



**Australian Government**  
**Australian Accounting Standards Board**



**Australian Government**  
**Auditing and Assurance Standards Board**

# **Australian Accounting Standards Board**

**and**

# **Auditing and Assurance Standards Board**

# **2019-20 Annual Reports**



**Australian Accounting  
Standards Board**

**and**

**Auditing and Assurance  
Standards Board**

2019-20 Annual Reports

Commonwealth of Australia 2020

ISSN 2208-6129 (Print)

ISSN 2208-6137 (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 and AUASB logos and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of AASB and AUASB 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 or AUASB endorses you or your use of the work).

#### **AASB or AUASB material used 'as supplied'**

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

*Source: The Australian Accounting Standards Board, or*

*Source: The Auditing and Assurance Standards Board*

#### **Derivative material**

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

*Based on The Australian Accounting Standards Board data; or*

*Based on The Auditing and Assurance 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](http://www.itsanhonour.gov.au))

#### **Other Uses**

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

##### **AASB**

Podium Level  
Level 14 / 530 Collins Street  
MELBOURNE 3000  
Email: [enquiries@asb.gov.au](mailto:enquiries@asb.gov.au)

##### **AUASB**

Podium Level  
Level 14 / 530 Collins Street  
MELBOURNE 3000  
Email: [enquiries@auasb.gov.au](mailto:enquiries@auasb.gov.au)

*Printed by CanPrint Communications Pty Ltd*

# LETTER OF TRANSMITTAL

---

21 September 2020

The Hon Michael Sukkar MP  
Minister for Housing and Assistant Treasurer  
Parliament House  
CANBERRA ACT 2600

Dear Minister,

We have pleasure in presenting the annual reports for the year ended 30 June 2020 of the:

- Australian Accounting Standards Board (AASB) and the Office of the Australian Accounting Standards Board, and
- Auditing and Assurance Standards Board (AUASB) and the Office of the Auditing and Assurance Standards Board.

The reports have been prepared in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and have been combined into one publication.

Section 46 of the PGPA Act requires the Chair of the AASB and the Chair of the AUASB to respectively prepare a report of the operations of the AASB and its Office, and the AUASB and its Office, during the year. The respective reports must be tabled in each House of the Parliament as soon as practicable.

Yours sincerely



Dr Keith Kendall  
Chair  
Australian Accounting Standards Board



Prof Roger Simnett AO  
Chair  
Auditing and Assurance Standards Board

# CONTENTS

<b>ABBREVIATIONS.....</b>	<b>V</b>
<b>CONTACT DETAILS .....</b>	<b>VI</b>
<b>AASB AND AUASB PURPOSE, VISION AND MISSION .....</b>	<b>7</b>
<b>PREFACE.....</b>	<b>10</b>
<b>AASB CHAIR’S REVIEW .....</b>	<b>12</b>
<b>AASB ANNUAL PERFORMANCE STATEMENT 2019-20 .....</b>	<b>16</b>
<b>AUASB CHAIR’S REVIEW .....</b>	<b>40</b>
<b>AUASB ANNUAL PERFORMANCE STATEMENT 2019-20 .....</b>	<b>45</b>
<b>MANAGEMENT AND ACCOUNTABILITY .....</b>	<b>64</b>
<b>FINANCIAL REPORTS .....</b>	<b>77</b>
<b>STATEMENTS BY THE CHAIRS .....</b>	<b>82</b>
<b>APPENDICES.....</b>	<b>113</b>
Appendix A AASB and AUASB legislative requirements .....	114
Appendix B Attendance at AASB and AUASB meetings .....	116
Appendix C Other information .....	118
Appendix D Agency resource statement and resources for outcomes.....	121
Appendix E List of Requirements.....	123
Appendix F Index .....	130

## ABBREVIATIONS

---

The following abbreviations are used by the AASB and AUASB in this report:

AASB	Australian Accounting Standards Board
ACNC	Australian Charities and Not-for-profits Commission
ANAO	Australian National Audit Office
AOSSG	Asian-Oceanian Standard-Setters Group
APRA	Australian Prudential Regulation Authority
ASA	Australian Auditing Standard
ASAE	Australian Standard on Assurance Engagements
ASAF	Accounting Standards Advisory Forum
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
ASRE	Australian Standard on Review Engagements
AUASB	Auditing and Assurance Standards Board
AuASB	Auditing and Assurance Standards Board (to 30 June 2004)
BRLF	Business Reporting Leaders Forum
CA ANZ	Chartered Accountants Australia and New Zealand
CER	Clean Energy Regulator
CPAA	CPA Australia
FRC	Financial Reporting Council
GPFS	General Purpose Financial Statements
GST	Goods and Services Tax
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFASS	International Forum of Accounting Standard Setters (formerly NSS)
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standard on Auditing
NFP	Not-for-Profit
NAASS	National Auditing and Assurance Standards-Setters
NZASB	New Zealand Accounting Standards Board
NZAuASB	New Zealand Auditing and Assurance Standards Board
NZ XRB	New Zealand External Reporting Board
OHSC	Occupational Health and Safety Committee
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PSA	<i>Public Service Act 1999</i>
RDR	Reduced disclosure requirements
SME	Small and Medium Enterprises
SMSF	Self-Managed Superannuation Fund

## CONTACT DETAILS

---

### AUSTRALIAN ACCOUNTING STANDARDS BOARD

#### The Chair

**Street Address**

Podium Level 14, 530 Collins Street  
MELBOURNE VIC 3000

**Postal Address:**

PO Box 204  
Collins Street West Victoria 8007

**Tel** 03 9617 7600**Email** [standard@asb.gov.au](mailto:standard@asb.gov.au)**Web** [www.asb.gov.au](http://www.asb.gov.au)**LinkedIn** [www.linkedin.com/company/asb](http://www.linkedin.com/company/asb)**Twitter** @AASBAustralia**Annual report location** [www.asb.gov.au/About-the-AASB/AASB-annual-reports.aspx](http://www.asb.gov.au/About-the-AASB/AASB-annual-reports.aspx)

### AUDITING AND ASSURANCE STANDARDS BOARD

#### The Chair

**Street Address**

Podium Level 14, 530 Collins Street  
MELBOURNE VIC 3000

**Postal Address**

PO Box 204  
Collins Street West Victoria 8007

**Tel** 03 8080 7400**Email** [enquiries@auasb.gov.au](mailto:enquiries@auasb.gov.au)**Web** <http://www.auasb.gov.au>**LinkedIn** [www.linkedin.com/company/auasb](http://www.linkedin.com/company/auasb)**Twitter** @AUASBAus**Annual report location** [www.auasb.gov.au/About-the-AUASB/Annual-reports.aspx](http://www.auasb.gov.au/About-the-AUASB/Annual-reports.aspx)



# AASB AND AUASB PURPOSE, VISION AND MISSION

This is the second year of our revised strategy and corporate plan and we are pleased to be able to report that both boards and respective teams have been working hard to realise the vision and mission statements.

AASB Purpose & Vision	AUASB Purpose & Vision
Contribute to stakeholder confidence in the Australian economy, including its capital markets, and trust in external reporting.	Contribute to stakeholder confidence in the Australian economy, including its capital markets, and trust in external reporting through independent auditing and assurance.
AASB Mission	AUASB Mission
<p>Develop, issue and maintain principles-based Australian accounting and external reporting standards that meet user needs and enhance external reporting consistency and quality.</p> <p>Contribute to the development of a single set of accounting and external reporting standards for world-wide use.</p>	<p>Develop, issue and maintain in the public interest, best practice Australian auditing and assurance standards and guidance that meet user needs and enhance audit and assurance consistency and quality.</p> <p>Contribute to the development of a single set of auditing and assurance standards for world-wide use.</p>

## STRATEGY

AASB	AUASB
<p>1. Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users (including financial reports) and are capable of being assured and enforced. For publicly accountable<sup>1</sup> entities maintain IFRS<sup>2</sup> compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance.</p>	<p>1. Develop, issue and maintain high quality Australian auditing and assurance standards and guidance that meet the needs of stakeholders. Use IAASB Standards - where they exist, modified as necessary - or develop Australian-specific standards and guidance.</p>
<p>2. With the AUASB, play a leading role in reshaping the Australian external reporting framework by working with the regulators to develop objective criteria on:</p> <ul style="list-style-type: none"> <li>• who prepares external reports (including financial reports)</li> <li>• the nature and extent of assurance required on these external reports.</li> </ul>	<p>2. With the AASB, play a leading role in reshaping the Australian external reporting framework by working with the regulators to develop objective criteria on:</p> <ul style="list-style-type: none"> <li>• who prepares external reports (including financial reports)</li> <li>• the nature and extent of assurance required on external reports.</li> </ul>

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2019-20

AASB	AUASB
<p>3. Actively influence IASB<sup>4</sup>, IPSASB<sup>5</sup> standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.</p>	<p>3. Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships.</p>
<p>4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.</p>	<p>4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.</p>
<p>5. Influence initiatives to develop standards and guidance that meet user needs for external reporting integral to financial reporting.</p>	<p>5. Influence initiatives to develop assurance standards and guidance that meet user needs for extended external reporting.</p>
<p>6. Monitor and respond to, or lead on, emerging issues impacting the development of accounting and external reporting standards, including changing technologies.</p>	<p>6. Monitor and respond to, or lead on, emerging issues impacting the development of auditing and assurance standards and guidance, including changing technologies.</p>
<p>7. Develop guidance and education initiatives, or promote development by others, to enhance the consistent application of accounting and external reporting standards and guidance.</p>	<p>7. Develop guidance and education initiatives, or promote development by others, to enhance the consistent application of auditing and assurance standards and guidance.</p>
<p>8. Build a high performing team that operates efficiently, effectively and within budget, complying with all relevant legislation and Commonwealth Government requirements</p>	

## AASB and AUASB Purpose, Vision and Mission

AASB	AUASB
<p>Accounting standards should facilitate the provision of financial information that:</p> <ul style="list-style-type: none"> <li>i. allows users to make and evaluate decisions about allocating scarce resources</li> <li>ii. assists directors to discharge their obligations in relation to financial reporting</li> <li>iii. is relevant to assessing performance, financial position, financing and investment</li> <li>iv. is relevant and reliable</li> <li>v. facilitates comparability and is readily understandable</li> </ul>	<p>Auditing and assurance standards should facilitate the provision of information that:</p> <ul style="list-style-type: none"> <li>i. provides Australian auditors with relevant and comprehensive guidance in forming an opinion about, and reporting on, whether financial reports comply with the requirements of the Corporations Act 2001 (Corporations Act)</li> <li>ii. requires the preparation of auditors' reports that are reliable and readily understandable by the users of the financial reports to which they relate</li> </ul>
<p>The Australian financial reporting system should:</p> <ul style="list-style-type: none"> <li>i. facilitate the Australian economy by reducing the cost of capital and enabling Australian entities to compete effectively domestically and internationally</li> <li>ii. facilitate the Australian economy by developing accounting and auditing and assurance standards that are clearly stated and easy to understand to maintain investor confidence in the Australian economy, including its capital markets</li> </ul>	

# PREFACE

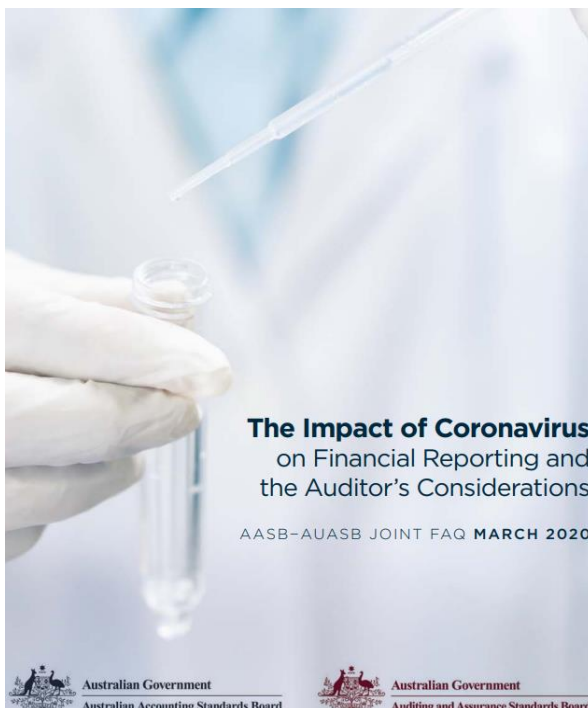
---

## REFLECTION

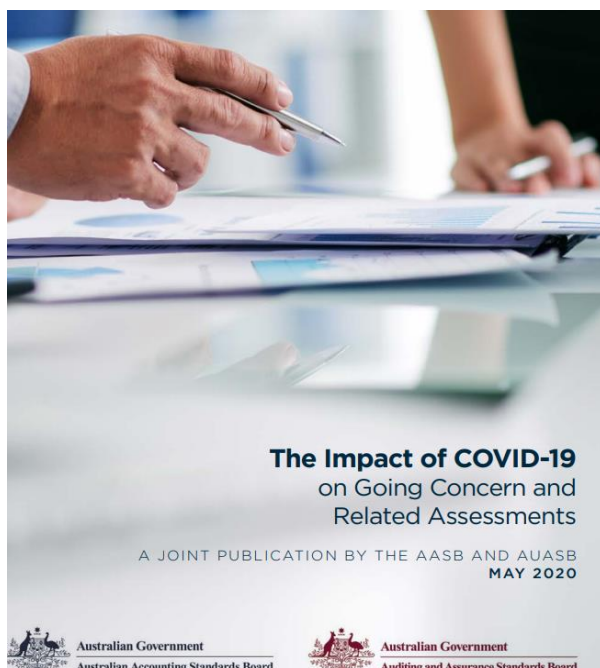
Australia and the rest of the world are currently experiencing something that none of us have witnessed before: the social and economic repercussions that are occurring due to the unprecedented COVID-19 pandemic. This coronavirus has impacted not only the economy, but global industries, multinational corporations, small and medium-sized organisations, all the way through to freelancers and casual workers in the hospitality and entertainment industries. The effects have been significant not only for the public and private sector, but the everyday lives of all Australians.

Together, the Australian Accounting Standards Board and the Auditing and Assurance Standards Board have pooled together their human resources and expertise, and have worked tirelessly to respond to the pandemic in regards to the accounting and auditing implications for financial reporting. We have acted quickly to provide guidance to all Australian entities that are experiencing hardship and a change in business circumstance due to these unforeseen times, and the feedback we have had not just domestically, but at the highest level internationally, has reinforced our position as proactive thought leaders that are truly committed to the standard-setting and guidance process.

In the report that follows, we detail exactly what our response has been to issuing guidance, FAQ documents, and the collation of both industry and government resources as we seek to provide as much support as possible to our stakeholders.



*1. The Impact of Coronavirus on Financial Reporting and the Auditor's Considerations, is an FAQ setting-out a number of key questions and considerations that should be asked by preparers and auditors of financial statements*



*2. The AUASB website details resources available to auditors regarding the impact of COVID-19 on their assessment and reporting obligations*

The importance of our joint documents and ongoing website resources cannot be understated. As Standard-setters, the guidance we provide auditors and accountants impacts the confidence of investors in understanding the true financial position of public and private entities both during and after the COVID-19 pandemic, which has undoubtedly shifted those positions in a majority of industries.

As we face an economic future that, at the time of publication, looks to be uncertain, the AASB and AUASB will continue its commitment to providing a structure for assessing and reporting entity performances, with the aim of providing transparency and clarity in financial reports to the benefit of both retail and institutional investors, as well as foreign direct investors and trade partners.

While 2020 has presented us with an unprecedented challenge, we hold high hopes that in 2021 the economy and the people of Australia will be able to move forward in a positive and productive way.

# AASB CHAIR'S REVIEW

---

## OUR PERFORMANCE IN 2020



The Australian Accounting Standards Board (AASB) delivered on its strategic vision while, like the rest of the nation, adapting to remote working conditions due to the COVID-19 pandemic. We continued to engage with—and extract—valuable insights from key industry stakeholders, while achieving several important milestones.

### KEY MILESTONES

The Removal of Special Purpose Financial Statements (SPFS) by certain for-profit entities comes into effect on 1 July 2021. This has been an ongoing project discussed at length with Australian stakeholders and its concept has been reported on by industry publications. The purpose behind the removal was to create a simple, objective, consistent, comparable, transparent and enforceable financial reporting framework, due to SPFS lacking in each of these areas to date. This has been an area of concern not only for the AASB, but other regulators as well.

The AASB continued to work closely with the Auditing and Assurance Standards Board (AUASB). In 2020 we collaborated on two joint publications regarding the impact of COVID-19 on financial reporting and the auditor's considerations, as well as its impact on going concern and related assessments. The COVID-19 pandemic and its impact on reporting entities has meant that both the AASB and AUASB have had to adapt quickly to change, in order to provide appropriate guidance that will continue to instil confidence in the Australian economy during these unprecedented times.

## STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS

In the last year, the AASB has engaged with stakeholders across the country via roundtables, speaking engagements, and national, regional and international meetings. During the COVID-19 pandemic, we have championed the use of technology in order to maintain this engagement through the use of virtual meetings and webinars and our reach across the AASB network has continued to grow at a fast rate.

Our stakeholder outreach activities have made use of available communication channels, in order to maximise the reach of our messages and audience. Since this time last year, our Weekly Update newsletter database has grown from 2,000 to over 4,000 subscribers and our LinkedIn followers from 7,300 to more than 19,000 (and counting). Outside of these communication channels, we continue to build and leverage external communication portals, including industry publications as well as prominent news outlets such as the Australian Financial Review.

Our positive rapport with industry stakeholders has allowed us to broaden our brand reach through timely and topical news placements in CA ANZ and CPA Australia's newsletter databases, as well as their social media channels and members-only platforms.

We published 5 Research Reports, 1 Staff Paper, issued 9 Exposure Drafts, held 9 roundtables across Australia and hosted 6 webinars with almost 900 in attendance. We also had our biggest turnout to the annual AASB Research Forum, held at Monash University (Caulfield) and brought together over 120 attendees, including senior industry personnel, academics and a range of representatives from a variety of industry sectors. With preparations for the 2020 Research Forum underway, we have already planned ahead for the 2021 Research Forum with an Expressions of Interest release to ensure we continue to be front of mind for academics who we know have so much value and insight to provide the AASB.

Members of our staff also attended the 11th annual Asian-Oceanian Standard-Setters Group meeting, which was held in Goa, India, as well as the International Forum for Accounting Standard Setters Conference, and the World Standard-setters meeting in London.

## **NOT-FOR-PROFIT SECTOR**

The AASB continued its work for the not-for-profit (NFP) sector through a variety of projects and updates. We updated the Staff Paper, Modifications to Australian Accounting Standards for Not-for-Profit Entities, so stakeholders could better understand the extent and rationale of modifications made to Australian Accounting Standards for entities in the NFP private and public sectors.

We also published our 14th Research Report, titled Literature Review: Service Performance Reporting for Not-for-Profits, which reviewed both Australian and international literature surrounding service performance reporting for NFP entities. Under the Australian reporting framework, disclosure of service performance information is mostly unregulated for private NFP entities. Due to a general lack of emphasis on non-financial information in both Commonwealth and state legislation, the efficiency information being reported by NFP entities is insufficient to meet users' needs. For charities, stakeholders compare their overall objectives with the service performance information disclosures. Appropriate guidance is required for mandatory disclosures on how to link efficiency information to mission-related objectives or long-term goals.

New disclosure requirements for NFP private sector entities preparing SPFS were also proposed by the AASB, came into effect as of 30 June 2020. The quality of disclosures in a significant number of SPFS are not sufficient to enable a user to determine what additional information they might need, with research indicating that for 44% of medium and large charities lodging SPFS with the Australian Charities and Not-for-profits Commission (ACNC), it was unclear whether or not they complied with the recognition and measurement requirements in Australian Accounting Standards. These new disclosures will provide more transparency for SPFS available on public record.

## PEOPLE

We are pleased to announce that our Managing Director, Justin Williams, has extended his contract with the AASB and he will also simultaneously serve this role for the AUASB. We have also started the recruitment process for a new Technical Director, to replace Kala Kandiah who departed the AASB in March. We thank Kala for all the work she did and the technical team she helped build during her time in the role.

Of course, at the core of the AASB are the people we have on the ground who make things happen. During this trying time, our staff have adapted quickly to the situation and continue to operate just as effectively working from home, as they had in the office. I would like to thank them for their continued commitment to the AASB's work schedule and the trust and professionalism they have placed in one another.

## LOOKING TOWARD 2021

With the finalisation and implementation of the removal of SPFS for most for-profit entities, the AASB's technical agenda now shifts to developing the reporting and conceptual frameworks for the NFP sector as a matter of priority. This will involve significant outreach to—and engagement with—the stakeholder community to ensure that the sector is well-served in this regard.

Other specific projects that will be pursued include fair value measurement in the public sector, the International Accounting Standards Board's (IASB) review of impairment of goodwill, audit fee disclosures and minimum disclosures for entities continuing to produce SPFS.

Whilst the AASB has a proud history of stakeholder engagement, this will be enhanced further, with closer ties to be established with key groups. As well as the NFP sector, the AASB will seek to draw upon the talents in our universities through an expanded research program and schedule of events. This will reinforce the AASB's commitment to a principles-based standard-setting framework and position the AASB at the forefront of thought leadership in this area.

We will continue our involvement on the international scene not only through our relationship with the IASB and the International Public Sector Accounting Standards Board (IPSASB), but also with other national standard-setters and representative bodies. This will ensure that Australia's position continues to be incorporated into international standards, supporting the AASB's continued commitment to providing an accounting framework that supports the Australian economy.

Whilst the challenges of COVID-19 continue to be present, after we have seen our way through these circumstances, 2020-21 promises to be a productive year as we continue our work supporting the Australian economy.



## FINANCIAL RESULTS

The AASB has recognised a Total Comprehensive surplus of \$284,244 (2019: Loss of \$23,332) as a result of COVID-19 reducing travel costs substantially. Direct travel costs decreased to \$133,206 (2019: \$342,278).

As planned, our engagement of contractors continues to decrease. This year incurring expenses of \$248,492 (2018: \$484,162) (refer to Note 3A to the Financial Statements) and an associated increase in employee expenses.

Management fees received from the AUASB were \$537,542 (2019: \$767,761) as set out in our Memorandum of Understanding (MoU) (refer to Note 2A and 2B to the Financial Statements), less than the prior year as the National Director was not a shared resource in this financial year.

Human Resources (HR) costs increased during the year due to costs incurred for an HR project and the implementation of short-term on-site HR support.

Administration costs have increased due to the support being provided to enable staff to work from home and additional IT support costs incurred this year.

Professional Development costs have increased in the current year in alignment to the strategy of building a high performing team.

Note 11 to the Financial Statements provides further details of variances from the reported budget numbers.

## ACKNOWLEDGEMENTS

I would like to thank the staff for all of their support and commitment during these unique times. As a remote team, we have banded together and worked excellently given the circumstances, which has allowed the AASB to continue its work uninterrupted. I would also like to thank the previous Chair, Kris Peach, for her work not just during the last financial year, but her tenure as a whole.

Sincerely



Dr Keith Kendall  
Chair and CEO  
21 September 2020

# AASB ANNUAL PERFORMANCE STATEMENT 2019-20

---

I, Keith Kendall, as the accountable authority of the Australian Accounting Standards Board, present the 2019-20 annual performance statement of the Australian Accounting Standards Board, as required under paragraph 39(1)(a) of the *Public Governance Performance and Accountability Act 2013* (PGPA Act). In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act Entity Purpose.



## ENTITY PURPOSE

As set out in the Treasury Portfolio Budget Statements for 2019-20, the AASB's single outcome is to formulate and make accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions. The AASB's vision is to contribute to stakeholder confidence in the Australian economy, (including its capital markets) and in external reporting integral to financial reporting. Its mission and single program are:

- developing, issuing and maintaining accounting standards and guidance that meet user needs and enhance external reporting consistency and quality
- contributing to the development of a single set of accounting and external reporting standards for world-wide use.

Our purpose is to:

- make accounting standards under the Corporations Act 2001 for the purposes of the corporations legislation and for other purposes
- participate in and contribute to the development of a single set of accounting standards for world-wide use
- in a financial reporting context, enable Australian entities to compete effectively
- maintain investor confidence in the Australian economy, including its capital markets
- having regard to the interests of Australian corporations raising capital in major international financial centres.

The Chair's review sets out the contextual basis for progress made on achieving our strategies and purpose.

## THE AASB'S STANDARD SETTING PROCESS

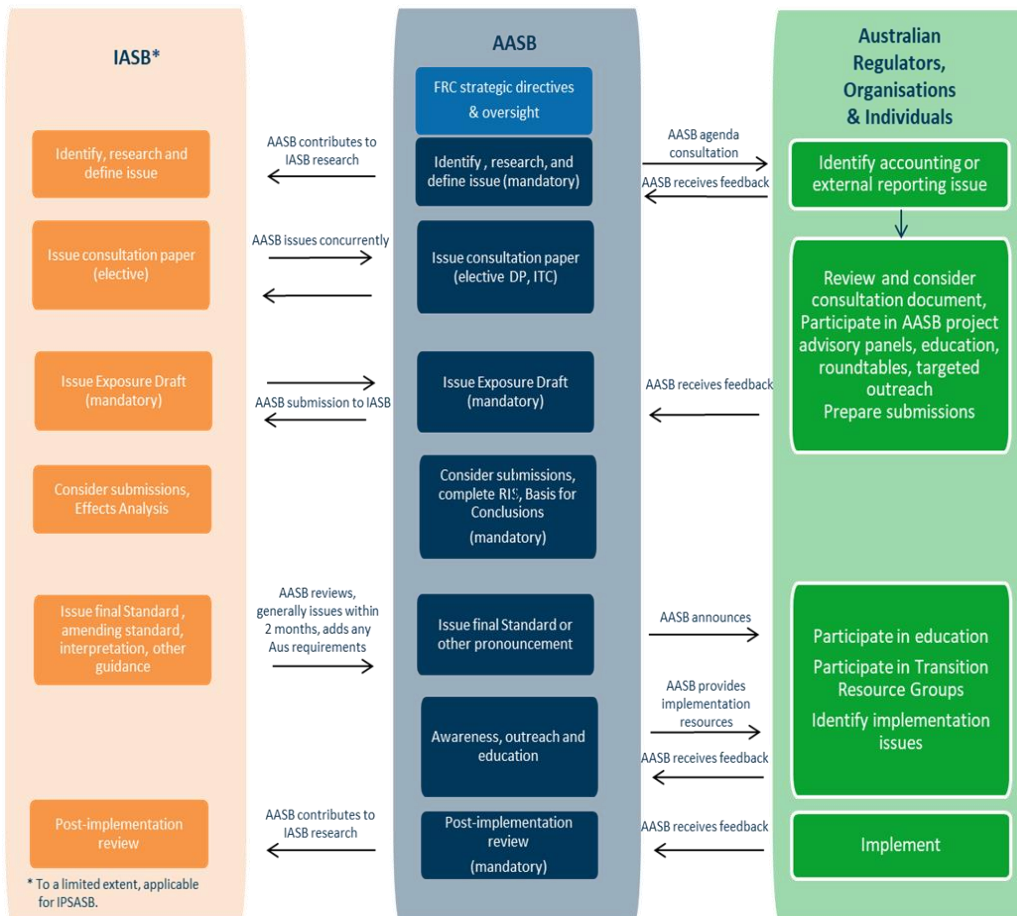
### Developing issuing and maintaining principles-based accounting standards

The AASB, in accordance with the FRC direction in 2002, has adopted IFRS accounting and external reporting standards as part of our strategy to facilitate confidence in the Australian economy.

Maintaining IFRS compliance for publicly accountable for-profit entities and using IFRS as a baseline for other entities, means that overseas investors understand our financial reporting and consistency helps reduce the costs incurred by our companies seeking to raise funds. In addition, using IFRS as a basis for other entities promotes professional mobility across the three sectors and also meets our objectives for improving comparability and user confidence in financial reporting.

The following diagram identifies the high-level interaction undertaken by the AASB in developing, issuing and maintaining Australian Accounting Standards.

### AASB Due Process Framework for Setting Standards








Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2019-20

The principles that underpin the standard-setting process, those of identifying issues, researching, consulting, and considering feedback, enable us to develop, issue and maintain principle-based accounting standards that meet user's needs and facilitate confidence in the Australian economy.


## 2019-20 AASB ACTIVITIES AND RELATED KEY PERFORMANCE INDICATORS



The tables below identify the activities the AASB identified in its Corporate Plan and Parliamentary Budget Statement (PBS) as contributing to the seven strategies above, for the 2019-20 reporting period. These tables also indicate whether or not the activities were achieved and, if not, why not.





Status Symbol									
	Completed		Tracking well		Tracking slowly but no major issues		Delayed and/or major issues		Not yet started

### AASB activities mapped to strategies and KPIs for measuring success

#### 1 - PERFORMANCE ACTIVITY FOCUS: BRAND/REPUTATION



Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<b>Strategy 2</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 3</i>	Define appropriate reporting frameworks for each of the three sectors - for-profit (e.g., listed and large proprietary companies), not-for-profit (e.g. charities) and public sector	<ul style="list-style-type: none"> <li>For-profit private sector financial reporting framework defined and completed by 30/6/2020</li> </ul>		<ul style="list-style-type: none"> <li>AASB issued in March 2020 AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities &amp; AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2</i> effective from 1 July 2021 for both Standards.</li> <li>At the April 2020 Board meeting, the Board approved to issue an Exposure draft proposing that certain FP entities preparing SPFS will be required to make disclosures in their FS about their compliance with the R&amp;M requirements in AAS.</li> </ul>



Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
		<ul style="list-style-type: none"> <li>Appropriate framework for not-for-profit private and public sector defined and other regulator (e.g. ACNC) sponsorship obtained by 30/6/2021</li> </ul>		<p><i>Not for profit private sector (e.g. charities and other NFPs)</i></p> <ul style="list-style-type: none"> <li>NFP Framework project delayed due to resourcing issues.</li> <li>Board approved project plan for financial reporting framework for NFP private sector entities in November 2019.</li> <li>Targeted consultations currently planned for June/July 2020 (6 months delay to original project plan)</li> <li>Project plan for NFP Conceptual Framework provided to Board at June 2020 Board meeting.</li> </ul>
				<p><i>Public sector framework</i></p> <ul style="list-style-type: none"> <li>Board approved project plans for public sector at November meeting 2019.</li> <li>Template and updated project plan endorsed by FRC at its March meeting.</li> </ul> <p><i>Disclosure in SPFS on compliance with R&amp;M for NFP</i></p> <ul style="list-style-type: none"> <li>Standard 2019-4 Disclosure in Special Purpose Financial Statements of Compliance with Recognition and Measurement Requirements issued in November 2019 requiring disclosure on compliance with recognition and measurement requirements in SPFS of certain NFP entities.</li> </ul> <p><i>NFP Definition:</i></p> <ul style="list-style-type: none"> <li>The Board decided to proceed with ED 291 Not-for-Profit Entity Definition and Guidance and replace the current definition of NFP entity. The Board will consider revised implementation guidance and illustrative examples at future Board meetings.</li> </ul>

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<p><b>Strategy 1,5,6,8</b>  <i>PBS Outcome 1</i>  <i>Program 1</i>  <i>Deliverables 1,2,4,7,8</i>  <i>KPIs 1, 2</i></p>	<p>Agree on 3-year program of work and deliver</p> <ul style="list-style-type: none"> <li>Maintain IFRS and New Zealand compliance for for-profit Private sector “publicly accountable” entities</li> <li>Tailor IFRS appropriately for other sectors, including developing Australian specific guidance</li> <li>Develop guidance on external reporting integral to financial reporting</li> <li>Develop guidance on emerging issues related to financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>Annual program of standards issued, delivered to plan agreed with the Board</li> <li>IASB equivalent Standards issued within two months of the release of the IFRS for for-profit entities</li> <li>IFRS and NZ compliance maintained for the for-profit private sector “publicly accountable” entities</li> <li>Feedback from NFP sector positive regarding the appropriateness of the IFRS tailoring</li> </ul>	<p style="text-align: center;">        </p>	<p><i>Annual program of standards</i></p> <ul style="list-style-type: none"> <li>NFP Framework, management commentary and remuneration reporting projects planned hours for Q1 2020 not met and off track due to prioritising emerging issues.</li> <li>IPSASB Benchmarking and Insurance in public sector also off track due to prioritising emerging issues.</li> <li>All other projects/standards either tracking well or slowly but no major issues.</li> <li>AASB 2019-6 <i>Amendments to Australian Accounting Standards Research Grants and Not-For-Profit Entities</i> issued in December 2019 for NFP entities with December year-end reporting period provides option to defer for 6 months AASB 1058 for research grants received by an NFP entity.</li> <li>AASB 2019-7 issued in December 2019, amending AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> to enable optional rather than mandatory quantitative reconciliation of GAAP and GFS – responding to public sector issues with reconciling AASB 16 and GFS treatments of leases.</li> <li>AASB 2019-8 <i>Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases</i> issued in December 2019 extending relief from concessionary lease recognition to public sector.</li> </ul> <p><i>IFRS compliance maintained:</i></p> <ul style="list-style-type: none"> <li>AASB 2019-5 <i>Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia</i> issued in November 2019 to ensure compliance with IFRS.</li> </ul>


Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
				<p><i>Australia-equivalent IASB Standards issued within 2 months</i></p> <p>The AASB issued the Australian-equivalent:</p> <ul style="list-style-type: none"> <li>• Amendments to IFRS 9, IAS 39 and IFRS 7 – <i>Interest Rate Benchmark Reform</i> in October 2019 (AASB 2019-3); and</li> <li>• Classification of Liabilities as Current or Non-current (Amendments to IAS 1) in March 2020 (AASB 2020-1).</li> </ul> <p><i>Maintain NZ compliance</i></p> <ul style="list-style-type: none"> <li>• ED 291 <i>Not-for-Profit Entity Definition and Guidance</i> proposing to replace the current definition of an NFP entity is based on the NZ definition and guidance for Public Benefit Entity (PBE).</li> <li>• New simplified disclosures standard AASB 1060 issued in March 2020 results in a divergence from the New Zealand RDR Framework (Tier 2). However, the R&amp;M requirements for entities applying the Tier 2 reporting frameworks remains consistent and with the many Australian entities not complying with full R&amp;M requirements, the overall outcome is likely to be more consistent with NZ requirements than currently is. This does not affect publicly accountable entities.</li> <li>• The AASB agreed to work with the NZ XRB on a joint project addressing issues regarding audit fee disclosures.</li> </ul> <p><i>Feedback from NFP Sector – IFRS Tailoring</i></p> <ul style="list-style-type: none"> <li>• ACNC provided feedback on ED 293 indicating that they are supportive of increased transparency of financial reporting in the NFP sector (2019-4).</li> </ul>



Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<b>Strategy 3</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 5,6</i> <i>KPIs</i>	Enhance profile domestically and internationally			<ul style="list-style-type: none"> <li>• FRC approved the AASB International strategy in November 2019</li> <li>• AASB &amp; AUASB Climate change bulletin published in December 2018 has been replicated and issued by IASB</li> <li>• Positive feedback received from domestic stakeholders on AASB-AUASB joint publication on Coronavirus (see below).</li> </ul>
	Maintain and enhance key international relationships with IASB, IPSASB, NZASB, AOSSG, International Financial Reporting for NPOs	<ul style="list-style-type: none"> <li>• Be seen as experts as measured by stakeholder feedback, IASB and IPSASB feedback</li> </ul>		<p><i>Demonstrated by:</i></p> <ul style="list-style-type: none"> <li>• IASB climate-related disclosures “inspired” by AASB and AUASB bulletin mentioned above.</li> <li>• AASB Technical Principal is the Technical advisor for IPSASB, AASB Deputy Chair Mike Blake currently Deputy Chair of the IPSASB.</li> <li>• AASB Technical Director part of panel discussion on Extractive Activities in October 2019 at International Forum of Accounting Standard Setters in London.</li> <li>• AASB Technical Director is a member of the Technical Advisory Group for developing international financial reporting standards for not-for-profit organizations (IFRS4NPO).</li> <li>• AASB-AUASB joint publication on Coronavirus (see below) mentioned by IAASB and Europe, inspiring them to prepare own version.</li> <li>• AASB Acting Technical Director invited on panel discussion on Coronavirus impact on reporting by CAANZ</li> <li>• AASB Acting Technical Director provided feedback on IBOR Phase 2 proposals on behalf of AOSSG to ASAF at its April meeting.</li> </ul>


Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
		<ul style="list-style-type: none"> <li>Two thought leadership pieces completed per annum and presented internationally</li> </ul>		<p><i>IASB</i></p> <ul style="list-style-type: none"> <li>The AASB Chair and Staff presented to the IASB directly in a rarely offered opportunity on proposed ED 295 Simplified Disclosure Standard (now AASB 1060) at the December 2019 IASB Meeting in London which is related to IASB project Subsidiaries that are SMEs.</li> <li>The IASB Discussions Paper Business Combinations – Disclosures, Goodwill and Impairment discusses AASB Research Report 9 Perspectives on IAS 36, with the IASB holding similar views to the recommendations of the report.</li> </ul> <p><i>AOSSG</i></p> <ul style="list-style-type: none"> <li>The AASB Presented on financial instruments at 2019 AOSSG annual meeting as the financial instruments working group leader.</li> <li>Developed and presented proposed updated AOSSG strategy/vision statement, reflecting the AOSSG has an established international position and focusing on improving the standard-setting and financial reporting capacity of the region, as well as influencing the IASB and other stakeholders.</li> </ul>
<p><b>Strategy 4,8</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 1,2</i> <i>KPIs</i> <i>5,6,7,13,14</i></p>	<ul style="list-style-type: none"> <li>Due process followed to ensure the quality of standard-setting:</li> <li>Evidence-informed approach to standard setting activities supports need for regulation and proposed solution</li> <li>appropriate consultation in accordance with the due process framework</li> </ul>	<ul style="list-style-type: none"> <li>Due process followed for all significant projects</li> </ul>		<p><i>Due Process Framework</i></p> <ul style="list-style-type: none"> <li>The AASB's Due Process Framework for Setting Standards approved by FRC at the November 2019 meeting.</li> <li>AASB approved standards in accordance with its due process: <ul style="list-style-type: none"> <li>AASB 2019-4</li> <li>AASB 2019-5</li> <li>AASB 2019-6</li> </ul> </li> </ul>

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
	<ul style="list-style-type: none"> <li>preparation of regulatory impact statement assessing costs and benefits</li> </ul>			<ul style="list-style-type: none"> <li>AASB 2019-7</li> <li>AASB 2019-8</li> <li>AASB 2020-1</li> <li>AASB 2020-2</li> <li>AASB 1060</li> </ul>
		Positive feedback from the FRC and the stakeholders	G	<p><i>Financial Reporting Council</i></p> <ul style="list-style-type: none"> <li>FRC approved Due process, Corporate Plan 2019-2020, Education Strategy, Evidence-informed strategy and International Strategy in November 2019.</li> <li>No negative feedback in response to due process from FRC.</li> </ul> <p><i>Feedback from stakeholders</i></p> <ul style="list-style-type: none"> <li>Feedback indicated that the proposed effective date for AASB 2020-2 and AASB 1060 would not provide adequate time to prepare for implementation. The AASB therefore extended the effective date by 1 year.</li> </ul> <p><i>Australian Taxation Office</i></p> <ul style="list-style-type: none"> <li>The AASB received positive feedback from ATO and some users regarding the due process followed for replacing Tier 2 supporting the proposals.</li> </ul>
			G	<p><i>Evidence-Informed Standard Setting Framework</i></p> <ul style="list-style-type: none"> <li>At the September 2019 AASB Board meeting, the board approved the AASB's <a href="#">Evidence-Informed Standard-Setting Framework</a> and is available on AASB's website.</li> <li>Ensures the AASB takes an evidence-informed approach, as seen by using the below Research Reports to help inform the Board on decisions.</li> </ul>

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
				<p><i>Research Reports providing evidence in the removal of SPFS</i></p> <p>The following reports provided evidence for the AASB in determining the issues with SPFS and ultimately leading to the removal of SPFS for certain entities:</p> <ul style="list-style-type: none"> <li>• Research Report 12 <i>Financial Reporting Practices of For-Profit Entities Lodging Special Purpose Financial Statements</i> (August 2019)</li> <li>• Research Report 11 <i>Review of Special Purpose Financial Statements: Large and Medium-Sized Australian Charities</i> (August 2019).</li> <li>• Research Report 10 <i>Legislative and Regulatory Financial Reporting Requirements</i> (Updated August 2019)</li> </ul> <p><i>Other Research Reports</i></p> <p>Research Report 14 <i>Literature Review: Service Performance Reporting for Not-for-Profits</i> (February 2020)</p> <ul style="list-style-type: none"> <li>• Reviews both the Australian and international literatures for service performance reporting NFPs to support the AASB's Management Commentary and Service Performance Reporting project.</li> </ul> <p>Research Report 13 <i>Parent, Subsidiary and Group Financial Reporting</i> (October 2019)</p> <ul style="list-style-type: none"> <li>• Concludes current financial reporting requirements applicable to for-profit parent/subsidiary structures do not warrant change at this time, however additional disclosures are required and will be advised to the IASB as part of post implementation review of AASB 12 separately</li> </ul>

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
				<p><i>Remuneration Reporting and Management Commentary</i></p> <ul style="list-style-type: none"> <li>Benchmarking reports planned to provide evidence in issues and solutions for respective projects, expecting to progress.</li> </ul> <p><i>Regulatory Impact Statement</i></p> <ul style="list-style-type: none"> <li>RIS process to analyse the costs and benefits for AASB 2020-2 and AASB 1060 (see above) completed and approved by Treasury in Q1 2020.</li> </ul>
<p><b>Strategy 1,3,4</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 1,2</i></p>	<ul style="list-style-type: none"> <li>Post-implementation reviews conducted (PIR) for all significant projects to assess quality of standard-setting</li> </ul>	<ul style="list-style-type: none"> <li>No significant changes needed</li> <li>PIR feedback is acted upon</li> <li>No evidence not contributing to the confidence in the economy.</li> <li>Feedback from ASIC, APRA, ACNC surveillance reviews does not indicate loss of confidence due to accounting standard issues</li> <li>No significant decline in relevance of financial statements in the capital market</li> </ul>	<p>NS</p> <p>G</p> <p>G</p> <p>G</p>	<p><i>PIR</i></p> <ul style="list-style-type: none"> <li>None as yet for this period</li> </ul> <p><i>Confidence in the economy</i></p> <ul style="list-style-type: none"> <li>No indication of non-contribution to confidence in the economy</li> </ul> <p><i>Surveillance reviews</i></p> <ul style="list-style-type: none"> <li>ASIC's review of 30 June 2019 reports indicated 4% of material restatements. The report stated focus is needed on impairment of non-financial assets, AASB Research Report 9 discusses IAS 36 Impairment of Assets.</li> </ul> <p><i>No significant decline in relevance of FS in capital markets</i></p> <ul style="list-style-type: none"> <li>The research report by Stephen Taylor How informative are Australian firms' earnings indicates that there was no shift in pricing of shares due to standards issued previously</li> </ul>
<p><b>Strategy 7</b> <i>PBS Outcome 1</i> <i>Program 1</i></p>	<ul style="list-style-type: none"> <li>Improve consistency of implementation:</li> <li>Educate stakeholders on the AASB standards, support</li> </ul>	<ul style="list-style-type: none"> <li>Education initiatives, such as webinars, providing appropriate educational materials to key stakeholders for all significant projects</li> </ul>	<p>G</p>	<p><i>Education Strategy</i></p> <ul style="list-style-type: none"> <li><a href="#">Education Strategy</a> approved by FRC at the November 2019 meeting.</li> </ul>

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<p><i>Deliverables 10,11</i></p>	<p>materials available, including why standards introduced</p> <ul style="list-style-type: none"> <li>Support and encourage high quality teaching of the Australian financial reporting framework and standards at Australian educational institution</li> </ul>			<p><i>Webinars</i></p> <p>All webinars are used as both a means to educate stakeholders, as well as a tool to receive feedback.</p> <ul style="list-style-type: none"> <li>ED 293 Amendments to AASB 1054 – 132 attendees in July 2019</li> <li>ED 291 NFP definition and guidance – 158 attendees in August 2019.</li> <li>ED 295 Simplified Disclosures for Tier 2 entities – 167 attendees in November 2019.</li> <li>ED 297 Removal of SPFS – 147 attendees in November 2019.</li> <li>Accounting for Research Grants – 174 attendees in December 2019.</li> <li>General Presentation and Disclosures (with IASB) – 133 attendees in March 2020.</li> </ul> <p><i>Roundtable events</i></p> <ul style="list-style-type: none"> <li>AASB hosted a series of roundtables across 5 cities for the for-profit and not-for-profit sectors regarding ED 297 and ED 295 in order to educate and receive feedback from stakeholders in October 2019.</li> <li>The sessions were also attended by representatives of Treasury, ATO, ASIC and ACNC.</li> </ul> <p><i>Other educational initiatives</i></p> <ul style="list-style-type: none"> <li>'7-key facts' was prepared and provided to the public by the AASB, highlighting the key points for ED's 293, AASB 2020 and AASB 1060 to help stakeholders understand the ED and the standards.</li> <li>Education plan consisting of webinar, podcasts and targeted education materials (booklets) for AASB 1060 and AASB 2020-2 in progress.</li> </ul>



Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
				<ul style="list-style-type: none"> <li>The Board decided at the April 2020 Board meeting to issue additional educational material addressing the impact of COVID-19 in certain areas.</li> <li>Staff paper updated reflecting the extent and rationale of modifications made to Australian Accounting Standards in the NFP and Public sector.</li> </ul> <p><i>AASB Updates</i></p> <ul style="list-style-type: none"> <li>AASB Staff presented a general AASB Update at the CPA Congress at multiple locations in November 2019.</li> </ul>
		<ul style="list-style-type: none"> <li>FAQs, illustrative examples, staff publications developed on significant interpretive issues</li> </ul>		<p><i>FAQ</i></p> <ul style="list-style-type: none"> <li>In March 2020 the AASB and AUASB released a joint FAQ on the <i>Impact of Coronavirus on Financial Reporting and the Auditor's Considerations</i> to provide guidance on some of the issues financial report preparers and auditors should consider</li> <li>FAQs on AASB 15 <i>Revenue from Contracts with Customers</i>, AASB 1058 <i>Income of Not-for-Profit Entities</i> and AASB 16 <i>Leases</i> was updated to clarify Chart 3 – Research Findings analysis of how paragraph 35(a) of AASB 15 applies, and by adding new examples to assess whether a transfer of goods or services occurs under research grants.</li> <li>FAQs further updated in February 2020.</li> </ul> <p><i>Illustrative Examples</i></p> <ul style="list-style-type: none"> <li>AASB 2019-6 issued in December 2019 includes amendments to illustrative examples 4A and 4B accompanying AASB 15 <i>Revenue from Contracts with Customers</i> to clarify the analysis of how paragraph 35(a) of AASB 15 applies.</li> </ul>

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
				<ul style="list-style-type: none"> <li>Illustrative examples and implementation guidance included in AASB 2019-4</li> </ul> <p><i>Staff Publications</i></p> <ul style="list-style-type: none"> <li>The AASB and AUASB released a joint publication in May 2020 on the Impact of COVID-19 on Going Concern and Related Assessments which provides an overview of directors' and management's duties in respect of assessing the solvency and going concern. The publication also provides an overview of an auditor's obligations in relation to going concern and directors' declarations of solvency.</li> </ul>
		<ul style="list-style-type: none"> <li>Feedback from ASIC, APRA, ACNC surveillance reviews indicates no significant interpretive issues impacting the consistency of implementation</li> </ul>	G	<ul style="list-style-type: none"> <li>AASB addresses research grant issues through amendment to standard and FAQs</li> <li>ASIC Surveillance review mentioned above.</li> </ul>
		<ul style="list-style-type: none"> <li>Positive stakeholder feedback on 7education initiatives</li> </ul>	G	<ul style="list-style-type: none"> <li>Positive feedback received from domestic stakeholders on AASB-AUASB joint FAQ on Coronavirus released in March 2020</li> </ul> <p>After the October roundtables on ED 295 and ED 297, surveys were completed by participants:</p> <ul style="list-style-type: none"> <li>How valuable did you find this event? <ul style="list-style-type: none"> <li>FP participants = 4.6/5</li> <li>NFP participants = 4.2/5</li> </ul> </li> <li>How helpful was the presentation? <ul style="list-style-type: none"> <li>FP participants = 4.3/5</li> <li>NFP participants = 4.4/5</li> </ul> </li> <li>How did you find the length of the event? <ul style="list-style-type: none"> <li>FP participants = 100% just right</li> <li>NFP participants = 90% just right, 5% too short and 5% too long</li> </ul> </li> </ul>







Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
				<p>3 common questions were asked to participants for 4/5 of the webinars this financial year:</p> <ul style="list-style-type: none"> <li>• How was the quality? <ul style="list-style-type: none"> <li>○ Excellent = 37%</li> <li>○ Good = 52%</li> <li>○ Average = 9%</li> <li>○ Poor = 2%</li> </ul> </li> <li>• How helpful was the content? <ul style="list-style-type: none"> <li>○ Very helpful = 19%</li> <li>○ Helpful = 75%</li> <li>○ Not helpful = 6%</li> </ul> </li> <li>• Did the presenters meet your expectations? <ul style="list-style-type: none"> <li>○ Yes = 93%; No = 7%</li> </ul> </li> </ul>



## 2 - PERFORMANCE ACTIVITY FOCUS: STAKEHOLDER ENGAGEMENT


Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<b>Strategy 4</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 12,13</i> <i>KPIs 3,5</i>	<ul style="list-style-type: none"> <li>Enhance stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>Key stakeholders identified by 30 June 2020 and planned program of engagement executed as planned</li> <li>Improving Net Promoter Score</li> <li>Positive stakeholder feedback on the consultation process</li> <li>Increase in engagement results (newsletter, website, LinkedIn, Twitter, webinar, outreach numbers)</li> </ul>		<p><i>Key stakeholders identified</i></p> <ul style="list-style-type: none"> <li>Consideration of stakeholders and how to engage with them is part of long-term project plans for significant projects</li> </ul> <p><i>Stakeholder Survey</i></p> <ul style="list-style-type: none"> <li>Stakeholder Survey results received in October 2019 enabling AASB to benchmark stakeholder engagement going forward.</li> </ul> <p><i>Stakeholder Engagement Improvement</i></p> <ul style="list-style-type: none"> <li>Number of AASB newsletter subscribers increased by 113.48% over the twelve months to April 2020.</li> <li>Number of LinkedIn main page followers increased by 151.18% over the twelve months to April 2020.</li> <li>Number of twitter followers increased by 11.31% over the twelve months to April 2020.</li> </ul>
<b>Strategy 4</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 15</i> <i>KPIs 5</i>	<ul style="list-style-type: none"> <li>Conduct Agenda consultations to determine projects and priorities</li> </ul>	<ul style="list-style-type: none"> <li>Agenda consultation conducted every 3-5 years</li> </ul>		<ul style="list-style-type: none"> <li>Not yet started due to awaiting IASB agenda consultation that has been delayed as a result of COVID-19.</li> <li>IASB expecting to release request for information in H1 2021 for IASB agenda consultation</li> </ul>

### 3 - PERFORMANCE ACTIVITY FOCUS: PEOPLE & CULTURE



Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<b>Strategy 8,</b> <i>supporting Strategies 1-7</i> <i>PBS Outcome 1</i> <i>Program 1</i>	Develop and implement People and Culture (P&C) strategy to develop high performing team	<ul style="list-style-type: none"> <li>Employee survey - improving Net Promoter Score, "the place to be", employee engagement</li> <li>High performance team as measured by Board and stakeholder feedback on delivery of program and all other measures of success</li> </ul>		<ul style="list-style-type: none"> <li>Ongoing process</li> <li>Have recognised and celebrated employees who have successfully completed probationary period</li> <li>Team Building event undertaken on 7 March 2020, excellent event and participation by majority of AASB staff</li> <li>Decision to instigate working from home taken on 16th March 2020, with all AASB Staff working from home since 17 March 2020</li> <li>High Team morale existing currently whilst Working from Home</li> </ul>
	New starter processes improved to support flexible subject matter expert involvement	<ul style="list-style-type: none"> <li>New team members embedded successfully within six months by 30 June 2020 as measured by internal and external stakeholders' feedback</li> </ul>		<ul style="list-style-type: none"> <li>Staff are currently preparing an onboarding manual which aims to improve the new starter process. The onboarding manual is a working document which has insights and information regarding processes that take place at the AASB.</li> </ul>
	Understand current capability (talent mapping)	<ul style="list-style-type: none"> <li>Ability to timely identify when/where to buy or borrow capability by 30 June 2020</li> </ul>		<ul style="list-style-type: none"> <li>Ongoing process</li> </ul>
	Resource planning to develop skills and allocate them appropriately	<ul style="list-style-type: none"> <li>KPIs for all employees</li> <li>Leveraging diversity of skills and people as measured by employee and Board feedback and delivering an agreed program of work</li> <li>Retain core group of technical experts and leaders</li> <li>Fair allocation of workload measured by employee and Board feedback</li> </ul>		<ul style="list-style-type: none"> <li>Skills mapping process to be run across AASB</li> <li>Utilisation rate of all employees to be examined and time sheeting currently being piloted to determine the suitability for developing utilisation and workload allocation modelling</li> <li>Timesheets showing high utilisation of employees</li> </ul>



## 4 - PERFORMANCE ACTIVITY FOCUS: TECHNOLOGY

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<b>Strategy 8,</b> <i>supporting Strategies 1-7</i> <b>PBS Outcome 1</b> <i>Program 1</i>	Develop and implement an IT strategy that enables flexible, seamless working via cloud	<ul style="list-style-type: none"> <li>Independent of Productivity Commission hardware by 30 June 2021</li> <li>IT supports flexible work including remote locations measured by employee satisfaction</li> </ul>		<ul style="list-style-type: none"> <li>July 2019: Office 365 implemented for Email and file share (OneDrive) to enable remote working</li> <li>November 2019: Technology and Site inspection of NZ XRB</li> <li>December 2019: <ul style="list-style-type: none"> <li>Quote received from CCSSC for Payroll and Finance migration – ongoing cost of ownership significantly greater than current expenditure</li> <li>Discussion with external specialist on SharePoint implementation</li> </ul> </li> <li>Since Working from home, new technology platforms trialled, tested and implemented</li> <li>AASB hosted two virtual roundtable sessions using Zoom for ED 298. An IASB member and staff participated on the presentation from a separate location than all working from home based AASB Staff</li> <li>All AASB staff provided with additional 4G device to ensure working remotely possible even when local broadband is congested</li> </ul>
<b>Strategy 4,8</b> <i>PBS Outcome 1</i> <i>Program 1</i>	Customer relationship management tool selected and implemented	<ul style="list-style-type: none"> <li>Appropriate CRM tool selected and implemented by 30 June 2020</li> </ul>		<ul style="list-style-type: none"> <li>Stakeholder Database cleanse completed</li> <li>Quotation received for development of database structure that can be implemented within the Office365 application suite. CRM tool to be completed for testing before the June Board meeting.</li> </ul>




Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<b>Strategy 4,8</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 12</i> <i>KPIs 5</i>	Website redesigned to improve stakeholder experience and engagement	<ul style="list-style-type: none"> <li>Obtain funding to improve website by 30 June 2020</li> <li>Website experience improved as measured by stakeholder feedback</li> </ul>		<ul style="list-style-type: none"> <li>Urgent Maintenance project underway to replace CMS, expected to be complete prior to financial year end.</li> </ul>

## 5 - PERFORMANCE ACTIVITY FOCUS: OPERATIONAL & BUSINESS EXCELLENCE

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<b>Strategy 8,</b> <i>supporting</i> <i>Strategies 1-7</i> <i>PBS Outcome 1</i> <i>Program 1</i>	Develop strategy supporting operational excellence and regulatory compliance	<ul style="list-style-type: none"> <li>Strategy created and implemented by 30 June 2020</li> <li>Complied with regulatory obligations</li> </ul>		<ul style="list-style-type: none"> <li>September 2019: Unconditional Audit Opinion conferred by Auditor (FY 2018/19)</li> <li>October 2019: Corporate Plan approved by Board</li> <li>November 2019: FRC Approved Corporate Plan</li> <li>Continuous Compliance tasks completed by appropriate deadline date</li> <li>No breaches regulatory obligations unidentified</li> </ul>
	Key processes and standards documented	<ul style="list-style-type: none"> <li>Processes and standards identified, created and communicated by 30 June 2021</li> </ul>		<ul style="list-style-type: none"> <li>HR Operational Policies externally validated by HR Professional and implemented</li> <li>Technical team internal on-boarding manual documenting key process and continuously updated</li> <li>FP and NFP standard setting frameworks, Due process document and corporate plan externally issued and on public website</li> <li>All Finance procedures and policies are documented and updated at least annually</li> <li>Tasks due dates and responsibility documented in Asana project management software</li> <li>FMCS used to manage compliance tasks</li> </ul>

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
	Knowledge and information sharing support flexible subject matter expert involvement	<ul style="list-style-type: none"> <li>Knowledge sharing forums created by 30 June 2020</li> <li>Key knowledge imparted across teams within six months of joining</li> </ul>		<ul style="list-style-type: none"> <li>Staff participate in monthly lunch and learn sessions to share knowledge from matter expert</li> </ul>
	Continuous improvement of operational processes to achieve planned outcomes	<ul style="list-style-type: none"> <li>Continuous improvement schedule created and embedded to enable acting upon by 30 June 2020</li> </ul>		<ul style="list-style-type: none"> <li>September 2019: Managing Director engaged</li> <li>October 2019: Examination of operational areas including Policy and workflow</li> <li>November 2019: <ul style="list-style-type: none"> <li>HR, IT and Technical Work program areas to be focused on first</li> <li>Portfolio (Program) team implemented to improve technical project management and resource allocation</li> </ul> </li> <li>December 2019: Operational (HR) Policies implemented</li> <li>March 2020: Remuneration Strategy session including annual performance review process presented to and shared with all staff.</li> <li>Working from home has focused AASB on ensuring critical operational tasks and processes can be sustained remotely.</li> <li>Core operational tasks being monitored and improved to ensure no slippage in internal and external service delivery</li> </ul>

## 6 - PERFORMANCE ACTIVITY FOCUS: PROGRAM & PROJECT MANAGEMENT

Link to strategy (Impact)	What do we need to do? (Objectives)	(Measures of success outputs & outcomes)	Status	Comments
<b>Strategy 8,</b> <i>supporting Strategies 1-7</i> <i>PBS Outcome 1</i> <i>Program 1</i>	Develop a strategy to improve program and project management	<ul style="list-style-type: none"> <li>Create and implement the strategy by 30 June 2020</li> </ul>		<ul style="list-style-type: none"> <li>Fortnightly Portfolio Team meetings scheduled to examine workflow, resourcing, and prioritisation of projects.</li> <li>Continuous review process implemented to assess completion of projects (on target, off target) as well as reviewing effort required to complete.</li> <li>Time sheeting process being used to refine new project plans (work effort required) as well as ensuring work-life balance is maintained</li> </ul>
	Identify and establish frameworks and processes to allocate resources appropriately, establish and monitor accountabilities	<ul style="list-style-type: none"> <li>Project management processes and frameworks identified, created and embedded by 30 June 2021</li> <li>Communicated processes and frameworks so team members are clear and deliver on expectations</li> <li>Work-life balance in completing projects as measured by employee feedback</li> </ul>		
	Allocate resources efficiently and effectively	<ul style="list-style-type: none"> <li>Deliver agreed program of work as planned</li> </ul>		

## OUTPUTS

The AASB's standards, exposure drafts and other research reports are listed in the tables below.

Standards	
AASB 2019-2	<i>Amendments to Australian Accounting Standards - Implementation of AASB 1059</i> (October 2019)
AASB 2019-3	<i>Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform</i> (October 2019)
AASB 2019-4	<i>Amendments to Australian Accounting Standards - Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements</i> (November 2019)
AASB 2019-5	<i>Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia</i> (November 2019)
AASB 2019-6	<i>Amendments to Australian Accounting Standards - Research Grants and Not-for-Profit Entities</i> (December 2019)
AASB 2019-7	<i>Amendments to Australian Accounting Standards - Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations</i> (December 2019)
AASB 2019-8	<i>Amendments to Australian Accounting Standards - Class of Right-of-Use Assets arising under Concessionary Leases</i> (December 2019)
AASB 1060	<i>General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> (March 2020)
AASB 2020-1	<i>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current</i> (March 2020)
AASB 2020-2	<i>Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> (March 2020)
AASB 2020-3	<i>Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments</i> (June 2020)
AASB 2020-4	<i>Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions</i> (June 2020)



#### Exposure Drafts

ED 292	<i>Amendments to AASB 17 (July 2019)</i>
ED 293	<i>Amendments to Australian Accounting Standards - Disclosure in Special Purpose Financial Statements of Compliance with Recognition and Measurement Requirements (July 2019)</i>
ED 294	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Proposed amendments to AASB 112 (July 2019)</i>
ED 295	<i>General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (August 2019)</i>
ED 296	<i>Disclosure of Accounting Policies (August 2019)</i>
ED 297	<i>Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities (August 2019)</i>
ED 298	<i>General Presentation and Disclosures (January 2020)</i>
ED 299	<i>Interest Rate Benchmark Reform – Phase 2 (April 2020)</i>
ED 300	<i>COVID-19 Related Rent Concession (May 2020)</i>
ED 301	<i>Classification of Liabilities as Current or Non-Current – Deferral of Effective Date (May 2020)</i>
ED 302	<i>Amendments to Australian Accounting Standards - Disclosures in Special Purpose Financial Statements of Certain For-Profit Private Sector Entities (June 2020)</i>

#### Invitations to Comment

ITC 41	<i>The AASB's Approach to International Public Sector Accounting Standards (August 2019)</i>
--------	--

#### Research Reports

No. 11	<i>Review of Special Purpose Financial Statements: Large and Medium-sized Australian Charities (August 2019)</i>
No. 12	<i>Financial Reporting Practices of For-Profit Entities Lodging SPFSs (August 2019)</i>
No. 13	<i>Parent, Subsidiary and Group Financial Reporting (October 2019)</i>
No. 14	<i>A Literature Review of Service Performance Reporting for Private Not-For-Profits (March 2020)</i>

AASB Authoritative Pronouncements can be accessed via [www.aasb.gov.au/Pronouncements.aspx](http://www.aasb.gov.au/Pronouncements.aspx).

The Standard-setting and Research Centre Work Programs can be accessed via [www.aasb.gov.au/Work-In-Progress/AASB-Work-Program.aspx](http://www.aasb.gov.au/Work-In-Progress/AASB-Work-Program.aspx).

# AUASB CHAIR'S REVIEW

---

## OUR PERFORMANCE IN 2020



The Auditing and Assurance Standards Board (AUASB) delivered on its strategic vision, while like the rest of the nation, adapting to remote working conditions due to the COVID-19 pandemic. We continued to engage with—and extract—valuable insights from key industry stakeholders, while achieving several important milestones.

### KEY MILESTONES

Over the course of the last financial year, the AUASB achieved several key milestones in both standard-setting activities and thought leadership. Of particular note has been the building of our influence and impact on international standard-setting areas, as well as responding appropriately to the audit quality challenges faced in our local jurisdiction. These challenges include, but are not limited to, supporting the auditing profession in the application of our standards in the COVID-19 environment, and our response to issues raised during the Parliamentary Joint Committee (PJC) into Audit Quality. Let me highlight how proud I am of our response in supporting the profession through this once in a lifetime COVID-19 pandemic. The ability of our staff, Board, and other key groups that we have worked with, including the Australian Accounting Standards Board (AASB), and Australian Securities and Investments Commission (ASIC), to respond in a professional and timely manner, turning documents around in less than 24 hours, has shown how we can respond expertly and appropriately in times of need. This approach has resulted in the AUASB demonstrating a leadership role, with our guidance being used by the International Auditing and Assurance Standards Board (IAASB), and other National Auditing and Assurance Standards-Setters (NAASS). Along with our achievements in other areas, highlighted below, it is in retrospect a year in which I am immensely proud of what we have achieved.

### AUDIT QUALITY

The Government's Parliamentary Inquiry into audit quality is welcomed by the AUASB. We support all activities that promote continuous improvement in audit quality, transparency and professional conduct across the auditing profession. We willingly and actively contributed to the PJC's inquiry into the Regulation of Auditing in Australia through a formal submission, presenting evidence at public hearings and responding to several questions on notice for the AUASB from the Committee. Many of the AUASB's points were included in the Committee's interim report, illustrating that not only are we aware of potential issues in audit quality, but that, through our standard-setting activities, we keep these at the forefront of our operations.

The AUASB's standard-setting activities were focused on areas which will have a positive future impact on audit quality. This resulted in a significant update to ASA 315 *Identifying and Assessing the Risks Material Misstatement*, to encourage a more consistent and robust risk assessment to drive an appropriate and effective response to those risks, and GS 005 *Evaluating the Appropriateness of a Management's Expert's Work*, to enhance audit quality in the area of the auditor's use of management's experts.

## INTERNATIONAL INFLUENCE

The AUASB continued to collaborate with international constituents and broaden our international profile, through public forums with the IAASB Chair, Tom Seidenstein, about the IAASB's priorities and challenges, webinars with the New Zealand Auditing and Assurance Standards Board (NZAuASB) about the IAASB's proposed scope for revising ISA 500 *Audit Evidence*, as well as ISA 600 *Special Considerations—Audits of Group Financial Statements*—a triple effort by the AUASB, NZAuASB, and the IAASB.

Our stakeholder outreach activities with regards to proposed IAASB standards have helped inform the IAASB of Australia's position, and by consequence, help shape the final editions as we move towards one global set of auditing standards. Our close relationship with the IAASB, which has been enhanced by my becoming a member, has allowed a consistent, open dialogue to take place between the two entities. Moving forward, the AUASB aims to work more closely with the IAASB and help bolster our reputation as a world-leading auditing and assurance standards setter.

We also continued to build our international influence by working with other National Auditing and Assurance Standards Setters (NAASS), especially New Zealand and Canada, to work cooperatively and collaboratively on issues addressing our respective constituencies. This has resulted in, for example, the update of Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, with New Zealand, and the issuing of Guidance Statement GS 005, taking into account the expert feedback from the various jurisdictions. The benefits of working collaboratively and leveraging off the expertise and activities of the NAASS was also identified by the IAASB, which put together a coalition of NAASS to support and share experiences around their COVID-19 initiatives.

Last, but by no means least, the AUASB submitted its response on the IAASB's Exposure Drafts (ED) for Quality Management at the Firm and Engagement Level, including Engagement Quality Reviews. Whilst supportive of the overall concepts in the EDs, the AUASB noted with concern that the IAASB's EDs contained greater complexity and detail than the extant standards they are replacing. This made the proposed standards more challenging for auditors to apply and may result in increased costs with arguably no commensurate increase in the level of audit quality for auditors of all types of entities.

## **RESPONDING TO THE NEEDS OF THE AUSTRALIAN AUDITING PROFESSION**

One of the most pressing needs that occurred this year was supporting the auditing profession with regards to applying the auditing standards in the current COVID-19 environment. The AUASB created a dedicated resources webpage for stakeholders to keep up to date with the latest publications concerning the impacts of COVID-19 on the auditing and financial reporting process, which includes FAQs for auditors as well as guidance from the International Auditing and Assurance Standards Board (IAASB).

The ability of the AUASB to work with the AASB on two important FAQ documents pertaining to the current COVID-19 pandemic in order to provide a whole of profession response to issues faced by our community has been a highlight. These were:

- *The Impact of COVID-19 on Going Concern and Related Assessments*
- *The Impact of Coronavirus on Financial Reporting and the Auditor's Considerations*

Feedback from Australia and other parts of the world have demonstrated how influential and well-received these publications were.

To support auditors when conducting self-managed superannuation fund (SMSF) audits, the AUASB updated GS 009 *Auditing Self-Managed Superannuation Funds* to clarify the existing responsibilities with respect to these engagements, and provide guidance on matters to consider when planning, conducting and reporting on the financial and compliance engagement of a SMSF audit.

## **EVIDENCE-INFORMED STANDARD SETTING AND THOUGHT LEADERSHIP**

Over the past year, we have continued to build our thought leadership activities. For example, we have undertaken research to identify the impact of the AASB-AUASB guidance on disclosures of climate change in the financial statements, which we released last year. We also saw the outcomes from our first cohort of AUASB Academic Scholars, including the publication of the Research Report, *Audit Market Structure and Competition in Australia, 2012 – 2018* (authored by AUASB Academic Scholar Professor Elizabeth Carson, UNSW Sydney), which provided an evidence-based perspective on the market for the listed company audits in Australia – an important consideration when assessing the current regulations governing the Australian audit market. This report was referenced as part of the PJC Inquiry into Australian audit quality. Additionally, Professor Elizabeth Carson also authored the Research Report, *The Provision of Non-Audit Services by Audit Firms in Australia, 2012 – 2018*, which provided an evidence-based perspective on the size and changes in the non-audit services market in Australia for ASX-listed companies. This report included a detailed analysis of the Australian market for non-audit services provided by auditors to their audit clients and demonstrates that this has declined in the period from 2012 to 2018. This is an important input into any future proposal to further regulate the Australian audit market. Our second AUASB Academic Scholar, Dr Amanda White, from

University of Technology Sydney, has also provided us with her communication and media expertise, which will help to raise, in particular, AUASB's social media presence.

## **STAKEHOLDER ENGAGEMENT AND COMMUNICATION**

We recognise the importance of stakeholder outreach, and we continue to strive to improve on this. It is not only important to produce high quality auditing standards and guidance, but we must support the dissemination of this material, to aid in enhancing audit quality. In the last year the AUASB has engaged with stakeholders across the country via roundtables, at speaking engagements, and national, regional, and international meetings. During the COVID-19 pandemic, we have championed the use of technology in order to maintain this engagement through the use of virtual meetings and webinars, and accordingly our reach across the auditing profession and related stakeholders has continued to grow at a fast rate.

Our stakeholder outreach activities have made use of all available communication channels, in order to maximise the reach of our messages as well as our audience.

## **LOOKING TOWARD 2021**

The last year has been one of extreme turbulence in the business environment, and, as I said at the beginning of this report, I am extremely proud of the way that the Board, Technical staff and Business services have stepped up to the challenges that this environment has presented for the AUASB. While we have been extremely proactive to date, we will continue to provide appropriate guidance where we see a need. We also have a number of challenges which we will address during 2021, including the final recommendations of the PJC inquiry into audit quality. We will continue to actively contribute to the International Standard-Setting process, and we will further develop our collaborations with other NAASS and our research initiatives. I also look forward to further enhancing our relationships with the AASB and ASIC. We will continue undertaking appropriate evidence-informing practices to support our strategic objectives, including our thought leadership role on assurance for information disclosed outside the financial report.

We will also continue to work on audit quality initiatives across our portfolio, including for those very complex audits ranging down to the less complex audits. As part of our approach to enhancing audit quality and also our communications strategy and commitment to meeting stakeholder expectations, we are also designing a new pronouncements search portal to meet modern standards and expectations, including a cleaner User Interface, an improved User Experience, and cross-device optimisation for tablet and mobile. We will also continue working with ASIC and auditors to identify areas where we may assist with interpretation and compliance with our Auditing Standards.

## FINANCIAL RESULTS

The AUASB has recognised a total Comprehensive surplus of \$215,886 (2019: Loss of \$76,424) as a result of the impact of COVID-19 on travel expenditure. Costs have decreased to \$65,019 (2019: \$183,445). Board expenditure and Conference & Professional development also decreased due to COVID-19.

The management fee paid to the AASB was \$537,542 (2019: \$767,761) (refer to Notes 2A and 2B to the Financial Statements). The Management fee relates to common costs incurred by AASB which have been apportioned between the two entities as agreed in the MOU.

During the year AUASB commenced a project to develop a digital platform for their standards. The costs are shown included in Other Suppliers costs in Note #B of the Financial Statements.

Note 11 to the Financial Statements provides further details of variances from the reported budget numbers.

## ACKNOWLEDGEMENTS

I would like to thank the staff for all of their support and commitment during these unique times. As a remote team, we have banded together and worked excellently given the circumstances, which has allowed the AUASB to continue its work effectively uninterrupted. I would also like to sincerely thank my respective former Chair at the AASB, Kris Peach, who has left an enduring legacy with her commitment to driving change to the financial reporting landscape, and I look forward to a close collaborative and co-operative relationship with the current chair, Dr Keith Kendall.



Prof Roger Simnett AO  
Chair and CEO  
21 September 2020

# AUASB ANNUAL PERFORMANCE STATEMENT 2019-20

---

I, Roger Simnett, as the accountable authority of the Auditing and Assurance Standards Board, present the 2019-20 annual performance statement of the Auditing and Assurance Standards Board, (AUASB) as required under paragraph 39(1)(a) of the *Public Governance Performance and Accountability Act 2013* (PGPA Act). In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.



## ENTITY PURPOSE

The functions of the AUASB are to:

- make auditing standards under section 336 of the Corporations Act 2001 for the purposes of the Corporations' Legislation,
- formulate auditing and assurance standards for other purposes,
- formulate guidance on auditing and assurance matters,
- participate in and contribute to the development of a single set of auditing standards for world-wide use,
- advance and promote the main objectives of part 12 of the Australian Securities and Investments Commission Act 2001.

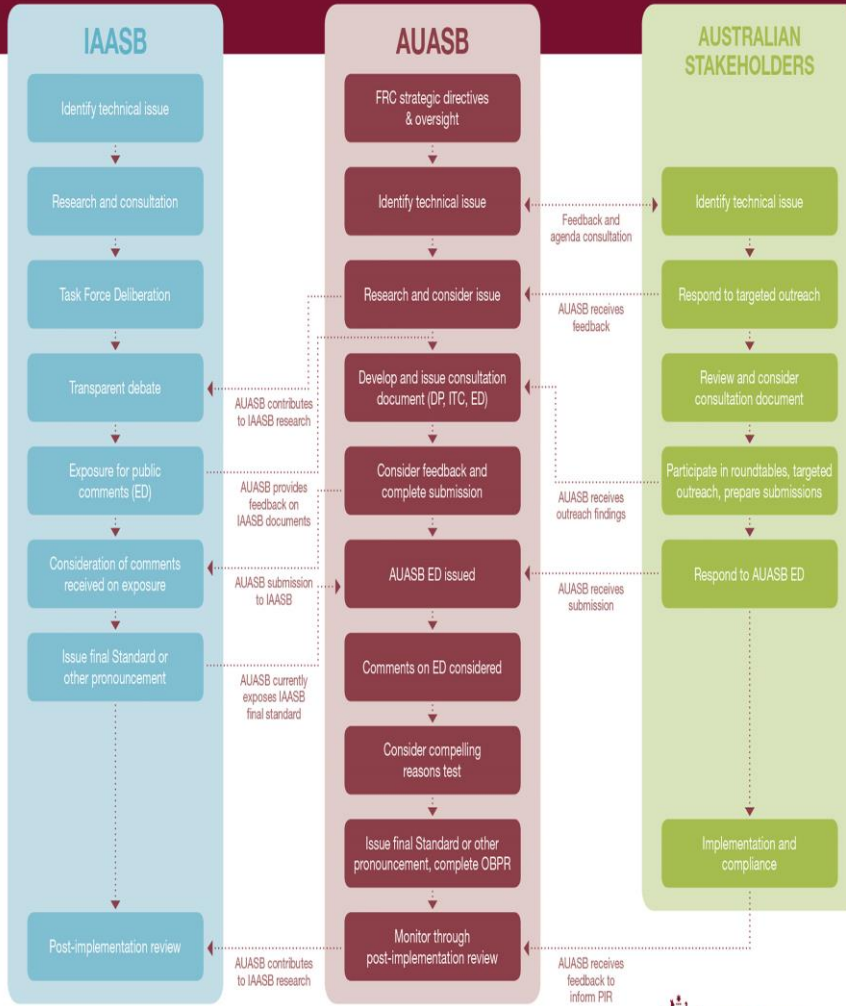
## THE AUASB STANDARD SETTING PROCESS

The diagram below outlines the interactions between the International Auditing and Assurance Standards Board (IAASB), the AUASB and our stakeholders. We align our processes with the IAASB in order to engage with and inform them at early stages of standards development.

In order to increase our influence during the formative stages of standards development, in 2019-20 the AUASB has implemented a revised process for issuing IAASB Exposure Drafts (EDs) in Australia, where the EDs are issued concurrently with their release internationally. This approach is consistent with the way the Australian Accounting Standards Board (AASB) and many other national auditing and assurance standards setters seek to inform and influence international standards setting.

Having now adopted this new approach, the AUASB is currently in the process of reviewing and updating its standard-setting and due process documentation. As a consequence, there will be some minor adjustments to the AUASB Standard Setting Process presented in the diagram below implemented in the second half of 2020.

## AUASB Standard-Setting Process



DP Discussion Paper | ITC Invitation to Comment | ED Exposure Draft | OBPR Office of Best Practice Regulation | PIR Post-Implementation Reviews





## AUASB'S STRATEGIES FOR ACHIEVING ITS PURPOSE

Strategy 1: Standard setting	Strategy 2: Australian external reporting framework	Strategy 3: International thought leadership	Strategy 4: Stakeholder engagement	Strategy 5: Influencing beyond financial reporting	Strategy 6: Emerging Issues	Strategy 7: Enhancing Consistency
Develop, issue and maintain high quality Australian auditing and assurance standards that meet the needs of report users. Use IAASB Standards – where they exist, modified as necessary – or develop Australian-specific standards and guidance.	With the AASB, play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on: <ul style="list-style-type: none"> <li>• who prepares external reports (including financial reports), and</li> <li>• the nature and extent of assurance required on external reports.</li> </ul>	Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships.	Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.	Influence initiatives to develop assurance standards and guidance that meet user needs for external reporting beyond financial reporting.	Monitor and respond to emerging issues impacting the development of auditing and assurance standards and guidance, including changing technologies.	Develop guidance and education initiatives, or promote development by others, to enhance consistent application of auditing and assurance standards and guidance.

## **2019-20 AUASB ACTIVITIES AND RELATED KEY PERFORMANCE INDICATORS**

The tables below identify the activities the AUASB outlined in its Corporate Plan and Parliamentary Budget Statement (PBS) as contributing to its strategies above, for the 2019-20 reporting period. The tables also indicate, for each priority, whether or not the activities were achieved and if not, why not.

**Priority One: Issue Australian Auditing and Assurance Standards based on IAASB equivalent standards in accordance with AUASB functions and mandate from the Financial Reporting Council (FRC).**

Current Priorities & KPIs	Achieved / Not Achieved	Comments
Develop and issue Australian Auditing and Assurance Standards following the release of their IAASB equivalent, ensuring all Australian legislative and regulatory requirements are considered, including changes required by the AUASB's "compelling reason" test.	Achieved	<ul style="list-style-type: none"> <li>• ASA 315 <i>Identifying and Assessing the Risks of Material Misstatement</i> approved February 2020.</li> <li>• Exposure Draft for ASRS 4400 on Agreed Upon Procedures approved for release in February 2020.</li> <li>• Conforming amendments to the Australian Auditing Standards resulting from the revised APES 110 Code of Ethics for Professional Accountants approved by the AUASB in June 2020.</li> </ul>
Coordinate and develop high quality responses from the AUASB to all IAASB exposure drafts, other IAASB pronouncements and invitations to comment, incorporating relevant feedback from AUASB members and Australian stakeholders.	Achieved	<ul style="list-style-type: none"> <li>• Submission to the IAASB on Revised Quality Management Standards (ISQM 1, ISQM 2 and ISA 220) completed in July 2020.</li> <li>• Submission to the IAASB on LCE Discussion Paper sent in September 2019.</li> <li>• AUASB Exposure Draft for revision of ISA 600 on Group Audits issued in June 2020.</li> <li>• AUASB submission on IAASB Non Authoritative Guidance for Assurance over Extended External Reporting finalised in June 2020.</li> <li>• AUASB Technical Staff conducted local outreach on Audit Evidence on behalf of IAASB in March 2020, with response to IAASB on behalf of Australian standard setters and professional bodies provided in April 2020.</li> </ul>
Develop and issue implementation support materials and activities for all new IAASB/AUASB standards.	Achieved	<ul style="list-style-type: none"> <li>• AUASB Bulletin to support the implementation of ASA 540 <i>Auditing Accounting Estimates and Related Disclosures</i> released in December 2019.</li> <li>• Distributed IAASB guidance materials for Audit Technology and Professional Scepticism via AUASB Website.</li> <li>• Additional implementation support materials for ASA 540 and ASA 315 to be developed and released in 2020-21 closer to their effective dates and as distributed by the IAASB.</li> </ul>
Conduct post-implementation reviews of IAASB equivalent issued AUASB Standards, feeding into the IAASB's post-implementation review projects as required.	Partly Achieved	<ul style="list-style-type: none"> <li>• Minimal activity related to Auditor Reporting post implementation review required during year as the AUASB is awaiting the IAASB project to commence in the first half of 2020-21.</li> </ul>

Current Priorities & KPIs	Achieved / Not Achieved	Comments
Finalise and implement revised AUASB Due Process procedures and documentation for exposing and issuing International Exposure Drafts.	Partly Achieved	<ul style="list-style-type: none"> <li>• Project to review all AUASB Framework Pronouncements and Due Process requirements commenced in second half of 2019-20 and in progress at year end. Work scheduled to be finalised by September 2020.</li> <li>• Review of the AUASB's 'Compelling Reason Test' being performed in collaboration with the NZAuASB in first half of 2020-21 reporting period.</li> </ul>

**Priority Two: *Develop, update and maintain Australian specific Standards and/or Guidance Statements for topics not specifically addressed by IAASB Standards as required.***

Current Priorities & KPIs	Achieved / Not Achieved	Comments
Develop and issue Australian specific AUASB Standards and Exposure Drafts within one month of AUASB approval, in accordance with AUASB legislative drafting and registration requirements.	Achieved	<ul style="list-style-type: none"> <li>• ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i> issued in December 2019 to reflect changes to the APESB's Code of Ethics for Professional Accountants effective from January 2020.</li> <li>• Updated version of ASRE 2410 <i>Review of a Financial Report Performed by the Independent Auditor of the Entity</i>, developed in collaboration with the NZAuASB issued as a revised exposure draft in August 2019 and then released as a final standard in June 2020.</li> <li>• Conforming amendments to various AUASB Assurance Standards resulting from the revised APES 110 Code of Ethics for Professional Accountants approved by the AUASB in June 2020.</li> </ul>
Update existing AUASB pronouncements, including identifying and revising AUASB Guidance Statements which are out of date or need revision determined by AUASB member and stakeholder feedback.	Partly Achieved	<ul style="list-style-type: none"> <li>• AUASB Discussion Paper on Revision of AUASB Guidance Statements and associated survey issued in September 2019.</li> <li>• Updated GS 005 <i>Using the Work of a Management's Expert</i> addressing common audit inspection findings and the revised requirements of ASA 540 issued in March 2020.</li> <li>• Updated GS 009 <i>Auditing Self-Managed Superannuation Funds</i> approved and released in June 2020.</li> <li>• Review of GS 012 <i>Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions</i> as a result of changes to APRA requirements in progress and likely approved by the AUASB at the next AUASB meeting.</li> <li>• Initial work reviewing and updating GS 008 <i>The Auditor's Report on a Remuneration Report Under 300A of the Corporations Act 2001</i> commenced in the December 2019 – this has been deferred as work in response to the COVID-19 was prioritised in last few months of the reporting period.</li> <li>• A series of AUASB Framework Publications to inform different stakeholder groups about the effective application of AUASB standards and guidance currently being developed.</li> </ul>

Current Priorities & KPIs	Achieved / Not Achieved	Comments
Determine where other AUASB Framework Pronouncements require updating.	Achieved	<ul style="list-style-type: none"> <li>Determination undertaken during year. Review and update of <i>Framework for Assurance Engagements</i> and <i>Foreword to AUASB Pronouncements</i> as part of AUASB review of all AUASB Framework Pronouncements and Due Process requirements in progress at end of reporting period.</li> </ul>
Conduct post-implementation reviews of Australian specific AUASB Standards, as required.	Not Achieved	<ul style="list-style-type: none"> <li>Post Implementation Review of ASAE 3100 <i>Compliance Engagements</i> deferred due to prioritising other issues. Will be completed in 2020-21 reporting period in conjunction with the NZAuASB.</li> </ul>

**Priority Three: *Monitor the Assurance Environment (including the impact of regulatory inspection findings) and address any implications for Australian auditing and assurance standards and guidance.***

Current Priorities & KPIs	Achieved / Not Achieved	Comments
Review and update the 2019-2023 AUASB Strategy and 2019-20 AUASB Technical Work Program based on feedback from AUASB members and key stakeholders and informed by the final 2020-2023 IAASB Strategy.	Achieved	<ul style="list-style-type: none"> <li>Updated AUASB 2019-23 Strategy developed by an AUASB subcommittee and approved at the December 2019 AUASB meeting.</li> <li>2019-20 Technical Work Program developed and updated quarterly by the AUASB Technical Staff, incorporating changes made to the IAASB 2019-21 Work Plan in response to the COVID-19 epidemic in the last few months of the reporting period.</li> </ul>
Work with the FRC to develop the FRC Audit Quality Plan and implement those elements that are the responsibility of the AUASB.	Achieved	<ul style="list-style-type: none"> <li>AUASB involvement in FRC Audit Quality Plan approved by FRC and regularly reported to FRC and AUASB members at each respective meeting.</li> <li>AUASB Chair and a dedicated senior manager have supported the FRC on key audit quality issues, including the FRC's response to the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into the Regulation of Auditing in Australia and accounting and auditing issues arising from the COVID-19 epidemic.</li> <li>Specific Audit Quality activities delivered under the FRC Audit Quality Plan include a 2019 CFO Survey on Audit Quality and planning for next Audit Committee Chair's and Investors' perceptions of Audit Quality Surveys (both of which have been deferred due to the impact of the COVID-19 epidemic).</li> </ul>
Monitor developments associated with the Joint Parliamentary Inquiry on the regulation of Auditing, working across the profession to promote audit quality and the AUASB's role.	Achieved	<ul style="list-style-type: none"> <li>AUASB Submission to PJC inquiry issued October 2019 and AUASB Chair gave evidence to the inquiry on 29 November 2019.</li> <li>Questions on notice to the AUASB Chair received in December 2019 and responded to in January 2020.</li> <li>AUASB reviewed recommendations from Interim Report of the PJC at its March 2020 AUASB meeting.</li> <li>AUASB Chair and Senior Manager coordinated with a range of other key stakeholders across the profession (e.g. FRC, APESB) to ensure a collaborative and consistent response to the inquiry across the profession.</li> <li>The AUASB collaborated with Academic Scholars to produce background papers on state of Australian auditing and NAS markets to aid evidence-informed decision making in respect of the inquiry's terms of reference.</li> </ul>

Current Priorities & KPIs	Achieved / Not Achieved	Comments
Following on from the AUASB LCE Survey work with small and medium audit practitioners to determine implications for Australian Standard Setting.	Partly Achieved	<ul style="list-style-type: none"> <li>• AUASB Survey on LCE matters received over 130 responses in the first two months of 2019-20. The associated Submission to the IAASB on LCE Discussion Paper was sent in September 2019.</li> <li>• AUASB Chair led the IAASB LCE Working Group on this topic.</li> <li>• Additional LCE specific guidance and initiatives to support LCE auditors based on LCE survey outcomes still to be developed in line with developments at the IAASB level.</li> </ul>
Monitor developments in public sector auditing and assurance issues by maintaining regular engagement with Auditors-General through the AUASB Public Sector Audit Issues Project Advisory Group (PAG) and the ACAG Auditing Standards Subcommittee.	Partly Achieved	<ul style="list-style-type: none"> <li>• Development of specific AUASB guidance for public sector auditors on issues raised by the Public Sector Audit Issues PAG is ongoing and has been deferred/delayed by the COVID-19 epidemic.</li> <li>• AUASB Chair and Technical Director provide ongoing input to FRC subcommittee on Public Sector Reporting and Assurance matters.</li> <li>• There has been specific engagement with representatives from Australian Auditor-General offices and the ACAG Auditing Standards Committee on public sector issues arising in IAASB or AUASB Exposure Drafts.</li> </ul>
Working with regulators and auditing firms, assess and respond to implementation issues and issue AUASB guidance to address key inspection findings.	Partly Achieved	<ul style="list-style-type: none"> <li>• The updates to GS 005 <i>Using the Work of a Management's Expert</i> was in direct response to common audit inspection findings identified by the AUASB and a working group from audit firms and professional bodies. The updated Guidance Statement was issued by the AUASB March 2020.</li> <li>• Development of specific guidance in relation to auditing of revenue and impairment of assets based the most recent ASIC Audit Inspection Report released in December 2019 was due to commence in the second half of 2019-20, but was deferred to 2020-21 as a result of other priorities driven by the AUASB's response to the COVID-19 epidemic.</li> </ul>
Monitor international auditing and assurance developments (including global audit inspection developments and trends) and consider the impact for the Australian auditing and assurance environment.	Achieved	<ul style="list-style-type: none"> <li>• The AUASB Chair and staff have engaged with relevant IAASB and National Standard Setting (NSS) representatives to monitor international developments on a regular basis, through both formal and informal meetings and forums.</li> <li>• In particular the AUASB has set up a regular forum with NSS representatives from NZ, Canada and the Netherlands which discuss regulatory and professional developments in each territory.</li> <li>• The AUASB has been included in an IAASB group of NSS representatives collaborating on auditing and assurance issues arising from the COVID-19 epidemic.</li> <li>• AUASB Technical Staff have closely monitored the UK audit inquiries, including impact of Brydon Report, as part of its response to the Joint Parliamentary Inquiry on the regulation of Auditing.</li> </ul>



Current Priorities & KPIs	Achieved / Not Achieved	Comments
<p>Hold regular formal meetings with the professional accounting bodies, other standard setting bodies and regulators to discuss trends in assurance environment and identify the impact on the AUASB Agenda and Technical Work Program.</p>	<p>Achieved</p>	<ul style="list-style-type: none"> <li>• Throughout the 2019-20 reporting period there has been a consistent and effective dialogue with CPA and CA ANZ representatives, in particular in response to common issues associated with the Parliamentary Inquiry into the Regulation of Auditing and the auditing profession's response to issues arising from the COVID-19 epidemic.</li> <li>• Formal meetings with each professional body, to update them on AUASB work program and discuss topical issues are held every 6 months.</li> <li>• Regular formal and informal meetings have also been held with representatives from ASIC and APESB on common areas of interest, such as the planned revisions to the IAASB's quality management standards and auditor independence issues.</li> <li>• The AUASB and AASB Technical Directors meet fortnightly and maintain a register of common projects to enhance collaboration across the two teams and ensure consistent communications with common stakeholders</li> <li>• A formal Meeting Register capturing when and how often the AUASB Chair or staff meet with key stakeholders is updated for each AUASB meeting.</li> </ul>
<p>Support the development of research into the Australian auditing and assurance environment</p>	<p>Achieved</p>	<ul style="list-style-type: none"> <li>• Two AUASB Academic Scholars were appointed early in the reporting period.</li> <li>• AUASB Research Report 3 Audit Market Structure and Competition in Australia was issued in October 2019, and AUASB Research Report 4, The Provision of Non-Audit Services by Audit Firms issued in December 2019, authored by AUASB Scholar, Professor Elizabeth Carson from UNSW Sydney.</li> </ul>

**Priority Four: *Build, maintain and enhance key international relationships around key focus areas with both global and national standard-setters.***

Current Priorities & KPIs	Achieved / Not Achieved	Comments
AUASB to be represented at all IAASB meetings.	Achieved	<ul style="list-style-type: none"> <li>The AUASB Chair, who is also a member of the IAASB, and a dedicated AUASB Technical Staff member (who is the AUASB Chair Technical Advisor for IAASB matters) have attended all IAASB meetings and teleconferences held over the course of the 2019-20 reporting period.</li> <li>The AUASB Chair also is the Chair of the IAASB's LCE Working Group and a member of 2 other IAASB Task Forces and has attended a number of other meetings relating to these projects.</li> <li>Summaries of each IAASB meeting, and associated actions for the AUASB, are prepared and presented to the AUASB after each IAASB meeting.</li> </ul>
Arrange for AUASB review of relevant IAASB projects at each AUASB meeting and share feedback on key matters with regional IAASB members and relevant IAASB Task Force members before each IAASB meeting.	Achieved	<ul style="list-style-type: none"> <li>Relevant IAASB papers are reviewed and board papers prepared by AUASB Technical Staff for each AUASB meeting.</li> <li>A summary of key issues the AUASB raise in respect of IAASB matters have been prepared for the AUASB Chair and sent to relevant IAASB members and relevant Task Forces prior to each IAASB meeting.</li> <li>All final versions of IAASB standards have been provided to AUASB members for 'fatal flaw' reviews to capture feedback prior to being approved by the IAASB at each meeting.</li> </ul>
With the IAASB, Canadian AASB and NZAuASB, identify and implement initiatives to drive increased sharing and collaboration across the National Standards Setting (NSS) network, including attending and presenting relevant topics at regional and global IAASB NSS meetings.	Achieved	<ul style="list-style-type: none"> <li>With NSS representatives from New Zealand and Canada the AUASB Chair and staff have developed and shared an updated NSS vision and roadmap and gain the support of the new IAASB Chair and key staff.</li> <li>Bimonthly meetings have been held with NSS representatives from NZ, Canada and the Netherlands to identify common projects in NSS work programs and act on actions arising from IAASB NSS meetings.</li> <li>The AUASB Chair and Technical Director attended IAASB National Standards Setters meeting in May 2020.</li> <li>The AUASB hosted a visit of the new IAASB Chair to Australia in March 2020 where a number of associated NSS activities were progressed.</li> </ul>

Current Priorities & KPIs	Achieved / Not Achieved	Comments
Engage with relevant global standard setters and advisory groups (e.g. IAASB EER Project Advisory Panel, IIRC, GRI and WBCSD) on emerging forms of assurance.	Achieved	<ul style="list-style-type: none"> <li>• A dedicated AUASB board member has been a member of the IAASB EER Project Advisory Panel overseeing the development of the IAASB's Non-Authoritative Guidance for Assurance over Extended External Reporting.</li> <li>• The AUASB Chair is now a correspondent member of the IAASB's EER Task Force.</li> <li>• An AUASB EER Assurance Survey was issued in September 2019, and there has been collaboration with other NSS's (NZ, Canada, Netherlands) on the Survey results and associated linkages with the IAASB's EER Guidance.</li> <li>• The IAASB EER Guidance was exposed by the AUASB from March to June 2020 and associated outreach events held with relevant stakeholders in June 2020.</li> <li>• The AUASB Chair met with a Board member of the IIRC.</li> </ul>

**Priority Five:** *Maintain harmonisation of auditing and assurance standards in Australia and New Zealand in accordance with relevant agreements and protocols.*

Current Priorities & KPIs	Achieved / Not Achieved	Comments
AUASB Chair to attend all NZAuASB meetings as a NZAuASB Member.	Achieved	<ul style="list-style-type: none"> <li>The AUASB Chair has attended and provided input into all NZAuASB meetings. The AUASB Chair also attended the joint XRB-NZASB-NZAuASB meeting in February 2020.</li> <li>AUASB Technical Staff have reviewed all relevant NZAuASB board papers and provided feedback to the AUASB Chair.</li> <li>Updates from the NZAuASB Chair to the AUASB have been provide at each AUASB meeting.</li> </ul>
Ensure AUASB Standards are issued in accordance with the principles of harmonisation with New Zealand Standards.	Achieved	<ul style="list-style-type: none"> <li>Updated version of ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, developed in collaboration with the NZAuASB was issued as a final standard in June 2020.</li> <li>All IAASB equivalent Standards issued in 2019-20 (ASA 315, conforming amendments due to the updated Code of Ethics) were developed in accordance with the common set of principles that each board adheres to under the AUASB/NZAuASB Protocol.</li> </ul>
Work collaboratively with NZAuASB Technical Staff to ensure co-operation and co-ordination between the AUASB and NZAuASB's activities, including on joint AUASB/NZAuASB projects where appropriate.	Achieved	<ul style="list-style-type: none"> <li>The AUASB Technical Director visited NZ in October 2019 to meet with NZAuASB Technical Director and NZAuASB Chair and determine appropriate actions for joint Board projects and other NSS matters.</li> <li>AUASB and NZAuASB Technical Staff collaborate regularly on several common projects, and this is reflected in the AUASB Technical Work Program.</li> </ul>

**Priority Six: *Develop thought leadership by identifying and implementing strategic projects that address emerging issues in auditing and assurance.***

Current Priorities & KPIs	Achieved / Not Achieved	Comments
<p>Undertake strategic thought leadership projects in the following topical or emerging auditing and assurance areas:</p> <ul style="list-style-type: none"> <li>• Audit quality</li> <li>• Assurance over Emerging Forms of External Reporting (EER) and other information in annual reports and other public reports</li> <li>• Assurance of Financial Reporting Frameworks</li> <li>• Audit and assurance of Charities and Not for Profit organisations</li> <li>• The Value of Audit and reducing the Audit Expectation Gap</li> <li>• Use of Technology in the Audit, including Data Analytics</li> </ul>	<p>Partly Achieved</p>	<ul style="list-style-type: none"> <li>• There has been regular and ongoing collaboration with the FRC on Audit Quality activities as outlined in the FRC Audit Quality Action Plan, especially in respect of the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into the Regulation of Auditing in Australia and accounting and auditing issues arising from the COVID-19 epidemic.</li> <li>• To aid audit quality an AUASB Technical Staff member has overseen the development of a prototype web standards portal which makes available all AUASB pronouncements online, utilising increased functionality to access and understand auditing and assurance standards. This will be developed as a 'live' product available for the profession to access in 2020-21.</li> <li>• The AUASB has conducted an EER Assurance Survey and used it to guide other EER thought leadership activities and engagement with relevant stakeholders.</li> <li>• AUASB Technical Staff have assisted in developing materials and taking part in AASB outreach events on Reforming the Australian Reporting Framework in October 2019, covering both 'For profit' and 'Not for Profit' sector reporting. Also, a new AUASB Bulletin on Auditor's Responsibilities for the Financial Reporting Framework' was issued in July 2019.</li> <li>• AUASB Chair and AUASB Technical Staff participating in a project to address assurance requirements for small charities being led by the NZAuASB.</li> <li>• AUASB Board Member and Technical Staff are working on a project to develop specific guidance on the use of Technology in the Audit, including Data Analytics. This is being performed in collaboration with the Canadian national standard setter. Additionally, a new Project Advisory Group for Data Integrity and related audit issues was set up in February 2020.</li> </ul>

Current Priorities & KPIs	Achieved / Not Achieved	Comments
In accordance with the AUASB Evidence Informed Standard Setting Strategy, support or conduct high quality research in these and other areas relevant to the AUASB's strategic thought leadership areas.	Achieved	<ul style="list-style-type: none"> <li>• A new AUASB Research Centre page has been incorporated into the AUASB Website.</li> <li>• Two AUASB Academic Scholars were appointed early in the reporting period.</li> <li>• AUASB Research Report 3 Audit Market Structure and Competition in Australia was issued in October 2019, and AUASB Research Report 4, The Provision of Non-Audit Services by Audit Firms issued in December 2019, authored by AUASB scholar, Professor Liz Carson from UNSW Sydney.</li> <li>• Additional AUASB Research Reports (Audit Issues for NFP entities, Audit Opinions and Climate Change) currently under consideration.</li> </ul>
Develop and publish articles or publications in selected strategic thought leadership project areas.	Achieved	<ul style="list-style-type: none"> <li>• The AUASB has authored or co-authored, or contributed to, a number of publications addressing accounting and auditing issues arising from the COVID-19 epidemic in the last few months of 2019-20.</li> <li>• AUASB Chair co-authored an article entitled "Evidence-Informed Approach to Setting Standards: A Discussion on the Research Strategies of AASB and AUASB", accepted for publication in Australian Accounting Review.</li> <li>• AUASB Technical Staff are at currently developing an academic journal article on COVID 19 reporting trends for a prominent Australian Accounting journal.</li> <li>• AUASB Chair featured in CPA Australia's 'In the Black' cover article and interviewed in the CAANZ 'Acuity' magazine.</li> </ul>

**Priority Seven: *Increase stakeholder satisfaction and engagement with AUASB activities, with a specific focus on assurance practitioners, regulators, the professional bodies and financial report users.***

Current Priorities & KPIs	Achieved / Not Achieved	Comments
Develop and issue AUASB Publications (e.g. Bulletins, FAQs) to provide guidance to Stakeholders as required on AUASB Pronouncements and topical/emerging auditing and assurance issues and in conjunction with the release of all major AUASB standards and guidance statements.	Achieved	<ul style="list-style-type: none"> <li>• Bulletin to support the implementation of ASA 540 released in December 2019.</li> <li>• 'AUASB Bulletin: Auditor's Responsibilities for the Financial Reporting Framework' issued in July 2019. To be updated following AASB's removal of SPR in March 2020.</li> <li>• AUASB Bulletin on The Revised Code of Ethics and the Auditor's Report released in February 2020.</li> <li>• Numerous online webinars on ASA 540, the AUP Standard and auditing issues arising from the COVID-19 epidemic either hosted by the AUASB or contributed to by AUASB Technical Staff.</li> </ul>
Implement and promote the AUASB Evidence Informed Standard Setting (EISS) Strategy.	Achieved	<ul style="list-style-type: none"> <li>• AUASB Research Centre launched on website.</li> <li>• AUASB Chair co-authored an article entitled "Evidence-Informed Approach to Setting Standards: A Discussion on the Research Strategies of AASB and AUASB", accepted for publication in Australian Accounting Review.</li> <li>• AUASB Senior Project Manager appointed to Deakin University Integrated Reporting Steering Committee.</li> <li>• AUASB board members and staff planning Joint AUASB/NZAuASB research day on Going Concern Issues in November 2020 with UNSW staff.</li> </ul>
AUASB members or staff to attend and present at auditing or assurance related professional and academic events/conferences and regular professional and regulatory forums.	Achieved	<ul style="list-style-type: none"> <li>• AUASB Chair and Technical Staff members attended July 2019 AFAANZ conference, with AUASB Chair being a Keynote speaker.</li> <li>• AUASB Technical Staff presented at ANCAAR Conference in December 2019.</li> <li>• AUASB Board Members and Technical Staff presented at in AALNEC Audit Conference hosted by Deakin University in February 2020.</li> <li>• AUASB Technical Staff and board member presented at CA ANZ Audit Conferences in April 2020.</li> </ul>
Obtain feedback from FRC members on AUASB activities.	Achieved	<ul style="list-style-type: none"> <li>• AUASB Chair Update and AUASB Performance Report presented at each FRC meeting.</li> <li>• AUASB Technical Staff assisted with FRC response to PJC Inquiry into the regulation of Auditing.</li> </ul>

Current Priorities & KPIs	Achieved / Not Achieved	Comments
		<ul style="list-style-type: none"> <li>• AUASB Technical Staff assisted in development of FRC papers on Public Sector Financial Report reform and Nominations Committee.</li> <li>• AUASB Chair and Technical Director members of FRC subcommittee on Public Sector Financial Reporting.</li> </ul>
Develop and distribute a quarterly AUASB Update publication.	Achieved	<ul style="list-style-type: none"> <li>• AUASB Newsletters for 2019-20 issued quarterly, with a COVID-19 special edition also released in May 2020 to promote the AUASB's Guidance and FAQs developed in response to the COVID-19 epidemic.</li> </ul>
Conduct a regular AUASB Stakeholder Satisfaction Survey and respond to results and implement initiatives to support and grow stakeholder engagement (measured via increased media mentions, social media activity and level of participation at AUASB events).	Partly Achieved	<ul style="list-style-type: none"> <li>• Results from the 2018-2019 AUASB Stakeholder Satisfaction Survey still being evaluated, and development of a more streamlined stakeholder database in process for invitations to AUASB events and next Stakeholder Satisfaction Survey.</li> <li>• AUASB Technical Staff working with AASB-AUASB Communication Manager to develop updated AUASB Communication Strategy (being developed in collaboration with the AASB).</li> <li>• AUASB's successful migration of external stakeholder meetings and roundtables to online platforms (e.g. Zoom) in response to physical distancing requirements associated with the COVID-19 epidemic has permitted greater attendance at such events.</li> <li>• Working with the AASB-AUASB Communication Manager, the AUASB has increased its social media presence in 2019-20, posting all news items and announcements via Twitter and LinkedIn.</li> <li>• An AUASB Technical Staff member has overseen the development a prototype web standards portal which makes available all AUASB pronouncements online utilising increased functionality to access and understand auditing and assurance standards. This will be developed as a 'live' product available for the profession to access in 2020-21.</li> </ul>



## OUTPUT STRUCTURE

The AUASB's standards, exposure drafts and consultation papers issued in 2019-20 are listed in the table below.

Standards	
ASA 102	<i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i> (December 2019)
ASA 315	<i>Identifying and Assessing the Risks of Material Misstatement</i> (February 2020)
ASA 2020-1	<i>Amendments to Australian Auditing Standards</i> (March 2020) [NB: Conforming Amendments to reflect the updated version of ASA 315]
GS 005	<i>Evaluating the Appropriateness of a Management's Expert's Work</i> (March 2020)
ASRE 2410	<i>Review of a Financial Report Performed by the Independent Auditor of the Entity</i> (June 2020)
GS 009	<i>Auditing Self-Managed Superannuation Funds</i> (June 2020)
ASA 2020-2	<i>Amendments to Australian Auditing Standards made under Section 336 of the Corporations Act 2001</i> (June 2020) [NB: Conforming Amendments to reflect the updated version of APES 110 issued by the APESB]
Exposure Drafts and Consultation Papers	
ED 01/20	<i>Proposed Standard on Related Services ASRS 4400 Agreed-Upon Procedures Engagements</i> (February 2020)
Consultation Paper on ED ISA 600	<i>Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors); and Proposed Conforming and Consequential Amendments to Other Auditing Standards</i> (June 2020)
AUASB Publications	
<i>AUASB Bulletin on Auditor's Responsibilities and the Financial Reporting Framework</i> (July 2019)	
<i>AUASB Research Report 3: Audit Market Structure and Competition in Australia 2012 – 2018</i> (October 2019)	
<i>AUASB Research Report 4: The Provision of Non-Audit Services by Audit firms in Australia 2012 – 2018</i> (December 2019)	
<i>AUASB Bulletin on ASA 540 Auditing Accounting Estimates and Related Disclosures</i> (December 2019)	
<i>AUASB Bulletin on The Revised Code of Ethics and the Auditor's Report</i> (February 2020)	
<i>AASB–AUASB Joint FAQ The Impact of Coronavirus on Financial Reporting and the Auditor's Considerations</i> (March 2020)	
<i>The Impact of COVID-19 on Going Concern and Related Assessments - Joint Publication by the AASB and AUASB</i> (May 2020)	

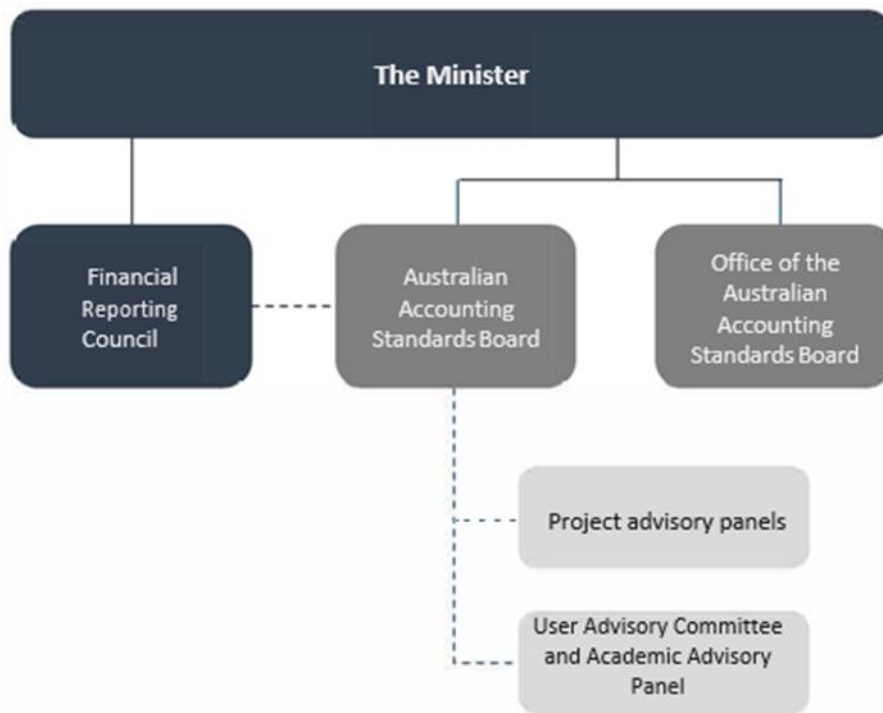
AUASB Authoritative Pronouncements can be accessed via [www.auasb.gov.au/Pronouncements.aspx](http://www.auasb.gov.au/Pronouncements.aspx).

The AUASB's Technical Work Programs can be accessed via <https://www.auasb.gov.au/About-the-AUASB/AUASB-Strategy-and-Corporate-Plan.aspx>.

## MANAGEMENT AND ACCOUNTABILITY

---

### How the AASB works



### The Minister

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

### Financial Reporting Council

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

### AASB

The AASB is an Australian non-corporate Government Entity responsible for developing, issuing and maintaining accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the corporations legislation. The AASB also formulates accounting standards and or guidance for other purposes and participates in, and contributes to, the development of a single

set of international accounting standards for worldwide use. The AASB's vision and strategies are set out on page 7. Further detail on the AASB's functions are set out in Appendix A.

To be eligible for appointment as a member of the AASB, a person must have knowledge of, or experience in, business, accounting, law or government. Initial appointment is for a maximum of 3 years with possible extensions for a further 2 terms.

The members of the AASB during 2019-20 are listed below. The Board held 6 meetings for a total of 9 meeting days during the year. Attendance of members at these meetings is set out in Appendix B.

## 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, however the CEO responsibilities have been delegated (to the maximum extent permitted) to the Managing Director.

## Membership

### Chair's

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, subsequently extended to finish date of the 2 May 2020.

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, Kris Peach is also a member of the FRC and a member of NZASB.

Keith Kendall was appointed as Chair of the AASB and CEO of the Office of the AASB for a five-year term from the 3 May 2020 to 2 May 2025.

The members of the AASB holding office during the year ended 30 June 2020 were:

Board Member	Qualification	Appointment end date
Mike Blake	Non-Executive Director	December 2020 (2 <sup>nd</sup> term)
Peter Gibson	Commonwealth Department of Finance	December 2021 (3 <sup>rd</sup> term)
James Grant	Westpac	December 2021
David Holland	Moore Stephens Pty Ltd	December 2022
Ken Liow	Principal, Obsidian Capital	December 2020
Carmen Ridley	Australian Financial Reporting Solutions	December 2020 (3 <sup>rd</sup> term)
Paul Rogers	KPMG	December 2021
Stephen Taylor	University of Technology Sydney	December 2022 (2 <sup>nd</sup> Term)
Alison White	Deloitte	December 2020

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2019-20

Board Member	Qualification	Appointment end date
<b>Retirements</b>		
Taryn Rulton	Monash College	Retired December 2019
Kimberley Crook	Chair of the New Zealand Accounting Standards Board	Reciprocal member from July 2014 to June 2020

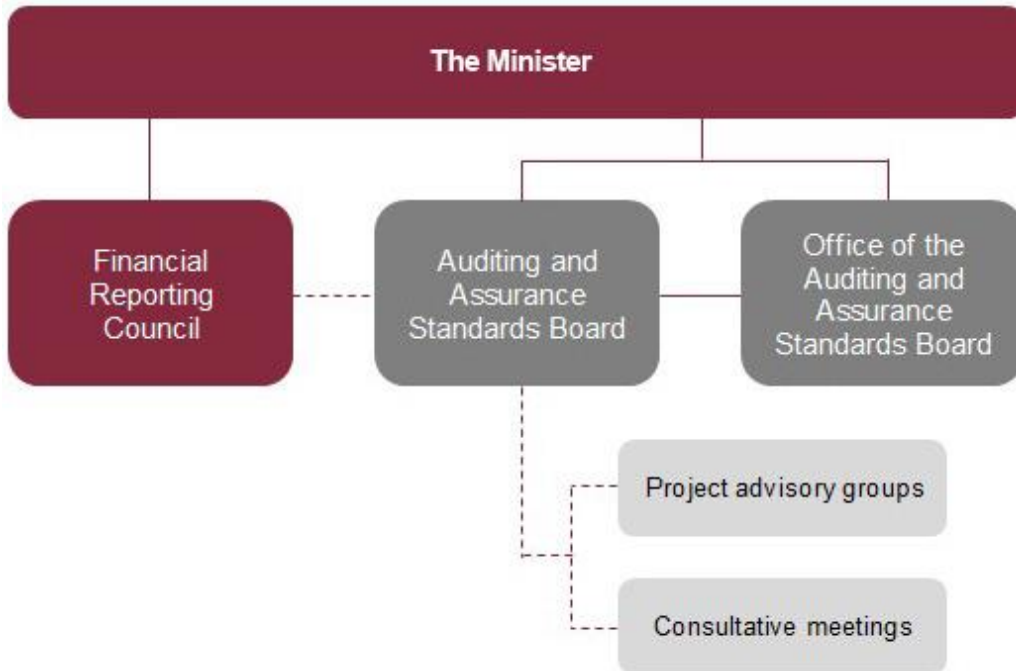
**Observers**

There was no one with observer status during the year.

**2019 AASB Board and Staff**



## How the AUASB works



### The Minister

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

### Financial Reporting Council

Responsible to the Minister, the FRC provides broad strategic direction and advice to the AUASB and has oversight of the process for setting auditing and assurance standards in Australia. The FRC appoints Board members to the AUASB for various terms.

### AUASB

The AUASB an Australian non-corporate Government Entity responsible for making auditing standards under section 336 of the *Corporations Act 2001* for the purposes of the corporations legislation. The AUASB also formulates auditing and assurance standards for other purposes and participates in and contributes to the development of a single set of international auditing standards for worldwide use. The AUASB's vision and strategies are set out on page 7. Further detail on the AUASB's functions are set out in Appendix A.

Board appointments may be made for a period of up to three years and retiring members are eligible for reappointment for a maximum of three terms.

The Board met ten times during the year. Attendance of members at these meetings is set out in Appendix B.

## Office of the AUASB

The Office of the AUASB provides technical support and information and advice to the AUASB. The Chair of the AUASB is also the Chief Executive Officer of the Office of the AUASB, however the CEO responsibilities have been delegated (to the maximum extent permitted) to the Managing Director.

## Membership

### Roger Simnett, Chair

Roger Simnett was appointed as Chair of the AUASB and CEO of the Office of the AUASB for a five-year term from 1 April 2017 until March 31, 2022.

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

As Chair of the AUASB, he is also a member of the FRC and a member of NZAuASB. In September 2018 Roger was appointed to the IAASB as an independent board member.

The AUASB comprised an independent part-time Chair (appointed by the Minister) and 10 part-time members (appointed by the FRC).

The members during 2019-20 were:

Board Member	Qualification	Appointment end date
Gareth Bird	Deloitte	December 2022 (2 <sup>nd</sup> term)
Robert Buchanan	Chair, NZAuASB	Reciprocal member from 1 July 2016
Jo Cain	Non-Executive Director	December 2021 (3 <sup>rd</sup> term)
Julie Crisp	Northern Territory Auditor-General's Office	December 2023 (2 <sup>nd</sup> term)
Klynton Hankin	PwC	December 2021
Noel Harding	UNSW Sydney	December 2023 (2 <sup>nd</sup> term)
Rodney Piltz	EY	December 2021
Carolyn Ralph	KPMG	December 2020 (2 <sup>nd</sup> term)
Justin Reid	J R Consulting	December 2022 (2 <sup>nd</sup> term)
<b>Retirements</b>		
Robin Low	Non-Executive Director	Retired December 2019

**2019 AUASB Chair and Staff**



## AASB AND AUASB'S CORPORATE GOVERNANCE

The corporate governance practices of the AASB, AUASB and the Offices of the AASB and the AUASB 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 Offices of the AASB and AUASB periodically consider a range of issues, including:

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

## AUDIT COMMITTEE

The AASB and AUASB Audit Committee's role is to provide independent assurance and assistance to the Chairs on their 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 Chairs.

The Audit Committee follows the recommended practice guidelines issued by the Department of Finance for **non-corporate Commonwealth entities**. The Audit Committee comprises an independent external Chair, and two external members. The Australian National Audit Office (ANAO) also attends Audit Committee meetings as an observer, as do other AASB and AUASB management representatives.

Audit Committee members are:

Member	Qualifications, knowledge, skills or experience	Number of meetings attended/total number of meeting	Total annual remuneration
Stuart Alford	BEcon(Hons), FCA, MAICD. is the Independent Chair of our Audit Committee. Stuart is a Non-Executive Director with considerable board and audit committee experience. He is a retired EY partner and a former member and Chair of the Auditing and Assurance Standards Board.	3/3	\$12,000



Member	Qualifications, knowledge, skills or experience	Number of meetings attended/total number of meeting	Total annual remuneration
Michael Alexander	Honours Economics, Research Doctorate, Labor and Industrial Relations . Deputy Director, Corporate Services at Australian Institute of Family Studies	3/3	N/A
Anthony McClaran <sup>1</sup>	BA (hons) English & American Literature, CEO TEQSA, Member of Advisory Council	2/2	N/A

<sup>1</sup> Retired on the 5th February 2020 due to relocation overseas.

The Committee charter can be sourced at:

[www.aasb.gov.au/admin/file/content102/c3/Audit\\_Committee\\_Charter\\_Feb\\_19.pdf](http://www.aasb.gov.au/admin/file/content102/c3/Audit_Committee_Charter_Feb_19.pdf)

## FRAUD

Fraud control is regarded by the AASB and AUASB as a continuous process, and AASB and AUASB officers and employees 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 and AUASB has in place a fraud risk assessment and fraud control plan. It has adequate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs.

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

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

## ETHICS

The Offices of the AASB and AUASB employees 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.

## AASB PERSONNEL MANAGEMENT

**Table 1a: AASB Employees at 30 June 2020**

Classification	Persons	Ongoing	Non-ongoing	F/T	P/T	F/T Equivalents			Total
						Female	Male	Indeterminate	
Senior executive	4	4	0	2	2	0.8	2.6	0	3.4
Technical	10	9	1	6	4	4.0	4.1	0	8.1
Non-Technical	5	1	1	4	1	2.6	2.0	0	4.6
<b>Total employees</b>	<b>19</b>	<b>17</b>	<b>2</b>	<b>12</b>	<b>7</b>	<b>7.4</b>	<b>8.7</b>	<b>0</b>	<b>16.1</b>

**Table 1b: AASB Employees at 30 June 2019**

Classification	Persons	Ongoing	Non-ongoing	F/T	P/T	F/T Equivalents			Total
						Female	Male	Indeterminate	
Senior executive	2	2	0	1	1	1.8	0	0	1.8
Technical	13	12	1	9	4	6.8	4.3	0	11.1
Non-Technical	6	6	0	5	1	4.6	1.0	0	5.6
<b>Total employees</b>	<b>21</b>	<b>20</b>	<b>1</b>	<b>15</b>	<b>6</b>	<b>13.4</b>	<b>5.3</b>	<b>0</b>	<b>18.5</b>

As at 30 June 2020 no employees identified as Indigenous.

AASB employees are located in Melbourne and Sydney.

**Table 2: AASB Salary ranges as at 30 June 2020**

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	0	0	4	5
\$105,000 to \$194,999	1	2	6	0
\$195,000 to \$284,999	1	0	0	0
\$285,000 to \$374,999	0	1	0	0
\$375,000 to \$464,999	0	1	0	0

## AUASB PERSONNEL MANAGEMENT

**Table 3a: AUASB Employees at 30 June 2020**

Classification	Persons	F/T	P/T	F/T Equivalents			Total
				Female	Male	Indeterminate	
Senior executives	2	1	1	0	1.6	0	1.6
Technical and support employees	7	5	3	4.2	2	0	6.2
<b>Total employees</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>4.2</b>	<b>3.6</b>	<b>0</b>	<b>7.8</b>

**Table 3b: AUASB Employees at 30 June 2019**

Classification	Persons	F/T	P/T	F/T Equivalents			Total
				Female	Male	Indeterminate	
Senior executives	2	1	1	0	1.6	0	1.6
Technical and support employees	6	3	3	4.2	1	0	5.2
<b>Total employees</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>4.2</b>	<b>2.6</b>	<b>0</b>	<b>6.8</b>

As at 30 June 2020, no employees identified as Indigenous.

AUASB employees are located in Melbourne and Sydney.

**Table 4: AUASB Salary ranges as at 30 June 2020**

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	0	0	2	1
\$105,000 to \$194,999	0	0	2	2
\$195,000 to \$284,999	1	1	0	0

## NON-SALARY BENEFITS

The AASB and AUASB offers employees a number of non-salary benefits which include:

- annual influenza immunisation;
- mentoring and coaching programs;
- in-house capability development programs;
- confidential employee assistance program for employees and their immediate families;
- study assistance to eligible employees;
- access to flexible working arrangements;
- access to equipment to work from home during COVID-19 lockdown restrictions;
- various well-being packages to support staff during lockdown restrictions; and
- contributions to relevant professional memberships.

The AASB and AUASB provides the Senior Executive Service (SES) employees and where there is a business need some employees with a mobile phone, tablet, laptop and/or airline lounge membership. Employees can also make use of a range of salary sacrifice benefits, including additional superannuation and leased motor vehicles.

## BRINGING IT ALL TOGETHER

The AASB and AUASB are each supported by an Office providing technical and administrative services to the Boards. Each Office is a non-corporate Australian Government entity under the ASIC Act. The Offices are the financial entities governed by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The AASB and AUASB are effectively operating to the extent permitted by legislation, as a single Office supporting both Boards. The Chairs are Chief Executive Officers and the Accountable Authority under the PGPA and are responsible for the preparation of the financial reports for each entity, however, have delegated to the maximum extent permitted the CEO responsibilities to the Managing Director.

The Managing Director is responsible for the operation of the Office of AASB. The Offices of the AASB and AUASB have implemented a shared service model, in that the AASB provides all administrative services for the AUASB and their respective Boards.

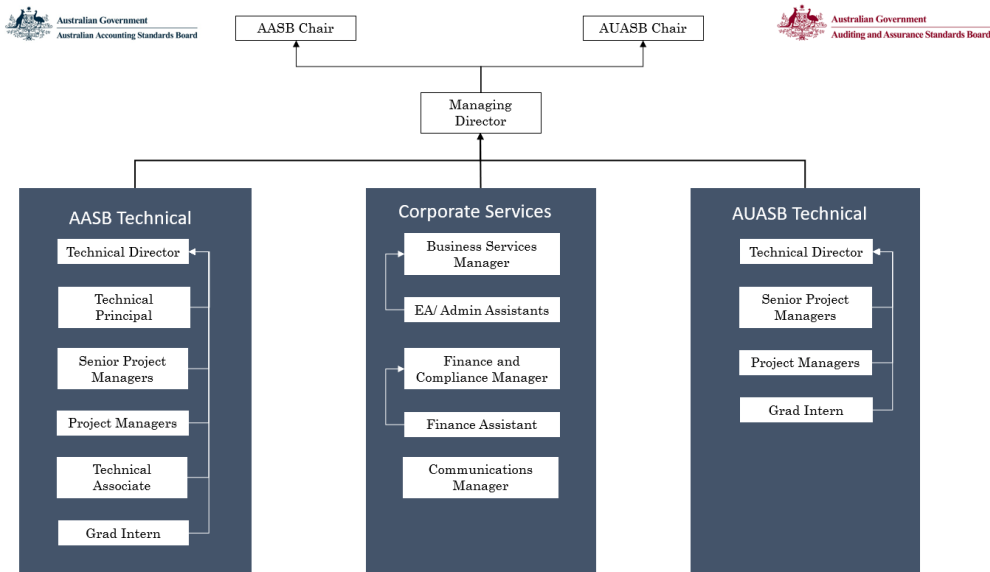
(The diagram on the following page outlines the operational structure of the AASB, AUASB and the Office of both AASB and AUASB.)

Stakeholders  
First

Building  
international  
influence

In order to ensure appropriate governance and accountability, the operating model is governed by a memorandum of understanding (MOU) which is signed by the Chairs.

To transparently reflect this operating model and organisation structure, the AASB and AUASB have provided additional disclosures (refer to Note 2A and Note 2B) that aims to provide some further understanding of the financial arrangements in relation to the costs of the services delivered in accordance with the MOU.



## Our People

Both Chairs are appointed by the Minister, pursuant to a contract for services with the respective Office of the Board. Salary and other entitlements of the Chairs are determined by the Commonwealth Remuneration Tribunal.

Members of the respective Boards are appointed for three-year terms. The FRC, via the Nominations Committee, is responsible for the selection process of AASB and AUASB Board members. Recommendations are tabled with the FRC for confirmation of appointment. Entitlements are determined by the Commonwealth Remuneration Tribunal.

The AASB and AUASB have the capacity to employ under the ASIC Act, as well as the *Public Service Act 1999* (PSA). As at 30 June 2020, all employees were employed under the ASIC Act.

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

This year was the third year of a new performance management process which is based on informal frequent performance discussions that build to formal meetings for review and forward planning.

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2019-20

We have conducted a review of the first 12 months which has identified that our employees found the process beneficial and engaging and we expect to continue the program into the next year.

Our employees undertake a range of training and professional development experiences which include attendance at seminars, conferences and training programs as appropriate on topics related to technical and personal development, policy and the administrative work of the AASB and AUASB.

It is a policy of the AASB and AUASB that employees do not receive performance bonuses. The AASB and the AUASB comply with the Workplace Bargaining Policy 2018 of the Australian Public Service Commission, as it applies to non-government entities.

Recruitment and retention of employees will always prove to be challenging – particularly in the specialist fields associated with standards setting. These challenges are being overcome by working to establish a core group of experienced technical people and complementing their skills through secondments from other government departments, the accounting and auditing firms, our graduate intern program and short-term appointments from academia and corporates for specialist skills.

Using these strategies, the Chairs are confident that they have well qualified employees and are continuously developing appropriate policies and procedures to enable them to achieve the AASB's and AUASB's strategies.

## FINANCIAL REPORTS

---

Independent Auditors Report.....	78
Statements of Comprehensive Income .....	83
Statements of Financial Position.....	84
Statements of Changes in Equity.....	85
Cash Flow Statements .....	86
Note 1: Summary of Significant Accounting Policies.....	87
Note 2: Analysis of Shared Operational Activities .....	92
Note 3: Expenses .....	94
Note 4: Appropriations .....	96
Note 5: Payables .....	98
Note 6: Employee Provisions .....	99
Note 7: Cash Flow Reconciliation .....	99
Note 8: Related parties .....	100
Note 9: Plant and Equipment .....	105
Note 10: Other Information .....	105
Note 11: Budgetary Reports and Explanations of Major Variances .....	105
Statements of Comprehensive Income .....	108
Statements of Financial Position.....	109
Statements of Changes in Equity.....	110
Cash Flow Statements .....	112



## INDEPENDENT AUDITOR'S REPORT

To the Assistant Treasurer

### Opinion

In my opinion, the financial statements of the Office of the Australian Accounting Standards Board (the Entity) for the year ended 30 June 2020:

- (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 Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statements by the Chairs;
- Statements of Comprehensive Income;
- Statements of Financial Position;
- Statements of Changes in Equity;
- Cash Flow Statements; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



**Accountable Authority's responsibility for the financial statements**

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

In preparing the financial statements, the Chair is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

**Auditor's responsibilities for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Mark Vial  
Senior Director  
Delegate of the Auditor-General  
Canberra

21 September 2020



## INDEPENDENT AUDITOR'S REPORT

To the Assistant Treasurer

### Opinion

In my opinion, the financial statements of the Office of the Auditing and Assurance Standards Board (the Entity) for the year ended 30 June 2020:

- (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 Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statements by the Chairs;
- Statements of Comprehensive Income;
- Statements of Financial Position;
- Statements of Changes in Equity;
- Cash Flow Statements; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

**Accountable Authority's responsibility for the financial statements**

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

In preparing the financial statements, the Chair is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

**Auditor's responsibilities for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Mark Vial  
Senior Director  
Delegate of the Auditor-General  
Canberra

21 September 2020

## STATEMENTS BY THE CHAIRS

---

### AASB

In my opinion, the attached Financial Statements for the Office of the Australian Accounting Standards Board for the year ended 30 June 2020 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 my 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.



Dr Keith Kendall  
Chair, CEO and Acting CFO – AASB

21 September 2020

### AUASB

In my opinion, the attached Financial Statements for the Office of the Auditing and Assurance Standards Board for the year ended 30 June 2020 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 my opinion, at the date of this statement, there are reasonable grounds to believe that the Office of the Auditing and Assurance Standards Board will be able to pay its debts as and when they fall due.



Prof Roger Simnett AO  
Chair, CEO and Acting CFO – AUASB

21 September 2020

**Statements of Comprehensive Income**  
for the period ended 30 June 2020

	Notes	AASB		AUASB	
		2020	2019	2020	2019
		\$		\$	\$
<b>EXPENSES</b>					
Employee and contractor costs	2, 3A	2,920,102	3,087,380	1,451,894	1,154,131
Supplier expenses	3B	1,146,053	1,598,748	295,941	362,261
Occupancy expenses	2	119,974	308,324	-	-
Depreciation and amortisation	2, 3C	250,633	54,563	-	-
Finance costs		4,452	34	-	-
Management fee paid to AASB	2	-	-	537,542	767,761
Write-down and impairment of assets & losses on sale		226	35,787		
<b>Total expenses</b>		<b>4,441,440</b>	<b>5,084,836</b>	<b>2,285,377</b>	<b>2,284,153</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services		5,596	5,250	-	-
Management fee received from AUASB	2	537,542	767,761	-	-
Resources received free of charge		84,526	193,493	103,263	91,729
Contributions from state and territories		500,000	500,000	-	-
<b>Total own-source revenue</b>		<b>1,127,664</b>	<b>1,466,504</b>	<b>103,263</b>	<b>91,729</b>
<b>Net cost of services &amp; cost of outcome delivery</b>		<b>(3,313,776)</b>	<b>(3,618,332)</b>	<b>(2,182,114)</b>	<b>(2,192,424)</b>
Revenue from Government	4	3,598,000	3,595,000	2,398,000	2,116,000
<b>Surplus/(Deficit) attributable to the Australian Government</b>		<b>284,224</b>	<b>(23,332)</b>	<b>215,886</b>	<b>(76,424)</b>
<b>Total comprehensive surplus/(deficit) attributable to the Australian Government</b>		<b>284,224</b>	<b>(23,332)</b>	<b>215,886</b>	<b>(76,424)</b>

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

**Statements of Financial Position**  
as at 30 June 2020

	Notes	AASB		AUASB	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash and cash equivalents		2,183,117	464,561	1,072,740	188,885
Trade and other receivables	8C	259,248	334,850	-	166
Appropriation receivables	4	-	1,656,000	-	686,700
<b>Total financial assets</b>		<b>2,442,365</b>	<b>2,455,411</b>	<b>1,072,740</b>	<b>875,751</b>
<b>Non-Financial Assets</b>					
Buildings Right of use -at cost		350,155	-		
Plant & equipment - fair value		149,232	130,533	-	-
Computer Software – at cost		3,437	-		
Prepaid expenses		63,669	96,779	38,960	-
<b>Total non-financial assets</b>		<b>566,493</b>	<b>227,312</b>	<b>38,960</b>	<b>-</b>
<b>Total assets</b>		<b>3,008,858</b>	<b>2,682,723</b>	<b>1,111,700</b>	<b>875,751</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers		46,130	239,612	9,712	-
Management fee payable to AASB	8C	-	-	179,685	240,771
Other payables	5	149,944	356,788	30,782	11,170
<b>Total payables</b>		<b>196,074</b>	<b>596,400</b>	<b>220,179</b>	<b>251,941</b>
<b>Interest-bearing liabilities</b>					
Leases	1.3	358,184	-		
<b>Total Interest-bearing liabilities</b>		<b>358,184</b>	<b>-</b>		
<b>Provisions</b>					
Employee provisions	2, 6	303,839	293,361	264,413	180,888
<b>Total provisions</b>		<b>303,839</b>	<b>293,361</b>	<b>264,413</b>	<b>180,888</b>
<b>Total liabilities</b>		<b>858,097</b>	<b>889,761</b>	<b>484,592</b>	<b>432,829</b>
<b>Net assets</b>		<b>2,150,761</b>	<b>1,792,962</b>	<b>627,108</b>	<b>442,922</b>
<b>EQUITY</b>					
Contributed equity		651,000	681,000	280,300	312,000
Retained earnings		1,499,761	1,111,962	346,808	130,922
<b>Total equity</b>		<b>2,150,761</b>	<b>1,792,962</b>	<b>627,108</b>	<b>442,922</b>

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

## Statements of Changes in Equity

for the period ended 30 June 2020

### Australian Accounting Standards Board

	Retained earnings		Contributed equity/capital		Total equity	
	2020	2019	2020	2019	2020	2019
Opening balance as at 1 July	\$	\$	\$	\$	\$	\$
Balance carried forward from previous year	1,111,962	1,135,294	681,000	681,000	1,792,962	1,816,294
Adjustment on initial application of AASB 16 Leases	103,575				103,575	
<b>Adjusted opening balance</b>	<b>1,215,537</b>	<b>1,135,294</b>	<b>681,000</b>	<b>681,000</b>	<b>1,896,537</b>	<b>1,816,294</b>
<b>Comprehensive income</b>						
Surplus/(Deficit) for the period	284,224	(23,332)	-	-	284,224	(23,332)
<b>Comprehensive income attributable to the Australian Government</b>	<b>284,224</b>	<b>(23,332)</b>	<b>-</b>	<b>-</b>	<b>284,224</b>	<b>(23,332)</b>
<b>Transactions with owners</b>						
Departmental capital budget	-	-	79,000	79,000	79,000	79,000
Distribution to Australian Government	-	-	(109,000)	(79,000)	(109,000)	(79,000)
<b>Closing balance as at 30 June</b>	<b>1,499,761</b>	<b>1,111,962</b>	<b>651,000</b>	<b>681,000</b>	<b>2,150,761</b>	<b>1,792,962</b>

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

### Auditing and Assurance Standards Board

	Retained earnings		Contributed equity/capital		Total equity	
	2020	2019	2020	2019	2020	2019
Opening balance as at 1 July	\$	\$	\$	\$	\$	\$
Opening balance as at 1 July	130,922	207,346	312,000	312,000	442,922	519,346
<b>Comprehensive income</b>						
Surplus/(Deficit) for the period	215,886	(76,424)	-	-	215,886	(76,424)
<b>Comprehensive income attributable to the Australian Government</b>	<b>215,886</b>	<b>(76,424)</b>	<b>-</b>	<b>-</b>	<b>215,886</b>	<b>(76,424)</b>
<b>Transactions with owners</b>						
Departmental capital budget	-	-	38,000	38,000	38,000	38,000
Distribution to Australian Government			(69,700)	(38,000)	(69,700)	(38,000)
<b>Closing balance as at 30 June</b>	<b>346,808</b>	<b>130,922</b>	<b>280,300</b>	<b>312,000</b>	<b>627,108</b>	<b>442,922</b>

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

## Cash Flow Statements

for the period ended 30 June 2020

	Notes	AASB		AUASB	
		2020 \$	2019 \$	2020 \$	2019 \$
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations		5,145,000	3,933,000	3,015,000	1,941,000
Goods and services		604,244	707,253	-	-
Net GST received		125,706	156,888	-	-
Contributions received		509,925	492,125	-	-
<b>Total cash received</b>		<b>6,384,855</b>	<b>5,289,266</b>	<b>3,015,000</b>	<b>1,941,000</b>
<b>Cash used</b>					
Employees and contractors		2,974,517	2,839,774	1,297,940	1,043,012
Suppliers		1,501,365	1,991,970	871,205	1,046,811
Interest payments on lease liabilities		4,452	-	-	-
<b>Total cash used</b>		<b>4,480,334</b>	<b>4,831,744</b>	<b>2,169,145</b>	<b>2,089,823</b>
<b>Net cash from / (used by) operating activities</b>	7	<b>1,904,521</b>	<b>457,522</b>	<b>845,855</b>	<b>(148,823)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received / (used)</b>					
Purchase of infrastructure, plant and equipment		(62,976)	(49,720)	-	-
Cash received from disposal of infrastructure, plant and equipment		75	2,162	-	-
<b>Net cash used by investing activities</b>		<b>(62,901)</b>	<b>(47,558)</b>	<b>-</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity		79,000	47,000	38,000	5,300
Principal payments of lease liabilities		(202,064)	-	-	-
<b>Net cash from financing activities</b>		<b>(123,064)</b>	<b>47,000</b>	<b>38,000</b>	<b>5,300</b>
<b>Net increase / (decrease) in cash held</b>		<b>1,718,556</b>	<b>456,964</b>	<b>883,855</b>	<b>(143,523)</b>
Cash and cash equivalents at the beginning of the reporting period		464,561	7,597	188,885	332,408
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,183,117</b>	<b>464,561</b>	<b>1,072,740</b>	<b>188,885</b>

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



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS

### Objectives of AASB and AUASB

The Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AUASB) are each supported by an Office providing technical and administrative services to the Boards. Each Office is formed under the *Australian Securities and Investments Commission Act 2001* (ASIC Act). The Offices are the financial entities governed by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are non-corporate Commonwealth Government Entities.

The Office of the AASB is structured to meet one outcome: the formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of the reports to make informed decisions.

The Office of the AUASB is structured to meet one outcome: the formulation and making of auditing and assurance standards and guidance that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements.

### Financial Reporting and Organisation Structure

The AASB and AUASB are effectively operating to the extent permitted by legislation, as a single Office supporting both Boards. The Chairs are Chief Executive Officers and the Accountable Authority under the PGPA and are responsible for the preparation of the financial reports for each entity. The AASB Chair has delegated to the maximum extent possible the AASB CEO responsibilities to the Managing Director. The Managing Director supports the AASB Chair and manages the technical and administrative support staff of the AASB. The AASB and AUASB have implemented a shared service model, in that the AASB provides specified administrative services for the AUASB. The AUASB does not employ any administrative support staff.

Given the common objectives of the AASB and AUASB and the interlinked financial relationships, their individual financial reports are presented jointly with a column for each entity, supplemented with a detailed note outlining the appropriations received, and the direct costs incurred by each of the AASB and AUASB, together with the common expenses.

The accounting policies applied by each Office are the same.

### Events After the Statement of Financial Position Date

There are no major events post 30 June 2020 to report for the AASB or AUASB.

## Note 1: Summary of Significant Accounting Policies

---

### 1.1 Basis of Preparation of the Financial Statements

The financial statements of the Offices of the AASB and the AUASB are required by Section 42 of the PGPA Act and are general purpose financial reports.

The financial reports have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2019, and

- Australian Accounting Standards and Interpretations issued by the AASB that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars.

## **1.2 Significant Accounting Judgements and Estimates**

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

## **1.3 Changes in Australian Accounting Standards**

### **(a) Adoption of New Australian Accounting Standard Requirements**

The new accounting standards effective for 30 June 2020 impacting the AASB and AUASB are AASB 1058 *Income of Not-For-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*.

AASB 1058 *Income of Not-For-Profit Entities* and AASB 15 *Revenue from Contracts with Customers* set out new income recognition requirements. The AASB has assessed the funding agreement between the States and Territories and the AASB and determined that it does not contain performance obligations and is therefore outside of the scope of AASB 15. Although the agreement is for three years, the reassessment criteria at the end of each year indicate that only one year of funding is within the AASB's control at any one time. Accordingly, as required by AASB 1058, revenue will continue to be recognised as it is received and no adjustments are required on adoption of the new standard.

Volunteer services received by the AASB and AUASB in lieu of board member sitting fees, secondee arrangements and audit fees can all be reliably measured at fair value and would have been obtained under a commercial arrangement, therefore continue to be recognised as revenue and an expense in the statements, as AASB and AUASB had commenced recognising these volunteer services in prior years. Other volunteer services such as the use of meeting rooms and panel members time have been assessed and do not meet the recognition requirements, as they would not otherwise have been paid on commercial terms. However, as the extent of reliance on these services is significant, the quantum and nature of these services has been disclosed in Note 3D.

AASB 16 *Leases* replaces AASB 117 *Leases*. The AASB as a lessee, recognises an asset (the right to use the leased item) and a financial liability to pay rentals. The only exceptions are short-term leases (i.e. lease term of 12 months or less) and low-value leases. Interest expense is recognised on the lease liability and depreciation expense on the right-of-use asset. The right of use asset is measured at cost.

The AASB has applied AAS16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The AUASB is not a lessee under AASB 16 as the MOU between AASB and AUASB does not specifically identify any assets for which the AUASB has a right of use.

On adoption of AASB 16, the AASB recognised right-of-use assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the AASB incremental borrowing rate as at 1 July 2019. The AASB incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 0.0823%.

The right-of-use assets were measured as follows; Office space measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

**Impact on transition:**

On transition to AASB 16, the AASB recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

<b>AASB</b>	<b>1 July 2019</b>
Right-of-use assets- Building	560,248
Lease liabilities	560,248
Lease Payable	103,575
Retained earning	103,575

The net impact on retained earnings on 1 July 2019 was an increase of \$103,575 due to the derecognition of a lease incentive for a rent-free period. The lease incentive was previously included in Other Payables and recognised on a straight-line basis as reduction of rental expense as per AASB 117.

In applying AASB 16 for the first time, AASB has used the following practical expedients permitted by the standard:

- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2020, and
- Excluding initial direct costs for the measurement of the right -of-use asset at the date of initial application.

AASB has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, AASB relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

**Revaluation of ROU**

AASB elected to measure the Buildings Right-of-Use Asset at cost as per AASB 16.

**The following table reconciles the Departmental minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:**

	<b>1 July 2019</b>
Minimum operating lease commitment at 30 June 2019	566,450
Less: effect of discounting using the incremental borrowing rate as the date of initial applications	(6,202)
Discounted using the lessee's incremental borrowing rate at the date of initial application	560,248
<b>Lease liabilities recognised at 1 July 2019</b>	<b>560,248</b>
Of which are:	
Current lease liabilities	<b>206,340</b>
Non-Current lease liabilities	<b>360,110</b>

(b) New standards effective for years commencing after 30 June 2020

New standards, amendments to standards and interpretations that are applicable to future periods have been issued by the AASB. None of these are expected to have a material impact on future reporting periods, either because the AASB and AUASB do not conduct the types of transactions addressed by the pronouncements or because the extent to which they may impact the AASB and AUASB is not expected to be material.

#### **1.4 Taxation**

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

#### **1.5 Financial Instruments**

AASB and AUASB have the following financial assets: cash and cash equivalents, management fee receivable and trade receivables. Management fee receivable and trade receivables are measured at amortised costs. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

The net fair values of cash and cash equivalents, management fee receivable and trade receivables of the AASB and AUASB approximates their carrying amounts.

Financial assets are assessed for impairment at the end of each reporting period based on the simplified Expected Credit Losses (ECL) approach. The ECL are calculated using the provision matrix that is based on historical credit loss experience adjusted for forward looking factors specific to the debtors and the economic environment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Offices of the AASB and AUASB are exposed to minimal credit risk due to the nature of the trade receivables, as they represent funding from State and Territories or Commonwealth

Government. As there is no history of credit losses in the past and no forward-looking factors indicated differently, no allowance for ECL has been recognised.

The majority of trade receivables relates to a funding agreement between the Office of the AASB and the States and Territories. The current agreement runs from 1 July 2019 to 30 June 2021. Income is received in equal quarterly instalments and is recognised when controlled. All receivables are due in the next 12 months.

### **Financial instrument liabilities**

The net fair value of trade creditors and management fee payable of the AASB and AUASB approximate their carrying amount.

## **1.6 Plant and Equipment**

### **Asset Recognition Threshold**

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

### **Revaluation**

Following initial recognition at cost, property, plant and equipment are carried at fair value (or an amount not materially different from fair value) less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

### **Depreciation**

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

### **Impairment**

All assets were assessed for impairment at 30 June 2020.

Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment, made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived

from the asset. 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 entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### **Lease Right of Use (ROU) Assets**

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright but included in the same column as where the corresponding underlying assets would be presented if they were owned.

## **Note 2: Analysis of Shared Operational Activities**

---

### **Note 2A: Operational activities for AASB and AUASB**

To transparently reflect the shared support model and organisation structure, the AASB and AUASB provide additional disclosure on a combined basis for their operational activities.

The AASB and AUASB shared support model effectively enables, to the extent permitted by legislation, the Offices of the AASB and AUASB to operate as a single Office supporting both Boards. Under the Memorandum of Understanding (MoU) between the AASB and the AUASB, the AASB incurs all costs of the AUASB.

The AASB recoups AUASB direct costs with no mark-up and accordingly does not recognise the reimbursement of these direct costs paid for by the AASB. The AASB recognises a receivable from the AUASB at the time the AASB pays for these expenses on behalf of the AUASB. AUASB direct costs are recognised as expenses of the AUASB. The AUASB recognises a payable to the AASB when charged by the AASB.

In addition, the AASB charges the AUASB a management fee to recover an appropriate portion of the total professional services expenses ('common expenses'). As the AASB solely bears legal obligations arising from the contracts for common employees, leases and other expenses, the AASB recognises the full amount of common expenses as incurred and recognises the management fee charged to the AUASB as revenue. The AUASB recognises the management fee as an expense. The common expense management fee for 2020 amounted to \$537,542 (2019: \$767,761).

	AASB 2020 \$	AUASB 2020 \$	Shared 2020 \$	Total 2020 \$	Total 2019 \$
<b>Note 2B: Operational activities</b>					
Appropriations	3,598,000	2,398,000	-	5,996,000	5,711,000
Other income	590,122	103,263	-	693,385	790,472
<b>Total income before common expense recharge</b>	<b>4,188,122</b>	<b>2,501,263</b>	<b>-</b>	<b>6,689,385</b>	<b>6,501,472</b>
Common expense recharge <sup>1</sup>	537,542	-	-	537,542	767,761
<b>Total income</b>	<b>4,725,664</b>	<b>2,501,263</b>	<b>-</b>	<b>7,226,927</b>	<b>7,269,233</b>
Employee and contractor costs (excluding redundancies)	2,352,716	1,451,894	567,385	4,371,995	4,082,343
Separation and redundancy costs	-	-	-	-	159,168
Direct supplier expenses (refer to Note 3B)	703,273	295,941	-	999,214	1,265,401
Common occupancy expenses	-	-	119,974	119,974	308,324
Common depreciation and amortisation expense	-	-	250,633	250,633	54,563
Common finance costs	-	-	226	226	35,820
Common supplier expenses (refer to Note 3B)	-	-	447,233	447,233	695,609
	<b>3,055,989</b>	<b>1,747,835</b>	<b>1,385,451</b>	<b>6,189,275</b>	<b>6,601,228</b>
Common expense recharge <sup>1</sup>	-	537,542	-	537,542	767,761
	<b>3,055,989</b>	<b>2,285,377</b>	<b>1,385,451</b>	<b>6,726,817</b>	<b>7,368,989</b>
			<b>Combined Surplus/(Deficit)</b>	<b>500,110</b>	<b>(99,756)</b>
			<b>Made up of:</b>		
			<b>AASB Surplus/(Deficit)</b>	<b>284,224</b>	<b>(23,332)</b>
			<b>AUASB Surplus/(Deficit)</b>	<b>215,886</b>	<b>(76,424)</b>

<sup>1</sup> The common expense recharge includes recharges for common employee costs (refer to Note 3A), operating lease expenses, depreciation and amortisation expenses, finance costs and common supplier expenses (refer to Note 3B).

**Note 3: Expenses**

	AASB		AUASB	
	2020 \$	2019 \$	2020 \$	2019 \$
<b>Note 3A: Employee and contractor costs</b>				
Employee wages and salaries	2,255,932	2,083,999	1,186,097	957,113
Defined contribution superannuation plans	203,258	191,362	112,336	93,213
Leave and other entitlements	212,420	168,689	145,761	103,805
Separation and redundancies	-	159,168	-	-
<b>Total employee benefits</b>	<b>2,671,610</b>	<b>2,603,218</b>	<b>1,444,194</b>	<b>1,154,131</b>
Contractor costs	248,492	484,162	7,700	-
<b>Total employee and contractor costs</b>	<b>2,920,102</b>	<b>3,087,380</b>	<b>1,451,894</b>	<b>1,154,131</b>



	AASB		AUASB	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Note 3B: Suppliers</b>				
<b>Direct expenses</b>				
Board members' services	28,946	24,963	30,770	36,343
Travel	133,206	342,278	65,019	183,445
Publications/Subscriptions	113,107	123,025	46,831	39,897
Conference & Professional Development	74,088	82,532	2,286	32,837
Audit fees (received free of charge)	46,150	46,150	33,000	33,000
Compensation and related FBT expenses	38,627	29,456	-	2,490
Legal Expenses	22,012	19,566	8,000	-
HR – Employee recruitment, training and support	168,400	131,836	1,015	24,945
Research & Data Expenses	-	88,500	-	-
Other	78,737	14,834	109,020	9,304
<b>Total direct expenses</b>	<b>703,273</b>	<b>903,140</b>	<b>295,941</b>	<b>362,261</b>
<b>Common expenses</b>				
Consultant costs – Other	12,637	58,840	-	-
Consultant costs – IT	19,590	194,336	-	-
Consultant costs – HR	1,128	79,159	-	-
HR – Employee recruitment, training and support	15,527	54,494	-	-
Administration costs	313,249	235,386	-	-
Legal Expenses	-	18,837	-	-
Other	80,649	54,557	-	-
<b>Total common expenses</b>	<b>442,780</b>	<b>695,609</b>	<b>-</b>	<b>-</b>
<b>Total supplier expenses</b>	<b>1,146,053</b>	<b>1,598,749</b>	<b>295,941</b>	<b>362,261</b>

Refer to Note 2 for further details on all Direct and Common expenses.

	AASB		AUASB	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Note 3C: Depreciation</b>				
<b>Direct expenses</b>				
Buildings Right of Use Asset	210,093	-	-	-
Plant & Equipment	39,318	54,563	-	-
Computer Software	1,222	-	-	-
<b>Total Depreciation</b>	<b>250,633</b>	<b>54,563</b>	<b>-</b>	<b>-</b>

### Note 3D: Volunteer Services

Volunteer services received by the AASB and AUASB of board member sitting fees, secondee arrangements and audit fees can all be reliably measured at fair value and would have been obtained under a commercial arrangement therefore have been recognised as revenue and an expense in the statements. The use of free of charge meeting rooms has been determined as not meeting the recognition requirements. Whilst the use of volunteer Panel members have been assessed as extensive. For the year ended 30th June 2020 AASB engaged fourteen panellists for one meeting and five occasions using meeting rooms free of charge, whilst the AUASB had three occasions of using a meeting room free of charge.

### Note 4: Appropriations

#### (i) Revenue from Government

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

Appropriations receivable are recognised at their nominal amounts.

#### (ii) Equity Injections and distributions to Government

Equity Injections and distributions to Government Appropriation amounts that are designated as 'equity injections,' including Departmental Capital Budget amounts, are recognised directly in contributed equity/capital for the year. Amounts transferred to the Australian Government as redemptions of the Government's ownership interest in the Office of the AASB or the AUASB are recognised as distributions to owners that reduce the contributed equity/capital. Contributions and distributions are also made in accordance with Public Governance, Performance Accountability (Financial Reporting) Rule 2015(FRR), clauses 40 – Formal additions and reductions and 43 – Annual Appropriations.

Table A: Annual appropriations (Recoverable GST exclusive)	AASB		AUASB	
	2020 \$	2019 \$	2020 \$	2019 \$
<b>Unspent annual appropriations (Recoverable GST exclusive) - Opening balance (Table B)</b>				
Cash	464,561	7,597	188,885	332,408
Appropriation Receivables	1,656,000	2,041,000	686,700	517,000
	<b>2,120,561</b>	2,048,597	<b>875,585</b>	849,408

**Note 4: Appropriations continued****Ordinary annual services****Annual appropriation - Revenue from Government**

Departmental appropriations <i>Appropriation Act (No. 1)</i> <sup>1</sup>	<b>3,519,000</b>	3,516,000	<b>2,360,000</b>	2,078,000
Departmental appropriations - <i>Appropriation Act (No. 3)</i>	<b>79,000</b>	79,000	<b>38,000</b>	38,000
<b>Total Ordinary Appropriation Act (No. 1 &amp; 3)</b>	<b>3,598,000</b>	3,595,000	<b>2,398,000</b>	2,116,000
Departmental capital budget <sup>2</sup>	<b>79,000</b>	79,000	<b>38,000</b>	38,000
<b>Total appropriations</b>	<b>3,677,000</b>	3,674,000	<b>2,436,000</b>	2,154,000

**PGPA Act – Section 74**<sup>3</sup>

Own source income - not transferred to the Official Public Account

	<b>1,222,541</b>	1,199,378	-	-
<b>Total appropriation</b>	<b>4,899,541</b>	4,873,378	<b>2,436,000</b>	2,154,000

**Appropriation applied (current and prior years)**<sup>3</sup>

Employees and contractors	<b>2,974,517</b>	2,839,774	<b>1,297,940</b>	1,043,012
Suppliers	<b>1,501,365</b>	1,991,970	<b>871,205</b>	1,046,811
Lease payments	<b>202,064</b>	-	-	-
Interest payments on lease liabilities	<b>4,452</b>	-	-	-
Purchase of plant and equipment	<b>62,976</b>	49,720	-	-
Cash received from disposal of plant and equipment	<b>(75)</b>	(2,162)	-	-
Less net GST received	<b>(125,706)</b>	(156,888)	-	-
Distribution to Australian Government	<b>79,000</b>	79,000	<b>38,000</b>	38,000
<b>Total appropriation applied (current and prior years)</b>	<b>4,698,593</b>	4,801,414	<b>2,207,145</b>	2,127,823

Appropriation allocated to:

Prior year capital 2016/17	-	47,000	-	-
Prior year capital 2017/18	<b>79,000</b>	-	<b>38,000</b>	5,300
Prior year ordinary 2018/19	<b>1,547,000</b>	1,885,000	<b>617,000</b>	442,000
Total Prior years	<b>1,626,000</b>	1,932,000	<b>655,000</b>	447,300
Current year – Ordinary	<b>2,963,593</b>	2,790,414	<b>1,482,445</b>	1,642,523
Current year – Distributions	<b>109,000</b>	79,000	<b>69,700</b>	38,000
<b>Total appropriation applied (current and prior years)</b>	<b>4,698,593</b>	4,801,414	<b>2,207,145</b>	2,127,823
<b>Excess of appropriations received over applied</b>	<b>92,556</b>	71,964	<b>228,855</b>	26,177

**Unspent annual appropriations ('Recoverable GST exclusive') - Closing balance (Table B)**

Cash	<b>2,183,117</b>	464,561	<b>1,072,740</b>	188,885
Appropriation Receivables	-	1,656,000	-	686,700
	<b>2,183,117</b>	2,120,561	<b>1,072,740</b>	875,585

1 Statement of Comprehensive Income

2 Statement of Changes in Equity

3 Cash flow statement (exclusive appropriation and net GST)

4 Departmental Capital Budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

**Table B: Unspent Annual Appropriations ('Recoverable GST exclusive')<sup>1</sup>**

	AASB		AUASB	
	2020	2019	2020	2019
Authority	\$	\$	\$	\$
Appropriation Act 1 - 2016/17 - capital budget	-	-	-	16,700
Supply Act 1 - 2016/17 – capital budget	-	30,000	-	15,000
Appropriation Act 1 - 2017/18 - capital budget	-	79,000	-	38,000
Appropriation Act 1 - 2017/18	-	-	-	-
Appropriation Act 1 - 2018/19	-	1,468,000	-	579,000
Appropriation Act 3 - 2018/19	-	79,000	-	38,000
Appropriation Act 3 - 2019/10	-	-	-	-
Cash	<u>2,183,117</u>	<u>464,561</u>	<u>1,072,740</u>	<u>188,885</u>
<b>Total</b>	<u><b>2,183,117</b></u>	<u><b>2,120,561</b></u>	<u><b>1,072,740</b></u>	<u><b>875,585</b></u>

1 All unspent appropriations are considered 'Current' as it is expected that unspent prior period appropriations will be drawdown first and will be utilised within the next twelve months.

## Note 5: Payables

	AASB		AUASB	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Other payables</b>				
PAYG salary withholding tax	57,102	135,175	30,782	-
Compensation & related FBT costs <sup>1</sup>	72,261	97,458	-	3,334
Lease payable	-	103,575	-	-
Other	<u>20,581</u>	<u>20,580</u>	<u>-</u>	<u>7,836</u>
<b>Total other payables</b>	<u><b>149,944</b></u>	<u><b>356,788</b></u>	<u><b>30,782</b></u>	<u><b>11,170</b></u>
Other payables are expected to be settled within:				
No more than 12 months	149,944	356,788	30,782	11,170
More than 12 months	-	-	-	-
<b>Total other payables</b>	<u><b>149,944</b></u>	<u><b>356,788</b></u>	<u><b>30,782</b></u>	<u><b>11,170</b></u>

1 The Instrument of Appointment for the outgoing AASB Chair waives the qualifying period for long service leave, effectively creating a present obligation for the 5-year appointment. On the basis of legal advice received, the outgoing AASB Chair was not entitled to long service leave under the Long Service Leave (Commonwealth Employees) Act 1976 in the event that a term of less than 10 years is served. A liability has been recognised in the event that AASB is required to make a compensation payment under a CCDA settlement. \$72,261 (2019 \$101,378). Tax advice has been obtained and FBT will not be payable on a CCDA settlement.

2 The Entity has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117. The new lease liability is classified as an interest-bearing liability.

All invoices are paid within 30 days.

**Note 6: Employee Provisions**

	AASB		AUASB	
	2020	2019	2020	2019
	\$	\$	\$	\$
Employee provisions are expected to be settled in:				
No more than 12 months	255,754	249,173	179,594	130,645
More than 12 months	48,085	44,188	84,819	50,243
<b>Total employee provisions</b>	<b>303,839</b>	<b>293,361</b>	<b>264,413</b>	<b>180,888</b>

**Note 7: Cash Flow Reconciliation**

	AASB		AUASB	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Reconciliation of net cost of services to net cash from operating activities:</b>				
Net cost of services	(3,313,776)	(3,618,332)	(2,182,114)	(2,192,424)
Add revenue from Government	3,598,000	3,595,000	2,398,000	2,116,000
Adjust for proceeds of disposal of assets (Investing Activity)	(75)	(2,162)	-	-
<b>Adjustments for non-cash items</b>				
Depreciation / amortisation	250,633	54,563	-	-
Lease incentive - (530 Collins St)	-	(16,627)	-	-
Net write down of non-financial assets	226	35,787	-	-
<b>Movements in assets / liabilities</b>				
<b>Assets</b>				
(Increase) / decrease in net receivables	1,701,677	266,528	617,168	(175,166)
(Increase) / decrease in prepayments	33,110	(44,316)	(38,960)	-
<b>Liabilities</b>				
Increase / (decrease) in employee provisions	10,478	(2,281)	83,525	51,555
Increase / (decrease) in supplier payables	(193,481)	81,882	(51,374)	68,290
Increase / (decrease) in other payables	(182,271)	107,480	19,611	(17,078)
<b>Net cash from / (used by) operating activities</b>	<b>1,904,521</b>	<b>457,522</b>	<b>845,855</b>	<b>(148,823)</b>

## Note 8: Related parties

The AASB and AUASB are Australian Government controlled non-corporate entities. Related parties are:

- Key Management Personnel of the AASB and AUASB, their close family members, and entities controlled or jointly controlled by either: (8A)
- Cabinet Ministers – key management personnel for the consolidated whole of Government accounts, and (8B)
- all other Australian government entities (8B).

Key management personnel are determined as persons having authority and responsibility for planning, directing and controlling the activities of the entity. Based on a review of employee titles, analysis of the roles and job descriptions, the PGPA requirements for accountable authorities, the delegations made under the PGPA, the composition of the leadership meetings and communications to employees regarding the leadership team, the following positions have been included within key management personnel: the Chair and CEOs of each Board, the Managing Director and the Technical Directors of each Board.

### Note 8A: Transactions with key management personnel

	AASB		AUASB	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Short-term employee benefits:</b>				
Salary	<u>770,212</u>	<u>890,237</u>	<u>424,546</u>	<u>443,801</u>
<b>Post-employment benefits:</b>				
Superannuation	<u>58,228</u>	<u>60,150</u>	<u>39,663</u>	<u>38,886</u>
<b>Other short-term benefits:</b>				
Termination benefits - Separation and redundancies	<u>-</u>	<u>159,168</u>	<u>-</u>	<u>-</u>
<b>Other long-term benefits:</b>				
Long Service Leave <sup>1</sup>	<u>5,455</u>	<u>5,500</u>	<u>12,348</u>	<u>11,205</u>
<b>Total other long-term benefits</b>	<u>5,455</u>	<u>5,500</u>	<u>12,348</u>	<u>11,205</u>
<b>Total</b>	<u>833,895</u>	<u>1,115,055</u>	<u>476,557</u>	<u>493,892</u>

<sup>1</sup> A senior executive received compensation payments not considered remuneration totalling \$35,919 (2019 \$0). The employee had not qualified for long service leave with the AASB under the Long Service Leave (Commonwealth Employees) Act 1976 (Commonwealth LSL Act). The AASB may have promised or represented to the employee in the terms of their employment contract that they would be entitled to long service leave pursuant to the Long Service leave Act 1992 (Vic) (Victorian LSL Act) rather than pursuant to the Commonwealth LSL Act. For the purpose of resolving any dispute in relation to any claim, belief or right asserted by the employee against the AASB for long service leave entitlements, the employee has agreed to accept the payment in return for the full and final settlement of any claim capable of being brought by the employee in respect of the loss or perceived loss suffered by the Employee and in consideration for giving this Deed of Release. FBT was also payable on the amount.

**During the reporting period ended 30 June 2020, AASB had six (2019:three) executives who met the definition of key management personnel.**

<b>Name</b>	<b>Position</b>	<b>Term as KMP</b>
Kris Peach	Chair	Until 2nd May 2020 (4 days a week)
Keith Kendall	Chair	From 3rd May 2020
Justin Williams	Managing Director	From September 2019 (3 days a week)
Kalaselvi Kandiah	Technical Director	To the 6th March 2020
Fridrich Housa	Acting Technical Director	From 13th January 2020
Helena Simkova	Acting Technical Director	From 13th January 2020 (4 days a week)

**During the reporting period ended 30 June 2020, AUASB had two (2019: two) executives who met the definition of key management personnel.**

<b>Name</b>	<b>Position</b>	<b>Term as KMP</b>
Roger Simnett	Chair	Full year (3 days a week)
Matthew Zappulla	Technical Director	Full year

## **Governance Arrangements**

The remuneration of the AASB and AUASB Chair is set by the Commonwealth Remuneration Tribunal Determination (Remuneration and Allowances for Holders of Full-time Public Office) Determination 2019. The remuneration of other KMP is set by the Chair's benchmarking against relevant published external remuneration portions. The individual's performance during the year in assisting to achieve the AASB or AUASB strategy is taken into account in determining the level of increase in base salary each year.

Other non-salary benefits provided to KMP include annual influenza immunisation, mentoring and coaching programs, confidential employee assistance program, provision of mobile phone, tablet, laptop and airline lounge membership.

AASB		Short-term benefits	Post-employment benefits	Other long-term benefits	Termination Benefits	Total remuneration
Name	Position	Base Salary	Superannuation contributions	Long service leave		
Kris Peach	Chair (0.8 FTE)	279,332	17,644	-	-	<b>296,976</b>
Keith Kendall	Chair	69,322	3,420	980	-	<b>73,722</b>
Justin Williams	Managing Director (0.6 FTE)	132,575	12,146	1,956	-	<b>146,677</b>
Kalaselvi Kandiah	Technical Director	158,066	13,353	-	-	<b>171,419</b>
Fridrich Housa	Acting Technical Director	75,620	6,771	1,133	-	<b>83,524</b>
Helena Simkova	Acting Technical Director (0.8 FTE)	55,297	4,894	1,386	-	<b>61,577</b>
<b>Total</b>		<b>770,212</b>	<b>58,228</b>	<b>5,455</b>	-	<b>833,895</b>



<b>AUASB</b>		<b>Short-term benefits</b>	<b>Post-employment benefits</b>	<b>Other long-term benefits</b>	<b>Termination Benefits</b>	<b>Total remuneration</b>
<b>Name</b>	<b>Position</b>	<b>Base Salary</b>	<b>Superannuation contributions</b>	<b>Long service leave</b>		
Roger Simnett	Chair (0.6 FTE)	215,306	20,195	5,405	-	<b>240,907</b>
Matthew Zappulla	Technical Director	209,240	19,468	6,942	-	<b>235,650</b>
<b>Total</b>		<b>424,546</b>	<b>39,663</b>	<b>12,348</b>	-	<b>476,557</b>

## Other Related Parties

For both AASB and AUASB all outstanding balances with related parties other than the AASB and AUASB are priced on an arm's length basis. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. For details of the arrangements between the AASB and AUASB refer Note 2.

The parent entity of both the AASB and the AUASB is the Department of Treasury and ultimate parent is the Australian Government.

The AASB and AUASB pay for the following services from other Commonwealth controlled entities: Employee Assistance Program from Treasury, Core Desktop Licenses from Department of Finance, insurance premiums from Comcover, legal advice from Australian Government Solicitors (AGS), and registration fees from Treasury for the Federal Register of Legislative instruments cost recovery.

None of these services are individually or collectively significant to the AASB or AUASB, therefore only the nature of these transactions are disclosed.

### Note 8B: Other related party transactions - Transaction values

	AASB		AUASB	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Sales of goods and services to other Commonwealth entities:</b>				
Management fee recharge received from AUASB	537,542	767,761	-	-
<b>Total Goods and services</b>	<b>537,542</b>	<b>767,761</b>	<b>-</b>	<b>-</b>
<b>Purchase of goods from other Commonwealth Entities:</b>				
Management fee recharge paid to AASB	-	-	537,542	767,761
Productivity Commission - IT expenses	149,000	145,000	-	-
TEQSA – lessor	327,470	308,324	-	-
<b>Total purchase of goods</b>	<b>476,470</b>	<b>453,324</b>	<b>537,542</b>	<b>767,761</b>

### Note 8C: Other related party transactions - Balance outstanding

	AASB		AUASB	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Sales of goods and services to other Commonwealth controlled entities:</b>				
Management fee recharge receivable from AUASB	179,685	240,771	-	-
<b>Total sales of goods and services</b>	<b>179,685</b>	<b>240,771</b>	<b>-</b>	<b>-</b>
<b>Purchase of goods from other Commonwealth controlled entities:</b>				
Management fee recharge payable to AASB	-	-	179,685	240,771
Productivity Commission - IT expenses	-	-	-	-
<b>Total purchase of goods</b>	<b>-</b>	<b>-</b>	<b>179,685</b>	<b>240,771</b>

## Note 9: Plant and Equipment

### Note9A: Reconciliation of the opening and closing balance of material PPE for 2019-20

	<b>Buildings</b>
	<b>\$</b>
<b>As at 1 July 2019</b>	
Gross Book Value	-
Accumulated Depreciation, amortisation and impairment	-
<b>Total as at 1 July 2019</b>	-
<b>Recognition of right of use asset on initial application of AASB 16</b>	<b>560,248</b>
Adjusted total as at 1 July 2019	<b>560,248</b>
<b>Additions</b>	
<b>Depreciation on right of use assets</b>	<b>(210,093)</b>
<b>Total as at 30<sup>th</sup> June 2020</b>	<b>350,155</b>
Gross Book Value	<b>560,248</b>
Accumulated Depreciation, amortisation and impairment	<b>(210,093)</b>
<b>Total as at 30 June 2020</b>	<b>350,155</b>

## Note 10: Other Information

### Aggregate Assets and Liabilities

	<b>AASB</b>		<b>AUASB</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Assets expected to be recovered in:</b>				
<b>No more than 12 months</b>	<b>2,506,034</b>	2,552,190	<b>1,111,700</b>	875,751
<b>More than 12 months</b>	<b>502,824</b>	130,533	-	-
<b>Total assets</b>	<b>3,008,858</b>	<b>2,682,723</b>	<b>1,111,700</b>	<b>875,751</b>
<b>Liabilities expected to be recovered in:</b>				
<b>No more than 12 months</b>	<b>663,173</b>	485,463	<b>399,773</b>	382,586
<b>More than 12 months</b>	<b>194,924</b>	404,298	<b>84,819</b>	50,243
<b>Total liabilities</b>	<b>858,097</b>	<b>889,761</b>	<b>484,592</b>	<b>432,829</b>

## Note 11: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2019-20 Portfolio Budget Statements (PBS) to the 2019-20 final outcome as presented in accordance with Australian Accounting Standards. The Budget is not audited and where applicable, the original budget numbers have been reclassified to align with the financial statement.

Explanations are provided for major variances between actual results and the original budget. Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- an item below this threshold but is considered important for the readers' understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of AASB.'

**Note 11A: Major Budget Variances for 2020**

<b>Australian Accounting Standards Board</b>	
<b>Explanations of major variances</b>	<b>Footnote reference and affected statement</b>
Employee related salaries and provisions lower due to not engaging a Research Director or Technical Director for the part of the year	1 (SoCI, SoFP and CFS)
Supplier expenses are favourable to budget due to the impact of COVID-19 on travel and other stakeholder engagement	2 (SoCI, SoFP and CFS)
Lease expenditure costs were not shown as a separate budget line item	3 (SoCI)
Impact of application of AASB16 <i>Leases</i>	4 (SoCI)
Budget for resources received free of charge included a Secondee which was not incurred during the year	5 (SoCI)
Change in the MOU regarding how shared costs are allocated to AUASB	6 (SoCI)
Capital Appropriations for 2019/20 received and then distributed back to Government and then increase in Operating Appropriation for same amount to fund software licences	7 (SoCI, SoFP & SoCE)
Timing of drawing down of appropriations	8 (SoFP & SoCE)
Timing payment of AUASB management fees	9 (SoFP)
Includes prepaid expenses for to Treasury as cost recovery for Federal Register of Legislation fees for 20/21 not normally recognised in schedule until July	10 (SoFP)
Supplier payment run completed end June, reducing liability compared to budget	11 (SoFP)
Other payables balance includes PAYG in relation to ETP payment and Compensation provision	12 (SoFP)
Reduction due departure of Chair and another long-term employee	13 (SoFP)
GST not budgeted for as a separate item	14 (SoCE)

<b>Auditing and Assurance Standards Board</b>	
<b>Explanations of major variances</b>	<b>Footnote reference and affected statement</b>
Favourable to budget due to delay recruiting employees	1 (SoFP)
Supplier expenses are favourable to budget due to the impact of COVID-19 on travel and other stakeholder engagement	2 (SoCI and CFS)
Plant and Equipment is held by AASB under the MOU agreement between the two entities	4 (SoCI, SoFP & SoCE)
Change in the MOU regarding how shared costs are allocated to AUASB	6 (SoCI)
Capital Appropriations for 2019/20 received and then distributed back to Government and then increase in Operating Appropriation for same amount to fund software licences	7 (SoFP & SoCE)
Timing of drawing down of appropriations	8 (SoFP & SoCE)
Increase in annual leave provision due to impact of COVID-19	13 (SoFP)

**Statements of Comprehensive Income**  
for the period ended 30 June 2020

	AASB			AUASB		
	Actual	Budget estimate		Actual	Budget estimate	
		Original	Variance		Original	Variance
	2020	2020	2020	2020	2020	2020
	\$	\$	\$	\$	\$	\$
<b>EXPENSES</b>						
Employee and contractor costs <sup>1</sup>	2,920,102	3,255,000	(334,898)	1,451,894	1,365,000	86,894
Supplier expenses <sup>2</sup>	1,146,053	1,506,000	(359,947)	295,941	1,087,000	(791,059)
Occupancy expenses <sup>3</sup>	119,974	-	119,974	-	-	-
Depreciation and amortisation <sup>4</sup>	250,633	55,000	195,633	-	40,000	(40,000)
Finance costs	4,452	-	4,452	-	-	-
Management fee expenses <sup>6</sup>	-	-	-	537,542	-	537,542
Write-down and impairment of assets and losses on sale	226	-	226	-	-	-
<b>Total expenses</b>	<b>4,441,440</b>	<b>4,816,000</b>	<b>(374,560)</b>	<b>2,285,377</b>	<b>2,492,000</b>	<b>(206,623)</b>
<b>LESS:</b>						
<b>OWN SOURCE INCOME</b>						
<b>Own-source revenue</b>						
Sale of goods and rendering of services	5,596	-	5,596	-	-	-
Resources received free of charge <sup>5</sup>	84,526	118,000	(33,474)	103,263	54,000	49,263
Management fee recharge <sup>6</sup>	537,542	624,000	(86,458)	-	-	-
Contributions from state and territories	500,000	500,000	-	-	-	-
<b>Total own-source revenue</b>	<b>1,127,664</b>	<b>1,242,000</b>	<b>(114,336)</b>	<b>103,263</b>	<b>54,000</b>	<b>49,263</b>
<b>Net cost of services &amp; cost of outcome delivery</b>	<b>3,313,776</b>	<b>3,574,000</b>	<b>(260,224)</b>	<b>2,182,114</b>	<b>2,438,000</b>	<b>(255,886)</b>
Revenue from Government - departmental appropriations	3,598,000	3,519,000	79,000	2,398,000	2,398,000	-
<b>Surplus/(Deficit) attributable to the Australian Government</b>	<b>284,224</b>	<b>(55,000)</b>	<b>339,224</b>	<b>215,886</b>	<b>(40,000)</b>	<b>255,886</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Total comprehensive income attributable to the Australian Government</b>	<b>282,224</b>	<b>(55,000)</b>	<b>339,224</b>	<b>215,886</b>	<b>(40,000)</b>	<b>255,886</b>

## Statements of Financial Position

for the period ended 30 June 2020

	AASB			AUASB		
	Actual	Budget estimate		Actual	Budget estimate	
	2020	Original 2020	Variance 2020	2020	Original 2020	Variance 2020
	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents <sup>8</sup>	2,183,117	132,000	2,051,117	1,072,740	371,000	701,740
Trade and other receivables <sup>9</sup>	259,248	2,195,000	(1,935,752)	-	555,000	(555,000)
<b>Total financial assets</b>	<b>2,442,365</b>	<b>2,327,000</b>	<b>115,365</b>	<b>1,072,740</b>	<b>926,000</b>	<b>146,740</b>
<b>Non-financial assets</b>						
Buildings ROU <sup>4</sup>	350,155	-	350,155	-	-	-
Plant and equipment <sup>7</sup>	149,232	70,000	79,232	-	6,000	(6,000)
Computer Software	3,437	-	3,437	-	-	-
Intangibles <sup>7</sup>	-	71,000	(71,000)	-	22,000	(22,000)
Prepaid expenses <sup>10</sup>	63,669	46,000	17,669	38,960	-	38,960
<b>Total non-financial assets</b>	<b>566,493</b>	<b>187,000</b>	<b>379,493</b>	<b>38,960</b>	<b>28,000</b>	<b>10,960</b>
<b>Total assets</b>	<b>3,008,858</b>	<b>2,514,000</b>	<b>494,858</b>	<b>1,111,700</b>	<b>954,000</b>	<b>157,700</b>
<b>LIABILITIES</b>						
<b>Payables</b>						
Suppliers <sup>11</sup>	46,130	282,000	(235,870)	9,712	184,000	(174,288)
Management fee payable to AASB (9)	-	-	-	179,685	-	179,685
Other payables <sup>9</sup>	149,944	33,000	116,944	30,782	23,000	7,782
<b>Total payables</b>	<b>196,074</b>	<b>315,000</b>	<b>(118,926)</b>	<b>220,179</b>	<b>207,000</b>	<b>13,179</b>
<b>Interest-bearing liabilities</b>						
Leases <sup>4</sup>	358,184	-	358,184	-	-	-
<b>Total Interest-bearing liabilities</b>	<b>358,184</b>		<b>358,184</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>						
Employee provisions <sup>13</sup>	303,839	414,000	(110,161)	264,413	232,000	32,413
<b>Total provisions</b>	<b>303,839</b>	<b>414,000</b>	<b>(110,161)</b>	<b>264,413</b>	<b>232,000</b>	<b>32,413</b>
<b>Total liabilities</b>	<b>858,097</b>	<b>729,000</b>	<b>129,097</b>	<b>484,592</b>	<b>439,000</b>	<b>45,592</b>
<b>Net assets</b>	<b>2,150,761</b>	<b>1,785,000</b>	<b>365,761</b>	<b>627,108</b>	<b>515,000</b>	<b>112,108</b>
<b>EQUITY</b>						
<b>Parent entity interest</b>						
Contributed equity <sup>7</sup>	651,000	760,000	(109,000)	280,300	388,000	(107,700)
Retained earnings	1,499,761	1,025,000	474,761	346,808	127,000	219,808
<b>Total parent entity interest</b>	<b>2,150,761</b>	<b>1,785,000</b>	<b>365,761</b>	<b>627,108</b>	<b>515,000</b>	<b>112,108</b>

Variances in equity are the net result of variances in the statements of comprehensive income and the statements of financial position.

## Statements of Changes in Equity for the period ended 30 June 2020

### Australian Accounting Standards Board

	Retained earnings			Contributed equity/capital			Total equity		
	Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate	
		Original	Variance		Original	Variance		Original	Variance
	2020	2020	2020	2020	2020	2020	2020	2020	
<b>Opening balance</b>									
Balance carried forward from previous period	1,111,962	1,080,000	31,962	681,000	681,000	-	1,792,962	1,761,000	31,962
Adjustment on initial application of AASB 16 Leases	103,575		103,575				103,575		103,575
Adjusted opening balance	1,215,537	1,080,000	135,537	681,000	681,000		1,896,537	1,761,000	135,537
<b>Comprehensive income</b>									
Surplus/ (Deficit) for the period	284,224	(55,000)	339,224	-	-	-	284,224	(55,000)	399,224
<b>Total comprehensive income attributable to the Australian Government</b>	<b>284,224</b>	<b>(55,000)</b>	<b>339,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284,224</b>	<b>(55,000)</b>	<b>399,224</b>
<b>Contribution by owners</b>									
Departmental capital budget	-	-	-	79,000	79,000	-	79,000	79,000	-
Distribution to Australian Government <sup>4</sup>	-	-	-	(109,000)	-	(109,000)	(109,000)	-	(109,000)
Total transactions with owners	-	-	-	(30,000)	79,000	(109,000)	(30,000)	79,000	(109,000)
<b>Closing balance attributable to Australian Government</b>	<b>1,499,761</b>	<b>1,025,000</b>	<b>474,761</b>	<b>651,000</b>	<b>760,000</b>	<b>(109,000)</b>	<b>2,150,761</b>	<b>1,785,000</b>	<b>365,761</b>



**Statements of Changes in Equity (continued)**  
for the period ended 30 June 2020

**Auditing and Assurance Standards Board**

	Retained earnings			Contributed equity/capital			Total equity		
	Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate	
		Original	Variance		Original	Variance		Original	Variance
	2020	2020	2020	2020	2020	2020	2020	2020	
Balance carried forward from previous period	130,922	167,000	(36,078)	312,000	350,000	(38,000)	442,922	517,000	(74,078)
Surplus/ (Deficit) for the period	215,886	(40,000)	255,886	-	-	-	215,886	(40,000)	255,886
<b>Total comprehensive income attributable to the Australian Government</b>	<b>215,886</b>	<b>(40,000)</b>	<b>255,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,886</b>	<b>(40,000)</b>	<b>255,886</b>
Departmental capital budget	-	-	-	38,000	38,000	-	38,000	38,000	-
Distribution to Australian Government <sup>4</sup>	-	-	-	(69,700)	-	(69,700)	(69,700)	-	(69,700)
Total transactions with owners	-	-	-	(31,700)	38,000	(69,700)	(31,700)	38,000	(69,700)
<b>Closing balance attributable to Australian Government</b>	<b>346,808</b>	<b>127,000</b>	<b>219,808</b>	<b>280,300</b>	<b>388,000</b>	<b>(107,700)</b>	<b>627,108</b>	<b>515,000</b>	<b>112,108</b>

Variances in equity are the net result of variances in the statements of comprehensive income and the statements of financial position.

## Cash Flow Statements

for the period ended 30 June 2020

	AASB			AUASB		
	Actual	Budget estimate		Actual	Budget estimate	
		Original	Variance		Original	Variance
	2020	2020	2020	2020	2020	2020
\$	\$	\$	\$	\$	\$	
<b>OPERATING ACTIVITIES</b>						
<b>Cash received</b>						
Appropriations <sup>10</sup>	5,145,000	3,606,000	1,539,000	3,015,000	2,506,000	509,000
Goods and services <sup>2</sup>	604,224	624,000	(19,776)	-	-	-
Net GST received <sup>8</sup>	125,706	-	125,706	-	-	-
Contributions received	509,925	497,000	12,295	-	1,000	(1,000)
<b>Total cash received</b>	<b>6,384,855</b>	<b>4,727,000</b>	<b>1,657,855</b>	<b>3,105,000</b>	<b>2,507,000</b>	<b>508,000</b>
<b>Cash used</b>						
Employees and contractors <sup>1</sup>	2,974,517	3,255,000	(280,483)	1,297,940	1,364,000	(66,060)
Suppliers <sup>2</sup>	1,501,365	1,387,000	114,365	871,205	1,002,000	(130,795)
Interest payments on lease liabilities <sup>4</sup>	4,452	-	4,452	-	-	-
Other	-	-	-	-	-	-
<b>Total cash used</b>	<b>4,480,334</b>	<b>4,642,000</b>	<b>(161,666)</b>	<b>2,169,145</b>	<b>2,366,000</b>	<b>(196,855)</b>
<b>Net cash from/(used by) operating activities</b>	<b>1,904,521</b>	<b>85,000</b>	<b>1,819,521</b>	<b>844,855</b>	<b>141,000</b>	<b>704,855</b>
<b>INVESTING ACTIVITIES</b>						
<b>Cash received / (used)</b>						
Purchase of property, plant and equipment and intangibles	(62,976)	(79,000)	16,024	-	(38,000)	38,000
Cash received from disposal of infrastructure, plant and equipment	75	-	75	-	-	-
<b>Total cash used</b>	<b>(62,901)</b>	<b>(79,000)</b>	<b>16,099</b>	<b>-</b>	<b>(38,000)</b>	<b>38,000</b>
<b>Net cash from (used by) investing activities</b>	<b>(62,901)</b>	<b>(79,000)</b>	<b>16,099</b>	<b>-</b>	<b>(38,000)</b>	<b>38,000</b>
<b>FINANCING ACTIVITIES</b>						
<b>Cash received</b>						
Contributed equity <sup>9</sup>	79,000	79,000	-	38,000	38,000	-
Principal payments of lease liabilities <sup>4</sup>	(202,064)	-	(202,064)	-	-	-
<b>Net cash from/(used by) financing activities</b>	<b>(123,064)</b>	<b>79,000</b>	<b>(202,064)</b>	<b>38,000</b>	<b>38,000</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>1,718,556</b>	<b>85,000</b>	<b>1,633,556</b>	<b>883,855</b>	<b>141,000</b>	<b>742,855</b>
Cash and cash equivalents at the beginning of the reporting period	464,561	21,000	433,561	188,885	230,000	(41,115)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2,183,117</b>	<b>106,000</b>	<b>2,077,117</b>	<b>1,072,740</b>	<b>371,000</b>	<b>701,740</b>

# Appendices

## APPENDIX A

### AASB AND AUASB LEGISLATIVE REQUIREMENTS

#### AASB

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 resource
  - (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
  - (vi) is readily understandable.
- (b) to facilitate the Australian economy by:
  - (i) reducing the cost of capital
  - (ii) enabling Australian entities to compete effectively overseas
  - (iii) having accounting standards that are clearly stated and easy to understand.
- (c) to maintain investor confidence in the Australian economy (including its capital markets).

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

- (1) The functions of the AASB are:
  - (a) to develop a conceptual framework, not having the force of an accounting standard, for the purpose of evaluating proposed accounting standards and international standards
  - (b) to make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the corporations legislation (other than the excluded provisions)
  - (c) to formulate accounting standards for other purposes
  - (d) to participate in and contribute to the development of a single set of accounting standards for world-wide use
  - (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.

## AUASB

The AUASB is an Australian Government Agency under the *Australian Securities and Investments Commission Act 2001* (ASIC Act).

Under section 227B (1) of the ASIC Act, the functions of the AUASB are:

- (a) to make auditing standards under section 336 of the *Corporations Act 2001*, for the purposes of the corporations legislation
- (b) to formulate auditing and assurance standards for other purposes
- (c) to formulate guidance on auditing and assurance matters
- (d) to participate in and contribute to the development of a single set of auditing standards for worldwide use
- (e) to advance and promote the main objects of Part 12 of the ASIC Act. Section 224 (aa) of the *ASIC Act* states the objectives of Part 12, which include:

“To facilitate the development of auditing and assurance standards and related guidance materials that:

- (i) provide Australian auditors with relevant and comprehensive guidance in forming an opinion about, and reporting on, whether financial reports comply with the requirements of the *Corporations Act 2001*; and
- (ii) require the preparation of auditors’ reports that are reliable and readily understandable by the users of financial reports to which they relate.”

Other relevant objectives of Part 12 are summarised below:

- to facilitate the Australian economy by having (accounting and) auditing standards that are clearly stated and easy to understand; and
- to maintain investor confidence in the Australian economy (including its capital markets).

## APPENDIX B

### ATTENDANCE AT AASB AND AUAB MEETINGS

#### AASB MEMBER ATTENDANCE

The AASB met eight times during 2019-20 for a total of nine 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.

AASB Member attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Apologies (days)
K Peach (Chair)*	8	8	0
K Kendall (Chair)	1	1	0
M Blake (Vice-Chair)	9	9	0
K Crook*	9	7	2
P Gibson	9	9	0
J Grant	9	8.5	0.5
K Liow	9	8	1
C Ridley	9	7	2
P Rogers	9	9	0
T Rulton*	4	4	0
S Taylor	9	9	0
A White	9	9	0
D Holland	4	4	0

\* Board retirements during 2019-20 period

For details of terms of appointments, please refer to the AASB Organisational Structure section of this Report commencing on page 64.

## AUASB MEMBER ATTENDANCE

The AUASB held nine meetings during 2019-20 for a total of ten meeting days. Member attendance is shown in the table below:

<b>Members</b>	<b>Number of days eligible to attend</b>	<b>Number of days attended</b>	<b>Apologies (days)</b>
R Simnett (Chair)	10	10	0
R Low (Deputy Chair)*	4	4	0
R Buchanan	10	9.5	0.5
G Bird	10	9	1
J Cain	10	10	0
J Crisp	10	10	0
K Hankin	10	10	0
N Harding	10	10	0
R Piltz	10	10	0
C Ralph	10	10	0
J Reid	10	10	0

\* Board retirements during 2019-20 period

For details of terms of appointments, please refer to the AUASB Organisational Structure section of this Report commencing on page 67.

# APPENDIX C

## OTHER INFORMATION

### EXTERNAL SCRUTINY

The AASB and AUASB's financial statements are audited each year by the ANAO.

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

[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Corporations\\_and\\_Financial\\_Services/No1of46thParliament](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/No1of46thParliament).

### PURCHASING

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

Information on expenditure on contracts and consultancies is also available on the AusTender website, [www.tenders.gov.au](http://www.tenders.gov.au).

### PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

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

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

### CONSULTANTS

AASB – During 2019-20, four new consultancy contracts were entered into involving a total actual expenditure of \$247,967 inclusive of \$18,672 GST. Ongoing consultancy contracts were active during the 2019-20 year, involving a total actual expenditure of \$88,006 inclusive of \$7,497 GST.

AUASB – During 2019-20, two new consultancy contracts were entered into involving total actual expenditure of \$88,550 inclusive of \$8,050. Ongoing consultancy contracts were active during the 2019-20 year, involving total actual expenditure of \$15,697 inclusive of \$1,427 GST.

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



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

## **EXEMPT CONTRACTS**

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

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

## **ADVERTISING AND MARKET RESEARCH**

The AASB and AUASB do not carry out any advertising or market research.

## **FREEDOM OF INFORMATION**

### *Information Publication Scheme*

The AASB and AUASB are subject to the *Freedom of Information Act 1982* (FOI Act) and publish information to the public as part of the Information Publications Scheme (IPS). The AASB and AUASB display on their websites a plan showing information in accordance with the IPS requirement ([www.aasb.gov.au/FOI.aspx](http://www.aasb.gov.au/FOI.aspx) and [www.auasb.gov.au/FOI.aspx](http://www.auasb.gov.au/FOI.aspx)).

## **DISABILITY REPORTING**

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007-2008, 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](http://www.apsc.gov.au). From 2010-2011, 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 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports became available in 2014, and can be found at [www.dss.gov.au](http://www.dss.gov.au).

## **OCCUPATIONAL HEALTH AND SAFETY**

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

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 2019-20 financial year.

## **ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE REPORTING**

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

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

The principal environmental impact minimisation activities employed are:

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

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

## APPENDIX D

### AGENCY RESOURCE STATEMENT AND RESOURCES FOR OUTCOMES

The 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 12 and 12A to the financial statements.

#### Agency summary resource table by outcomes

Office of the AASB: Resources for outcomes 2019-20

	Budget \$	Actual Expenses \$	Variation \$
<b>Outcome 1:</b>			
The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions			
Output Group 1.1:			
AASB			
<b>Departmental expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	3,519,000	2,984,143	534,857
Ordinary annual services (Appropriation Bill No. 3)	79,000	79,000	-
Revenues from independent sources (section 74)	1,124,000	1,043,138	80,862
Expenses not requiring appropriation	173,000	335,159	(162,159)
Less revenue to be carried forward	-	-	-
<b>Total for Outcome 1</b>	<b>4,895,000</b>	<b>4,441,440</b>	<b>453,560</b>

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2019-20

The 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 12 and 12a to the financial statements.

**Agency summary resource table by outcomes**

Office of the AUASB: Resources for outcomes 2019-20

	Budget \$	Actual Expenses \$	Variation \$
<b>Outcome 1:</b>			
The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements			
<b>Output Group 1.1:</b>			
AUASB			
<b>Departmental expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	2,398,000	2,144,114	253,886
Ordinary annual services (Appropriation Bill No. 3)	38,000	38,000	-
Revenues from independent sources (PGPA Act - section 74)	-	-	-
Expenses not requiring appropriation	94,000	103,263	(9,263)
Less revenue to be carried forward	-	-	-
<b>Total for Outcome 1</b>	<b>2,530,000</b>	<b>2,285,377</b>	<b>244,623</b>

## APPENDIX E

### LIST OF REQUIREMENTS

Description	Requirement	AASB Page	AUASB Page
<b>Letter of transmittal</b>			
A copy of the letter of transmittal signed and dated by accountable authority on the date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	iii	iii
<b>Aids to access</b>			
Table of contents	Mandatory	iv	iv
Alphabetical index	Mandatory	130	130
Glossary of abbreviations and acronyms	Mandatory	v	v
List of requirements	Mandatory	123	123
Details of contact officer	Mandatory	vi	vi
Entity's website address	Mandatory	vi	vi
Electronic address of report	Mandatory	vi	vi
<b>Review by accountable authority</b>			
A review by the accountable authority of the entity	Mandatory	12	40
<b>Overview of the entity</b>			
A description of the role and functions of the entity	Mandatory	16	45
A description of the organisational structure of the entity	Mandatory	64	67
A description of the outcomes and Programs administered by the entity	Mandatory	19	48
A description of the purposes of the entity as included in the corporate plan	Mandatory	16	45
Name of the accountable authority or each member of the accountable authority	Mandatory	16	45
Position title of the accountable authority of each member of the accountable authority	Mandatory	16	45

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2019-20

<b>Description</b>	<b>Requirement</b>	<b>AASB Page</b>	<b>AUASB Page</b>
Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	65	68
Where outcome and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	If applicable, Mandatory	106	106
<b>Report on the performance of the entity</b>			
<b>Annual performance statements</b>			
Annual performance statement in accordance with program 39(1)(b) of the Act and section 16F of the Rule	Mandatory	16	45
<b>Report on financial performance</b>			
A discussion and analysis of the entity's financial performance	Mandatory	15	44
A table summarising the total resources and total payments of the entity	Mandatory	121	122
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results	If applicable, Mandatory	15	44
<b>Management and accountability</b>			
<b>Corporate governance</b>			
Information on compliance with section 10 (fraud systems)	Mandatory	71	71
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	71	71
A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	71	71

Appendix E: List of Requirements

<b>Description</b>	<b>Requirement</b>	<b>AASB Page</b>	<b>AUASB Page</b>
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	71	71
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	71	71
A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance	If applicable, Mandatory	n/a	n/a
<b>Audit Committee</b>			
A direct electronic address of the charter determining the functions of the entity's audit committee	Mandatory	71	71
The name of each member of the entity's audit committee	Mandatory	70	70
The qualifications, knowledge, skills or experience of each member of the entity's audit committee	Mandatory	70	70
Information about the attendance of each member of the entity's audit committee at committee meetings	Mandatory	70	70
The remuneration of each member of the entity's audit committee	Mandatory	70	70
<b>External scrutiny</b>			
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	118	118
Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, Mandatory	n/a	n/a
Information on any reports on operations of the entity by the Auditor-General, (other than report under section 43 of the Act), a Parliamentary Committee or the Commonwealth Ombudsman	If applicable, Mandatory	n/a	n/a
Information on any capability reviews on the entity that were released during the period	If applicable, Mandatory	n/a	n/a
<b>Management of human resources</b>			
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	72	73

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2019-20

Description	Requirement	AASB Page	AUASB Page
<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> <li>• statistics on staffing classification level</li> <li>• statistics on full-time employees</li> <li>• statistics on part-time employees;</li> <li>• statistics on gender</li> <li>• statistics on staff location</li> <li>• statistics on employees who identify as Indigenous.</li> </ul>	Mandatory	72	73
Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	72	73
Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c)	Mandatory	72	73
The salary ranges available for APS employees by classification level	Mandatory	72	73
A description of non-salary benefits provided to employees	Mandatory	75	75
Information on the number of employees at each classification level who received performance pay	If applicable, Mandatory	n/a	n/a
Information on aggregate amounts of performance pay at each classification level	If applicable, Mandatory	n/a	n/a
Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, Mandatory	n/a	n/a
Information on aggregate amount of performance payments	If applicable, Mandatory	n/a	n/a
<b>Assets management</b>			
An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	n/a	n/a
<b>Purchasing</b>			
An assessment of entity performance against the <i>Commonwealth Procurement Rules</i>	Mandatory	118	118



Appendix E: List of Requirements

Description	Requirement	AASB Page	AUASB Page
<b>Consultants</b>			
A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	118	118
<i>A statement that “During 2019-20, [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]”.</i>	Mandatory	118	118
A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	118	118
<i>A statement that “Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website”.</i>	Mandatory	118	118
<b>Australian National Audit Office Access Clauses</b>			
If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	n/a	n/a
<b>Exempt contracts</b>			
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	118	118

Description	Requirement	AASB Page	AUASB Page
<b>Small business</b>			
A statement that “AASB-AUSB supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website”	Mandatory	118	118
An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	118	118
If the entity is considered by the Department administered by the Finance Minister as material in nature – a statement that AASB recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory	n/a	n/a
<b>Financial statements</b>			
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory	77	77
<b>Executive Remuneration</b>			
Information about executive remuneration in accordance with Subdivision C of Division 3A of Par 2-3 of the Rule	Mandatory	102	103
<b>Other mandatory information</b>			
If the entity conducted advertising campaigns, a statement that “During 2019-20, the AASB conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available on [entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory	n/a	n/a
If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, Mandatory	119	119
A statement that “Information on grants awarded to AASB during 2019-20 is available at [entity’s website]	If applicable, Mandatory	n/a	n/a
Outline of mechanisms of disability reporting including reference to website for further information	Mandatory	119	119

Appendix E: List of Requirements

Description	Requirement	AASB Page	AUASB Page
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	119	119
Correction of material errors in previous annual report	If applicable, Mandatory	n/a	n/a
Information required by other legislation	Mandatory	118	118

# APPENDIX F

## INDEX

### A

AASB Chair's review, 12

AASB Performance Statement, 16

AUASB Chair's review, 40

Audit committee, 70

*Australian Securities and Investments Commission Act 2001 (ASIC Act)*, 75, 117, 118

### C

Cash flow, 86

Contact details, vi

### F

Financial Reporting Council (FRC), 64, 67, 68

### G

Governance arrangements, 70

Guidance, 118

### I

Independent Auditor's Reports, 78

Information publication scheme, 122

International accounting standards (IASs), 65

International Auditing Standards (ISAs), 67

### M

Membership, 65, 68

### N

New Zealand Auditing and Assurance Standards Board (NZAuSB), 68

### P

Preface, 10