

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 AASB transferred governance arrangements from the *Commonwealth Authorities and Companies Act 1997* framework to the *Financial Management and Accountability Act 1997* framework from 1 July 2008.

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 standard 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.

Agency Additional Estimates Statements — AASB

Key priorities during 2008-09 include:

- issue Australian equivalents to the International Accounting Standards Board (IASB) standards, exposure drafts, invitations to comment and interpretations;
- retain a transaction neutral policy of standard setting;
- participate in ongoing IASB and International Public Sector Accounting Standards Board (IPSASB) research projects including extractive activities for the IASB and conceptual framework and service concessions for the IPSASB;
- issue an exposure draft and standard on superannuation entity accounting; and
- establish a policy on the use of the IPSASB standards in Australia.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 outlines the total resourcing available from all sources. The table summarises how resources will be applied to the AASB.

Table 1.1: Australian Accounting Standards Board resource statement — additional estimates for 2008-09 as at Additional Estimates December 2008

	Estimate as at Budget ¹ 2008-09 \$'000	Estimate as at + Budget ² 2008-09 \$'000	Proposed additional = estimates 2008-09 \$'000	Total estimate at Additional Estimates 2008-09 \$'000
Ordinary annual services				
Departmental outputs				
Departmental outputs	-	1,225	269 ³	1,494
Receipts from other sources (s31)	-	3,101	-	3,101
Total ordinary annual services	A	4,326	269	4,595
Other services				
Departmental non-operating				
Equity injections	-	-	3,688 ⁴	3,688
Total other services	B	-	3,688	3,688
Special accounts				
Opening balance	-	-	-	-
Appropriation receipts	-	700	-	700
Total special accounts	C	700	-	700
Total resourcing (A + B + C)	-	5,026	3,957	8,983
Less receipts from other sources credited to special accounts	-	700	-	700
Total net resourcing for AASB	-	4,326	3,957	8,283

1. The AASB did not receive a separate appropriation in the 2008-09 Budget.

2. Appropriation was transferred from the Department of the Treasury to the AASB under section 32 of the *Financial Management and Accountability Act 1997*.

3. Appropriation Bill (No. 3) 2008-09.

4. Appropriation Bill (No. 4) 2008-09.

1.3 AGENCY MEASURES TABLE

Table 1.2: Agency measures since Budget

The AASB does not have any measures since the 2008-09 Budget.

1.4 ADDITIONAL ESTIMATES AND VARIATIONS

Table 1.4 details the additional estimates and variations sought as a result of the AASB transferring governance arrangements from the *Commonwealth Authorities and Companies Act 1997* framework to the *Financial Management and Accountability Act 1997* framework through Appropriation Bills No. 3 and No. 4.

Table 1.3: Additional estimates and variations to outcomes from measures since 2008-09 Budget

The AASB does not have any additional estimates or variations as a result of Budget measures.

Table 1.4: Additional estimates and variations to outcomes from other variations

	Output Group impacted	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Outcome 1					
Increase in estimates (departmental)					
Interest revenue forgone as a result of becoming an agency subject to the <i>Financial Management and Accountability Act 1997</i>	1.1	269	269	269	269
Equity injection equivalent to the cash at bank amount as a result of becoming an agency subject to the <i>Financial Management and Accountability Act 1997</i>	1.1	3,688	-	-	-
Net impact on estimates for outcome 1 (departmental)		3,957	269	269	269

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5 details the additional estimates sought for the AASB through Appropriation Bill No. 3. Table 1.6 details the additional estimates sought for the AASB through Appropriation Bill No. 4.

Table 1.5: Appropriation Bill (No. 3) 2008-09

	2008-09 Budget ¹ \$'000	2008-09 Budget ² \$'000	2008-09 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
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	-	1,225	1,494	269	-
Total	-	1,225	1,494	269	-

1. The AASB did not receive a separate appropriation in the 2008-09 Budget.
2. Appropriation was transferred from the Department of the Treasury to the AASB under section 32 of the *Financial Management and Accountability Act 1997*.

Table 1.6: Appropriation Bill (No. 4) 2008-09

	2008-09 Budget ¹ \$'000	2008-09 Budget ² \$'000	2008-09 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-operating					
Equity injections	-	-	3,688	3,688	-
Total	-	-	3,688	3,688	-

1. The AASB did not receive a separate appropriation in the 2008-09 Budget.
2. Appropriation was transferred from the Department of the Treasury to the AASB under section 32 of the *Financial Management and Accountability Act 1997*.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

The AASB's outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of the AASB in achieving government outcomes.

2.1.1 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

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 (Output 1.1.1);
- 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 (Output 1.1.2); and
- to provide Australian participation in, and contribution to, the development of a single set of accounting standards for world-wide use (Output 1.1.3).

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.

Contributions to Outcome 1

Output Group 1.1 — Australian Accounting Standards Board	
Components of Output Group 1.1 are: • Output 1.1.1 — making accounting standards under section 334 of the <i>Corporations Act 2001</i> for the purposes of the financial reporting requirements of the Corporations legislation and providing guidance on the interpretation of those standards; • Output 1.1.2 — 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 • Output 1.1.3 — to provide Australian participation in, and contribution to, the development of a single set of accounting standards for world-wide use.	
Output 1.1.1 — making accounting standards under section 334 of the <i>Corporations Act 2001</i> for the purposes of the financial reporting requirements of the Corporations legislation and providing guidance on the interpretation of those standards	
Output 1.1.1 reflects the AASB's role in the development of legally enforceable accounting standards. This output involves: • issuing Australian standards; • amending existing standards; and • developing standards setting expertise.	
Key performance indicators	2008-09 target
Convert each standard and standard amendment developed by the IASB, into Australian Law.	Each converted IASB standard and standard amendment must accord with: • Australian legislative drafting protocols; and • Federal Register of Legislative Instruments requirements.
Prepare and publish compiled versions of standards.	Compilations are lodged on the: • Federal Register of Legislative Instruments; and • The AASB website.
Issue exposure drafts.	Obtain stakeholder feedback. Provide feedback to the IASB.
Output 1.1.2 — formulating accounting standards for purposes of financial reporting by Australian entities that are not subject to reporting requirements of the Corporations legislation and providing guidance on the interpretation of those standards.	
Output 1.1.2 — reflects the AASB's role in the development of accounting standards for non corporations legislation entities. This output involves: • developing accounting standards for the public sector and non-Corporations Act entities.	

Contributions to Outcome 1 (continued)

Key performance indicators	2008-09 target
Issue Australian accounting standards.	Update the AASB website within three days of finalising any standard.
Prepare and publish compiled versions of standards.	Update the AASB website within three days of finalising any compiled standard.
Output 1.1.3 — to provide Australian participation in, and contribution to, the development of a single set of accounting standards for world-wide use.	
Output 1.1.3 — reflects the AASB's role in the development of global accounting standards. This output involves:	
contributing to the development of International Financial Reporting Standards, International Public Sector Accounting Standards and participation in various international forums.	
Key performance indicators	2008-09 target
Participate in international standards setting and other research projects.	Respond to all significant IASB and IPSASB exposure drafts; and Undertake research and prepare draft accounting standards on behalf of the IASB and IPSASB.
Maintain close working relationships with equivalent organisations in other jurisdictions.	Host and/or attend National Standards Setters meetings; and Participate in the work of the Trans-Tasman Accounting and Auditing Standards Advisory Group.
Develop personnel with experience in standard setting.	Provide developmental opportunities for accounting professionals, including recent graduates.

Section 3: Explanatory tables and budgeted financial statements

3.1 EXPLANATORY TABLES

3.1.1 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by the AASB.

Table 3.1.1: Estimates of special account flows

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Australian Accounting Standards Board Special Account	1	-	700	700	-	-
		-	-	-	-	-
Office of the Australian Accounting Standards Board Services for Other Entities and Trust Moneys Special Account	1	-	-	-	-	-
		-	-	-	-	-
Total special accounts 2008-09 Budget estimate		-	700	700	-	-
Total special accounts 2007-08 estimate actual		-	-	-	-	-

3.1.2 Estimates of variations to Average Staffing Level

Table 3.1.2 provides the Average Staffing Level for the AASB.

Table 3.1.2: Average Staffing Level

	2008-09 Budget	2008-09 Revised	Variation
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	23	23	-
Total	23	23	-

3.2 BUDGETED FINANCIAL STATEMENTS

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

	Actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	2,934	1,494	3,121	3,220	3,385
Goods and services	88	1,901	288	277	266
Interest	269	-	-	-	-
Other ¹	2,023	1,200	1,200	1,200	1,200
Total revenue	5,314	4,595	4,609	4,697	4,851
EXPENSE					
Employees	3,127	3,179	3,142	3,177	3,276
Suppliers	1,300	1,270	1,321	1,374	1,429
Grants	200	-	-	-	-
Depreciation and amortisation	145	146	146	146	146
Finance costs	5	-	-	-	-
Total expenses	4,777	4,595	4,609	4,697	4,851
Net surplus or (deficit) attributable to the Australian Government	537	-	-	-	-

1. Estimates for other revenue for 2009-10 and onwards are yet to be confirmed.
Prepared on an Australian Accounting Standards basis.

Agency Additional Estimates Statements — AASB

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

	Actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	3,691	3,691	3,691	3,691	3,691
Receivables	100	246	392	538	684
Total financial assets	3,791	3,937	4,083	4,229	4,375
Non-financial assets					
Infrastructure, plant and equipment	687	541	395	249	103
Inventories	3	3	3	3	3
Intangibles	19	19	19	19	19
Other non-financial assets	88	88	88	88	88
Total non-financial assets	797	651	505	359	213
Total assets	4,588	4,588	4,588	4,588	4,588
LIABILITIES					
Payables					
Other payables	639	639	639	639	639
Total payables	639	639	639	639	639
Provisions					
Employees	1,310	2,310	2,310	2,310	2,310
Other provisions	101	101	101	101	101
Total provisions	1,411	2,411	2,411	2,411	2,411
Total liabilities	2,050	3,050	3,050	3,050	3,050
EQUITY					
Parent entity interest					
Retained surpluses or accumulated deficits	2,538	1,538	1,538	1,538	1,538
Total equity	2,538	1,538	1,538	1,538	1,538
Current assets	3,809	3,940	4,086	4,232	4,378
Non-current assets	779	648	502	356	210
Current liabilities	1,434	2,949	2,949	2,949	2,949
Non-current liabilities	616	101	101	101	101

Prepared on an Australian Accounting Standards basis.

Agency Additional Estimates Statements — AASB

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

	Actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	133	1,901	288	277	266
Appropriations	-	1,348	2,975	3,074	3,239
Interest	278	-	-	-	-
Net GST received	156	-	-	-	-
Other cash received ¹	4,950	1,200	1,200	1,200	1,200
Total cash received	5,517	4,449	4,463	4,551	4,705
Cash used					
Employees	3,017	3,179	3,142	3,177	3,276
Suppliers	1,591	1,270	1,321	1,374	1,429
Net GST paid	99	-	-	-	-
Other cash used	200	-	-	-	-
Total cash used	4,907	4,449	4,463	4,551	4,705
Net cash from or (used by) operating activities	610	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	93	-	-	-	-
Net cash from or (used by) investing activities	(93)	-	-	-	-
Net increase or (decrease) in cash held	517	-	-	-	-
Cash at the beginning of the reporting period	3,174	3,691	3,691	3,691	3,691
Cash at the end of the reporting period	3,691	3,691	3,691	3,691	3,691

1. Estimates for other cash received for 2009-10 and onwards are yet to be confirmed.
Prepared on an Australian Accounting Standards basis.

Agency Additional Estimates Statements — AASB

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget 2008-09)

	Accumulated results	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	2,538	-	-	-	2,538
Adjusted opening balance	2,538	-	-	-	2,538
Transactions with owners					
<i>Contribution by owners</i>					
Actuarial losses	(1,000)	-	-	-	(1,000)
Sub-total transactions with owners	(1,000)	-	-	-	(1,000)
Estimated closing balance as at 30 June 2009	1,538	-	-	-	1,538

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

The AASB does not have any administered funds.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

The AASB does not have any administered funds.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

The AASB does not have any administered funds.