised directly in equity	(102)	-	-	-	(102)
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 2011	3,641	-	-	100	3,741

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	-	100	100	100	100
Total capital appropriations	-	100	100	100	100
Represented by:					
Purchase of non-financial assets	-	100	100	100	100
Total represented by	-	100	100	100	100
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB	-	100	100	100	100
Funded internally from departmental resources	80	-	-	-	-
TOTAL	80	100	100	100	100

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or make good expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	-	1,219	48	1,267
less Accumulated depreciation/amortisation	-	629	43	672
Opening net book balance	-	590	5	595
Asset movements				
Additions	-	89	11	100
less Depreciation/amortisation expense	-	132	8	140
Total asset movements	-	(43)	3	(40)
As at 30 June 2011				
Gross book value	-	1,308	59	1,367
less Accumulated depreciation/amortisation	-	761	51	812
Closing net book balance	-	547	8	555

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.