

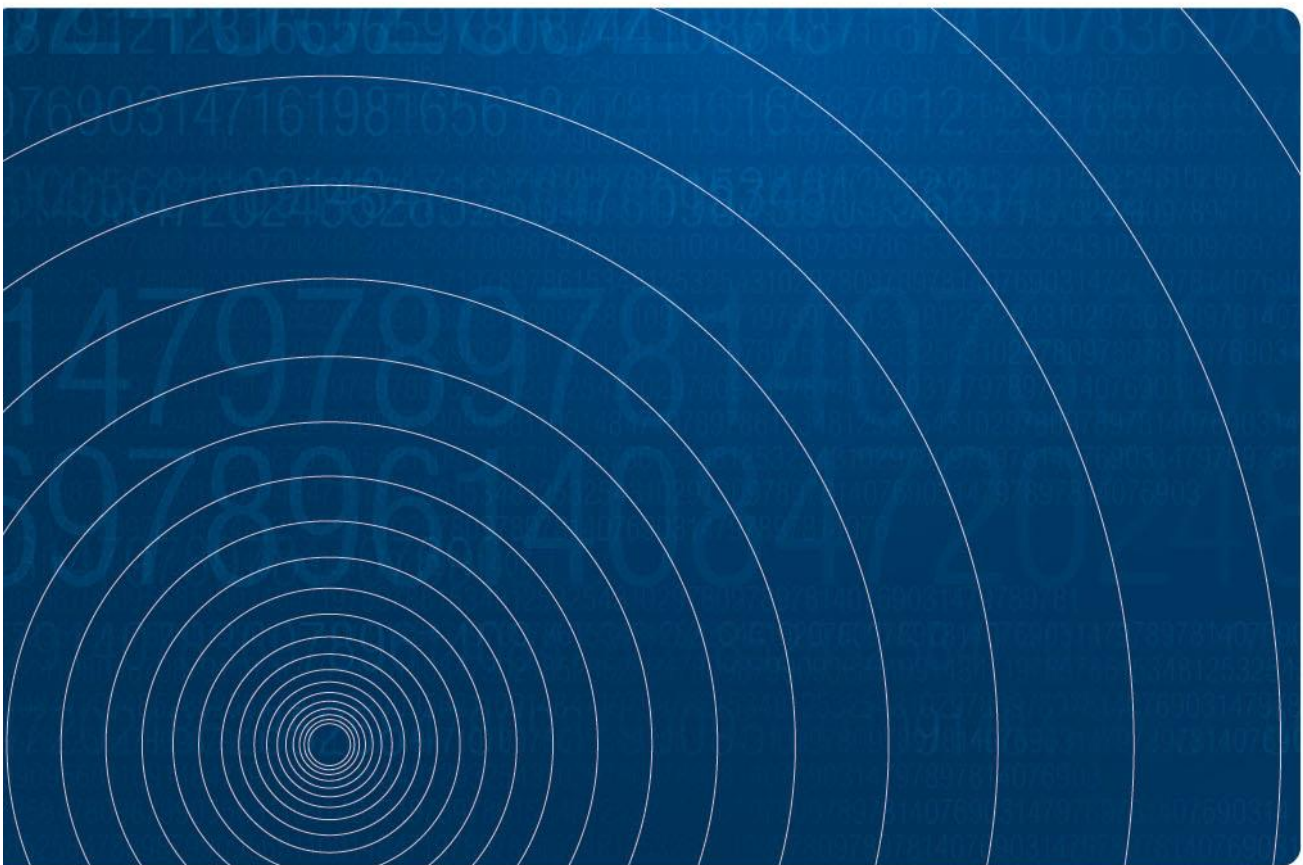


Australian Government

Australian Accounting Standards Board

2014-15

Annual Report



Australian Accounting Standards Board

Annual Report 2014-15

© Commonwealth of Australia 2015

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@asb.gov.au

Printed by CanPrint Communications Pty Ltd

LETTER OF TRANSMITTAL

8 October 2015

The Hon Scott Morrison MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer,

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 2015.

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
Introduction.....	7
AASB OVERVIEW AND PERFORMANCE REPORT	11
Overview	11
Report on Performance.....	11
MANAGEMENT AND ACCOUNTABILITY	21
Corporate governance	21
Organisational structure	22
The Minister	22
Financial Reporting Council	23
AASB.....	23
Office of the AASB	23
Membership	23
Observers.....	24
Audit Committee.....	24
Coordination with other bodies.....	24
Fraud	25
Ethics.....	25
External scrutiny.....	25
Management of human resources	26
Purchasing	27
Consultants	27
Australian National Audit Office access clauses.....	27
Exempt contracts.....	27
Procurement initiatives to support small business	28
Disability reporting.....	28
FINANCIAL REPORT	29
STATEMENT BY THE CHAIR AND CHIEF FINANCIAL OFFICER	32
APPENDICES	59
Appendix A AASB legislative requirements	61
Appendix B Attendance at AASB meetings	62
Appendix C Other mandatory requirements	63
Appendix D Agency resource statement and resources for outcomes.....	65
Appendix E List of Requirements.....	66
Appendix F Index	71

ABBREVIATIONS

The following abbreviations are used throughout this report:

AASB	Australian Accounting Standards Board
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
FRLI	Federal Register of Legislative Instruments
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
MoU	Memorandum of Understanding
NFP	Not-for-Profit
NZASB	New Zealand Accounting Standards Board
OHCS	Occupational Health and Safety Committee
OPC	Office of Parliamentary Counsel
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 Enterprise
SPR	Service Performance Reporting
TEQSA	Tertiary Education Quality and Standards Agency

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>

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

CHAIR'S REVIEW

INTRODUCTION



Maintaining ASAF membership through working with NZASB is critical to the AASB's international accounting standard setting strategies.

2014/15 has been a year of significant achievement for the Australian Accounting Standards Board (AASB).

As the AASB develops issues and maintains Australian Accounting Standards for both the private and public sectors, some of the more notable achievements have been:

- Reviewing and streamlining the strategic plan to focus on 5 key strategies, and identifying the important Key Performance Indicators (KPIs) to enable us to assess whether we have been successful. These strategies and our performance to date are discussed in more detail in the AASB Overview and Performance Report section.
- Maintaining membership of the International Accounting Standards Board's (IASB's) Accounting Standards Advisory Forum (ASAF), working with the New Zealand Accounting Standards Board (NZASB).
- Issuing Australian versions of two key international standards on Financial Instruments and Revenue, largely completing the IASB's work program from the Global Financial Crisis.
- Assisting the IASB with its disclosure initiative project to enable preparers of financial statements to better tell their story in a concise and understandable manner. The AASB's website enables preparers to easily access information on how to commence such a process. In addition, our own financial statements have been substantially reduced from 32 to 26 pages.
- Issuing exposure drafts for a number of key longstanding not-for-profit (NFP) sector projects on service concession assets and income for NFP entities and finalising the related party requirements for public sector entities.
- Commencing a post implementation review of adopting International Financial Reporting Standards (IFRS) in 2005, including implications for future directions regarding transaction neutrality. We will be seeking stakeholder feedback in due course.
- Appointment of our first investor analyst, Andrew Kearnan, as a board member.

On a disappointing note, it is now clear that the United States will not be moving to IFRS in the near future. Although the huge effort to converge IASB and US standards has not resulted in one global set of accounting standards, the IASB, unconstrained by convergence objectives, is likely to be able to address issues more quickly.

However, the most important of the initiatives the AASB is undertaking is the Financial Reporting Framework project. The AASB is building on its recent empirical research regarding use of special and general purpose reports in the corporate sector and the Financial Reporting Council's work on the complexity of determining what reporting requirements apply to different types of entities. The AASB will be working with regulators to identify objective criteria that determine who should prepare and lodge general purpose financial statements, improving the Tier 2 Reduced Disclosure Requirements (RDR), and considering whether a third tier of general purpose financial reporting is required. This project has the potential to introduce reforms that simplify reporting requirements, provide more meaningful and useful reporting, as well as reducing reporting costs overall. Much of our work this year has been in coordinating the efforts of researchers, and consulting with financial statement preparers, auditors and regulators in all sectors, to establish the relationships needed to progress the project.

STAKEHOLDER ENGAGEMENT

Engaging with our stakeholders, including financial statement users, preparers, auditors and regulators, is crucial to delivering on all of our other strategies. To improve our accessibility, we have hosted our first webinar, presented a number of education sessions and hosted roundtable discussions on key exposure drafts in various Australian States.

In the current year we have also developed close ties with a number of groups that help us influence the IASB – including the Australian Corporate Reporting Users' Forum and the banking and insurance accounting policy network and have established an Academic Advisory Forum. We have had excellent participation at our education sessions and roundtables. Preparers and users from universities, government representative bodies and departments, charities, small and large companies, as well as auditors, regulators, academics, directors and professional accounting advisors have all contributed.

We are looking at new ways to obtain information and feedback from a broader range of our stakeholders, looking beyond formal written submissions. Our social media presence now covers over 2,000 LinkedIn (www.linkedin.com/company/aasb) and 300 Twitter (twitter.com/AASBAustralia) followers.

SCOPE OF ACTIVITIES

Users making decisions about scarce resources are unlikely to only consider information in the financial statements. The AASB is well placed to make significant contributions in areas that complement financial reporting, such as service performance reporting (SPR). The AASB has recently issued SPR proposals for the NFP sector.

The AASB is also working with other government agencies, such as the Australian Taxation Office to assist with their proposals having financial reporting implications.

In addition, the AASB has had long associations with stakeholders in other professions including valuers and actuaries, who contribute to financial reporting and to associated information and reports. The AASB will be investigating opportunities for leveraging its expertise across the various forms of external reporting.

FINANCIAL RESULTS

The AASB has recognised a Total Comprehensive Deficit of \$517,485 (2014: \$169,948), and a Deficit of \$295,485 (2014: \$359,948) as a result of exceeding its budgetary appropriations from Government for the current year. The key reasons for the increase to Total Comprehensive deficit is the remeasurement expense of \$222,000 (2014: \$190,000 income) relating to the defined benefit plan (see note 7 to the financial statements). The key reasons for the decrease in the Deficit include the benefits of employees who left being replaced at lower remuneration rates, offset by more use of consultants, the unbudgeted costs of winding up the AASB's legacy defined benefit plan (see note 7 to the financial statements) and additional costs associated with employee entitlements to long service leave and maternity leave being determined in accordance with Commonwealth legislation rather than Victorian legislation (see note 1.12 to the financial statements). Further details are provided in note 14 to the financial statements.

THE WHOLE OF GOVERNMENT APPROACH

Like most government agencies the AASB has challenges to address. The imperative for a whole of government focus is stronger than ever before.

A number of initiatives commenced in the current year that have focused on improving efficiency and effectiveness. The AASB worked with the Office of Parliamentary Counsel (OPC) to streamline the process for compiled AASB accounting standards and the lodgement with the OPC for the Federal Register of Legislative Instruments (FRLI).

Our agency has moved office to Level 14, 530 Collins Street, Melbourne, in September 2015 to share premises with other Commonwealth agencies.

ACKNOWLEDGEMENTS

My thanks go to the wide range of constituents who devote their time and expertise to our work, which enriches the outcomes we can achieve. This includes:

- our stakeholders who have provided us with invaluable comments and ideas on our proposals, generously giving us their time;
- the AASB members who, in addition to Board meetings, also participate in Board Advisory Groups and have taken on so much work out-of-session in the current year. In particular, I would like to acknowledge the significant contributions made by John O'Grady (Deputy Chair), and Brett Rix, longstanding members who completed their third terms and Ian McPhee (Deputy Chair) who completed his second term. Their expertise, support and dedication have been invaluable; and

Australian Accounting Standards Board Annual Report 2014-15

- the AASB staff – both technical and administrative – who have had a very productive year in finalising standards and issuing exposure drafts for comment. In particular I would like to acknowledge Jim Paul's 28 years of insightful contributions to standard setting and wish him all the best in his retirement.

I would also like to pay tribute to the work of Angus Thomson, the current Research Director, who very capably filled the role of Acting Chair, before my appointment commenced.

Finally, I would like to encourage everyone interested in standard setting to contact us, we value your contributions, feedback and examples, and I look forward to working closely with you all.



Kris Peach
Chair and CEO
30 June 2015

AASB OVERVIEW AND PERFORMANCE REPORT

OVERVIEW

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. Outlined below is the revised vision and mission of the AASB outlined in this document.

Vision

The vision of the AASB is to be recognised as a leading national standard setter and a global centre of excellence.

Mission

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.

As a result of the Vision and Mission of the AASB changing, the AASB strategic directions and KPIs to achieve the strategic directions were amended. However, the resulting vision, mission, strategic directions and KPI's remain consistent with Outcome 1 above and the revised KPI's remain consistent with the deliverables and KPI's outlined in the Portfolio Budget Statement (PBS).

Therefore, 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 KPI's associated with each of those strategic directions, and the related program deliverables and KPI's outlined in the PBS.

AASB Strategic Directions	AASB KPI to achieve Strategies	Program deliverables & KPIs taken from the PBS	Achievements to June 2015
1. Use IFRS and transaction-neutrality as a starting point, taking into account cost/benefit considerations and user needs.	<ul style="list-style-type: none"> • IASB equivalent Standards issued concurrently with the release of the IFRS • Results of Post-Implementation Reviews (PIRs) support issuance of Standards (and amendments thereto) based on assessing benefits and costs. 	<ul style="list-style-type: none"> • Promulgate each IFRS and IFRS amendment developed by the IASB into Australian Law. • Prepare and publish accounting standards, compiled versions of standards and exposure drafts • Accounting standard and standard amendments to be developed by the IASB are in accordance with Australian legislative drafting protocols and Federal Register of Legislative Instruments requirements. • Accounting standards or compilations are lodged on the Federal Register of Legislative Instruments (FRLI) and are published on the AASB website within a reasonable time. 	<ul style="list-style-type: none"> • During 2014/15 the AASB has prepared and published: <ul style="list-style-type: none"> - Two Principal Standards resulting from two key IFRS projects on Revenue from Contracts with Customers and Financial Instruments, each almost a decade in the making; - twelve Amending Standards based on IFRS; - two Amending Standards developed domestically; - twelve Exposure Drafts based on IFRS; - one Exposure Draft based on IPSASB; and - four Exposure Drafts developed domestically. • Consistent with the AASB's strategy on transaction neutrality, and in response to longstanding criticism of the current AASB 1004 <i>Contributions</i>, included in the Exposure Drafts developed domestically, the AASB has used the new IFRS 15 <i>Revenue from Contracts with Customers</i> as a foundation for proposals in ED 260 <i>Income of Not-for-Profit Entities</i> to improve the requirements for recognising donations, grants and similar income of NFP entities. • In addition, the AASB has completed over one hundred and fifty FRLI compilations and over thirty website compilations. • The AASB has reflected all amendments and principal Standards developed by the IASB into Australian Law on a timely basis - the longest time being seven months for one Standard. <ul style="list-style-type: none"> - Refer to the Report on Performance – Outputs table for a listing of all Principal and Amending Standards issued during 2014/15.

AASB Strategic Directions	AASB KPI to achieve Strategies	Program deliverables & KPIs taken from the PBS	Achievements to June 2015
2. Take leadership role in shaping the Australian Financial Reporting Framework	<ul style="list-style-type: none"> Standards for 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. Revise the AASB's Transaction Neutrality policy [Process for Modifying IFRS for Not-for-profit Entities]. Meet with policymakers/regulators (incl. state treasuries) to help ensure they understand relevance and appropriateness of General Purpose Financial Statements (GPFS) for entities they regulate. Revise the AASB's 	<ul style="list-style-type: none"> Promulgate each standard to apply on a transaction neutral basis to the extent feasible and develop specific standards to deal with NFP entity issues where necessary. 	<ul style="list-style-type: none"> All documents produced were in accordance with Australian legislative drafting protocols and FRLI requirements. At 30 June 2015, twenty-three of the forty-two Standards based on IFRS, issued by the AASB had specific NFP or public sector specific requirements/modifications. In addition, two of the fourteen Amending Standards issued during 2014/15 included specific NFP or public sector requirements/modifications. The AASB's Transaction Neutrality policy has been used to assess the need for modifications in all instances. The AASB has also released proposals on a number of projects of high priority to NFP entities, including fair value disclosures, service concession arrangements, and residual values for infrastructure assets. Work has commenced on revising the Process for Modifying IFRS policy. In April 2015 the AASB commenced two projects, one project addresses the Australian Financial Reporting Framework and is intended to achieve reforms in financial reporting that appropriately balance costs and benefits and result in 'fit for purpose' information. The objective of the project is to clarify and simplify the Australian Financial Reporting Framework, so that objective criteria determine which entities would be required to prepare GPFS and the level of the reporting requirements, without individual entities having to apply the reporting entity concept.

AASB Strategic Directions	AASB KPI to achieve Strategies	Program deliverables & KPIs taken from the PBS	Achievements to June 2015
3. Enhance international influence with respect to IASB & IPSASB outcomes	<p>Reduced Disclosure Requirements (RDR) (Tier 2) principles.</p> <ul style="list-style-type: none"> • Determine the need for a third tier of general purpose financial reporting. • Benchmark AASB transaction neutrality policy outcomes with NZ approach for adopting IFRS/IPSASs, benchmark to IPSASs, and report findings. • Extend database of lodged financial statements for research purposes. • Changes to IASB proposals achieved on issues of key significance to Australian stakeholders and as identified by the AASB and key issues added to IASB/IPSASB agendas. • Maintain membership of the Accounting Standards Advisory Forum (ASAF). • Maintain close relationships with IPSASB and assist in 	<ul style="list-style-type: none"> • Responses are made to all significant IASB and IPSASB exposure drafts. • Host and/or participate in meetings of the IASB's ASAF, the International Forum of Accounting Standard-Setters (IFASS) and the Asian-Oceanian Standard-Setters Group (AOSSG). • Maintain close relationships 	<ul style="list-style-type: none"> • The second project addresses the RDR Requirements framework. This project is being undertaken in conjunction with the NZASB with the objective determining if the principles for determining reduced disclosure requirements should be changed and, if so, what those principles should be. The AASB has commenced benchmarking criteria for preparing and lodging financial reports applied in other countries. • The AASB is currently working on obtaining more corporate data for empirical research. Cooperation of policymakers and regulators is being secured. • During 2014/15 the AASB: <ul style="list-style-type: none"> - made thirteen submissions to the IASB regarding proposed Standards and/or proposed amendments to Standards. - made two submission to the IPSASB and one submission to the International Valuation Standards Committee - retained membership of the prestigious IASB advisory group, the ASAF, working closely with New Zealand, and attended all meetings. - maintained close relationships with standard-setters in other jurisdictions through attendance at international meetings including ASAF; AOSSG; WSS; IFASS and

AASB Strategic Directions	AASB KPI to achieve Strategies	Program deliverables & KPIs taken from the PBS	Achievements to June 2015
	<p>IPSASB projects.</p> <ul style="list-style-type: none"> • Maintain Australia/New Zealand convergence in accordance with Trans-Tasman requirements for for-profit entities. • Publish AASB research (Research Reports, Occasional Papers and Essays) relevant to the international community to lead debate on key issues. • Present at least two papers in international forums in each year. • Co-publish or help create published research from the Australian academic community to encourage debate on key issues. • Engage in staff exchanges/collaborations with peer national standard setters. 	<p>with equivalent organisations in other jurisdictions.</p> <ul style="list-style-type: none"> • Participate in international standard setting and other research projects. • Develop personnel with experience in standard setting. • Develop opportunities for accounting professionals, 	<p>NZASB.</p> <ul style="list-style-type: none"> - the AASB been actively involved in the AOSSG, taking the lead on three AOSSG working groups – financial instruments, website, and centres of excellence in developing countries. - provided an AASB staff member as the Technical Advisor to the Australian IPSASB representative. - maintained/established regular contact with staff in other jurisdictions. - maintained Australia/New Zealand convergence for for-profit entities. <ul style="list-style-type: none"> • The AASB is in the process of establishing an academic advisory panel, which will help facilitate making an impact on international standard setting and enhancing Australian financial reporting. • In addition, the AASB has commenced a joint research project with another national standard setter on Professional Judgement and the Terms of Likelihood under IFRS. • AASB staff attended domestic and international forums such as ASAF and AOSSG to improve their profile and understanding of accounting issues. • AASB staff received internal and external training appropriate to their areas of expertise and are expected to consult widely

AASB Strategic Directions	AASB KPI to achieve Strategies	Program deliverables & KPIs taken from the PBS	Achievements to June 2015
4. Facilitate and encourage active stakeholder participation in developing standards	<ul style="list-style-type: none"> • Conduct agenda consultation – although ongoing, the AASB periodically seeks formal input, usually in connection with IASB agenda consultation. • Conduct stakeholder satisfaction survey to obtain benchmark for performance improvement. 	<p>including recent graduates and secondments.</p> <ul style="list-style-type: none"> • Regular consultation and liaison with a broad range of Australian constituents. 	<p>with constituents.</p> <ul style="list-style-type: none"> • The AASB has an active graduate intern program and partners experienced staff with new staff to develop their skills. During 2014/15 the AASB has developed opportunities for accounting professionals including an assistant project manager undertaking an eight week secondment to the Korea Accounting Standards Board; employing a graduate for the 2015 calendar year and employing two graduates for the 2016 calendar year. • During 2014/15 the AASB has consulted and liaised with a broad range of Australian constituents through: <ul style="list-style-type: none"> – the Board discussing four issues relating to the application of the Standards raised by constituents; – acknowledging feedback in response to Exposure Drafts issued; – conducting in excess of one hundred meetings with constituents regarding proposals; – developing close ties with a number of groups that help us influence the IASB – including the Australian Corporate Reporting Users' Forum and the banking and insurance accounting policy network; – working with other government agencies, such as the Australian Taxation Office to assist with their proposals having financial reporting implications; – conducting ten roundtables and education sessions addressing proposed amendments; and – staff discussing various technical queries with constituents.

AASB Strategic Directions	AASB KPI to achieve Strategies	Program deliverables & KPIs taken from the PBS	Achievements to June 2015
<p>5. To maintain relevance, investigate expanding the scope of activities to cover external reporting rather than just financial reporting</p>	<ul style="list-style-type: none"> • Identify and evaluate other non-accounting standard setting opportunities, such as remuneration reporting. • Financial reporting reforms recommended to policymakers. Includes initial work with Treasury on reforms for corporate GPFS. Subsequent work will involve policymakers responsible for non-corporate entities. 		<ul style="list-style-type: none"> • In addition, at 23 June 2015 the AASB had: <ul style="list-style-type: none"> - 2,053 LinkedIn followers, an increase of 1,438 followers since June 2014; and - 226 Twitter followers, 910 profile visits and 19 mentions. <p>In particular, between May and June 2015, the LinkedIn posts receiving the most attention were in relation to NFP and public sector education sessions and roundtables, Australian Securities and Investments Commission (ASIC) focus areas for 30 June 2015 financial reports and the AASB Media Release Influencing the Future Pathways of Australian Accounting Standards.</p> • The AASB has recently issued service performance reporting (SPR) proposals for the NFP sector, as user feedback indicates that financial information alone is not sufficient. • The AASB has currently identified remuneration reporting as another area to consider.

Output Structure

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

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

Standards	
AASB 15	<i>Revenue from Contracts with Customers</i> (December 2014)
AASB 9	<i>Financial Instruments</i> (December 2014)
AASB 2014-3	<i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</i> (August 2014)
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> (August 2014)
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i> (December 2014)
AASB 2014-6	<i>Amendments to Australian Accounting Standards – Agriculture: Bearer Plants</i> (December 2014)
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i> (December 2014)
AASB 2014-8	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)</i> (December 2014)
AASB 2014-9	<i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i> (December 2014)
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (December 2014)
AASB 2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i> (January 2015)
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i> (January 2015)
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i> (January 2015)
AASB 2015-4	<i>Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent</i> (February 2015)
AASB 2015-5	<i>Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception</i> (February 2015)
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> (April 2015)
Exposure drafts	
ED 251	<i>Revenue from Contracts with Customers – Tier 2</i> (July 2014)
ED 252	<i>Proposal to supersede AASB Interpretation 1042 Subscriber Acquisition Costs in the Telecommunication Industry</i> (July 2014)

 Exposure drafts

ED 253	<i>Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to AASB 122) (August 2014)</i>
ED 254	<i>Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value (September 2014)</i>
ED 255	<i>Financial Reporting Requirements for Australian Groups with a Foreign Parent (October 2014)</i>
ED 256	<i>Removal of Cross-References from Financial Statements to Other Documents (October 2014)</i>
ED 257	<i>Classification and Measurement of Share-based Payment Transactions (November 2014)</i>
ED 258	<i>Disclosure Initiative (Proposed amendments to AASB 107) (December 2014)</i>
ED 259	<i>Classification of Liabilities (February 2015)</i>
ED 260	<i>Income of Not-for-Profit Entities (April 2015)</i>
ED 261	<i>Service Concession Arrangements: Grantor (May 2015)</i>
ED 262	<i>Fair Value Disclosures of Not-for-Profit Public Sector Entities (May 2015)</i>
ED 263	<i>Effective Date of AASB 15 Revenue from Contracts with Customers (Proposed amendments to AASB 15) (May 2015)</i>
ED 264	<i>Conceptual Framework for Financial Reporting (May 2015)</i>
ED 265	<i>Updating References to the Conceptual Framework (May 2015)</i>
ED 266	<i>Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan (June 2015)</i>

 Submissions to International Standard Setters

IASB	<i>Request for Comment on IASB Request for Information on Post-Implementation Review: IFRS 3 Business Combinations (July 2014)</i>
IASB	<i>Tentative Decision – Insurance Contracts Recognition of Contractual Service Margin (July 2014)</i>
IASB	<i>Investment Entities: Applying the Consolidation Exception (Sept 2014)</i>
IASB	<i>Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging (Nov 2014)</i>
IASB	<i>Recognition of Deferred Tax Assets for Unrealised Losses (December 2014)</i>
IASB	<i>Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value (January 2015)</i>
IASB	<i>Reporting the Financial Effects of Rate Regulation (February 2015)</i>
IASB	<i>Classification and Measurement of Share-based Payment Transactions (March 2015)</i>
IASB	<i>Disclosure Initiative (Proposed amendment to AASB 107) (April 2015)</i>
IASB	<i>Classification of Liabilities (Proposed amendments to AASB 101) (June 2015)</i>
IASB	<i>Request for Comment on IASB ED/2015/2 Effective Date of IFRS 15 (Proposed amendments to IFRS 15) (June 2015)</i>
IFRS	<i>Agenda decisions in relation to IAS 32 Financial Instruments: Presentation (July 2014)</i>
IFRS	<i>Tentative agenda decisions in relation to IAS 16 Property, Plant and Equipment (September 2014)</i>

Australian Accounting Standards Board Annual Report 2014-15

Submissions to International Standard Setters	
IPSASB	<i>The Applicability of IPSASs to Government Business Enterprises and Other Public Sector Entities</i> (December 2014)
IPSASB	<i>IPSASB Strategy Consultation</i> (August 2014)
IVSC	<i>Proposed Amendments to the International Valuation Standards</i> (June 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

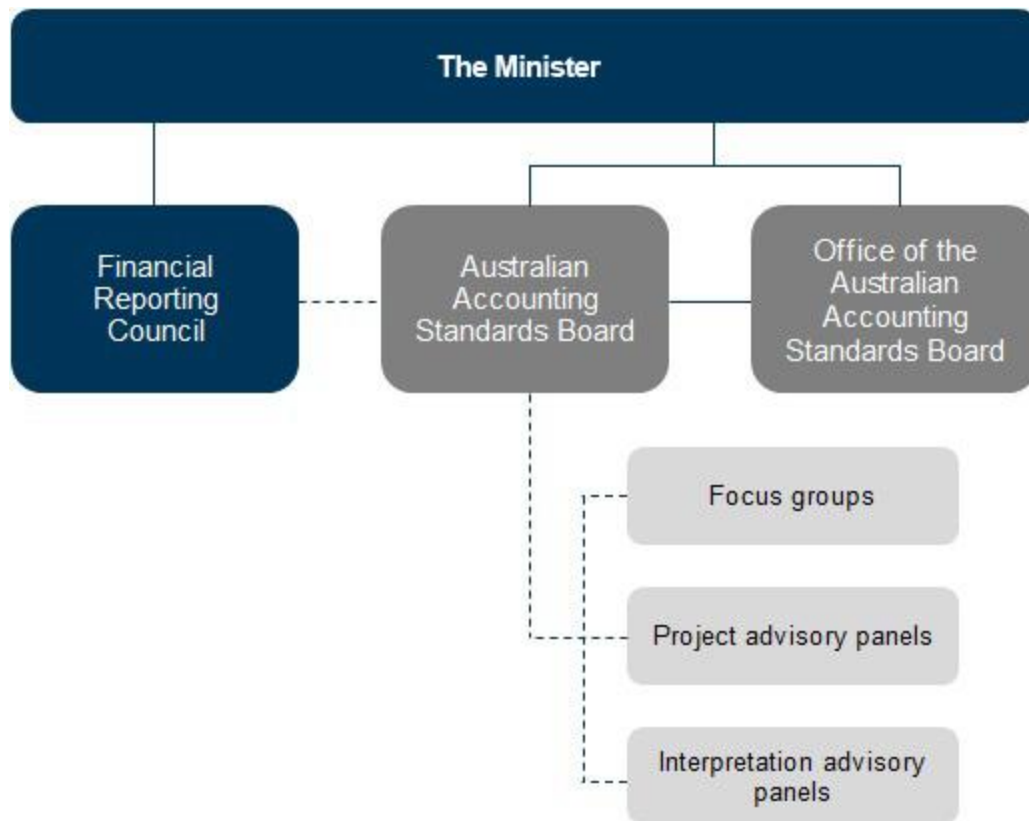
CORPORATE GOVERNANCE

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.

ORGANISATIONAL STRUCTURE



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

To be eligible for member appointment, 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 2014-15 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 for various terms.

AASB

The AASB is the independent statutory entity of the Australian Government 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. During the year Ms Peach was appointed as a member of ASAF by the IASB.

The members of the AASB holding office during the year ended 30 June 2015 were:

Board Member	Qualification	Appointment end date
Mike Blake	Auditor General Tasmania	December 2017
Peter Carlson	KPMG	December 2015
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 Fickers	PricewaterhouseCoopers	December 2016
Peter Gibson	Commonwealth Department of Finance	December 2015
Andrew Kearnan	Non-Executive Director	December 2017
Steve Mitsas	Victorian Department of Treasury and Finance	December 2016

Board Member	Qualification	Appointment end date
Carmen Ridley	Australian Financial Reporting Solutions	December 2017 (2 nd term)
Taryn Rulton	Monash College	December 2016
Marc Smit	National Australia Bank	December 2016
Ann Tarca	University of Western Australia	December 2016
Megan Wilson	Ernst & Young	December 2017

Board Members Retired During Year

Board Member	Qualification	Appointment end date
Ian McPhee – Deputy Chair	Auditor-General for Australia	December 2014 (2 nd term)
John O’Grady – Deputy Chair	Ernst & Young	December 2014 (3 rd term)
Brett Rix	BHP Billiton	December 2014 (3 rd term)

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

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.

COORDINATION WITH OTHER BODIES

The Board, through the Executive, maintains contact with officers of the Commonwealth Treasury, the FRC, ASIC, Australian Prudential Regulatory Authority, Australian Bureau of Statistics and other relevant government and private–sector bodies, both domestically and internationally, including the IASB, IPSASB, the professional accounting bodies in Australia and

constituent groups such as Heads of Treasuries and the Heads of Treasuries Accounting and Reporting Advisory Committee.

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.

The AASB meets the obligations arising from section 10 of the Public Governance, Performance and Accountability Rule 2014.

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.

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.

During the financial year, there were no judicial decisions or decisions of administrative tribunals or reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman concerning the performance of the AASB.

MANAGEMENT OF HUMAN RESOURCES

Table 1a: 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	-	3.00	1.00	4.00
Technical and Non-Technical	19	19	-	15	4	8.20	9.80	18.00
Total employees	23	23	-	19	4	11.20	10.80	22.00

Table 1b: AASB Employees at 30 June 2014

Classification	Persons	Ongoing	Non-ongoing	F/T	P/T	F/T Equivalents		
						Female	Male	Total
Senior executive	7	6	1	7	-	3.00	4.00	7.00
Technical and Non-Technical	17	17	-	14	3	9.00	7.00	16.00
Total employees	24	23	1	21	3	12.00	11.00	23.00

As at 30 June 2015 no employees identified as Indigenous.

AASB employees are located in one office in Melbourne.

Table 2: AASB Salary ranges as at 30 June 2014

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	-	-	8	4
\$105,000 to \$194,999	-	-	7	-
\$195,000 to \$284,999	2	-	-	-
\$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).

During the 2014-15 financial year the AASB had no staff employed under the PSA.

The AASB has continued to provide various support services to the Office of the AUASB. No employee received a performance bonus.

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.

CONSULTANTS

During 2014-15, four new consultancy contracts were entered into involving total actual expenditure of \$123,366.64 inclusive of GST. In addition, no ongoing consultancy contracts were active during the 2014-15 year, involving total actual expenditure of nil.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

The Office of the AASB has not entered into any contract of \$100,000 or more during the reporting period that does not provide for the Auditor-General to have access to the contractor's premises.

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*.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

The AASB procurement practices support Small and Medium Enterprise (SME). 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.

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).

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 will be available in 2014, and can be found at www.dss.gov.au.

FINANCIAL REPORT

Independent Auditor's Report	30
Statement of Comprehensive Income.....	33
Statement of Financial Position.....	34
Statement of Changes in Equity.....	35
Cash Flow Statement.....	36
Schedule of Commitments	37
Schedule of Contingencies	37
Note 1: Summary of Significant Accounting Policies	38
Note 2: Events After the Statement of Financial Position Date.....	43
Note 3: Expenses	43
Note 4: Sale of goods and rendering of services	43
Note 5: Financial Assets.....	44
Note 6: Payables	44
Note 7: Employee Provisions	45
Note 8: Cash Flow Reconciliation	48
Note 9: Senior Management Personnel Remuneration	49
Note 10: Remuneration of Auditors	49
Note 11: Financial Instruments.....	50
Note 12: Appropriations.....	51
Note 13: Compliance with Statutory Conditions for payments from the Consolidated Revenue Fund	53
Note 14: Budgetary Reports and Explanations of Major Variances.....	54
Note 14A: Major Budget Variances for 2015	54
Note 14B: Net Cost of Outcome Delivery	55
Statement of Comprehensive Income	55
Statement of Financial Position	56
Statement of Changes in Equity	57
Cash Flow Statement	58



INDEPENDENT AUDITOR'S REPORT

To the Treasurer

I have audited the accompanying annual financial statements of the Office of the Australian Accounting Standards Board for the year ended 30 June 2015, which comprise:

- Statement by the Chair and Chief Financial Officer;
- 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 a summary of significant accounting policies and other explanatory information.

Chair'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. The Chair is also responsible for such internal control as 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 judgement, 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 Chair of the Office of the Australian Accounting Standards Board, 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.

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 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Jocelyn Ashford
Acting Group Executive Director
Delegate of the Auditor-General

Canberra
8 October 2015

STATEMENT BY THE CHAIR AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 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

8 October 2015



Litsa Pillios
Chief Financial Officer

8 October 2015

Statement of Comprehensive Income
for the period ended 30 June 2015

	Notes	2015	2014
			Restated ¹
		\$	\$
EXPENSES			
Employee benefits ¹	3A	3,727,451	4,098,239
Supplier expenses	3B	572,790	448,990
Operating lease rentals – minimum lease payments		376,838	372,880
Depreciation		132,382	148,726
Amortisation		21,217	20,324
Finance costs ¹		18,832	13,674
Write-down and impairment of assets		-	48,066
Write-off – inventory		2,899	-
Total expenses		4,852,409	5,150,899
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4	260,991	361,227
Rental income		56,933	54,892
Audit Services received free of charge		38,000	34,000
Contributions from state and territories		500,000	500,000
Total own-source revenue		855,924	950,119
GAINS			
Other gains – reversal of accrual		-	107,832
Total gains		-	107,832
Total own-source income		855,924	1,057,951
Net cost of services and cost of outcome delivery		3,996,485	4,092,948
Revenue from Government – departmental appropriations		3,701,000	3,733,000
Deficit attributable to the Australian Government		(295,485)	(359,948)
OTHER COMPREHENSIVE INCOME			
Remeasurements of net defined benefit plan		(222,000)	190,000
Total other comprehensive income		(222,000)	190,000
Total comprehensive deficit attributable to the Australian Government		(517,485)	(169,948)

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

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

Statement of Financial Position
as at 30 June 2015

	Notes	2015	2014	2013
			Restated ¹	Restated ¹
		\$	\$	\$
ASSETS				
Financial assets				
Cash and cash equivalents		401,764	493,045	389,394
Trade and other receivables	5A	75,321	53,138	77,354
Appropriation receivables	5B	3,504,665	3,934,453	4,478,583
Net defined benefit plan	7(ii)	-	224,000	-
Total financial assets		3,981,750	4,704,636	4,945,331
Non-financial assets				
Furniture and computers – Level 2	1.9	74,387	101,217	198,151
Leasehold improvements and make good – Level 3	1.9	93,490	175,325	257,160
Intangibles		15,191	30,203	29,178
Prepaid expenses		31,437	9,976	20,941
Inventory of publications		-	2,276	2,353
Total non-financial assets		214,505	318,997	507,783
Total assets		4,196,255	5,023,633	5,453,114
LIABILITIES				
Payables				
Suppliers	6A	55,356	55,300	244,772
Other payables ¹	6B	478,560	757,785	568,083
Total payables		533,916	813,085	812,855
Provisions				
Employee provisions ¹	7	979,583	1,094,713	1,440,753
Lease restoration provisions		149,341	144,935	140,659
Total provisions		1,128,924	1,239,648	1,581,412
Total liabilities		1,662,840	2,052,733	2,394,267
Net assets		2,533,415	2,970,900	3,058,847
EQUITY				
Contributed equity		443,000	363,000	281,000
Asset revaluation reserve		62,247	62,247	62,247
Retained surplus		2,028,168	2,545,653	2,715,600
Total equity		2,533,415	2,970,900	3,058,847

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

1. Comparative figures have been restated (refer Note 1.12) and some have been reclassified (refer Note 1.13).

Statement of Changes in Equity

for the period ended 30 June 2015

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2015	2014	2015	2014	2015	2014	2015	2014
Opening balance								
Balance carried forward from previous period	2,545,653	3,126,974	62,247	62,247	363,000	281,000	2,970,900	3,470,221
Adjustment for restatement (see note 1.12)	-	(411,373)	-	-	-	-	-	(411,373)
Adjusted opening balance	2,545,653	2,715,601	62,247	62,247	363,000	281,000	2,970,900	3,058,848
Comprehensive income								
Other comprehensive income								
Remeasurements of defined benefit plan	(222,000)	190,000	-	-	-	-	(222,000)	190,000
Surplus / (deficit) for the period	(295,485)	(359,948)	-	-	-	-	(295,485)	(359,948)
Total comprehensive income	(517,485)	(169,948)	-	-	-	-	(517,485)	(169,948)
of which:								
Attributable to the Australian Government	(517,485)	(169,948)	-	-	-	-	(517,485)	(169,948)
Transactions with owners								
Contribution by owners								
Departmental capital budget	-	-	-	-	80,000	82,000	80,000	82,000
Closing balance as at 30 June	2,028,168	2,545,653	62,247	62,247	443,000	363,000	2,533,415	2,970,900

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

Cash Flow Statement
for the period ended 30 June 2015

	Notes	2015 \$	2014 \$
OPERATING ACTIVITIES			
Cash received			
Department appropriations		5,006,907	5,242,639
Goods and services		333,531	393,798
Net GST received		141,688	138,898
States and territories contributions received		500,000	500,000
Other cash received		38,601	78,750
Total cash received		6,020,727	6,354,085
Cash used			
Employees		4,020,857	4,198,189
Suppliers		1,219,019	1,079,697
Net GST paid		46,092	49,668
3 rd party receipts transferred to Official Public Account		826,040	922,880
Total cash used		6,112,008	6,250,434
Net cash flows from (used by) operating activities	8	(91,281)	103,651
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		29,921	39,371
Total cash used		29,921	39,371
Net cash flows from (used by) investing activities		(29,921)	(39,371)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		29,921	39,371
Total cash received		29,921	39,371
Net cash flows from (used by) financing activities		29,921	39,371
Net increase / (decrease) in cash held		(91,281)	103,651
Cash and cash equivalents at the beginning of the reporting period		493,045	389,394
Cash and cash equivalents at the end of the reporting period		401,764	493,045

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

Schedule of Commitments

as at 30 June 2015

	2015	2014
	\$	\$
BY TYPE		
Commitments receivable		
Sublease rental income ¹	71,886	135,676
GST recoverable on commitments	56,428	107,079
Total commitments receivable	128,314	242,755
Commitments payable		
Operating leases ²	(620,703)	(1,177,867)
GST payable on commitments	(6,535)	(12,334)
Total commitments payable	(627,238)	(1,190,201)
Net commitments by type	(498,924)	(947,446)
BY MATURITY		
Commitments receivable		
One year or less	118,434	114,440
From one to five years	9,880	128,315
Over five years	-	-
Total commitments receivable	128,314	242,755
Commitments payable		
One year or less	(579,058)	(562,963)
From one to five years	(48,180)	(627,238)
Over five years	-	-
Total commitments payable	(627,238)	(1,190,201)
Net commitments by maturity	(498,924)	(947,446)

(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:

Nature of lease	General description of leasing arrangement
Lease for office accommodation	Lease payments are subject to an increase of four per cent per annum as per lease agreement.
Lease for photocopier	The lessor provides 1 photocopier for 48 months at a fixed instalment rate.

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

Schedule of Contingencies

as at 30 June 2015

There are no known contingencies as at 30 June 2015.

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 an Australian Government entity, 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), whilst the AASB is a statutory committee under the *ASIC 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 for reporting periods ending on or after 1 July 2014; 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

With the windup of the defined benefit plan (see note 7(ii)), 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

The adoption of AASB 1055 *Budgetary Reporting* has resulted in additional disclosures in Note 14.

No other new accounting standards, amendments to standards and interpretations issued, that are applicable in the current period, have had a material financial effect on the Office of the AASB.

(b) Future Australian Accounting Standard Requirements

New standards, amendments to standards, and interpretations that are applicable to future periods have been issued by the AASB. It is estimated that these 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 these pronouncements or because the extent to which they might impact the AASB is not expected to be material.

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.

From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

Accordingly of the total comprehensive (loss) of \$(517,485) (2014: \$(169,948)) only \$(363,886) (2014: \$(898)) is funded through revenue appropriations.

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.

The Office of the AASB currently has one agreement for the leasing of premises, which has a provision requiring the Office of the AASB to restore the premises to their original condition at the conclusion of the lease. A provision has been made to reflect the present value of this obligation.

1.7 Financial Assets

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

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

1.8 Financial Liabilities

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

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

The amount accrued for FRLI registration costs is determined on the basis of legislative instruments made by the AASB up to the statement of financial position date that need to be compiled and registered and the registration fees expected to apply.

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:

	2015	2014
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.

1.10 Intangibles

The Office of the AASB's intangible assets comprise 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 Office of the AASB's software and licences is one to five years (2013-14: three to five years).

All software assets were assessed for indications of impairment as at 30 June 2015.

1.11 Taxation

The Office of the AASB is exempt from all forms of taxation, except fringe benefits tax and the goods and services tax (GST).

1.12 Restatement of prior year amounts – long service leave and maternity leave

In prior years, long service leave and maternity leave had been based on the Victorian private sector award conditions and contract conditions. The AASB has since obtained legal advice that both long service leave and maternity leave should be determined in accordance with the relevant Commonwealth Act, as AASB employees are government employees.

Accordingly, the following adjustments have been made:

	30 June 2014	Increase / (Decrease)	30 June 2014 (Restated)	30 June 2013	Increase / (Decrease)	30 June 2013 (Restated)
Statement of Financial Position (extract)						
Other payables	605,836	151,949	757,785	427,365	140,718	568,083
Employee provisions	779,070	315,643	1,094,713	1,170,097	270,656	1,440,753
Total Liabilities	1,585,141	467,592	2,052,733	1,982,893	411,374	2,394,267
Net Assets	3,438,492	(467,592)	2,970,900	3,470,221	(411,374)	3,058,847
Retained Surplus	3,013,245	(467,592)	2,545,653	3,126,974	(411,374)	2,715,600
Total equity	3,438,492	(467,592)	2,970,900	3,470,221	(411,374)	3,058,847

	30 June 2014	Increase / (Decrease)	30 June 2014 (Restated)
Statement of Comprehensive Income (extract)			
Employee benefits	4,051,418	46,821	4,098,239
Finance costs ¹	4,276	9,398	13,674
Total expenses	5,094,680	56,219	5,150,899
Net cost of services & cost of outcome delivery	4,036,729	56,219	4,092,948
Deficit attributable to the Australian Government	(303,729)	(56,219)	(359,948)
Total comprehensive deficit attributable to the Australian Government	(113,729)	(56,219)	(169,948)

1. Interest on payments has been determined using simple interest at 10%

There are no material consequences of the correction for the Statement or Comprehensive Income for the current year.

1.13 Restructure of financial report

A number of categories of assets and liabilities on the Statement of Financial Position have been aggregated or disaggregated to provide a better understanding of the Office of the AASB's key transactions and balances. The Financial Report disclosures have also been streamlined to make the report easier to understand. Comparative information has been restated for these changes.

Note 2: Events After the Statement of Financial Position Date

On 29 July 2015, the AASB signed a Memorandum of Understanding (MOU) between the Tertiary Education Quality and Standards Agency (TEQSA), the Auditing and Assurance Standards Board (AUASB) and the AASB. This MoU allowed the AASB and the AUASB to enter into a Shared Occupancy lease arrangement with TEQSA until 28 February 2022 (the Shared Occupancy Expiry Date).

The purpose of this agreement is to reduce the Office of the AASB's accommodation costs.

This has had no impact on the current financial year.

Note 3: Expenses

	2015	2014
	\$	Restated ^{1,2}
	\$	\$
Note 3A: Employee benefits		
Wages and salaries ²	2,773,041	2,879,402
Superannuation:		
Defined contribution plan	382,271	268,961
Defined benefit plan (note 7)	207,000	292,000
Leave and other entitlements ^{1,2}	329,464	389,359
Separation and redundancies	35,675	268,517
Total employee benefits	3,727,451	4,098,239

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

2. \$309,623 of leave expense has been reclassified in 2014 resulting in a decrease in wages and an increase in leave expenses.

	2015	2014
	\$	\$
Note 3B: Suppliers		
Goods and services		
Board Member Services	60,664	55,979
International Travel	93,075	81,276
Publications/Subscriptions	95,334	66,579
Administration	163,078	187,016
Consultants	119,049	15,043
Workers compensation	10,308	10,004
Other	31,282	33,093
Total goods and services expenses	572,790	448,990

Goods and services includes \$97,323 of related party expenses (2014: \$92,418).

Note 4: Sale of goods and rendering of services

Sale of goods and rendering of services includes \$191,771 of related party income (2014: \$179,233).

Note 5: Financial Assets

Note 5A: Trade and other receivables

Trade and other receivables includes \$45,110 of related party receivables (2014: \$36,056). All trade and other receivables are expected to be recovered in no more than 12 months and are not overdue.

Note 5B: Appropriation receivables

	2015 \$	2014 \$
Appropriation receivables are expected to be recovered in:		
No more than 12 months	429,063	630,924
More than 12 months	3,075,602	3,303,529
Total appropriation receivables	3,504,665	3,934,453
Appropriation receivables are aged as follows:		
Not overdue	3,504,665	3,934,453

Note 6: Payables

Note 6A: Suppliers

Trade creditors and accruals include \$963 of related party payables (2014: \$22,144).

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

	2015 \$	2014 Restated ¹ \$	2013 Restated ¹ \$
Note 6B: Other payables			
Separations and Redundancies	35,675	268,517	-
Maternity leave payable ¹	44,408	41,001	37,595
Long Service Leave payable ¹	184,786	110,950	103,123
Lease commitments	138,232	251,608	351,395
Other	75,459	85,709	75,970
Total other payables	478,560	757,785	568,083
Other payables are expected to be settled within:			
No more than 12 months	451,163	617,012	313,934
More than 12 months	27,397	140,773	254,149
Total other payables	478,560	757,785	568,083

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

Note 7: Employee Provisions

	2015	2014	2013
		Restated ¹	Restated ¹
	\$	\$	\$
Leave [Note 1.12 and 7 (i)] ¹	979,583	1,094,713	1,020,753
Superannuation	-	-	420,000
Total employee provisions	979,583	1,094,713	1,440,753
Employee provisions are expected to be settled in:			
No more than 12 months	218,311	205,009	209,289
More than 12 months	761,272	889,704	1,231,464
Total employee provisions	979,583	1,094,713	1,440,753

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 7 (ii): Superannuation

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 have been settled as at 30 June 2015. The settlement involved making lump sum rollover payments to members in settlement of their promised benefits. The settlement was achieved in consultation with the Office's actuarial advisors and the Trustee of the Office's defined benefit plan. The settlement was an efficiency measure in view of the small number of employees (four) in the plan and the relatively high fixed costs associated with maintaining the plan. The settlement has resulted in a loss of \$29,000 in the current year, being the difference between the liability and the assets remeasured to the date of wind up. Ongoing savings are expected to be achieved in terms of plan operating costs and savings in management time needed to monitor the plan and manage the budgetary impacts from volatility in the liability calculation.

Office of the AASB staff, including members of the former defined benefit plan, are defined contribution members of the Office's default superannuation plan or are members of superannuation plans of their own choosing.

The following tables summarise the components of net benefit expense recognised in the Statement of Comprehensive Income and the funded status and amounts recognised in the Statement of Financial Position for the plan:

Statement of Financial Position 30 June 2015

As at 30 June	2015	2014
	\$	\$
Defined Benefit obligation (DBO) [^]	-	4,754,000
Fair value of AASB Plan assets	-	(4,978,000)
Net defined benefit liability/(asset)	-	(224,000)

[^] includes contributions tax provision

Statement of Comprehensive Income 2014-15

Financial year ending	2015	2014
	\$	\$
Service cost	184,000	195,000
Settlement losses/(gains)	29,000	-
Past service cost	-	88,000
Net interest on net defined liability/(asset)	(6,000)	9,000
Defined benefit expense/(income) Note 3A	207,000	292,000

Other Comprehensive Income 2014-15

Financial year ending	2015	2014
	\$	\$
Remeasurements of net defined liability/assets:		
Actuarial (gains)/losses on DBO	334,000	(56,000)
Return on assets, excludes amounts already recognised	(112,000)	(134,000)
Defined benefit expenses / (income)	222,000	(190,000)

Progression in Net Defined Benefit Liability

Financial year ending	2015	2014
	\$	\$
Net defined benefit liability/(asset) at start of year	(224,000)	420,000
Expense recognised in statement of comprehensive income	207,000	292,000
Remeasurements of net defined liability recognised in OCI	222,000	(190,000)
Employer contributions	(205,000)	(746,000)
Net defined benefit liability/(asset) at end of year	-	(224,000)

Reconciliation of the Defined Benefit Obligation 2014-15

Financial year ending	2015	2014
	\$	\$
Present value of DBO at start of year	4,754,000	4,496,000
Current service cost	184,000	195,000
Past service cost	-	88,000
Settlement cost	29,000	-
Interest cost (at discount rate)	89,000	129,000
Contributions by AASB Plan members	40,000	60,000
Benefits paid	(1,119,000)	-
Benefits transferred to accumulation plan on settlement	(4,268,000)	-
Taxes, premiums and expenses paid	(43,000)	(158,000)
Actuarial (gains)/losses - experience	(171,000)	(34,000)
Actuarial (gains)/losses – financial assumptions	423,000	(22,000)
Actuarial (gains)/losses – demographic assumptions	82,000	-
Present value of DBO at end of year	-	4,754,000

Reconciliation of AASB Plan assets

Financial year ending	2015	2014
	\$	\$
Fair value of AASB Plan assets at start of year	4,978,000	4,076,000
Expected return on AASB Plan assets	95,000	120,000
Employer Contributions	205,000	746,000
Contributions by AASB Plan members	40,000	60,000
Benefits paid	(1,119,000)	-
Benefits transferred to accumulation on settlement	(4,268,000)	-
Taxes, premiums and expenses paid	(43,000)	(158,000)
Return on assets, over and above expected return	112,000	134,000
Fair value of AASB Plan assets at end of year	-	4,978,000

Actuarial assumptions

As at	30 June 2015	30 June 2014	Comments
	%	%	
Discount rate	Not applicable	3.0	Based on 5-year Government bond rate, less allowance for investment tax
Salary inflation	Not applicable	2.5	
Expected return on assets	Not applicable	n/a	Based on Plan's mix of asset classes
Contributions tax rate	-	-	
Method of recognising actuarial gains and losses	Immediate recognition of actuarial gains and losses through OCI		

Note 8: Cash Flow Reconciliation

	2015	2014
	\$	Restated ¹
	\$	\$
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services ¹	(3,996,485)	(4,092,948)
Add revenue from Government	3,701,000	3,733,000
Other movement in retained surplus - Long service leave adjustment ¹	(467,594)	(411,374)
Other movement in retained surplus – defined benefit plan actuarial gain and losses	(222,000)	190,000
Adjustments for non-cash items:		
Depreciation/amortisation	153,599	169,050
Lease incentive – amortisation	(71,013)	(71,013)
Lease – straight line over lease term	(42,363)	(28,774)
Provision for required restoration of premises	4,406	4,276
Net write down of non-financial assets	2,899	48,066
Changes in assets/liabilities:		
(Increase)/decrease in net receivables	454,785	610,975
(Increase)/decrease in inventories	2,276	77
(Increase)/decrease in prepayments	(21,461)	10,962
Increase/(decrease) in superannuation provision	224,000	(644,000)
Increase/(decrease) in other employee provisions ¹	(32,329)	613,133
Increase/(decrease) in supplier payables	56	(189,467)
Increase/(decrease) in other payables ¹	218,943	161,688
Net cash from/(used by) operating activities	(91,281)	103,651

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

Note 9: Senior Management Personnel Remuneration

	2015	2014 Restated ^{1,2,3}
	\$	\$
Short-term employee benefits:		
Salary ^{1,2,3}	873,490	1,502,693
Total short-term employee benefits	873,490	1,502,693
Post-employment benefits:		
Superannuation	103,493	143,519
Total post-employment benefits	103,493	143,519
Other long-term benefits:		
Annual leave	94,285	127,862
Long-service leave ^{1,2,3}	30,643	40,613
Total other long-term benefits	124,928	168,475
Termination benefits - Separation and redundancies ⁴	-	268,517
Total Senior Management Personnel Remuneration	1,101,911	2,083,204

The restatement of prior year's total Senior Management Personnel Remuneration has resulted in a decrease of \$31,946. The restatement is due to:

1. The restatement of Long Service Leave provisions (refer Note 1.12) resulted in an increase of \$20,790
2. Correction of a prior year calculation error for leave provisions resulted in a decrease of \$17,392 for annual leave and \$35,344 for long service leave
3. Long service leave has been restated to reflect the expense rather than the movement in provision. This has resulted in a reclassification to correct an understatement of leave balances of \$14,264 and an overstatement of salaries of \$14,264.
4. Termination benefits moved to the year they were accrued, rather than year paid.

The total number of senior management personnel that are included in the above table is 7 (2014: 7)

Note 10: Remuneration of Auditors

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

	2015	2014
	\$	\$
The fair value of the services provided:		
Remuneration to the ANAO for auditing the financial statements for the reporting period	38,000	34,000
	38,000	34,000

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 the default of a debtor. The amount is equal to the total amount of trade receivables of \$45,354 (2014: \$35,292).

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')

	2015	2014 Restated ⁶
	\$	\$
Unspent Annual Appropriations ('Recoverable GST exclusive) – Opening balance (Table B)		
Cash	493,045	389,394
Appropriation Receivables	3,934,453	4,478,583
	4,427,498	4,867,977
Ordinary Annual Services		
Annual Appropriation – Revenue from Government		
Departmental appropriations ¹	3,701,000	3,733,000
Departmental capital budget ^{2 5}	80,000	82,000
	3,781,000	3,815,000
PGPA Act – Section 74 (2014: FMA Act – Section 31) ³		
Own source income - transferred to the Official Public Account	826,040	922,880
Total Appropriation received - 2014/15	4,607,040	4,737,880
Appropriation applied (current and prior years)³		
Employees	4,020,856	4,198,189
Suppliers	1,219,019	1,079,697
Purchase of plant and equipment ⁵	29,921	39,371
Less net GST received	(141,688)	(138,898)
Total appropriation applied (current and prior years)⁶	5,128,108	5,178,359
Appropriation allocated to:		
Prior year capital 2012/13 ⁵	13,044	39,371
Prior year capital 2013/14 ⁵	16,877	-
Prior year ordinary 2010/11	-	21,002
Prior year ordinary 2011/12	-	941,427
Prior year ordinary 2012/13	227,927	549,604
Prior year ordinary 2013/14	1,028,925	-
Total Prior years	1,286,773	1,551,404
Current year	3,841,335	3,626,955
Total appropriation applied (current and prior years)	5,128,108	5,178,359
Excess of appropriations applied over received⁴	(521,068)	(440,479)
Unspent Annual Appropriations ('Recoverable GST exclusive) – Closing balance (Table B)		
Cash	401,764	493,045
Appropriation Receivables	3,504,665	3,934,453
	3,906,429	4,427,498

Australian Accounting Standards Board Annual Report 2014-15

1. Statement of Comprehensive Income
2. Statement of Changes in Equity
3. Cash flow statement
4. Variances:
 - a) 2015 – a lump sum payment of \$140,000 was paid from prior year appropriations to wind up the DB Fund. Staff redundancies payments of \$400,000 were also paid from prior year appropriations.
 - b) 2014 – a voluntary contribution of \$648,000 from prior year appropriations was made to the Defined Benefit Super
 - c) the Capital budget variance is due to IT infrastructure upgrades still in progress 2015: \$50,079 (2014: \$42,629)
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.
6. Prior year's total appropriation applied has been restated to correct the treatment of cash flow receivables and has decreased by \$156,430

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

Authority	2015	2014
Appropriation Act 1 2012/13	-	3,303,529
Appropriation Act 1 2013/14		1,028,925
Appropriation Act 1 2014/15	3,761,306	-
Appropriation Act 1 2012/13 - capital budget	-	13,044
Appropriation Act 1 2013/14 - capital budget	65,123	82,000
Appropriation Act 1 2014/15 - capital budget	80,000	-
Total	3,906,429	4,427,498

During 2014/15 the Office of the AASB re-allocated the unspent balance of Appropriation (Act 1) 2012/13 to Appropriation (Act 1) 2014/15 to cover forward estimates period potential cash shortfalls.

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

On the basis of legal advice received during the current reporting period, 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.

- November 2002 - \$680.03
- November 2006 - \$26,730.00
- December 2006 - \$7,878.67
- January 2008 - \$6,576.81
- May 2008 - \$7,211.07
- February 2011 - \$9,941.72
- July 2014 - \$31,062.29

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.

Note 14: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 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 2015

Explanations of major variances	Footnote reference and affected statement
Due to potential office move the planned capital purchases were put on hold.	1 (SoCI, SoFP and CFS)
The depreciation rate for some Intangibles was higher than budgeted.	2 (SoCI and SoFP)
Staff movements resulted in lower than budgeted income from overseas secondment.	3 (SoCI, SoFP and CFS)
Reduction in accruals for 2015.	4 (SoFP)
Adjustment to long service leave and maternity leave payments and provision (note 1.12).	5 (SoFP)
DB Fund wind up (note 7(ii)).	6 (SoCI, SoCE and CFS)
An increase in consultant fees was offset by savings in other supplier expenses including the renegotiation of the FRLI expenses.	7 (SoCI)
Increase in prepaid expenses due to purchase of assets not received until July 2015.	8 (SoFP)
Staff redundancies payments of \$400,000 were paid from prior year appropriations.	9 (CFS)
Section 74 are budgeted for as cash received, however the return to the OPA of those receipts is not.	10 (CFS)
GST is not budgeted for in the Cash flow Statement	11 (CFS)
An increase in actuarial consulting fees and staff redundancy payment were offset by replacement of departing senior staff that were replaced by less senior staff at lower remuneration.	12 (SoCI)

Note 14B: Net Cost of Outcome Delivery**Statement of Comprehensive Income**

for the period ended 30 June 2015

	Actual	Budget estimate	
		Original	Variance
	2015	2015	2015
	\$	\$	\$
EXPENSES			
Employee benefits ^{5, 6, 12}	3,727,451	3,596,000	131,451
Supplier expenses ⁷	572,790	603,000	(30,210)
Operating lease rentals – minimum lease payments	376,838	382,000	(5,162)
Depreciation ¹	132,382	170,000	(37,618)
Amortisation ²	21,217	15,000	6,217
Finance costs ⁵	18,832	4,000	14,832
Write-off of inventories	2,899	-	2,899
Total expenses	4,852,409	4,770,000	82,409
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services ³	260,991	293,000	(32,009)
Rental income	56,933	57,000	(67)
Audit Services	38,000	34,000	4,000
Contributions from state and territories	500,000	500,000	-
Total own-source revenue	855,924	884,000	(28,076)
Net cost of services	3,996,485	3,886,000	110,485
Revenue from Government – departmental appropriations	3,701,000	3,701,000	-
Deficit attributable to the Australian Government	(295,485)	(185,000)	(110,485)
OTHER COMPREHENSIVE INCOME			
Actuarial gains/(losses) on defined benefit plans ⁶	(222,000)	-	(222,000)
Total other comprehensive income	(222,000)	-	(222,000)
Total comprehensive income attributable to the Australian Government	(517,485)	(185,000)	(332,485)

Statement of Financial Position
as at 30 June 2015

	Actual	Budget estimate	
	2015	Original	Variance
	2015	2014	Variations
	\$	\$	\$
ASSETS			
Financial assets			
Cash and cash equivalents	401,764	402,000	(236)
Trade and other receivables	3,579,986	3,404,000	175,986
Total financial assets	3,981,750	3,806,000	175,750
Non-financial assets			
Plant and equipment ¹	167,877	283,000	(115,123)
Intangibles ¹	15,191	52,000	(36,809)
Prepaid expenses ⁸	31,437	21,000	10,437
Inventory of publications	-	2,000	(2,000)
Total non-financial assets	214,505	358,000	(143,495)
Total assets	4,196,255	4,164,000	32,255
LIABILITIES			
Payables			
Suppliers ⁴	55,356	70,000	(14,644)
Other payables ⁵	478,560	225,000	253,560
Total payables	533,916	295,000	238,916
Provisions			
Employee provisions ⁵	979,583	450,000	529,583
Other provisions	149,341	149,000	341
Total provisions	1,128,924	599,000	529,924
Total liabilities	1,662,840	894,000	768,840
Net assets	2,533,415	3,270,000	(736,585)
EQUITY			
Contributed equity	443,000	443,000	-
Asset revaluation reserve	62,247	62,000	247
Retained surplus	2,028,168	2,765,000	(736,832)
Total equity	2,533,415	3,270,000	(736,585)

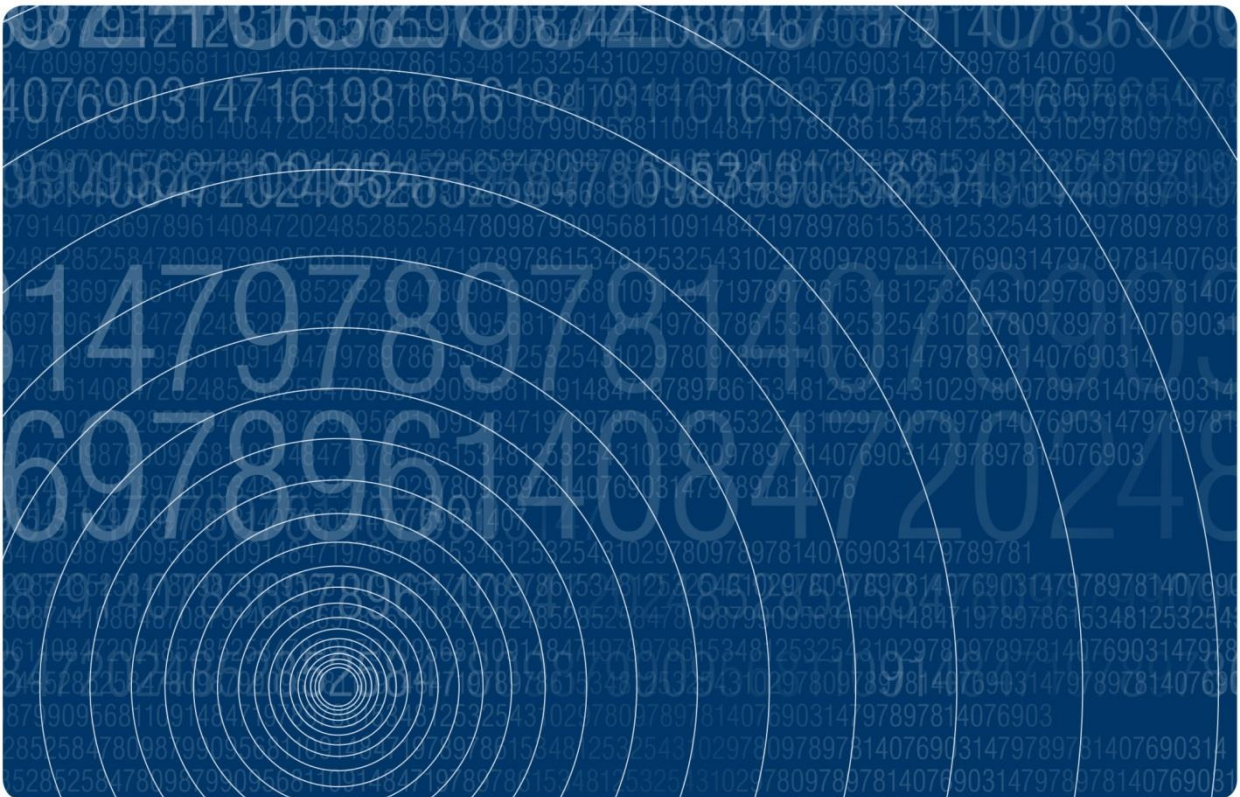
Statement of Changes in Equity
for the period ended 30 June 2015

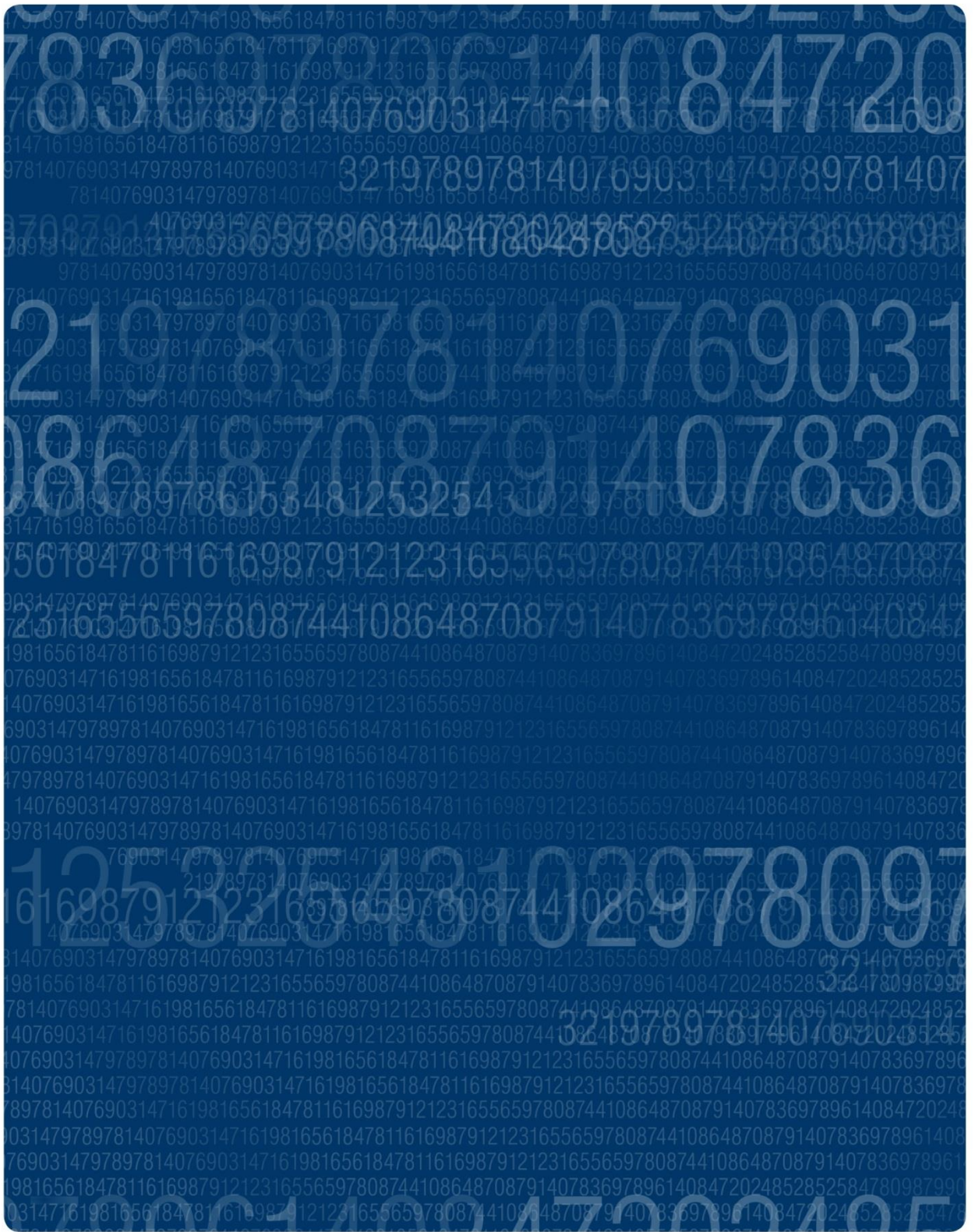
	Retained earnings			Asset revaluation reserve			Contributed equity/capital			Total equity		
	Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate	
		Original	Variance		Original	Variance		Original	Variance		Original	Variance
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Opening balance												
Balance carried forward from previous period	2,545,653	3,128,000	(582,347)	62,247	62,000	247	363,000	281,000	82,000	2,970,900	3,471,000	(500,100)
Comprehensive income												
Other comprehensive income												
Actuarial gains/(losses) ⁶	(222,000)	-	(222,000)	-	-	-	-	-	-	(222,000)	-	(222,000)
Surplus/(deficit) for the period	(295,485)	(178,000)	(117,485)	-	-	-	-	-	-	(295,485)	(178,000)	(117,485)
Total comprehensive income	(517,485)	(178,000)	(339,485)	-	-	-	-	-	-	(517,485)	(178,000)	(339,485)
of which:												
Attributable to the Australian Government	(517,485)	(178,000)	(339,485)	-	-	-	-	-	-	(517,485)	(178,000)	(339,485)
Transactions with owners												
Contribution by owners												
Departmental capital budget	-	-	-	-	-	-	80,000	82,000	(2,000)	80,000	82,000	(2,000)
Closing balance as at 30 June	2,028,168	2,950,000	(921,832)	62,247	62,247	247	443,000	363,000	80,000	2,533,415	3,375,000	(841,585)

Cash Flow Statement
for the period ended 30 June 2015

	Actual	Budget estimate	
		Original	Variance
	2015	2015	2015
	\$	\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations ^{6 9 10}	5,006,907	3,701,000	1,305,907
Goods and services	333,531	350,000	(16,469)
Net GST received ¹¹	141,688	-	141,688
Contributions received	500,000	500,000	-
Other cash received ^{3 10}	38,601	452,000	(413,399)
Total cash received	6,020,727	5,003,000	1,017,727
Cash used			
Employees ⁶	4,020,857	3,939,000	81,857
Suppliers ¹¹	1,219,019	1,064,000	155,019
Net GST paid ¹¹	46,092	-	46,092
Section 31 3 rd party receipts transferred to Official Public Account ¹⁰	826,040	-	826,040
Total cash used	6,112,008	5,003,000	1,109,008
Net cash flows from (used by) operating activities	(91,281)	-	(91,281)
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment ¹	29,921	80,000	(50,079)
Total cash used	29,921	80,000	(50,079)
Net cash flows from (used by) investing activities	(29,921)	(80,000)	50,079
FINANCING ACTIVITIES			
Cash received			
Contributed equity ¹	29,921	80,000	(50,079)
Total cash received	29,921	80,000	(50,079)
Net cash flows from (used by) financing activities	29,921	80,000	(50,079)
Net increase / (decrease) in cash held	(91,281)	-	(91,281)
Cash and cash equivalents at the beginning of the reporting period	493,045	402,000	91,045
Cash and cash equivalents at the end of the reporting period	401,764	402,000	(236)

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; and
- (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; and
- (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 2014-15 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)	6	6	-
A Thomson (Acting Chair)	6	6	-
I McPhee (Deputy Chair)	8	6	2
J O'Grady (Deputy Chair)	8	6	2
M Blake	4	4	-
P Carlson	12	10	2
A Crawford	12	11	1
K Crook	12	10	2
R Fikkers	12	12	-
P Gibson	12	10	2
A Kearnan	4	2	2
S Mitsas	12	10	2
C Ridley	12	12	-
B Rix	8	8	-
T Rulton	12	12	-
M Smit	12	10	2
A Tarca	12	12	-
M Wilson	4	4	-

For details of terms of appointments, please refer to the Organisational Structure section of this Report commencing on page 22.

OTHER MANDATORY REQUIREMENTS

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 2014-15 financial year.

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).

ADVERTISING AND MARKET RESEARCH

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

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 programme;
- 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.

DISCRETIONARY GRANTS

The AASB does not currently administer any discretionary grant programs.

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 2014-15

	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)	3,701,000	3,834,770	(133,770)
Revenues from independent sources (section 31)	850,000	826,040	23,960
Expenses not requiring appropriation	219,000	191,599	27,401
Less revenue to be carried forward	-	-	-
Total for Outcome 1	4,770,000	4,852,409	(82,409)

APPENDIX E

LIST OF REQUIREMENTS

Description	Requirement	Page
Introduction		7
Letter of transmittal	Mandatory	iii
Table of contents	Mandatory	iv
Index	Mandatory	71
Glossary	Mandatory	v
Contact officer(s)	Mandatory	vi
Internet home page address and Internet address for report	Mandatory	vi
Review by Secretary		
Review by departmental secretary	Mandatory	7
Summary of significant issues and developments	Suggested	7
Overview of department's performance and financial results	Suggested	9
Outlook for following year	Suggested	n/a
Significant issues and developments – portfolio	Suggested	n/a
Departmental Overview		
Role and functions	Mandatory	11
Organisational structure	Mandatory	22
Outcome and programme structure	Mandatory	11
Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	11
Portfolio structure	Portfolio departments - mandatory	n/a
Report on Performance		
Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	12
Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	12

Appendix E: List of Requirements

Description	Requirement	Page
Where performance targets differ from the PBS/ PAES, details of both former and new targets, and reasons for the change	Mandatory	12
Narrative discussion and analysis of performance	Mandatory	12
Trend information	Mandatory	12
Significant changes in nature of principal functions/ services	Suggested	n/a
Performance of purchaser/provider arrangements	If applicable, suggested	n/a
Factors, events or trends influencing departmental performance	Suggested	n/a
Contribution of risk management in achieving objectives	Suggested	n/a
Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	n/a
Discussion and analysis of the department's financial performance	Mandatory	65
Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	65
Agency resource statement and summary resource tables by outcomes	Mandatory	65
Management and Accountability		
Corporate Governance		
Agency heads are required to certify their agency's actions in dealing with fraud	Mandatory	25
Statement of the main corporate governance practices in place	Mandatory	21
Names of the senior executive and their responsibilities	Suggested	23
Senior management committees and their roles	Suggested	23
Corporate and operational planning and associated performance reporting and review	Suggested	n/a
Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	n/a
Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	25
How nature and amount of remuneration for SES officers is determined	Suggested	n/a

Description	Requirement	Page
External Scrutiny		
Significant developments in external scrutiny	Mandatory	25
Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	25
Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman or an agency capability review	Mandatory	25
Management of Human Resources		
Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	26
Workforce planning, staff retention and turnover	Suggested	n/a
Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Workplace Agreements (AWAs)	Suggested	n/a
Training and development undertaken and its impact	Suggested	n/a
Work health and safety performance	Suggested	n/a
Productivity gains	Suggested	n/a
Statistics on staffing	Mandatory	26
Statistics on employees who identify as Indigenous	Mandatory	26
Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	27
Performance pay	Mandatory	27
Assets management		
Assessment of effectiveness of assets management	If applicable, mandatory	n/a
Purchasing		
Assessment of purchasing against core policies and principles	Mandatory	27

Appendix E: List of Requirements

Description	Requirement	Page
Consultants		
The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	27
Australian National Audit Office Access Clauses		
Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	27
Exempt contracts		
Contracts exempt from publication in AusTender	Mandatory	27
Procurement initiatives to support small business	Mandatory	28
Financial Statements	Mandatory	33
Other Mandatory Information		
Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	63
Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	63
Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	63
Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	n/a
Grant programmes	Mandatory	64
Other Mandatory Information (cont)		
Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	28
I Scheme statement	Mandatory	63
Correction of material errors in previous annual report	If applicable, mandatory	41

Australian Accounting Standards Board Annual Report 2014-15

Description	Requirement	Page
Agency Resource Statements and Resources for Outcomes	Mandatory	65
List of Requirements	Mandatory	66

APPENDIX F

INDEX

A

Accounting Standards Advisory Forum (ASAF), 7, 14, 15, 23
Appropriations, 33, 36, 39, 51, 52, 55, 58
Asian-Oceanian Standard-Setters Group (AOSSG), 14, 15
Audit, 24, 25, 49
Audit committee, 24
Auditing and Assurance Standards Board (AUASB), 24, 27, 43
Auditor-General, 68
Australian Bureau of Statistics, 24
Australian National Audit Office (ANAO), 24, 25, 27, 49
Australian Prudential Regulation Authority, 24
Australian Securities and Investments Commission (ASIC), 16, 24
Australian Securities and Investments Commission Act 2001 (ASIC Act), 11, 23, 27, 38, 61

B

Budget, 35, 39, 51, 52, 54, 57

C

Cash flow, 36, 48, 58
Chair's review, 7
Commonwealth Disability Strategy, 28
Contact details, vi
Corporations Act 2001, 23, 61

D

Disability reporting, 28

E

Ecologically sustainable development, 63
External scrutiny, 25

F

Federal Register of Legislative Instruments (FRLI), 9, 12, 40, 54
Financial Reporting Council (FRC), 22, 23, 24
Freedom of information, 27, 63
Funding, 50

G

General Purpose Financial Statements (GPFS), 8, 13
Goods and services tax (GST), 41

Governance arrangements, 21

I

Independent Auditor's Report, 30
Information publication scheme, 63
International accounting standards (IASs), 23
International Accounting Standards Board (IASB), 7, 8, 12, 14, 16, 19, 23, 24
International Financial Reporting Standards (IFRS), 7, 8
International Forum of Accounting Standard Setters (IFASS), 14
International Public Sector Accounting Standard (IPSAS), 13
International Public Sector Accounting Standards Board (IPSASB), 14, 24
International Valuation Standards Council (IVSC), 20

M

Membership, 23
Memorandum of Understanding (MoU), 43

N

New Zealand Accounting Standards Board (NZASB), 7, 13, 14, 23
Not-for-Profit (NFP), 7, 8

O

Occupational Health and Safety Committee (OHSC), 63
Office of Parliamentary Counsel (OPC), 9

P

Performance, 11, 21, 61
Public Governance, Performance and Accountability Act 2013 (PGPA Act), iii, 32, 38
Public Service Act 1999 (PSA), 25, 27

R

Reduced Disclosure Requirements (RDR), 8

S

Schedule of commitments, 37
Schedule of contingencies, 37
Service Performance Reporting (SPR), 8
Small and Medium Enterprise (SME), 28
Statement of changes in Equity, 35, 57
Statement of comprehensive income, 33, 45, 46, 55
Statement of financial position, 34, 42, 43, 45, 46, 56

T

Tertiary Education Quality and Standards Agency (TEQSA), 43

