

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:

- 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 leading 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.

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

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 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: Australian Accounting Standards Board resource statement — Budget estimates for 2018-19 as at Budget May 2018

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	1,685	2,039
Departmental appropriation (c)	3,537	3,518
s74 Retained revenue receipts (d)	1,381	1,127
Departmental capital budget (e)	79	79
Total departmental annual appropriations	<u>6,682</u>	<u>6,763</u>
Total departmental resourcing	<u>6,682</u>	<u>6,763</u>
<hr/>		
Average staffing level (number)	<u>22</u>	<u>22</u>

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

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

(a) Appropriation Bill (No.1) 2018-19.

(b) Adjusted appropriation carried forward from previous year.

(c) Excludes departmental capital budget (DCB).

(d) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(e) 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

Budget measures in Part 1 relating to the Australian Accounting Standards Board are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Entity 2018-19 Budget measures

Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)

The Australian Accounting Standards Board has no new budget measures.

Part 2: Other measures not previously reported in a portfolio statement

		2017-18	2018-19	2019-20	2020-21
	Program	\$'000	\$'000	\$'000	\$'000
Expense measures					
Treasury Portfolio - efficiencies (a)	1.1				
Departmental expenses		(11)	(11)	(11)	(11)
Total		(11)	(11)	(11)	(11)

(a) The lead entity for measure Treasury Portfolio — efficiencies is Treasury. The full measure description and package details appear in Budget Paper No. 2 under the Treasury portfolio.

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

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.

Each 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 enhanced 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 an entity's complete performance story.

The most recent corporate plan for AASB can be found at:

www.aasb.gov.au/AASB-Board/AASB-Board-Strategy-and-Corporate-Plan.aspx

The most recent annual performance statement can be found in the Annual Report at:

www.aasb.gov.au/About-the-AASB/AASB-annual-reports.aspx

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

	2017-18	2018-19	2019-20	2020-21	2021-22
Program 1.1: Australian Accounting Standards Board					
Departmental expenses					
Departmental appropriation	3,537	3,518	3,522	3,547	3,568
s74 Retained revenue receipts (a)	1,381	1,127	1,124	1,136	1,153
Expenses not requiring appropriation in the Budget year (b)	133	171	173	176	178
Departmental total	5,051	4,816	4,819	4,859	4,899
Total expenses for program 1.1	5,051	4,816	4,819	4,859	4,899
Total expenses for Outcome 1	5,051	4,816	4,819	4,859	4,899

	2017-18	2018-19
Average staffing level (number)	22	22

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses, audit fees and other resources 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 2018-19 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 –</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 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 IASB, 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, 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.

Performance information		
Year	Performance criteria (a)	Targets
2017-18	<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 <ul style="list-style-type: none"> • working actively with the NZASB. • Maintain and enhance key international relationships (IASB, IPSASB and 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 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, • Responses made to all significant IASB and IPSASB exposure drafts. • 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. <p>The AASB expects to meet all its targets and expectations implied by performance criteria in 2018-19</p>

Year	Performance criteria (a)	Targets
2017-18 (continued)	<ul style="list-style-type: none"> • 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. Monitor through press coverage, Minister, FRC and other stakeholder feedback, ASIC, 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. 	
2018-19	As per 2017-18	As per 2017-18
2019-20 and beyond	As per 2018-19 <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. 	As per 2018-19
Purposes	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.	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 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 comprehensive income statement is comprised mainly of employee expenses relating to corporate and technical staff; supplier expenses relating to office expenses; and revenue relating to management fee charged to AUASB. These items are projected to be steady over the budget and forward years.

The Employee benefits have decreased from previous years due to the restructure in 2015-16. The estimate in 2017-18 is low due to the timing of recruitment of employees. The Sale of Goods for 2017-18 is forecast higher due to additional corporate services increasing the management fees paid by the AUASB.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
EXPENSES					
Employee benefits	2,854	3,223	3,255	3,320	3,386
Suppliers	2,142	1,538	1,509	1,484	1,458
Depreciation and amortisation	55	55	55	55	55
Total expenses	5,051	4,816	4,819	4,859	4,899
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	881	627	624	636	653
Other	500	500	500	500	500
Total own-source revenue	1,381	1,127	1,124	1,136	1,153
Gains					
Other	78	116	118	121	123
Total gains	78	116	118	121	123
Total own-source income	1,459	1,243	1,242	1,257	1,276
Net (cost of)/contribution by services	(3,592)	(3,573)	(3,577)	(3,602)	(3,623)
Revenue from Government	3,537	3,518	3,522	3,547	3,568
Surplus/(deficit) attributable to the Australian Government	(55)	(55)	(55)	(55)	(55)

Note: Impact of net cash appropriation arrangements

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	55	55	55	55	55
Total comprehensive income/(loss) - as per the statement of comprehensive income	(55)	(55)	(55)	(55)	(55)

(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.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	212	251	336	336	336
Trade and other receivables	1,882	1,858	1,775	1,775	1,776
Total financial assets	2,094	2,109	2,111	2,111	2,112
Non-financial assets					
Property, plant and equipment	95	83	71	99	127
Intangibles	36	71	107	103	99
Other non-financial assets	24	21	18	16	14
Total non-financial assets	155	175	196	218	240
Total assets	2,249	2,284	2,307	2,329	2,352
LIABILITIES					
Payables					
Suppliers	361	370	348	346	344
Other payables	4	14	35	35	35
Total payables	365	384	383	381	379
Provisions					
Employee provisions	364	356	356	356	356
Total provisions	364	356	356	356	356
Total liabilities	729	740	739	737	735
Net assets	1,520	1,544	1,568	1,592	1,617
EQUITY*					
Parent entity interest					
Contributed equity	681	760	839	918	998
Retained surplus (accumulated deficit)	839	784	729	674	619
Total equity	1,520	1,544	1,568	1,592	1,617

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

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)

	Retained earnings	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2018			
Balance carried forward from previous period	839	681	1,520
Adjusted opening balance	839	681	1,520
Comprehensive income			
Surplus/(deficit) for the period	(55)	-	(55)
Total comprehensive income	(55)	-	(55)
Transactions with owners			
Contributions by owners			
Departmental Capital Budget (DCB)	-	79	79
Sub-total transactions with owners	-	79	79
Estimated closing balance as at 30 June 2019	784	760	1,544
Closing balance attributable to the Australian Government	784	760	1,544

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,486	3,545	3,609	3,547	3,567
Sale of goods and rendering of services	881	627	624	636	653
Other	500	498	497	500	500
Total cash received	4,867	4,670	4,730	4,683	4,720
Cash used					
Employees	2,777	3,231	3,255	3,320	3,386
Suppliers	2,166	1,409	1,410	1,363	1,335
Other	(4)	(9)	(20)	-	-
Total cash used	4,939	4,631	4,645	4,683	4,721
Net cash from/(used by) operating activities	(72)	39	85	-	(1)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	79	79	79	79	79
Total cash used	79	79	79	79	79
Net cash from/(used by) investing activities	(79)	(79)	(79)	(79)	(79)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	79	79	79	79	80
Total cash received	79	79	79	79	80
Net cash from/(used by) financing activities	79	79	79	79	80
Net increase/(decrease) in cash held	(72)	39	85	-	-
Cash and cash equivalents at the beginning of the reporting period	284	212	251	336	336
Cash and cash equivalents at the end of the reporting period	212	251	336	336	336

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	79	79	79	79	79
Total new capital appropriations	79	79	79	79	79
Provided for:					
Purchase of non-financial assets	79	79	79	79	79
Total items	79	79	79	79	79
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	79	79	79	79	79
TOTAL	79	79	79	79	79
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	79	79	79	79	79
Total cash used to acquire assets	79	79	79	79	79

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2018-19)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2018			
Gross book value	387	114	501
Accumulated depreciation/ amortisation and impairment	(311)	(60)	(371)
Opening net book balance	76	54	130
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation equity (a)	58	21	79
Total additions	58	21	79
Other movements			
Depreciation/amortisation expense	(51)	(4)	(55)
Total other movements	(51)	(4)	(55)
As at 30 June 2019			
Gross book value	445	135	580
Accumulated depreciation/ amortisation and impairment	(362)	(64)	(426)
Closing net book balance	83	71	154

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018-19.

Prepared on Australian Accounting Standards basis.