

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:

- use International Financial Reporting Standards (IFRS) and transaction-neutrality as a starting point, taking into account cost/benefit considerations and user needs;
- take a leadership role in shaping the Australian Reporting Framework;
- enhance international influence with respect to International Accounting Standards Board (IASB) & International Public Sector Accounting Standards Board (IPSASB) outcomes;
- facilitate and encourage active stakeholder participation in developing standards; and
- to maintain relevance, investigate expanding the scope of activities to cover external reporting rather than just financial reporting.

Key priorities for 2016-17 include:

- issuing Australian Accounting Standards based on IFRS, which are transaction neutral when appropriate, taking into account cost/benefit considerations for both the for-profit and not-for-profit sectors that meet user needs;
- ensuring that IFRS are made available as Australian Accounting Standards expeditiously;
- finalising domestic standards that address key public sector and not-for-profit private sector accounting issues and commence work on new issues prioritised as a result of the AASB's 2016 agenda consultation process;
- taking a leadership role in shaping the Australian Reporting Framework, including improving the differential reporting framework (Reduced Disclosure Requirements);

- assisting regulators to objectively identify entities that should prepare and lodge general purpose financial reports;
- enhancing the AASB's international influence with respect to IASB and IPSASB outcomes;
- providing high quality thought leadership with an overlay of practical application to meet user needs;
- being recognised as a high quality contributor to the IASB's Accounting Standards Advisory Forum (ASAF);
- developing and maintaining appropriate alliances, including through the Asian Oceanian Standard Setters Group (AOSSG), New Zealand Accounting Standards Board, and relevant national standard setters who can assist AASB to influence international outcomes;
- facilitating and encouraging active stakeholder participation in the development of standards internationally and in Australia;
- issuing consultative documents incorporating IASB exposure drafts and discussion papers and where appropriate IPSASB consultative documents;
- promoting feedback through roundtables, discussions with decision makers/advisory panels and social media; and
- working closely with the New Zealand Accounting Standards Board to maintain converged reporting requirements for for-profit entities 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 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 (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table 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 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	3,904	3,788
Departmental appropriation	3,651	3,597
s74 retained revenue receipts (c)	770	710
Departmental capital budget (d)	79	80
<i>Total departmental annual appropriations</i>	<u>8,404</u>	<u>8,175</u>
Total departmental resourcing	8,404	8,175
	2015-16	2016-17
Average staffing level (number)	<u>22</u>	<u>22</u>

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2016-17.

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

(c) Estimated retained revenue receipts under section 74 of the *Public Governance Performance and Accountability Act 2013* (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

Table 1.2 presents the measures announced subsequent to the 2015-16 MYEFO. No measures have been announced in the Budget.

Table 1.2: Entity 2016-17 Budget measures**Measures announced since the 2015-16 MYEFO**

	Program	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Expense measures						
Public Sector Savings - Shared and Common Services Program						
	1.1	-	(1)	(1)	(1)	-
Total expense measures		-	(1)	(1)	(1)	-

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.

The AASB's outcome is described below together with its related program. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. 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 from October 2016 - to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE CRITERIA FOR OUTCOME 1

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

Budgeted expenses for Outcome 1

Table 2.1 shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Australian Accounting Standards Board					
Departmental expenses					
Departmental appropriation (a)	3,651	3,597	3,621	3,643	3,669
s74 Retained revenue receipts (b)	770	710	710	710	710
Expenses not requiring appropriation in the Budget year (c)	211	89	89	89	89
Departmental total	4,632	4,396	4,420	4,442	4,468
Total expenses for program 1.1	4,632	4,396	4,420	4,442	4,468
	2015-16	2016-17			
Average staffing level (number)	22	22			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses, audit fees.

(c) Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

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

The table below details the performance criteria for program 1 associated with Outcome 1. It also summarises how the program is delivered and that the 2016-17 Budget measures have not created new programs or materially changed existing programs.

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	
Program 1: Australian Accounting Standards Board	
Make and maintain Australian accounting standards that facilitate both for-profit and not-for-profit entities preparing high-quality financial statements. Ensure Australian standards applying to for-profit entities comply with international standards to facilitate access to international capital markets.	
Delivery	<p>In consultation with key stakeholders the AASB achieves its objectives of making and maintaining Australian accounting standards by:</p> <ul style="list-style-type: none"> • promulgating each International Financial Reporting Standard (IFRS) and IFRS amendment developed by the International Accounting Standards Board (IASB) into Australian Law; • promulgating 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; • preparing and publishing accounting standards, compiled versions of standards and exposure drafts; • participating in international standard setting and other research projects; and • maintaining close relationships with equivalent organisations in other jurisdictions.
Performance information	
Performance criteria	2015-16 and forward year targets
<ul style="list-style-type: none"> • 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. • 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. • AASB staff recognised as technical experts in their respective fields. 	<ul style="list-style-type: none"> • An increase in engagement of Australian constituents in the standard setting process. • Responses made to all significant IASB and IPSASB exposure drafts. <p>The AASB expects to meet all its targets and expectations implied by performance criteria in 2015-16.</p>
Purposes	Make accounting standards under the <i>Corporations Act 2001</i> for the purposes of the corporations legislation 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 2016-17 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 the financial information presented in the PB Statements and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The forward years show reduced spending on suppliers, reflecting lower accommodation costs due to a move to smaller office premises, offset by more resources being allocated to stakeholder outreach.

Employee expenses have been reduced from 2014-15 as a result of closing the defined benefit fund and replacement of long term senior staff. The 2015-16 employee expenses are abnormally low due to non-replacement of staff on maternity leave and delayed replacement of senior staff.

Depreciation is also projected to be lower in the forward years because the entity is utilising shared office improvements and office systems in its new premises and accordingly owns few of its own assets.

Own-source revenue is projected to be lower in the forward years because a sub-lease arrangement in the previous premises will expire.

3.1.3 Budgeted financial statements tables

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	3,114	3,325	3,406	3,428	3,453
Suppliers	1,303	961	959	959	959
Depreciation and amortisation	177	55	55	55	55
Finance costs	14	-	-	-	-
Total expenses	4,608	4,341	4,420	4,442	4,467
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	270	210	210	210	210
Other	500	500	500	500	500
Total own-source revenue	770	710	710	710	710
Gains					
Other	34	34	34	34	34
Total gains	34	34	34	34	34
Total own-source income	804	744	744	744	744
Net (cost of)/contribution by services	(3,804)	(3,597)	(3,676)	(3,698)	(3,723)
Revenue from Government	3,651	3,597	3,621	3,643	3,669
Surplus/(deficit) attributable to the Australian Government	(153)	-	(55)	(55)	(54)
Total comprehensive income/(loss)	(153)	-	(55)	(55)	(54)
Total comprehensive income/(loss) attributable to the Australian Government	(153)	-	(55)	(55)	(54)

Note: Impact of net cash appropriation arrangements

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	24	55	-	-	1
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	177	55	55	55	55
Total comprehensive income/(loss) - as per the statement of comprehensive income	(153)	-	(55)	(55)	(54)

(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.

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	104	172	237	363	529
Trade and other receivables	3,699	3,688	3,739	3,715	3,633
Total financial assets	3,803	3,860	3,976	4,078	4,162
Non-financial assets					
Property, plant and equipment	64	96	86	76	67
Intangibles	21	21	57	91	126
Other non-financial assets	-	2	-	-	-
Total non-financial assets	85	119	143	167	193
Total assets	3,888	3,979	4,119	4,245	4,355
LIABILITIES					
Payables					
Suppliers	73	73	73	73	73
Other payables	37	5	9	19	40
Total payables	110	78	82	92	113
Provisions					
Employee provisions	1,021	1,097	1,174	1,253	1,334
Other provisions	301	268	302	312	292
Total provisions	1,322	1,365	1,476	1,565	1,626
Total liabilities	1,432	1,443	1,558	1,657	1,739
Net assets	2,456	2,536	2,561	2,588	2,616
EQUITY*					
Contributed equity	522	602	683	765	847
Reserves	62	62	62	62	62
Retained surplus (accumulated deficit)	1,872	1,872	1,816	1,761	1,707
Total equity	2,456	2,536	2,561	2,588	2,616

*'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 2016-17)

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	1,872	62	522	2,456
Opening balance	1,872	62	522	2,456
Comprehensive income				
Surplus/(deficit) for the period	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners				
Contributions by owners				
Departmental capital budget (DCB)	-	-	80	80
Total transactions with owners	-	-	80	80
Estimated closing balance as at 30 June 2017	1,872	62	602	2,536
Closing balance attributable to the Australian Government	1,872	62	602	2,536

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,296	3,546	3,623	3,736	3,833
Sale of goods and rendering of services	270	210	210	210	210
Other	525	571	496	496	495
Total cash received	4,091	4,327	4,329	4,442	4,538
Cash used					
Employees	2,880	2,999	3,101	3,117	3,138
Suppliers	1,443	1,337	1,117	1,155	1,178
Net GST paid	51	8	(2)	(1)	-
s74 Retained revenue receipts transferred to OPA	-	-	63	65	76
Other	15	(85)	(15)	(20)	(20)
Total cash used	4,389	4,259	4,264	4,316	4,372
Net cash from/(used by) operating activities	(298)	68	65	126	166
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	79	80	81	82	82
Total cash used	79	80	81	82	82
Net cash from/(used by) investing activities	(79)	(80)	(81)	(82)	(82)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	79	80	81	82	82
Total cash received	79	80	81	82	82
Net cash from/(used by) financing activities	79	80	81	82	82
Net increase/(decrease) in cash held	(298)	68	65	126	166
Cash and cash equivalents at the beginning of the reporting period	402	104	172	237	363
Cash and cash equivalents at the end of the reporting period	104	172	237	363	529

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	79	80	81	82	82
Total new capital appropriations	79	80	81	82	82
<i>Provided for:</i>					
Purchase of non-financial assets	79	80	81	82	82
Total items	79	80	81	82	82
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	79	80	81	82	82
TOTAL	79	80	81	82	82
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	79	80	81	82	82
Total cash used to acquire assets	79	80	81	82	82

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.
Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of departmental asset movements (Budget year 2016-17)

	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016			
Gross book value	1,176	204	1,380
Accumulated depreciation/amortisation and impairment	(1,126)	(162)	(1,288)
Opening net book balance	50	42	92
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation equity	64	16	80
Total additions	64	16	80
Other movements			
Depreciation/amortisation expense	(53)	(2)	(55)
Disposals			
From disposal of entities or operations (including restructuring)	35	(35)	-
Total other movements	(18)	(37)	(55)
As at 30 June 2017			
Gross book value	1,275	185	1,460
Accumulated depreciation/amortisation and impairment	(1,179)	(164)	(1,343)
Closing net book balance	96	21	117

Prepared on Australian Accounting Standards basis.