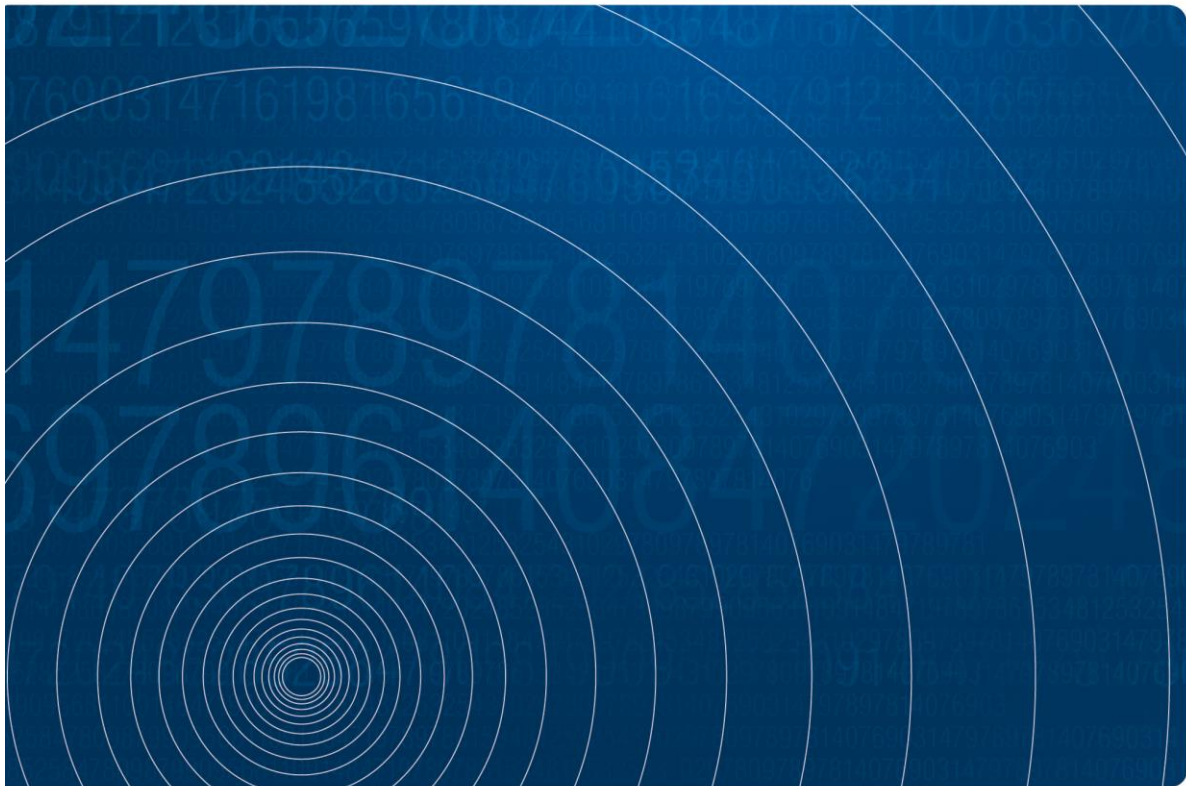




Australian Government
Australian Accounting Standards Board

2015-16

Annual Report



Australian Accounting Standards Board

Annual Report 2015-16

© Commonwealth of Australia 2016

ISSN 2204-4221 (Print)

ISSN 2204-423X (Online)

This publication is available for your use under a Creative Commons Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, the AASB logo and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of AASB material under a Creative Commons Attribution 3.0 Australia licence requires you to attribute the work (but not in any way that suggests that the AASB endorses you or your use of the work).

AASB material used 'as supplied'

Provided you have not modified or transformed AASB material in any way including, for example, by changing the AASB text; calculating percentage changes; graphing or charting data; or deriving new statistics from published AASB statistics – then AASB prefers the following attribution:

Source: The Australian Accounting Standards Board

Derivative material

If you have modified or transformed AASB material, or derived new material from those of the AASB in any way, then the AASB prefers the following attribution:

Based on The Australian Accounting Standards Board data

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see www.itsanhonour.gov.au)

Other Uses

Inquiries regarding this licence and any other use of this document are welcome at:

Media Liaison

AASB

Podium Level

Level 14 / 530 Collins Street MELBOURNE 3000

Email: standard@aab.gov.au

Printed by CanPrint Communications Pty Ltd

LETTER OF TRANSMITTAL

7 October 2016

The Hon Kelly O'Dwyer MP
Minister for Revenue and Financial Services
Parliament House
CANBERRA ACT 2600

Dear Minister,

I have pleasure in presenting the annual report of the Australian Accounting Standards Board (AASB) and the Office of the Australian Accounting Standards Board for the year ended 30 June 2016.

The report has been prepared in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Section 46 of the PGPA Act requires me to prepare a report of the operations of the AASB and the Office of the AASB during the year. The report must be tabled in each House of the Parliament as soon as practicable.

Yours sincerely



Kris Peach
Chair, Australian Accounting Standards Board

CONTENTS

ABBREVIATIONS.....	v
CHAIR’S REVIEW	7
WHAT DID THE AASB DO 2015-16?.....	11
Mission of the AASB	11
Report on Performance Portfolio Outcome.....	11
MANAGEMENT AND ACCOUNTABILITY	27
How the AASB works	27
The Minister	27
Financial Reporting Council	28
AASB.....	28
Office of the AASB	28
Membership	28
Observers.....	29
AASB’s corporate governance	29
Audit Committee.....	29
Fraud.....	30
Ethics.....	30
Management of personnel	31
FINANCIAL REPORT	33
STATEMENT BY THE CHAIR AND FINANCE MANAGER.....	36
APPENDICES	61
Appendix A AASB legislative requirements	63
Appendix B Attendance at AASB meetings	64
Appendix C Other information.....	65
Appendix D Agency resource statement and resources for outcomes.....	68
Appendix E List of Requirements.....	69
Appendix F Index	75

ABBREVIATIONS

The following abbreviations are used in this report:

AASB	Australian Accounting Standards Board
ACNC	Australian Charities and Not-for-profits Commission
ANAO	Australian National Audit Office
AOSSG	Asian-Oceanian Standard-Setters Group
ASAF	Accounting Standards Advisory Forum
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
AUASB	Auditing and Assurance Standards Board
FRC	Financial Reporting Council
GPFS	General Purpose Financial Statements
GST	Goods and services tax
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFASS	International Forum of Accounting Standard Setters (formerly NSS)
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standard
IPSASB	International Public Sector Accounting Standards Board
IVSC	International Valuation Standards Council
KASB	Korea Accounting Standards Board
NFP	Not-for-Profit
NZASB	New Zealand Accounting Standards Board
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PSA	<i>Public Service Act 1999</i>
RDR	Reduced disclosure requirements
SME	Small and Medium Enterprises

CONTACT DETAILS

Chair
Australian Accounting Standards Board

Street Address:

Podium Level
Level 14, 530 Collins Street
MELBOURNE VIC 3000

Postal Address:

PO Box 204
Collins Street West
Victoria 8007

Tel: 03 9617 7600
Email: standard@aab.gov.au
Web: www.aab.gov.au

Internet homepage:
<http://www.aab.gov.au>

LinkedIn - <https://www.linkedin.com/company/aab>
Twitter - <https://twitter.com/AASBAustralia>

Annual report location:
<http://www.aab.gov.au/About-the-AASB/AASB-annual-reports.aspx>

CHAIR'S REVIEW

OUR PERFORMANCE IN 2016



This year has been one of significant change for the Australian Accounting Standards Board (AASB). The AASB has made good progress on our five strategies (as outlined in the Annual Performance Statement on page 13 of this report). These strategies underpin our day-to-day operations and help us to deliver high-quality standards that meet the needs of the Australian community.

At the same time, the AASB has also achieved some important milestones in positioning ourselves to better meet the current and future challenges facing Australia. These challenges, and the steps the AASB is taking to address them, are outlined below.

TOWARDS A STRONGER FINANCIAL REPORTING FRAMEWORK

The AASB has commenced a comprehensive outreach campaign to better understand what our constituents want and need from Australia's financial reporting framework. This has identified some important issues:

- **Our financial reporting framework is too complicated and subjective.** The AASB must continue working with regulators to identify objective criteria that determine who should prepare and lodge general purpose financial statements. The AASB has made progress in benchmarking against our international counterparts. However this project will be a key focus for 2016/17.
- **IFRS is not a perfect solution, but there is no preferred alternative accepted by all.** IPSASB is not preferred by the public or private not-for-profit sectors. The AASB's principle of transaction neutrality across all sectors, based on IFRS, has a key benefit of enabling users and preparers to move freely between sectors, and to move internationally. However, there is a need for more sector-specific guidance, particularly in the not-for-profit private sector, and simpler reporting requirements for small not-for-profit entities. In response to these concerns, the AASB will be releasing a new standard in December 2016 on income for not-for-profits, which will address many of the long standing concerns about revenue recognition in this sector. The AASB will continue liaising with the Australian Charities and Not-for-profits Commission (ACNC) and others to continue to improve reporting for not-for-profit organisations.
- **General purpose financial reports are too complicated and have too much detail.** Some key initiatives of the AASB and IASB to address these concerns are progressing well. The AASB will be proposing revised Tier 2 Reduced Disclosure Requirements, in

conjunction with New Zealand, in the fourth quarter of 2016. The AASB and the Australian Securities Investments Commission (ASIC) have been very supportive of entities that have exercised their judgement to remove unnecessary disclosures. The IASB is also working on setting out the principles of disclosure, addressing concerns about reporting of underlying earnings and avoiding disclosure overload arising from specific standards. The AASB will continue to support initiatives from the IASB and elsewhere that improve external reporting.

- **Accounting standards are hard to interpret and apply.** Our joint project with the Korea Accounting Standards Board highlighted the importance of clear and concise language in standards, and identified several areas where standards used inconsistent and difficult to interpret terminology. Encouragingly, the IASB has been receptive to our recommendations for improving consistency and clarity.

AN ONGOING DIALOGUE

None of these issues can be solved by any of us alone. Each requires cooperation and perseverance from many interested stakeholders and regulators. Over the past two years, the AASB has significantly improved its stakeholder engagement program but also – perhaps more importantly – encouraged an open and consultative approach and welcomes feedback from whatever channel it arrives.

On this front, it was very pleasing to note the success of our education sessions, new forums for the not-for-profit private sector and for accounting firms, and the Project Advisory Panels. I was particularly excited about co-hosting events with the Australian Institute of Company Directors (AICD), Chartered Accountants Australia and New Zealand (CAANZ) and CPA Australia, as this considerably broadened the range of feedback the AASB received. The excellent participation at our roundtables, particularly those involving IASB representatives such as Ian Mackintosh and Sue Lloyd, also contributed to our international influence.

Our social media presence now covers over 3,000 LinkedIn (www.linkedin.com/company/aasb) and 600 Twitter (twitter.com/AASBAustralia) followers. While formal written submissions are appreciated, the AASB is more concerned about getting feedback, not the form in which it is presented.

More importantly, feedback is enabling us to influence international developments. Whilst not always successful, the IASB hears and understands our views, through our role on the IASB's premier advisory body, the Accounting Standards Advisory Forum (ASAF) and our relationships with the IASB board members and staff, and through our involvement with the Asian-Oceanian Standards-Setters Group (AOSSG).

The AASB is very pleased to report that the IASB is acting on the recommendations of our joint research report with the Korea Accounting Standards Board (KASB). Feedback from 208 Australian preparers and auditors enabled us to highlight issues with consistency or interpreting terms of likelihood, such as probable. As a result, the IASB is going to reduce the number of terms used and rank them, on a go forward basis. The joint research report can be accessed from the AASB website.

ENSURING THE AASB REMAINS FIT-FOR-PURPOSE

Technological advances, the rise in importance of non-financial reporting, stakeholder demands for clearer and more frequent information, the growing importance of international alliances with other standard-setters and the need for better empirical evidence to effectively influence international developments, all pose potentially significant challenges and opportunities for the AASB. To meet these challenges, the AASB and AUASB recognise they will need to be more agile and responsive.

This year, the AASB and AUASB undertook a major restructure as part of a broader strategy to ensure Australia remains at the forefront of international accounting and auditing practice and that standards are 'fit for purpose' in the Australian environment.

The Boards have moved to a shared support model, where both Boards will be supported by a single National Director and combined administrative staff. The changes to the Boards' operating model are being supported by changes in systems and processes, particularly those regarding accountability, training and employee development. These changes will enable the Boards to collaborate and influence more effectively, and more cost-effectively set standards (Further detail is set out in Note 1.13 to the Financial Statements).

FINANCIAL RESULTS

The AASB has recognised a Total Comprehensive Deficit of \$1,349,774 (2015: \$517,485), and a Deficit of \$1,287,527 (2015: \$295,485) as a result of exceeding its budgetary appropriations from Government for the current year.

The key reasons for the increase to Total Comprehensive Deficit and Deficit is the restructure costs (including redundancy payouts) of \$1,172,799 (2015: Nil) (see Note 1.13 to the Financial Statements), asset write-offs as a result of the move to 530 Collins Street \$96,010 (2015: nil) (see Note 1.9 to the Financial Statements), surplus lease space and additional rent from having an overlap of rent between 600 Bourke Street and 530 Collins Street of \$83,741 (2014: nil) (see note 7 to the Financial Statements).

The move to share premises with another government agency will result in significant savings over the lease term. Other key elements of the financial results include benefits from reduced employee remuneration due to lower employee numbers and reduced costs from closing the defined benefit fund, offset by increased expenditure on core stakeholder engagement through more education and roundtable interstate roadshows, and core international influence through international travel to permit direct representation at key decision-making forums.

The current year deficit has been funded from current and prior year appropriations available to the AASB and has been incurred to reduce the possibility of the AASB exceeding its current year appropriations in future years. The restructure will enable the AASB focus on its core standard setting activities and to be more cost effective.

Note 14 to the Financial Statements provides further details of variances from the reported budget numbers.

In addition, there has been a restatement of prior year numbers (refer to Note 1.12) as a result of the resolution of the issues identified in the prior year regarding long service leave, resulting in the reclassification of long service leave entitlements to compensation amounts payable, with the associated recognition of Fringe Benefits Tax.

ACKNOWLEDGEMENTS

I have many people to thank, including:

- all those who have provided us with invaluable comments and ideas on our proposals, participated in roundtables or Project Advisory Panels, generously giving us their time;
- the AASB members who, in addition to Board meetings, have taken on so much work out-of-session in the current year. In particular, I would like to acknowledge the significant contribution made by Regina Fikkers (Deputy Chair);
- the AASB staff – both technical and administrative – who have enabled the AASB to make significant progress in achieving our strategies this year. I particularly want to acknowledge the work of former staff, John Hamilton, Jacqueline McCoy, Murad Ali Syed, Ahmad Hamidi Ravari, Lisa Panetta, Jim Paul, Litsa Pillios, Joanna Spencer, Verena Steiner, Puneet Tikoo, who have all contributed to the rich heritage of the AASB;
- the New Zealand Accounting Standards Board (NZASB), and in particular its Chair, Kimberley Crook, for assisting the AASB to maintain its position on ASAF. The KASB, for conducting research jointly with the AASB; and
- the Financial Reporting Council (FRC) and its Chair, Bill Edge, for providing strategic oversight and support of the AASB.

I would also like to acknowledge Angus Thomson, our Research Director, who finished on 30 September 2016. His invaluable contributions over 33 years of standard setting include Australian standards on insurance and superannuation that are now being emulated internationally.

I would also like to express my sincere appreciation of the efforts of Chris Gillman, Interim National Director, Merran Kelsall, AUASB Chair, Nikole Gyles, AASB Technical Director, Kala Kandiah, AASB Assistant Director, and Scott Mischke, Treasury Employment and Remuneration Policies, who were critical to enabling the restructure of the AASB and AUASB. I am also pleased to welcome Justin Lachal as the incoming National Director of the AASB and AUASB, who will work with us to strengthen our capability and performance.

Finally, I'd like to thank those who have taken the time to contribute your thoughts, feedback and examples to the AASB over the past year – and encourage others to do the same. Your contributions enable us to influence internationally and set better domestic standards.



Kris Peach
Chair and CEO
7 October 2016

WHAT DID THE AASB DO 2015-16?

VISION

The AASB's vision is to be a leading national standard setter and a global centre of excellence. To this end, it is taking a lead role in shaping the Australian Reporting Framework, which seeks to set out how different types of Australian entities should report.

MISSION OF THE AASB

The AASB is an Australian Government Entity under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). The AASB legislative requirements are set out in Appendix A.

The AASB develops issues and maintains Australian Accounting Standards for both the private and public sector.

In February 2015, the AASB Strategy 2015-2019 was issued.

The mission of the AASB is to:

- (a) create principle-based external reporting standards for Australia that meet user needs; and
- (b) contribute to the development of international external reporting standards.

REPORT ON PERFORMANCE PORTFOLIO OUTCOME

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.

The Vision, Mission, Strategic directions and KPIs are consistent with Outcome 1 above and the KPIs remain consistent with the deliverables and KPIs outlined in the Portfolio Budget Statement (PBS).

The table below outlines how the AASB has performed during the year in relation to the five strategic directions included in the AASB Strategy 2015-2019, the KPIs associated with each of those strategic directions, and the related program deliverables and KPIs outlined in the PBS.

ANNUAL PERFORMANCE STATEMENT

INTRODUCTION STATEMENT

I, Kris Peach, as the accountable authority of the Australian Accounting Standards Board, present the 2015-16 annual performance statement of the Australian Accounting Standards Board, as required under paragraph 39(1)(a) of the *Public Governance Performance and Accountability Act 2013* (PGPA Act). In my opinion, this annual performance statement is based

on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act Entity Purpose.

ENTITY PURPOSE

The AASB is responsible for setting accounting standards for the private and public sectors in Australia (see section 227 of the *Australian Securities and Investments Commission Act 2001*). The main purpose of accounting and auditing standards is to assist in maintaining confidence in the Australian economy, including its capital markets. The AASB achieves this by developing, issuing and maintaining Australian Accounting Standards and related pronouncements. Accounting standards set out how entities must report externally on key transactions and events, and on their performance and financial health, in a way that is consistent and comparable with other entities in Australia and internationally. This enables people outside the entity to make informed decisions about their dealings with that entity, such as whether to:

- invest in a listed company's shares;
- trade with/extend credit to an entity;
- donate to a particular charity; and
- hold government accountable for use of taxpayer funds.

The transparency, comparability and accountability required by accounting standards underpin public and investor confidence in the Australian economy. They reduce information gaps and enable more efficient resource/capital allocations.

The AASB has a substantial body of standards and a Conceptual Framework that address the vast majority of accounting issues facing entities in all sectors (private, public, for-profit and not-for-profit). Entities required by the *Corporations Act 2001* to lodge financial reports must have their financial reports prepared in accordance with the AASB's accounting standards, and many other types of entities are also generally required to prepare financial reports.

AASB'S FIVE STRATEGIES FOR ACHIEVING ITS PURPOSE

Strategy 1: Standard setting	Strategy 2: Australian reporting framework	Strategy 3: International influence	Strategy 4: Stakeholder engagement	Strategy 5: External reporting
Develop standards based on IFRS and the principle of transaction-neutrality, taking into account cost/benefit considerations and user needs	Take a leadership role in shaping the Australian Reporting Framework	Build international influence with the IASB and IPSASB	Facilitate and encourage active stakeholder participation in developing standards	Investigate the potential for standards to cover external reporting, beyond financial reporting

RESULTS AND ANALYSIS

This has been a year of significant change. The AASB has broadened its focus and profile by implementing key initiatives to improve our international influence and stakeholder engagement. The AASB has also refocussed its operations to better meet the needs of the Australian community.

The following key achievements assisted in maintaining investor confidence in the Australian economy for 2015-16:

- Issuing AASB 116 *Leases* in February 2016, within one month of the IASB issuing IFRS 16, well within our target of three months. This standard provides much needed transparency for lessee lease obligations, bringing all leases onto the balance sheet. Analysts, investors and other stakeholders routinely make adjustments for operating leases, indicating that current accounting has not fully reflected the economics of leasing transactions. Capturing more information about operating leases on the balance sheet may also lead to better decision making from management, as has occurred in other circumstances such as accounting changes relating to share based payments and defined benefit plans.
- Influencing international views through reappointment to the IASB's premier advisory body, the Accounting Standards Advisory Forum (ASAF), in conjunction with the New Zealand Accounting Standards Board (NZASB) for a period of three years from 1 July 2015. The AASB has also had significant influence regarding the following key topics:
 - insurance - through presentation of papers at ASAF in July 2015, numerous IASB staff and AASB Insurance Project Advisory Panel member discussions, and IASB representatives (Board member Sue Lloyd and Deputy Chair Ian Mackintosh) participating in Australian roundtables. Whilst the IASB is still finalising the standard,

based on decisions taken to date, only one of the ten key issues raised has not been resolved as advocated by the AASB;

- leases – through submissions. Of the four key issues identified in the AASB submission, only one has not been resolved as advocated by the AASB;
- conceptual framework - through submissions, IASB representatives (Board member Sue Lloyd and Deputy Chair Ian Mackintosh) participating in Australian roundtables, and AASB staff providing input to IASB papers. The IASB conceptual framework has not yet been finalised so it is not yet clear how many of the AASB submission issues will be addressed; and
- improving IFRS implementation - through recommendations to the IASB as a result of the AASB and Korea Accounting Standards Board (KASB) joint report on 'terms of likelihood', which indicated that words such as 'likely', 'probable' and 'certain' tend to be interpreted differently between Korea and Australia and within each jurisdiction. The IASB and other national accounting standard setters have responded positively to the recommendations and presentations made by the AASB and KASB at ASAF and the International Forum of Standard Setters (IFASS). The final report was released in July 2016.
- Commencing a review of the implementation of IFRS in Australia. This will focus on two key issues: considering how transaction neutrality has been applied across the three sectors (for profit, not-for-profit private and not-for-profit public sectors) and whether a third tier of general purpose financial reporting might be required. Extensive stakeholder outreach across all sectors has been and is continuing to be performed, including identifying relevant academic research on the impact of adopting IFRS. The final report on the findings was scheduled for June 2016, however is now expected in September 2016. This will inform the AASB's future directions.
- Progressing the key domestic project of conducting research on the Australian Financial Reporting Framework to inform policy makers of cost beneficial reforms, including reviewing criteria and thresholds for preparing and lodging financial reports. A Treasury briefing paper on corporate reporting issues had been anticipated prior to June 2016 however has been deferred as a result of restructuring activities discussed below.
- Progressing key domestic projects on Income of Not-for-profit Entities, Service Concession Arrangements – Grantor. Scheduled completion is December 2016. Redeliberations on Service Performance Reporting have been deferred pending further Australian feedback and the results of the NZASB consultation on an exposure draft similar to ED 270 *Reporting Service Performance*.
- Increasing engagement with stakeholders to improve the amount and quality of feedback provided to the AASB. Such feedback assists the AASB to maintain and improve its ability to influence the IASB and other key international standard setting bodies. New and / or extended initiatives established this year that have had positive feedback from stakeholders including:
 - encouraging feedback through emails, phone conversations, LinkedIn discussion groups and Twitter, not just formal written submissions;

- Project Advisory Panels comprising recognised technical experts with one or more assigned AASB members to provide practical and technical input to the AASB on key issues;
- webinars and nation-wide education roadshows on key domestic projects;
- new forums such as the Directors' Forums and Accounting Firms Forums;
- increasing targeted outreach with key stakeholders to 602 (2015: 436) engagements, including cobranding sessions with the AICD, CA ANZ and CPA Australia; and
- issuing the AASB's first domestic agenda invitation to comment to obtain specific advice on the work plan for the next three years.

RESTRUCTURING ACTIVITIES

Whilst the AASB has made good progress on a number of key initiatives, some key projects have not met their timetables. In order to focus more effectively and efficiently on their core standard setting activities the AASB and AUASB have implemented a major restructure. The Boards have moved to a shared support model where both Boards are supported by a single National Director and combined administrative staff. The Boards are also adopting a more flexible, 'program management' approach to standard setting, focusing efforts on turning around critical projects and bringing in critical resources on a project basis as needed.

As a result of this change, ten roles in the administrative and technical teams (AASB: 8, AUASB: 2) have been made redundant and six new roles created.

The restructure is part of a broader strategy to ensure that Australia remains at the forefront of international accounting and auditing practice and that standards are 'fit for purpose' in the Australian environment. Technological advances, the rise in importance of non-financial reporting, stakeholder demands for clearer and more frequent information, and the need for international alliances with other standard-setters and better empirical evidence to effectively influence international developments, all pose potentially significant challenges. The Boards recognise that they will need to be more agile and responsive to meet these challenges.

The changes to the Boards' operating model are being supported by changes in systems and processes, particularly those regarding accountability, training and employee development. Taken together, these changes will enable the Boards to collaborate and influence more effectively, and more cost-effectively set standards. Further information is set out in Note 1.14 to the Financial Statements.

2015-16 AASB ACTIVITIES AND RELATED KEY PERFORMANCE INDICATORS

The table below identifies the activities the AASB identified in its Corporate Plan and Parliamentary Budget Statement (PBS) as contributing to the five strategies above, for the 2015-16 reporting period. This table also indicates whether or not the activities were achieved and, if not, why not.

Activities	Strategy No.	KPI	Achieved/Not Achieved	Explanation
Headline KPIs				
1. IASB equivalent Standards issued concurrently with the release of the IFRS.	Strategy 1 PBS Outcome 1, Program 1.1 Deliverables 1,3, KPI 1	All IFRS equivalent standards to be issued within 3 months of issue by the IASB.	Achieved.	The Output Structure on page 22 identifies the standards issued for the 2015-16 reporting period.
2. Results of Post-Implementation Reviews (PIR) support issuance of Standards (and amendments thereto) based on assessing benefits and costs.	Strategy 1	1. Conduct PIR for suite of IFRS equivalent standards through targeted outreach, and literature review of IFRS adoption impacts to determine stakeholder views on: <ul style="list-style-type: none"> • transaction neutrality; • use of the <i>Process for Modifying IFRSs FOR NFP</i> guidelines; and • tiers of general purpose financial statements. 	In Progress, report not achieved by due date.	Scheduled for completion by June 2016. However, now scheduled for completion by September 2016, due to additional not-for-profit feedback being sought.

Activities	Strategy No.	KPI	Achieved/Not Achieved	Explanation
3. Standards for not-for-profit (NFP) entities in the private and public sectors are consistent with IFRS to the extent feasible, based on assessing benefits and costs in each case.	Strategy 1 PBS Outcome 1, Program 1.1 Deliverable 2	<ol style="list-style-type: none"> 1. Modify IFRS using <i>Process for Modifying IFRSs FOR NFP</i> policy in all instances. 2. Obtain stakeholder feedback on suitability of modifications for NFP use (see KPI 2.1). 3. Benchmark NFP amendments to International Public Sector Standards Board (IPSASB) amendments to IFRS, NZASB and United Kingdom public sector standards. 	<ol style="list-style-type: none"> 1. Achieved. 2. In progress, report not achieved by due date. 3. In progress, report not achieved by due date. 	<ol style="list-style-type: none"> 1. The AASB has applied the <i>Process for Modifying IFRSs for NFP</i> policy for all issued documents. 2. See KPI 2.1 comments. 3. Benchmarking scheduled for completion by June 2016. However, now scheduled for completion by September 2016. Restructuring activities impacted delivery of project.
4. Financial reporting reforms recommended to policymakers. Includes working with Treasury on reforms for corporate General Purpose Financial Statements (GPFS). Subsequent work will involve policymakers responsible for non-corporate entities.	Strategy 5	Briefing paper to Treasury on corporate issues by March 2016.	In progress – Not achieved.	Benchmarking on international for profit corporate reporting requirements completed. Information gathering sessions with public sector and not for profit sector held. Benchmarking on not-for-profit sector in progress. Restructuring activities impacted delivery of project.
5. Changes to IASB proposals achieved on issues of key significance to Australian stakeholders and as identified by the AASB.	Strategies 1 & 2	Resolution by IASB of key issues in AASB submissions considered appropriate for more than 50% of the time.	Achieved.	Key issues resolved as advocated by AASB: <ul style="list-style-type: none"> - Insurance 9 of 10 (90%). - Leases 3 of 4 (75%).

	Activities	Strategy No.	KPI	Achieved/Not Achieved	Explanation
6.	High level of stakeholder satisfaction achieved (per survey) such that the AASB has a thorough awareness of ideas and concerns of Australian stakeholders.	Strategies 2, 4 & 5 PBS Outcome 1, Program 1.1 KPI 2	Conduct a stakeholder satisfaction survey to obtain a starting point in which to benchmark for performance improvement.	n/a - For 2015-16 assessed as part of Headline KPI 2.1 PIR of IFRS.	n/a
7.	Identify and evaluate other non-accounting standard setting opportunities, such as remuneration reporting.	Strategy 4	For 2015-16 assessed as part of Supporting KPI 7 agenda consultation.	n/a	n/a

Activities	Strategy No.	KPI	Achieved/Not Achieved	Explanation
Supporting KPIs				
1. Maintain membership of the Accounting Standards Advisory Forum (ASAF).	Strategy 3	To be reappointed to the IASB's ASAF.	Achieved.	The AASB in conjunction with the New Zealand Accounting Standards Board reappointed until July 2018.
2. Maintain leadership of Asian-Oceanian Standard- setters Group (AOSSG) Working Groups.	Strategy 3	Lead two working groups for the AOSSG.	Achieved.	The AASB leads three AOSSG working groups: <ul style="list-style-type: none"> • Financial Instruments; • AOSSG Website; and • Centres of Excellence in Developing Countries.
3. Present papers to ASAF, IFASS and/or AOSSG.	Strategies 1 & 3 PBS Outcome 1, Program 1.1 KPI 4	Present at least 2 papers.	Achieved.	<ul style="list-style-type: none"> • Insurance Papers presented at July 2015 ASAF meeting. • Joint AASB/KASB¹ paper on 'IFRS Terms of Likelihood' presented to December 2015 ASAF, and April 2016 IFASS meetings.
4. Meet with policymakers/regulators (incl. state treasuries) to help ensure they understand relevance and appropriateness of GPFS for entities they regulate.	Strategy 5	4 meetings held with policymakers/regulators.	Achieved.	Presentations/ meetings with Treasury, Fair Work Commission, Australian Charities and Not-for-Profit Commission (ACNC), Australian Taxation Office (ATO).

¹ Korea Accounting Standards Board

	Activities	Strategy No.	KPI	Achieved/Not Achieved	Explanation
5.	Publish AASB research (Research Reports, Occasional Papers, Essays and staff papers) relevant to the international community to lead debate on key issues.	Strategies 2, 3, 4 & 5 PBS Outcome 1, Program 1.1 KPI 5	Publish 2 research papers.	Not achieved.	AASB Research Report No 2 <i>Accounting Judgements on Terms of Likelihood in IFRS: Korea and Australia</i> published July 2016. Academic Research Forum scheduled for November 2016 will provide additional sponsored AASB papers. Additional paper not achieved due to restructuring activities and focus on domestic standard setting program.
6.	Engage in staff exchanges/collaborations with peer national standard setters.	Strategy 3 PBS Outcome 1, Program 1.1 Deliverables 4, 5, 6	1 staff exchange.	Achieved.	KASB staff worked at the AASB in August 2015.
7.	Conduct an agenda consultation – although ongoing, the AASB periodically seeks formal input, usually in connection with IASB agenda consultation.	Strategies 2, 3 & 5	Formal domestic agenda consultation conducted every 3 years.	Achieved.	ITC 34 <i>AASB Agenda Consultation 2017-2019</i> issued for comment November 2015. Feedback presented at August 2016 meeting.
8.	Extend database of lodged financial statements for research purposes.	Strategies 2 & 5	Database established by June 2016.	In progress, Not achieved.	Difficulties in contract negotiations between the other parties involved in the project have not yet been resolved.

	Activities	Strategy No.	KPI	Achieved/Not Achieved	Explanation
9.	Revise the AASB's Reduced Disclosure Requirements (Tier 2 RDR) principles.	Strategy 2	PIR of RDR by June 2016 Joint project with NZASB to issue ED on RDR by June 2016.	In progress, Not achieved.	Joint project commenced with NZASB. Additional time taken due to different views of AASB and NZASB and impact of AASB restructuring. ED expected by December 2016 and will include PIR of existing RDR.
10.	Revise the AASB's Transaction Neutrality policy [Process or Modifying IFRS for Not-for-profit Entities].	Strategies 1 & 2	For 2015-16 assessed as part of Headline KPI 2 PIR of IFRS.	n/a	n/a
11.	Benchmark AASB transaction neutrality policy outcomes with New Zealand approach for adopting IFRS/IPSASs, benchmark to IPSASs, and report findings.	Strategy 2	For 2015-16 assessed as part of Headline KPI 3.	n/a	n/a
12.	Determine the need for a third tier of general purpose financial reporting.	Strategy 2	For 2015-16 assessed as part of Headline KPI 2 PIR of IFRS.	n/a	n/a
13.	Maintain Australia/New Zealand convergence in accordance with Trans-Tasman requirements for for-profit entities.	Strategies 1 & 2	For profit entities financial reports issued in Australia able to be lodged with NZ regulators with no changes.	Achieved	

Activities	Strategy No.	KPI	Achieved/Not Achieved	Explanation
14. Maintain close relationships with IPSASB and assist in IPSASB projects.	Strategy 3 Outcome 1, Program 1.1, Deliverables 4,5	<ol style="list-style-type: none"> 1. Involvement in at least 1 IPSASB project. 2. IASB board member on IPSASB. 3. AASB provides technical adviser to IPSASB member. 4. Australian member on IPSASB Consultative Advisory Group. 	Achieved.	<ol style="list-style-type: none"> 1. AASB member of IASB NFP working group and providing significant input to Revenue from Non-exchange transactions through NZASB. 2. AASB board member Mike Blake appointed to IPSASB 1/1/16. 3. Technical adviser provided. 4. Karen Sanderson appointed to IPSASB CAG July 2016. <p>Range of events conducted in February 2016 with the IPSASB Chair (and immediate Past Chair), including Australian academics forum to encourage public sector research collaboration.</p>

Activities	Strategy No.	KPI	Achieved/Not Achieved	Explanation
15. Respond to all significant IASB and IPSASB consultation documents.	Strategy 3 Outcome 1, Program 1.1, KPI 3	Submission lodged for all significant IASB and IPSASB consultation documents.	IASB Achieved IPSASB Not achieved.	Key submissions to IASB lodged on Conceptual Framework, Agenda Consultation, Applying AASB 9 <i>Financial Instruments</i> with AASB 4 <i>Insurance Contracts</i> , Application of Materiality. Key submission to IPSASB made on Public Sector Combinations. However, submission on Consultation Paper on Social Benefits not made due to insufficient staff resources as focus on progressing Australian domestic standard setting priorities and restructuring activities.

Activities	Strategy No.	KPI	Achieved/Not Achieved	Explanation
16. High-level stakeholder engagement, measured based on participation at roundtables, formal/informal submissions, targeted meetings, numbers of LinkedIn, Twitter and Facebook followers, year-on-year.	Strategy 4 Outcome 1, Program 1.1, KPI 2	Increase in: - number of engagements; - LinkedIn followers; - Twitter followers; - formal/informal submissions received; - roundtables; - education sessions; and - webinars.	Achieved	Engagements: 602 (2015: 436). Linked in followers: 3,549 (2015: 2,053) Twitter followers: 595 (2015: 226) Formal submissions received: 153 (2015: 92) Roundtables: 9 (2015:6) Conceptual framework (1), Service Performance Reporting (6), Financial Reporting Framework NFPs (2) Education sessions: 9 (2015: 4) Service Performance Reporting (6), Disclosure Initiative (2), Various (1) Webinars: 2 (2015: 0) Not-for-profit income, service performance reporting
17. Conduct stakeholder satisfaction survey, use initial year results to obtain benchmark for performance improvement including of Board and staff.	Strategy 4	For 2015-16 assessed as part of Headline KPI 2 - PIR of IFRS.	n/a	n/a
18. Create and maintain a database for stakeholder management with a comprehensive database of contacts and related information.	Strategy 4	Database created by June 2016.	In progress, Not achieved by June 2016.	Completed August 2016. Delayed by illness of developer and restructuring activities.

Output Structure

The AASB's key outputs, listed in the tables below are:

- standards and exposure drafts; and
- submissions to international bodies.

Standards	
AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i> (August 2015)
AASB 16	<i>Leases</i> (February 2016)
AASB 2015-7	<i>Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities</i> (July 2015)
AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> (August 2015)
AASB 2015-9	<i>Amendments to Australian Accounting Standards – Scope and Application Paragraphs</i> (November 2015)
AASB 2015-10	<i>Amendments to Australian Accounting Standards Effective date of Amendments to AASB 10 and AASB 128</i> (December 2015)
AASB 2016-1	<i>Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses</i> (February 2016)
AASB 2016-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i> (March 2016)
AASB 2016-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> (May 2016)
AASB 2016-4	<i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i> (June 2016)

Exposure drafts	
ED 267	<i>Clarification of AASB 15</i> (August 2015)
ED 268	<i>Effective Date of Amendments to AASB 10 and AASB 128</i> (August 2015)
ED 269	<i>Recoverable Amount of Non-cash-generating Specialised Assets of Not-for-Profit Entities</i> (August 2015)
ED 270	<i>Reporting Service Performance Information</i> (August 2015)
ED 271	<i>IFRS Practice Statement: Application of Materiality to Financial Statements</i> (October 2015)
ED 272	<i>Transfers of Investment Property (proposed amendments to AASB 140)</i> (November 2015)
ED 273	<i>Annual Improvements to IFRSs 2014-16 Cycle</i> (November 2015)
ED 274	<i>AASB 9 Financial Instruments with AASB 4 Insurance Contracts</i> (November 2015)
ED 275	<i>Definition of a Business and Accounting for Previously Held Interests (proposed amendments to AASB 3 and AASB 11)</i> (June 2016)

Australian Accounting Standards Board Annual Report 2015-16

Invitation to Comment	
ITC 33	<i>Request for Comment on IASB's Request for Views on 2015 Agenda Consultation</i> (September 2015)
ITC 34	<i>AASB Agenda Consultation 2017-2019</i> (November 2015)

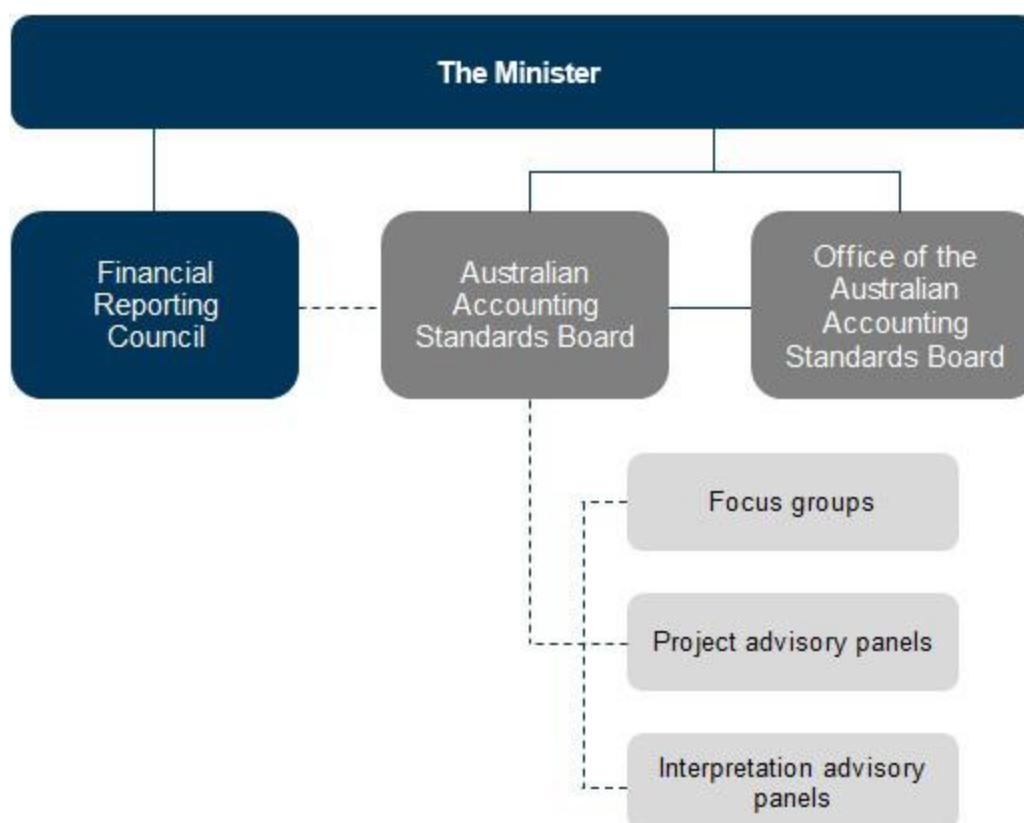
Submissions to International standard setters	
IASB	<i>Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan</i> (October 2015)
IASB	<i>Clarifications to IFRS 15</i> (October 2015)
IASB	<i>Conceptual Framework for Financial Reporting and Updating References to the Conceptual Framework</i> (December 2015)
IASB	<i>Request for Comment on IASB's Request for Views on 2015 Agenda Consultation</i> (December 2015)
IASB	<i>Applying IFRS 9 Financial Instruments with AASB 4 Insurance Contracts (proposed amendments to IFRS 4)</i> (February 2016)
IASB	<i>Annual Improvements to IFRSs 2014-2016 Cycle</i> (February 2016)
IASB	<i>Transfers of Investment Property</i> (March 2016)
IASB	<i>IFRS Practice Statement: Application of Materiality to Financial Statements</i> (March 2016)
IFRIC	<i>Uncertainty over Income Tax Treatments</i> (January 2016)
IFRIC	<i>Foreign Currency Transactions and Advance Consideration</i> (January 2016)
IFRS Foundation Trustees	<i>IFRS Foundation Trustees' Review of Structure and Effectiveness</i> (November 2015)
IPSASB	<i>The Applicability of IPSASs</i> (November 2015)
IPSASB	<i>Amendments to IPSAS 25 Employee Benefits</i> (April 2016)
IPSASB	<i>Public Sector Combinations</i> (June 2016)
IVSC	<i>IVSC Review Group Report Engagement Paper</i> (September 2015)

AASB Authoritative Pronouncements can be accessed from the AASB website at www.aasb.gov.au/Pronouncements.aspx.

The Standard Setting and Research Centre Work Programs are available from the AASB website at www.aasb.gov.au/Work-In-Progress/AASB-Work-Program.aspx.

MANAGEMENT AND ACCOUNTABILITY

HOW THE AASB WORKS



The Chair is appointed by the Minister, while other Board members are appointed by the Financial Reporting Council (FRC).

To be eligible for appointment as a member of the AASB, a person must have knowledge of, or experience in, business, accounting, law or government. Appointments may be made for a period of up to five years and retiring members are eligible for reappointment.

The members of the AASB during 2015-16 are listed below. The Board held 7 meetings for a total of 12 meeting days during the year. Attendance of members at these meetings is set out in Appendix B.

The Minister

The Minister appoints the Chair of the AASB. The Chair of the AASB is accountable to the Minister regarding the operations of the AASB and the Office of the AASB.

Financial Reporting Council

Responsible to the Minister, the FRC provides broad strategic direction and advice to the AASB and has oversight of the process for setting accounting standards in Australia. The FRC appoints Board members to the AASB.

AASB

The AASB is an Australian Government Entity responsible for making accounting standards under section 334 of the *Corporations Act 2001*. The AASB participates in, and contributes to, the development of a single set of international accounting standards for worldwide use.

Office of the AASB

The Office of the AASB provides technical and administrative services, information and advice to the AASB. The Chair of the AASB is also the Chief Executive Officer of the Office of the AASB.

Membership

Kris Peach, Chair

Kris Peach was appointed, as Chair of the AASB and CEO of the Office of the AASB for a five-year term from 1 November 2014 to 31 October 2019.

The duties of the Chair and CEO of the AASB are outlined in sections 235D to 235J of the *Australian Securities and Investments Commission Act 2001*.

As Chair of the AASB, she is also a member of the FRC and a member of NZASB. Ms Peach is also a member of ASAF.

The members of the AASB holding office during the year ended 30 June 2016 were:

Board Member	Qualification	Appointment end date
Mike Blake	Auditor General Tasmania	December 2017
Peter Carlson	KPMG	December 2016
Anna Crawford	Deloitte Touché Tohmatsu	December 2016 (2 nd term)
Kimberley Crook	Chair of the New Zealand Accounting Standards Board	Reciprocal member from 1 July 2014
Regina Fikkers	PricewaterhouseCoopers	December 2016
Peter Gibson	Commonwealth Department of Finance	December 2018
Andrew Kearnan	Non-Executive Director	December 2017
Steve Mitsas	Victorian Department of Treasury and Finance	December 2016
Carmen Ridley	Australian Financial Reporting Solutions	December 2017 (2 nd term)
Taryn Rulton	Monash College	December 2016

Board Member	Qualification	Appointment end date
Marc Smit	National Australia Bank	December 2016
Ann Tarca	University of Western Australia	December 2016
Megan Wilson	Ernst & Young	December 2017

Observers

The following had observer status during all or part of the year:

Observer	Qualification
Tim Youngberry	Australian representative on the IPSASB
John O'Grady	Member of the IASB IFRS Interpretations Committee

AASB'S CORPORATE GOVERNANCE

The corporate governance practices of the AASB and the Office of the AASB comply with statutory and other external requirements, and aim to achieve sound administrative and financial management practice. They are designed to ensure the efficient, effective and ethical use of resources.

As part of its ongoing focus on effective governance arrangements, the Office of the AASB periodically considers a range of issues, including:

- clear accountability mechanisms;
- its leadership, culture and communication;
- appropriate governance and committee structures;
- the effectiveness of its work with stakeholders;
- comprehensive risk management, compliance and assurance systems; and
- strategic planning, performance monitoring and evaluation.

Audit Committee

The Audit Committee's role is to provide independent assurance and assistance to the AASB Chair on the AASB financial and performance reporting responsibilities, risk oversight and management, and system of internal control. The Committee is not responsible for the executive management of these functions. The Committee engages with management in discharging its advisory responsibilities and formulating its advice to the Chair.

The AASB's Audit Committee follows the recommended best practice guidelines issued by the Australian National Audit Office (ANAO). The Audit Committee comprises an independent external Chair, an external member and the Chairman of the Auditing and Assurance Standards Board (AUASB). The ANAO also attends Audit Committee meetings as an observer, as do other AASB management representatives.

Fraud

Fraud control is regarded by the AASB as a continuous process, and AASB officers and staff maintain an awareness of fraud risk generally, and their responsibility to take any reasonable action to reduce the possibility and impact of losses through fraud.

The AASB has in place a fraud risk assessment and fraud control plan. It has adequate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs.

I, Kris Peach, as the accountable authority, certify that the AASB meets the obligations arising from section 10 of the *Public Governance, Performance and Accountability Rule 2014*. This legislation requires appropriate fraud risk, fraud assessment, fraud detection and subsequent reporting mechanisms to be in place.

Ethics

The Office of the AASB staff are required to adhere to the Australian Public Service values and code of conduct under the *Public Service Act 1999*.

Australian Public Service values include performing functions impartially and professionally, the highest ethical standards, open accountability, providing frank, honest, comprehensive, accurate and timely advice to government and promoting communication, consultation, cooperation and input from employees.

The requirements of the code of conduct include honesty, care and diligence, courtesy, compliance with the law, avoiding conflicts of interest and proper use of Commonwealth resources and information.

MANAGEMENT OF PERSONNEL

Table 1a: AASB Employees at 30 June 2016

Classification	Persons	Ongoing	Non-ongoing	F/T	P/T	F/T Equivalents		
						Female	Male	Total
Senior executive	5	3	2	4	1	4	1	5
Technical	11	8	3	9	3	3.8	6.8	10.6
Non-Technical	6	3	3	5		2.6	3	5.6
Total employees	22	14	8	18	4	10.4	10.8	21.2

Table 1b: AASB Employees at 30 June 2015

Classification	Persons	Ongoing	Non-ongoing	F/T	P/T	F/T Equivalents		
						Female	Male	Total
Senior executive	4	4	-	4	-	3	1	4
Technical	13	13	-	10	3	4.8	7.8	12.6
Non-Technical	6	6	-	5	1	3.4	2	5.4
Total employees	23	23	-	19	4	11.20	10.80	22.00

As at 30 June 2016 no employees identified as Indigenous.

AASB employees are located in one office in Melbourne.

Table 2: AASB Salary ranges as at 30 June 2016

Salary Bands	Senior executive full time	Senior executive part time	Technical & non-technical full time	Technical & non-technical part time
\$ 15,000 to \$104,999	-	-	7	2
\$105,000 to \$194,999	1	-	7	1
\$195,000 to \$284,999	1	1	-	-
\$285,000 to \$374,999	1	-	-	-
\$375,000 to \$464,999	1	-	-	-

The Chair is employed pursuant to a contract for services with the AASB, with salary and other entitlements determined by the Commonwealth Remuneration Tribunal.

The salaries and other entitlements of the technical and non-technical employees are linked to comparable industry and market levels of remuneration.

Formal performance appraisal meetings are held annually and regular informal feedback is encouraged to facilitate productive staff management.

Employees attend seminars, conferences and training programs as required on topics related to the technical, policy or administrative work of the AASB.

The AASB has the capacity to employ staff under the ASIC Act, as well as the *Public Service Act 1999* (PSA). As at 30 June 2016, all staff were employed under the ASIC Act.

The AASB has continued to provide various support services to the Office of the AUASB.

Employees of the Office of the AASB do not receive performance bonuses.

The changes to the AASB and AUASB's operating models set out in note 1.13 to the Financial Statement, are being supported by changes in systems and processes, particularly those regarding accountability, training and employee development. The Boards are also adopting a more flexible, 'program management' approach to standard setting, focusing efforts on turning around critical projects and bringing in critical resources on a project basis as needed.

As a result the AASB is confident that it has the appropriate employees and is developing appropriate policies and procedures to enable them to achieve the AASB's strategies.

FINANCIAL REPORT

Independent Auditor's Report	34
Statement of Comprehensive Income.....	37
Statement of Financial Position.....	38
Statement of Changes in Equity.....	39
Cash Flow Statement.....	40
Schedule of Commitments	41
Schedule of Contingencies	42
Note 1: Summary of Significant Accounting Policies	42
Note 2: Events After the Statement of Financial Position Date.....	47
Note 3: Expenses	48
Note 4: Sale of goods and rendering of services	48
Note 5: Financial Assets.....	48
Note 6: Payables	49
Note 7: Employee Provisions	50
Note 8: Cash Flow Reconciliation	51
Note 9: Senior Management Personnel Remuneration	52
Note 10: Remuneration of Auditors	52
Note 11: Financial Instruments.....	53
Note 12: Appropriations.....	54
Note 13: Compliance with Statutory Conditions for payments from the Consolidated Revenue Fund.....	55
Note 14: Budgetary Reports and Explanations of Major Variances.....	56
Note 14A: Major Budget Variances for 2016	56
Statement of Comprehensive Income.....	57
Statement of Financial Position.....	58
Statement of Changes in Equity.....	59
Cash Flow Statement.....	60



INDEPENDENT AUDITOR'S REPORT

To the Minister for Revenue and Financial Services

I have audited the accompanying annual financial statements of the Office of the Australian Accounting Standards Board for the year ended 30 June 2016, which comprise a:

- Statement by the Chair and Finance Manager;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Schedule of Contingencies; and
- Notes to and forming part of the financial report, including significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements of the Office of the Australian Accounting Standards Board:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Office of the Australian Accounting Standards Board as at 30 June 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Chair of the Office of the Australian Accounting Standards Board is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and is also responsible for such internal control as the Chair determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

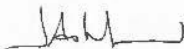
judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office



Jocelyn Ashford
Senior Executive Director

Delegate of the Auditor-General

Canberra
10 October 2016

STATEMENT BY THE CHAIR AND FINANCE MANAGER

In our opinion, the attached Financial Statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Office of the Australian Accounting Standards Board will be able to pay its debts as and when they fall due.



Kris Peach
Chair and CEO

7 October 2016



Paul Casey
Finance Manager

7 October 2016

Statement of Comprehensive Income
for the period ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES			
Employee benefits	3A	4,324,883	3,727,451
Supplier expenses	3B	884,489	575,689
Operating lease rentals—minimum lease payments (refer Note 3 Schedule of Commitments)		489,653	376,838
Depreciation		69,267	132,382
Amortisation		11,005	21,217
Finance costs		2,601	18,832
Write-down and impairment of assets	1.9/ 1.10	33,762	-
Total expenses		5,815,660	4,852,409
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4	213,634	260,991
Rental income		59,144	56,933
Audit Services received free of charge		34,000	38,000
Board Members Services received free of charge		68,865	-
Contributions from state and territories		500,000	500,000
Total own-source revenue		875,643	855,924
GAINS			
Sale of Assets		1,490	-
Total gains		1,490	-
Total own-source income		877,133	855,924
Net cost of services and cost of outcome delivery		4,938,527	3,996,485
Revenue from Government		3,651,000	3,701,000
Deficit attributable to the Australian Government		(1,287,527)	(295,485)
OTHER COMPREHENSIVE DEFICIT			
Revaluation of infrastructure, plant and equipment	1.9	(62,247)	-
Remeasurement of net defined benefit plan		-	(222,000)
Total other comprehensive deficit		(62,247)	(222,000)
Total comprehensive deficit attributable to the Australian Government		(1,349,774)	(517,485)

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position
as at 30 June 2016

	Notes	2016	2015	2014
			Restated ¹	Restated ¹
		\$	\$	\$
ASSETS				
Financial assets				
Cash and cash equivalents		598,700	401,764	493,045
Trade and other receivables	5A	74,434	75,321	53,138
Appropriation receivables	5B	3,156,602	3,504,665	3,934,453
Net defined benefit plan		-	-	224,000
Total financial assets		3,829,736	3,981,750	4,704,636
Non-financial assets				
Furniture and computers – Level 2	1.9	91,076	74,387	101,217
Leasehold improvements and make good – Level 3	1.9	-	93,490	175,325
Intangibles	1.10	-	15,191	30,203
Prepaid expenses		25,824	31,437	9,976
Inventory of publications		-	-	2,276
Total non-financial assets		116,900	214,505	318,997
Total assets		3,946,636	4,196,255	5,023,633
LIABILITIES				
Payables				
Suppliers	6A	206,579	55,356	55,300
Other payables ¹	6B	2,018,847	886,368	1,165,592
Total payables		2,225,426	941,723	1,220,892
Provisions				
Employee provisions ¹	7	692,532	805,737	920,867
Lease restoration provisions		-	149,341	144,935
Total provisions		692,532	955,078	1,065,802
Total liabilities		2,917,958	1,896,801	2,286,694
Net assets		1,028,678	2,299,454	2,736,939
EQUITY				
Contributed equity		522,000	443,000	363,000
Asset revaluation reserve		-	62,247	62,247
Retained earnings		506,678	1,794,206	2,311,692
Total equity		1,028,678	2,299,454	2,736,939

The above statement should be read in conjunction with the accompanying notes.

1. Comparative figures have been restated and some have been reclassified (refer Note 1.12)

Statement of Changes in Equity

for the period ended 30 June 2016

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2016	2015	2016	2015	2016	2015	2016	2015
Opening balance as at 1 July								
Balance carried forward from previous period	1,794,206	2,545,653	62,247	62,247	443,000	363,000	2,299,453	2,970,900
Adjustment for restatement (refer Note 1.12)		(233,961)						(233,961)
Adjusted opening balance	1,794,206	2,311,692	62,247	62,247	443,000	363,000	2,299,43	2,736,939
Comprehensive income								
Other comprehensive income								
Revaluation of infrastructure, plant and equipment (ref Note 1.9)	-	-	(62,247)	-	-	-	(62,247)	-
Re-measurement of defined benefit plan (ref Note 3A)	-	(222,000)	-	-	-	-	-	(222,000)
Deficit for the period	(1,287,527)	(295,485)	-	-	-	-	(1,287,527)	(295,485)
Comprehensive income attributable to the Australian Government	(1,287,527)	(517,485)	(62,247)	-	-	-	(1,349,774)	(517,485)
Transactions with owners								
Departmental capital budget	-	-	-	-	79,000	80,000	79,000	80,000
Closing balance as at 30 June	506,678	1,794,206	-	62,247	522,000	443,000	1,028,678	2,299,454

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement
for the period ended 30 June 2016

	Notes	2016	2015
		\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations		3,932,940	5,006,907
Goods and services		315,943	333,531
Net GST received		148,993	141,688
States and territories contributions received		500,000	500,000
Other cash received		-	38,601
Total cash received		4,897,876	6,020,727
Cash used			
Employees		3,749,317	4,020,857
Suppliers		970,782	1,219,019
Net GST paid		43,165	46,092
3 rd party receipts transferred to Official Public Account		-	826,040
Total cash used		4,763,264	6,112,008
Net cash flows from (used by) operating activities		134,612	(91,281)
INVESTING ACTIVITIES			
Cash used			
Purchase of Infrastructure, plant and equipment		84,288	29,921
Cash received from the disposal of infrastructure, plant & equipment		(1,490)	-
Net cash flows used by investing activities		82,798	29,921
FINANCING ACTIVITIES			
Cash received			
Contributed equity		145,123	29,921
Net cash flows from financing activities		145,123	29,921
Net increase / (decrease) in cash held		196,937	(91,281)
Cash and cash equivalents at the beginning of the reporting period		401,764	493,045
Cash and cash equivalents at the end of the reporting period		598,700	401,764

The above statement should be read in conjunction with the accompanying notes.

Schedule of Commitments

as at 30 June 2016

	2016	2015
	\$	\$
BY TYPE		
Commitments receivable		
Sublease rental income ¹	-	71,886
GST recoverable on commitments	190,482	56,428
Total commitments receivable	190,482	128,314
Commitments payable		
Operating leases ^{2,3,4,5,6}	2,095,301	620,703
GST payable on commitments	-	6,535
Total commitments payable	2,095,301	627,238
Net commitments by type	2,285,783	755,553
BY MATURITY		
Commitments receivable		
One year or less	25,067	118,434
From one to five years	134,659	9,880
Over five years	30,757	-
Total commitments receivable	190,482	128,314
Commitments payable		
One year or less	275,735	579,058
From one to five years	1,481,245	48,180
Over five years	338,322	-
Total commitments payable	2,095,301	627,238
Net commitments by maturity	1,904,819	498,924

- (1) Part of the leased area is sub-let and this represents the revenue from the sub-lease.
- (2) Operating leases are effectively non-cancellable and comprise a lease for office accommodation, furniture & fittings. Lease payments are subject to an increase of 3.5% per annum.
- (3) In September 2015, the AASB and AUASB entered into a shared occupancy agreement at 530 Collins Street with the Tertiary Education Quality and Standards Agency. The lease runs from the 21st September 2015 to the 22nd February 2022. There is a rent free period from 21st September 2015 to 31st July 2016. The lease cost including the rent free period incentive has been straight lined. From 1st August 2016 rent will be payable at \$15,566 per month. The lease amount includes the lease of the premises and furniture and fittings.
- (4) The AASB has assumed responsibility for the full lease of the 530 Collins Street premises. The AASB provides office accommodation space to the AUASB. From 1st July 2016 the AASB will make a monthly management charge to the AUASB to cover the charge for this rent (amongst other items) but will not separately identify the lease component (i.e. an all-inclusive management charge).
- (5) The lease for accommodation at 600 Bourke Street ends on 31st July 2016. Accordingly, operating lease rental expense is higher for 2015-16 due to the overlap of premises, and the recognition of the lease incentive on 530 Collins Street.
- (6) All copier leases ended prior to 30 June 2016.

The above schedule should be read in conjunction with the accompanying notes.

Schedule of Contingencies

as at 30 June 2016

A number of employees have been granted contractual commitments that, should they leave with 7-10 years of service, they will receive a compensation payment as if they were entitled to Long Service Leave under the Victorian Long Service Leave Legislation, provided a Deed of Release is given to the AASB, preventing further claims against the AASB. In addition, should payments be required, FBT will be payable (see also Note 1.12).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

Objectives of AASB

The Office of the Australian Accounting Standards Board (Office of the AASB) is a non-corporate Australian Government Entity under the *ASIC Act 2001*, which provides technical and administrative support to the Australian Accounting Standards Board (AASB). The Office of the AASB is the financial entity and is governed by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The office of the AASB is structured to meet one outcome: 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.

Note 1: Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Report

The financial report of the Office of the AASB is required by section 42 of the PGPA Act and is a general purpose financial report.

The financial report has been prepared in accordance with:

- Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2015 and
- Australian Accounting Standards and Interpretations issued by the AASB that apply for the reporting period.

The financial report has been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets at fair value.

The financial report is presented in Australian dollars.

1.2 Significant Accounting Judgements and Estimates

There are no accounting assumptions or estimates at reporting date that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

1.3 Changes in Australian Accounting Standards

(a) Adoption of New Australian Accounting Standard Requirements

New standards, amendments to standards and interpretations that are applicable to future periods have been issued by the AASB. With the exception of the two standards outlined below, it is estimated that other pronouncements, when effective, will have no material impact on future reporting periods, either because the AASB does not conduct the types of transactions addressed by the pronouncements or because the extent to which they may impact the AASB is not expected to be material.

AASB 124 *Related Party Disclosures* is effective for annual reporting periods beginning on or after 1 July 2016. The new standard includes changes to the definition of related party and will therefore require the AASB to reassess the details of our related parties.

AASB 116 *Leases* is effective for annual reporting periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model and will require the AASB to recognise assets and liabilities in relation to its existing operating lease (refer Note 1.6). The AASB is currently assessing the impact of this standard.

1.4 Revenue

(a) Revenue From Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Office of the AASB gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

(b) Resources Received Free of Charge

Resources received free of charge are recognised as own-source revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

1.5 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets are recognised directly in contributed equity in that year.

1.6 Leases

The Office of the AASB has no finance leases.

Operating lease payments are expensed on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets, including lease incentives for rent free periods.

The Office of the AASB also has an agreement for the leasing of its' previous premises which terminates on the 31 July 2016, which required the Office of the AASB to restore the premises to their original condition at the conclusion of the lease. The amount of \$275,000 has been agreed and will be paid in July 2016 (Refer Note 6B).

1.7 Financial Assets

The Office of the AASB's financial assets comprises 'receivables'.

Financial assets are recognised and derecognised upon 'trade date'.

1.8 Financial Liabilities

The Office of the AASB's financial liabilities comprises 'supplier and other payables'.

Financial liabilities are recognised and derecognised upon 'trade date'.

1.9 Plant and equipment

(a) Asset Recognition

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site. These costs are included in the AASB's other non-financial assets with a corresponding provision for restoration obligations recognised.

(b) Revaluations

Following initial recognition at cost, plant and equipment are carried at fair value less accumulated depreciation. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Any accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The valuation techniques used are identified in the table below.

	Category	Valuation technique(s)	Inputs used
Plant and equipment - Furniture and Computers	2	Market Approach	Adjusted market transaction
Plant and equipment – Leasehold improvements and make good	3	Depreciated replacement cost	Replacement Cost New (price per square metre)

There has been no change to the valuation techniques used.

The different levels of the fair value hierarchy are defined below

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(c) Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Office of the AASB using the straight-line method of depreciation.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2016	2015
Plant and equipment – Leasehold improvements and make good	Lease term — ten years	Lease term — ten years
Plant and equipment - Furniture and Computers	Three to ten years	Three to ten years

(d) Impairment

All assets are assessed for impairment at the Statement of Financial Position date. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Office of the AASB was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

During 2016, as a result of moving premises, all remaining fixtures, fittings and leasehold improvements at 600 Bourke Street were written off, totalling \$71,109 (2015:Nil). Some IT equipment including desktop computers were replaced and as a consequence \$20,713 (2015: Nil) was written off.

This impairment is reflected under 'Write-down and impairment of assets' and the 'Revaluation of infrastructure, plant and equipment' sections in the Statement of Comprehensive Income. The total impairment of \$91,822 is recognised as a reduction in the Asset Revaluation Reserve of \$62,247 relating to the fixtures and fittings, with the remaining \$29,575 expensed.

1.10 Intangibles

The Office of the AASB's intangible assets comprises purchased software and licences for internal use. These assets are carried at cost, less accumulated amortisation.

Software and licences are amortised on a straight-line basis over their anticipated useful life. The useful life of the Office of the AASB's software and licences is one to five years (2014-15: one to five years).

A total of \$4,186 (2015: Nil) was written off intangible assets (software licenses etc.) due to outsourcing all IT activities to the Productivity Commission.

1.11 Taxation

The Office of the AASB is exempt from all forms of taxation, except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

1.12 Restatement of prior year amounts – Fringe Benefits Tax and Long Service Leave

In the previous financial year the AASB accrued amounts in relation to employees' long service leave relating to their time working for the Australian Accounting Research Foundation (AARF), pre 1 July 2000 as the time served was deemed continuous employment. The AASB has since obtained legal advice that payment for AARF service would exceed employee entitlements under the *Long Service Leave (Commonwealth Employees) Act 1976* and it is therefore not permitted to recognise such amounts as long service leave.

In order to avoid disputes with employees, the AASB has offered compensation in return for a Deed of Release preventing further claims against the AASB. Accordingly the Employee Provisions – Long Service Leave (refer Note 7) has been reduced and Other Payables – Compensation and related FBT expenses (note 3B) increased by \$207,981 at 30 June 2014.

In addition the AASB has obtained a private ruling from the ATO confirming that FBT is payable on the compensation amounts. As these amounts relate to service prior to 1 July 2000, the retained surplus at 1 July 2000 has been decreased and Other Payables – Compensation and related FBT expenses (refer Note 3B) has been increased by \$199,826.

In addition, in the 2016 financial year it was determined that two ex-employees were entitled to additional long service leave payments due to prior continuous government service that had not been initially recognised as such. As these amounts relate to service prior to 30 June 2014 the Provision for Long Service Leave at 30 June 2014 has increased and Opening retained earnings has decreased by \$34,135.

Accordingly, the following adjustments have been made:

	30 June 2015	Increase / (Decrease)	30 June 2015 (Restated)	30 June 2014	Increase / (Decrease)	30 June 2014 (Restated)
Statement of Financial Position (extract)						
Other payables	478,561	407,807	886,368	757,785	407,807	1,165,592
Employee provisions	979,583	(173,846)	805,737	1,094,713	(173,846)	920,867
Total Liabilities	1,662,840	233,961	1,896,801	2,052,733	233,961	2,286,694
Net Assets	2,533,415	(233,961)	2,299,454	2,970,900	(233,961)	2,736,939
Retained Surplus	2,028,168	(233,961)	1,794,206	2,545,653	(233,961)	2,311,692
Total equity	2,533,415	(233,961)	2,299,454	2,970,900	(233,961)	2,736,939

1.13 Restructure

In order to focus more effectively and efficiently on its core standard setting activities the AASB has, in conjunction with the AUASB, commenced a major restructuring project. The Boards are moving to a shared support model, where both Boards will be supported by a single National Director and combined administrative staff. The AASB is also implementing a more flexible, 'program management' approach to standard setting, focusing efforts on turning around critical projects, and bringing in expert resources on a project basis, as needed.

As a result of this change, ten roles in the administrative and technical teams between both organisations have been made redundant and six new roles created.

The restructure is part of a broader strategy to ensure that Australia remains at the forefront of international accounting and auditing practice and that standards are 'fit for purpose' in the

Australian environment. Technological advances, the rise in importance of non-financial reporting, stakeholder demands for clearer and more frequent information, and the need for international alliances with other standard setters and better empirical evidence to effectively influence international developments, all pose potentially significant challenges. The Boards recognise that they will need to be more agile and responsive to meet these challenges.

The changes to the Boards' operating model are being supported by changes in systems and processes, particularly those regarding accountability, training and employee development. Taken together, these changes will enable the Boards to collaborate and influence more effectively.

Over the year the AASB has made, or is in the process, of making 8 employees redundant. All decisions regarding roles had been made and advised to the relevant employees prior to 30 June 2016. The total cost of the restructure is \$1,172,799 which comprises Employee benefits, Separation and redundancies \$1,021,501 (refer Note 3A Separation and redundancies), Employee transition advice costs \$96,000 (refer Note 3A Separation and redundancies), and employee service related compensation and related FBT costs of \$55,470 (refer Note 3B).

During the financial year other amounts were paid to staff that were terminated without being made redundant and are not included in these figures. These included Employee benefits, Separation and redundancies \$12,381 (refer Note 3A Separation and redundancies) and Compensation and related FBT costs of \$11,060 (refer Note 3B).

Note 2: Events After the Statement of Financial Position Date

There are no major events post 30 June 2016.

Note 3: Expenses

Note 3A: Employee benefits

	2016	2015
	\$	\$
Wages and salaries	2,738,273	2,773,041
Superannuation:		
Defined contribution plan	243,789	382,271
Defined benefit plan (refer Note 1 below)	-	207,000
Leave and other entitlements	212,939	329,464
Separation and redundancies (refer Note 1.13)	1,129,882	35,675
Total employee benefits	4,324,883	3,727,451

1. The defined benefit plan sponsored by the Office of the AASB closed with effect from 1 May 2015 and all of the Office's legal and constructive obligations under the plan were settled as at 30 June 2015.

	2016	2015
	\$	\$
Note 3B: Suppliers		
Goods and services		
Board Member Services	75,595	60,664
International Travel	161,110	93,075
Publications/Subscriptions	90,325	95,334
Administration	266,432	163,078
Consultants	139,512	119,049
Compensation and related FBT expenses (refer Note 1.13)	66,530	-
Workers compensation	6,945	10,308
Other	78,040	34,181
Total goods and services expenses	884,489	575,689

Goods and services include \$142,252 of related party expenses (2015: \$97,323).

Note 4: Sale of goods and rendering of services

Sale of goods and rendering of services includes \$192,592 of related party income (2015: \$191,771).

Note 5: Financial Assets

Note 5A: Trade and other receivables

Trade and other receivables include \$72,684 of related party receivables (2015: \$45,110). All trade and other receivables are expected to be recovered in no more than 12 months and are not overdue.

Note 5B: Appropriation receivables

	2016	2015
	\$	\$
Appropriation receivables are expected to be recovered in:		
No more than 12 months	3,156,602	429,063
More than 12 months	-	3,075,602
Total appropriation receivables	3,156,602	3,504,665
Appropriation receivables are aged as follows:		
Not overdue	3,156,602	3,504,665

Note 6: Payables**Note 6A: Suppliers**

Trade creditors and accruals include \$1,061 of related party payables (2015: \$963).

All trade creditors and accruals are expected to be settled within 12 months.

	2016	2015	2014
	\$	Restated ¹	Restated ¹
	\$	\$	\$
Note 6B: Other payables			
PAYG	66,155	72,900	83,150
Redundancy & associated FBT costs (refer Note 1.13)	1,099,501	35,675	268,517
Compensation & related FBT costs (refer Note 1.12)	461,244	407,807	,407,807
Lease commitments	116,947	138,233	251,608
Make good provision on lease (refer Note 1.6)	275,000	-	-
Long service leave payable to ex-employees	-	184,786	110,950
Maternity leave payable to ex-employees	-	44,408	41,001
Other costs	-	2,559	2,559
Total other payables	2,018,847	886,368	1,165,592
Other payables are expected to be settled within:			
No more than 12 months	2,015,787	858,971	1,024,819
More than 12 months	3,060	27,397	140,773
Total other payables	2,018,847	886,368	1,165,592

1. Comparative figures have been restated (refer Note 1.12).

Note 7: Employee Provisions

	2016	2015	2014
		Restated ¹	Restated ¹
	\$	\$	\$
Leave [Note 1.12 and 7 (i)] ¹	692,532	805,737	920,867
Total employee provisions	692,532	805,737	920,867
Employee provisions are expected to be settled in:			
No more than 12 months	628,287	218,311	412,990
More than 12 months	64,245	587,426	507,877
Total employee provisions	692,532	805,737	920,867

1. Comparative figures have been restated (refer Note 1.12).

Note 7 (i): Leave

The liability for employee benefits includes provision for annual leave and long-service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Office of the AASB is estimated to be less than the annual entitlement for sick leave.

Note 8: Cash Flow Reconciliation

	2016	2015
	\$	Restated ¹
	\$	\$
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(4,938,527)	(3,996,485)
Add revenue from Government	3,651,000	3,701,000
Adjust for proceeds of disposal of assets	(1,490)	-
Other movement in retained earnings - Long service leave adjustment	-	(467,594)
Other movement in retained earnings – Compensation payments & associated FBT	(233,961)	
Other movement in retained earnings – defined benefit plan actuarial gain and losses	-	(222,000)
Adjustments for non-cash items:		
Depreciation / amortisation	80,272	153,599
Lease incentive – amortisation (600 Bourke St)	(76,931)	(71,013)
Lease – straight line over lease term (600 Bourke St)	(61,301)	(42,363)
Lease incentive – take up of new lease (530 Collins St)	82,301	-
Provision for required restoration of premises	-	4,406
Net write down of non-financial assets	33,762	2,899
Changes in assets/liabilities:		
(Increase)/decrease in net receivables	280,833	454,785
(Increase)/decrease in inventories	-	2,276
(Increase)/decrease in prepayments	5,613	(21,461)
Increase/(decrease) in superannuation provision	-	224,000
Increase/(decrease) in other employee provisions ¹	812,450	(240,220)
Increase/(decrease) in supplier payables	609,839	56
Increase/(decrease) in other payables ¹	(109,247)	426,834
Net cash from/(used by) operating activities	134,612	(91,281)

1. Comparative figures have been restated (refer Note 1.12).

Note 9: Senior Management Personnel Remuneration

	2016	2015 Restated ³
	\$	\$
Short-term employee benefits:		
Salary ^{1,2}	1,030,416	873,490
Total short-term employee benefits	1,030,416	873,490
Post-employment benefits:		
Superannuation	97,449	103,493
Total post-employment benefits	97,449	103,493
Other short term benefits:		
Termination benefits – Separation and redundancies	597,939	-
Total other short term benefits	597,939	-
Other long-term benefits:		
Annual leave	92,163	94,285
Long-service leave ³	29,953	(97,350)
Total other long-term benefits	122,115	(3,065)
Total Senior Management Personnel Remuneration	1,847,919	973,918

1. For 2016 the increase in salary is attributable to the Chair being employed for a full year (2015 7 months) partly off-set by the restatement of compensation (note 3) and senior management personnel leaving.
2. Some senior executives received compensation payments not considered remuneration totalling \$15,473 (2015 \$127,993) (see note 1.12 and 1.13)
3. The 2015 numbers have been restated to remove the compensation payments of \$127,993.
4. The total number of senior executive personnel that are included in the above table is 5 (2015: 7).

Note 10: Remuneration of Auditors

Financial statement audit services were provided free of charge to the entity.

	2016	2015
	\$	\$
The fair value of the services provided:		
Remuneration to the ANAO for auditing the financial statements for the reporting period	34,000	38,000
	34,000	38,000

No other services were provided by the ANAO

Note 11: Financial Instruments

Note 11A: Fair value of financial instruments

Financial instrument assets

The net fair values of cash and cash equivalents and trade receivables approximates their carrying amounts.

Financial instrument liabilities

The net fair value of trade creditors approximates their carrying amounts.

Note 11B: Credit risk

The Office of the AASB is exposed to minimal credit risk with the maximum exposure arising from defaults of debtors. The amount is equal to the trade receivables of \$23,237 (2015 \$45,354).

The Office of the AASB has assessed the risk of default on payment and has not identified any impairment.

Note 11C: Liquidity risk

The exposure to liquidity risk is based on the probability that the Office of the AASB will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to government funding and mechanisms available to the Office of the AASB and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

All financial liabilities are expected to be settled within 30 days.

Note 11D: Market risk

The Office of the AASB holds basic financial instruments that do not expose it to material market risks. The AASB is not exposed to material 'currency risk', 'other price risk' or 'interest rate risk'.

Note 12: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

	2016 \$	2015 \$
Unspent Annual Appropriations ('Recoverable GST exclusive) – Opening balance (Table B)		
Cash	401,764	493,045
Appropriation Receivables	3,504,665	3,934,453
	3,906,429	4,427,498
Ordinary Annual Services		
Annual Appropriation – Revenue from Government		
Departmental appropriations ¹	3,651,000	3,701,000
Departmental capital budget ^{2 5}	79,000	80,000
	3,730,000	3,781,000
PGPA Act – Section 74 ³		
Own source income - transferred to the Official Public Account	-	826,040
Own source income - not transferred to the Official Public Account	808,268	-
Total Appropriation received - 2015/16	4,538,268	4,607,040
Appropriation applied (current and prior years)³		
Employees	3,749,317	4,020,856
Suppliers	970,782	1,219,019
Purchase of plant and equipment ⁵	84,288	29,921
Less net GST received	(148,993)	(141,688)
Total appropriation applied (current and prior years)	4,655,394	5,128,108
Appropriation allocated to:		
Prior year capital 2012/13 ⁵	-	13,044
Prior year capital 2013/14 ⁵	65,123	16,877
Prior year capital 2014/15 ⁵	80,000	-
Prior year ordinary 2012/13	-	227,927
Prior year ordinary 2013/14	-	1,028,925
Prior year ordinary 2014/15	85,004	-
Total Prior years	230,127	1,286,773
Current year	4,425,267	3,841,335
Total appropriation applied (current and prior years)	4,655,394	5,128,108
Excess of appropriations applied over received⁴	(117,127)	(521,068)
Unspent Annual Appropriations ('Recoverable GST exclusive) – Closing balance (Table B)		
Cash	598,700	401,764
Appropriation Receivables	3,156,602	3,504,665
	3,755,302	3,906,429

1. Statement of Comprehensive Income
2. Statement of Changes in Equity
3. Cash flow statement
4. Variances:
 - a) 2016 – various smaller costs such as consultants contributed to a small overrun which was funded from prior year appropriations (2014/2015)
 - b) The Capital budget variance is due to prior year appropriations being applied to current year's purchases (conference call system \$43,104)
5. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Table B: Unspent Annual Appropriations ('Recoverable GST exclusive')

Authority	2016	2015
Appropriation Act 1 2014/15	3,676,302	3,761,306
Appropriation Act 1 2013/14 - capital budget	-	65,123
Appropriation Act 1 2014/15 - capital budget	-	80,000
Appropriation Act 1 2015-16- capital budget	79,000	-
Total	3,755,302	3,906,429

Note 13: Compliance with Statutory Conditions for payments from the Consolidated Revenue Fund

On the basis of legal advice received during the current and prior reporting periods, the AASB identified seven payments which did not meet the statutory pre-conditions for a payment from the consolidated revenue fund as set out in section 83 of the Constitution. These breaches were the result of payments made to employees in excess of their entitlements under the *Long Service Leave (Commonwealth Employees) Act 1976*, due to legacy contractual arrangements. The date and associated value of the payments identified as actual breaches of section 83 of the Constitution are listed below:

- July 2015 \$28,565
- September 2015 \$88,639

The AASB is satisfied the above payments are not recoverable, and is taking action to limit the likelihood of breaches of a similar nature occurring in the future. The AASB will continue to monitor the risks associated with actual and potential breaches of section 83 of the Constitution in future reporting periods (see also note 1.12).

Note 14: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2015-16 Portfolio Budget Statements (PBS) to the 2015-16 final outcome as presented in accordance with Australian Accounting Standards for the AASB. The Budget is not audited and where applicable, the original budget numbers have been reclassified to align with the financial statement.

Note 14A: Major Budget Variances for 2016

Explanations of major variances	Footnote reference and affected statement
Due to the office move, leasehold improvement assets were written off in September 2015	1 (SoCI and SoFP)
The depreciation rate for some Intangibles was lower than budgeted, partly due to the outsourcing of IT services to the Productivity Commission	2 (SoCI and SoFP)
Retrenchment and associated costs, partly offset by lower employee numbers resulted in higher costs	3 (SoCI, SoFP and CFS)
Due to the provision for FBT on compensation payments, staff recruitment costs and consultant costs	4 (SoCI, SoFP and CFS)
Operating Lease Rentals higher due to move to new offices in September 2015 and not finalising old lease until July 2016.	5 (SoCI, SOFP and CFS)
Board Members services received free of charge – Nil effect overall	6 (SoCI)
Increase in prepaid expenses due to prepayment of international trips taken in July and an annual fee to June 2017 for press clippings paid in June 2016	7 (SoFP)
Make Good Provision now recognised as a payable (Paid July 2016)	8 (SoFP)
GST is not budgeted for in the Cash flow Statement	9 (CFS)

Statement of Comprehensive Income
for the period ended 30 June 2016

	Actual	Budget estimate	
		Original	Variance
	2016	2016	2016
	\$	\$	\$
EXPENSES			
Employee benefits ^{3,6}	4,324,883	3,336,618	988,265
Supplier expenses ⁴	884,489	726,468	158,021
Operating lease rentals – minimum lease payments ⁵	489,653	384,046	105,607
Depreciation ¹	69,267	145,760	(76,493)
Amortisation ²	11,005	33,261	(22,256)
Finance costs	2,601	4,406	(1,805)
Write-down and impairment of assets ¹	33,762	-	33,762
Total expenses	5,815,660	4,630,559	1,185,101
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	213,634	207,270	6,364
Rental income	59,144	59,269	(125)
Audit Services received free of charge	34,000	34,000	-
Board members services received free of charge ⁶	68,865	-	68,865
Contributions from state and territories	500,000	500,000	-
Gain on sale of assets	1,490	-	1,490
Total own-source revenue	877,133	800,538	76,594
Net cost of services	4,938,527	3,830,021	1,108,506
Revenue from Government – departmental appropriations	3,651,000	3,651,000	-
Deficit attributable to the Australian Government	(1,287,527)	(179,021)	(1,108,506)
OTHER COMPREHENSIVE INCOME			
Revaluation of infrastructure, plant and equipment ¹	(62,247)	-	(62,247)
Total other comprehensive income	(62,247)	-	(62,247)
Total comprehensive income attributable to the Australian Government	(1,349,774)	(179,021)	(1,170,753)

Statement of Financial Position
as at 30 June 2016

	Actual	Budget estimate	
	2016	Original	Variance
	2016	2016	2016
	\$	\$	\$
ASSETS			
Financial assets			
Cash and cash equivalents	598,700	401,510	197,190
Trade and other receivables	3,231,036	3,503,000	(271,966)
Total financial assets	3,829,736	3,904,510	(74,774)
Non-financial assets			
Plant and equipment ¹	91,076	138,526	(47,450)
Intangible assets ²	-	42,874	(42,874)
Prepaid expenses ⁷	25,824	9,976	15,848
Inventory of publications	-	3,276	(3,276)
Total non-financial assets	116,901	194,652	(76,751)
Total assets	3,946,636	4,099,162	(152,526)
LIABILITIES			
Payables			
Suppliers	206,579	83,340	123,239
Other payables ^{3,4,5,8}	2,018,847	51,797	1,967,050
Total payables	2,225,426	135,137	2,090,289
Provisions			
Employee provisions ³	692,532	480,625	211,907
Other provisions ⁸	-	224,550	(224,550)
Total provisions	692,532	705,175	(12,643)
Total liabilities	2,917,958	840,311	2,077,647
Net assets	1,028,678	3,258,851	(2,230,173)
EQUITY			
Contributed equity	522,000	522,000	-
Asset revaluation reserve ¹	-	62,247	(62,247)
Retained earnings	506,678	2,674,603	(2,167,923)
Total equity	1,028,678	3,258,851	(2,230,173)

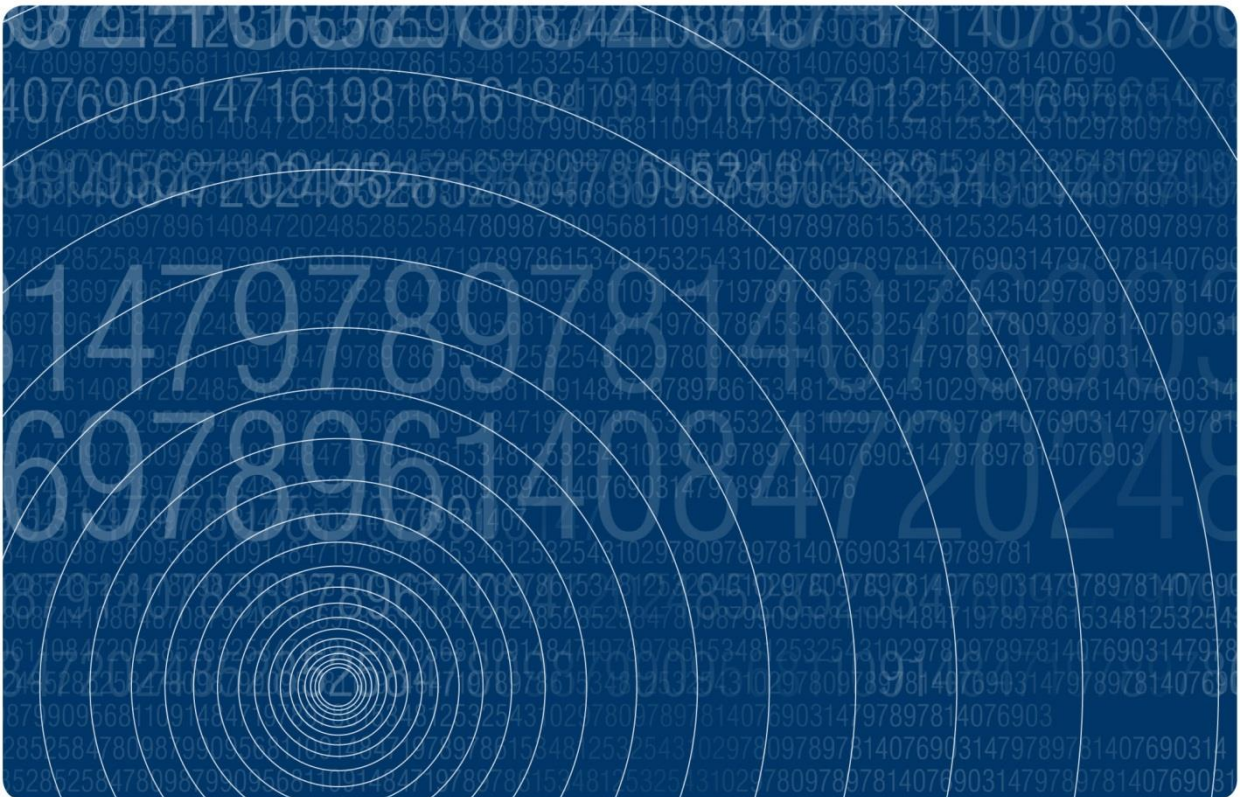
Statement of Changes in Equity
for the period ended 30 June 2016

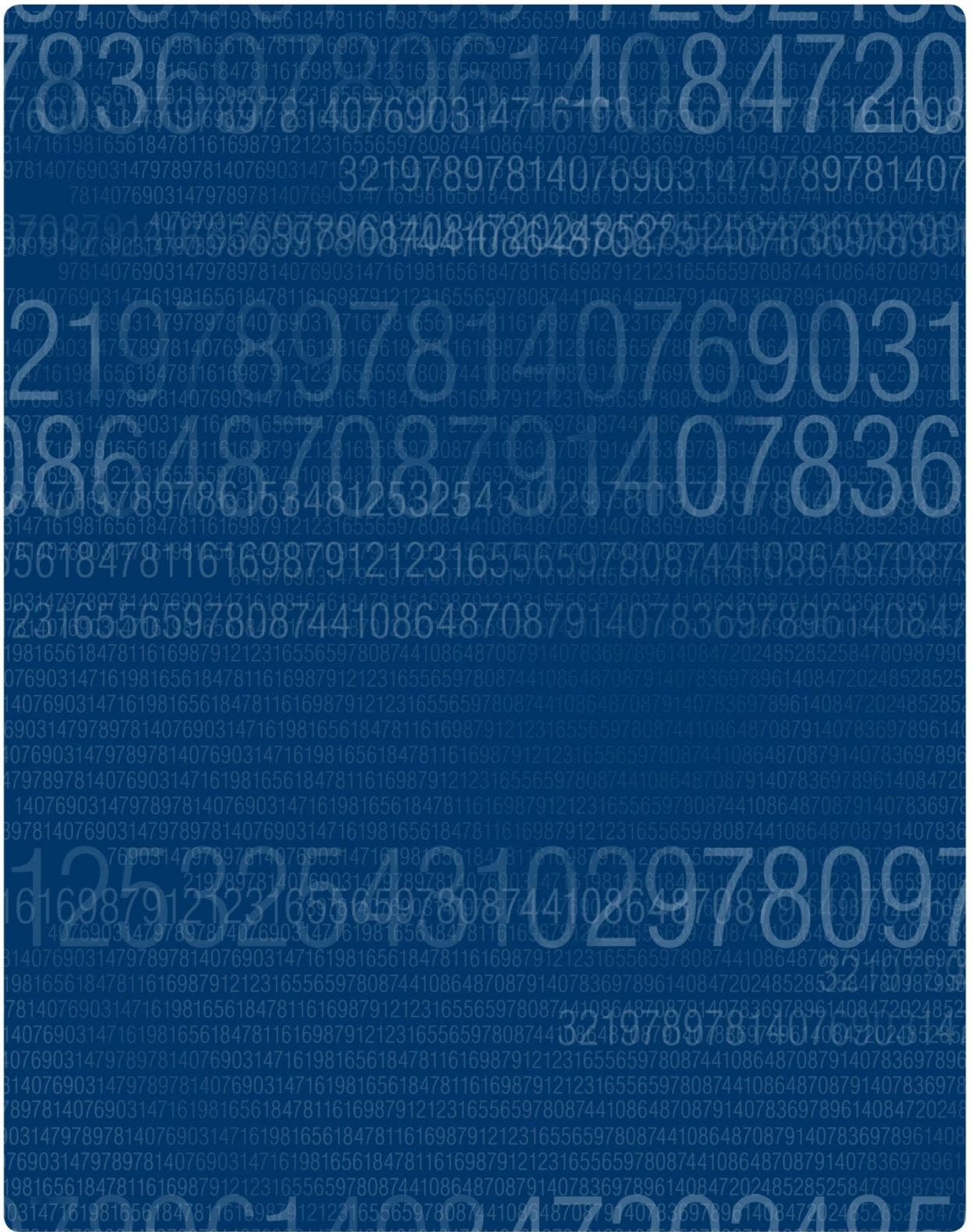
	Retained earnings			Asset revaluation reserve			Contributed equity/capital			Total equity		
	Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate	
		Original	Variance		Original	Variance		Original	Variance		Original	Variance
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
Opening balance												
Balance carried forward from previous period	1,794,206	2,853,624	(1,059,418)	62,247	62,247	-	443,000	443,000	-	2,299,453	3,358,871	(1,059,418)
Comprehensive income												
Other comprehensive income												
Revaluation of infrastructure, plant and equipment	-	-	-	(62,247)		(62,247)				(62,247)		(62,247)
Deficit for the period	(1,287,527)	(179,021)	(1,108,506)							(1,287,527)	(179,021)	(1,108,506)
Total comprehensive income	(1,287,527)	(179,021)	(1,108,506)	(62,247)		(62,247)				(1,349,774)	(179,021)	(1,170,753)
of which												
Attributable to the Australian Government	(1,287,527)	(179,021)	(1,108,506)	(62,247)		(62,247)				(1,349,774)	(179,021)	(1,170,753)
Contribution by owners												
Departmental capital budget							79,000	79,000	-	79,000	79,000	-
Closing balance as at 30 June	506,676	2,674,603	(2,167,927)	-	62,247	(62,247)	522,000	522,000	-	1,028,678	3,258,851	(2,230,172)

Cash Flow Statement
for the period ended 30 June 2016

	Actual	Budget estimate	
		Original	Variance
	2016	2016	2016
	\$	\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations	3,932,940	3,707,000	225,940
Goods and services ⁹	315,943	267,000	48,943
Net GST received ⁹	148,993	-	148,993
Contributions received	500,000	500,000	-
Total cash received	4,897,876	4,474,000	423,876
Cash used			
Employees ³	3,749,317	3,284,000	465,317
Suppliers ^{4,5}	970,782	1,190,000	(219,218)
Net GST paid ⁹	43,165	-	43,165
Total cash used	4,763,264	4,474,000	289,264
Net cash flows from operating activities	134,612	-	134,612
INVESTING ACTIVITIES			
Cash used			
Purchase of infrastructure, plant and equipment	84,288	79,000	5,288
Disposal of infrastructure, plant and equipment	(1,490)	-	(1,490)
Total cash used	82,798	79,000	3,798
Net cash flows used by investing activities	(82,798)	(79,000)	3,798
FINANCING ACTIVITIES			
Cash received			
Contributed equity	145,123	79,000	66,123
Total cash received	145,123	79,000	66,123
Net cash flows from financing activities	145,123	79,000	66,123
Net increase in cash held	196,937	-	196,937
Cash and cash equivalents at the beginning of the reporting period	401,764	402,000	(236)
Cash and cash equivalents at the end of the reporting period	598,700	402,000	196,700

Appendices





APPENDIX A

AASB LEGISLATIVE REQUIREMENTS

The AASB is required to advance and promote the main objects of Part 12, section 224, of the ASIC Act:

- (a) to facilitate the development of accounting standards that require the provision of financial information that:
 - (i) allows users to make and evaluate decisions about allocating scarce resources;
 - (ii) assists directors to discharge their obligations in relation to financial reporting;
 - (iii) is relevant to assessing performance, financial position, financing and investment;
 - (iv) is relevant and reliable;
 - (v) facilitates comparability; and
 - (vi) is readily understandable.
- (b) to facilitate the Australian economy by:
 - (i) reducing the cost of capital;
 - (ii) enabling Australian entities to compete effectively overseas; and
 - (iii) having accounting standards that are clearly stated and easy to understand.
- (c) to maintain investor confidence in the Australian economy (including its capital markets).

Part 12, section 227, of the ASIC Act provides, among other things, that:

- (1) The functions of the AASB are:
 - (a) to develop a conceptual framework, not having the force of an accounting standard, for the purpose of evaluating proposed accounting standards and international standards;
 - (b) to make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the corporations legislation (other than the excluded provisions);
 - (c) to formulate accounting standards for other purposes;
 - (d) to participate in and contribute to the development of a single set of accounting standards for world-wide use; and
 - (e) to advance and promote the main objects of this Part.
- (2) In carrying out its functions under paragraphs (1) (a) and (d) the AASB must have regard to the interests of Australian corporations which raise or propose to raise capital in major international financial centres.

APPENDIX B

ATTENDANCE AT AASB MEETINGS

The AASB met 7 times during 2015-16 for a total of 12 meeting days. In addition to preparation for these meetings, which requires consideration of detailed technical papers, members considered and voted on accounting standards and other pronouncements out of session and also attended or made presentations at seminars and other meetings related to their role as a Board member. Consequently the time committed by members is substantially more than the meeting days attended.

Member attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Apologies (days)
K Peach (Chair)	12	12	0
M Blake	12	10	2
P Carlson	12	11	1
A Crawford	12	10	2
K Crook	12	12	0
R Fikkers	12	9	3
P Gibson	12	10	2
A Kearnan	12	10	2
S Mitsas	12	9	3
C Ridley	12	12	0
T Rulton	12	11	1
M Smit	12	10	2
A Tarca	12	12	0
M Wilson	12	9	3

For details of terms of appointments, please refer to the Organisational Structure section of this Report commencing on page 27.

APPENDIX C

OTHER INFORMATION

EXTERNAL SCRUTINY

The AASB's accounting records are audited each year by the ANAO.

AASB annual reports are scrutinised by the Senate Economics Legislation Committee and the Parliamentary Joint Committee on Corporations and Financial Services.

PURCHASING

The AASB's general policy is that the purchase of any major capital items follow the Commonwealth Procurement Guidelines.

Information on expenditure on contracts and consultancies is also available on the AusTender website, www.tenders.gov.au.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

The AASB supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website (www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts)

Officials of the AASB apply procurement practices that do not unfairly discriminate against SMEs and provide appropriate opportunities for SMEs to compete. Officials consider the benefits of doing business with SMEs when scoping the requirements and evaluating value for money.

CONSULTANTS

During 2015-16, eight new consultancy contracts were entered into involving total actual expenditure of \$153,463 inclusive of \$13,951 GST. No ongoing consultancy contracts were active during the 2015-16 year, involving total actual expenditure of nil.

Consultants are only engaged where there are specific gaps in our capabilities. These include, HR, IT and Legal.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.

EXEMPT CONTRACTS

The AASB has a contract with the IFRS Foundation. The contract gives the AASB rights to IFRS copyright material.

This contract and value has been exempted by the Chair from being published in AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*.

ADVERTISING AND MARKET RESEARCH

The AASB does not carry out any advertising or market research.

FREEDOM OF INFORMATION

Information Publication Scheme

The AASB is subject to the *Freedom of Information Act 1982* (FOI Act) and publishes information to the public as part of the Information Publications Scheme (IPS). The AASB displays on its website a plan showing information in accordance with the IPS requirement (www.aasb.gov.au/FOI.aspx).

DISABILITY REPORTING

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*. Those reports are available at www.apsc.gov.au. From 2010–11, departments and agencies are no longer required to report on those functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy 2010-2020 which sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports became available in 2014, and can be found at www.dss.gov.au.

OCCUPATIONAL HEALTH AND SAFETY

The AASB has less than 50 employees and is therefore not required to establish an Occupational Health and Safety Committee (OHSC) under section 34 of the *Occupational Health and Safety Act 2001*.

The function of the OHSC is to provide the mechanism for continuing consultation between management and staff on OHS matters. All employees, and Board members, when attending meetings, are covered under Comcare and Comcover. No accidents or dangerous occurrences, or relevant investigations, took place during the 2015-16 financial year.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE REPORTING

The AASB does not have specific responsibilities in relation to the administration of environmental sustainability legislation.

The nature of the AASB's activities limits the impact of the AASB's operations on the environment, however, the AASB is mindful of its responsibilities to minimise negative impacts. Accordingly, the AASB has in place policies and procedures designed to minimise environmental impacts by complying with government policies relating to waste, energy and travel.

The principal environmental impact minimisation activities employed are:

- waste management, through a fully commingled and organic recycling program;
- energy efficient practises in lighting, air-conditioning and computer use; and
- limited water use.

Travel restrictions limiting meetings to only essential obligations. Teleconferencing and videoconferencing are used whenever possible.

APPENDIX D

AGENCY RESOURCE STATEMENT AND RESOURCES FOR OUTCOMES

The significant changes in financial results from the previous year are discussed in the Chair's Review. Explanations of variances from the budgeted financial statements for the financial year as set out in the Portfolio Budget Statement/Portfolio Additional Estimate Statement, and their implications are set out in note 14 and 14A to the financial statements.

Agency summary resource table by outcomes

Office of the AASB: Resources for outcomes 2015-16

	Budget	Actual expenses	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			
Output Group 1.1:			
AASB			
Departmental expenses			
Ordinary annual services (Appropriation Bill No. 1)	3,651,000	4,859,925	1,208,925
Revenues from independent sources (section 31)	766,539	772,778	6,239
Expenses not requiring appropriation	213,020	182,957	(30,063)
Less revenue to be carried forward	-	-	-
Total for Outcome 1	4,630,559	5,815,660	1,185,101

APPENDIX E

LIST OF REQUIREMENTS

Description	Requirement	Page
Letter of transmittal		
A copy of the letter of transmittal signed and dated by accountable authority on the date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	iii
Aids to access		
Table of contents	Mandatory	iv
Alphabetical index	Mandatory	75
Glossary of abbreviations and acronyms	Mandatory	v
List of requirements	Mandatory	69
Details of contact officer	Mandatory	vi
Entity's website address	Mandatory	vi
Electronic address of report	Mandatory	vi
Review by accountable authority		
A review by the accountable authority of the entity	Mandatory	7
Overview of the entity		
A description of the role and functions of the entity	Mandatory	11
A description of the organisational structure of the entity	Mandatory	27
A description of the outcomes and Programs administered by the entity	Mandatory	11
A description of the purposes of the entity as included in the corporate plan	Mandatory	12
Where outcome and program administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, including details of variation and reasons for change	If applicable, Mandatory	11

Description	Requirement	Page
Report on the Performance of the entity		
Annual performance statements		
Annual performance statement in accordance with program 39(1)(b) of the Act and section 16F of the Rule	Mandatory	11
Report on Financial Performance		
A discussion and analysis of the entity's financial performance	Mandatory	11
A table summarising the total resources and total payments of the entity	Mandatory	68
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results	If applicable, Mandatory	46
Management and Accountability		
Corporate Governance		
Information on compliance with section 10 (fraud systems)	Mandatory	30
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	30
A certification by accounting authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	30
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	30
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	30
A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance	If applicable, Mandatory	55
External Scrutiny		
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	65

Appendix E: List of Requirements

Description	Requirement	Page
Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, Mandatory	n/a
Information on any reports on operations of the entity by the Auditor-General, (other than report under section 43 of the Act), a Parliamentary Committee or the Commonwealth Ombudsman	If applicable, Mandatory	n/a
Information on any capability reviews on the entity that were released during the period	If applicable, Mandatory	n/a
Management of Human Resources		
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	31
Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • Statistics on staffing classification level; • Statistics on full-time employees; • Statistics on part-time employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous 	Mandatory	31
Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	31
Information on the number of SES and non SES employees covered by agreements etc. identified in paragraph 17AG(4)(c)	Mandatory	31
The salary ranges available for APS employees by classification level	Mandatory	31
A description of non-salary benefits provided to employees	Mandatory	32
Information on the number of employees at each classification level who received performance pay	If applicable, Mandatory	n/a
Information on aggregate amounts of performance pay at each classification level	If applicable, Mandatory	n/a
Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, Mandatory	n/a
Information on aggregate amount of performance payments	If applicable, Mandatory	n/a

Description	Requirement	Page
Assets management		
An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	n/a
Purchasing		
An assessment of entity performance against the <i>Commonwealth Procurement Rules</i>	Mandatory	65
Consultants		
A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	65
A statement that <i>"During 2015-16, [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory	65
A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	65
A statement that <i>"Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website"</i> .	Mandatory	65
Australian National Audit Office Access Clauses		
If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	n/a

Appendix E: List of Requirements

Description	Requirement	Page
Exempt contracts		
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	65
Small business		
A statement that <i>“AASB supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website”</i>	Mandatory	65
An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	65
If the entity is considered by the Department administered by the Finance Minister as material in nature – a statement that <i>AASB recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”</i>	If applicable, Mandatory	n/a
Financial Statements		
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory	33
Other Mandatory Information		
If the entity conducted advertising campaigns, a statement that <i>“During 2015-16, the AASB conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available on [entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”</i>	If applicable, Mandatory	n/a
If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, Mandatory	66
A statement that <i>“Information on grants awarded to AASB during 2015-16 is available at [entity’s website]</i>	If applicable, Mandatory	n/a
Outline of mechanisms of disability reporting including reference to website for further information	Mandatory	66

Australian Accounting Standards Board Annual Report 2015-16

Description	Requirement	Page
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	66
Correction of material errors in previous annual report	If applicable, Mandatory	n/a
Information required by other legislation	Mandatory	65

APPENDIX F

INDEX

A

Appropriations, 40, 43, 54, 55, 60

Audit committee, 29

Auditing and Assurance Standards Board (AUASB), 29, 32

Australian National Audit Office (ANAO), 52

Australian Securities and Investments Commission Act 2001 (ASIC Act), 32, 63

B

Balance sheet, 38

Budget, 39, 59

C

Cash flow, 40, 51, 60

Chair's review, 7

Contact details, vi

F

Financial Reporting Council (FRC), 27, 28

G

Governance arrangements, 29

I

Independent Auditor's Report, 34

Information publication scheme, 66

International accounting standards (IASs), 28

International Valuation Standards Council (IVSC), 26

M

Membership, 28

N

New Zealand Accounting Standards Board (NZASB), 28

S

Schedule of commitments, 41

Schedule of contingencies, 42

Statement of changes in Equity, 39, 59

Statement of comprehensive income, 37, 57

