

Financial Reporting Council

Australian
Accounting Standards Board

Annual Reports

2002-03

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12 September 2003

The Hon Peter Costello, MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

I have pleasure in presenting the annual reports of the Financial Reporting Council (FRC) and Australian Accounting Standards Board (AASB) for the year ended 30 June 2003. The reports have been prepared in accordance with section 235B of *the Australian Securities and Investments Commission Act 2001* (ASIC Act) and section 9 of *the Commonwealth Authorities and Companies Act 1997* (CAC Act).

Subsection 235B(1) of the ASIC Act requires the FRC, by 31 October each year, to prepare a report on its operations and those of the AASB during the year and on the achievement of the objects of Part 12 of the ASIC Act relating to accounting standards. Under subsection 235B(4) of the ASIC Act, the report must be tabled in each House of the Parliament as soon as practicable.

Subsection 9(1) of the CAC Act requires the directors of the AASB to prepare, by no later than 15 October, an annual report for the past financial year which includes a report of operations, financial statements and the Auditor-General's report on those financial statements. Under subsection 9(3) of the CAC Act, the report must be tabled in each House of the Parliament as soon as practicable.

Yours sincerely



Charles Macek
Chairman

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ABBREVIATIONS

The following abbreviations are used throughout this report:

AASB	Australian Accounting Standards Board
APRA	Australian Prudential Regulatory Authority
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
ASX	Australian Stock Exchange
AuASB	Auditing and Assurance Standards Board
CLERP	Corporations Law Economic Reform Program
CPAA	CPA Australia
ED	Exposure Draft
EU	European Union
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Principles
GFS	Government Finance Statistics
HOTARAC	Heads of Treasuries' Accounting and Reporting Advisory Committee
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
ICAA	The Institute of Chartered Accountants in Australia
IFAC PSC	International Federation of Accountants Public Sector Committee
IFRIC	International Financial Reporting Interpretations Committee
IMF	International Monetary Fund
NIA	National Institute of Accountants
SAC	Standards Advisory Council (of the IASB)
UIG	Urgent Issues Group

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OVERVIEW

OVERSIGHT BY FINANCIAL REPORTING COUNCIL

The key functions of the Financial Reporting Council (FRC) are to determine the broad strategic direction of the Australian Accounting Standards Board (AASB) and to advise the Government on the process of setting accounting standards and on developments in international accounting standards.

In performing its functions, the FRC takes into account the objectives of standard setting specified in the ASIC Act – aiming to facilitate the development of high quality accounting standards, to facilitate the Australian economy, and to maintain investor confidence.

DIRECTION-SETTING ACTIVITIES OF THE FRC

During the year the FRC:

- announced the objective of adopting Australian accounting standards with accounting standards issued by the International Accounting Standards Board (IASB) by 1 January 2005, subject to the Government's support at the appropriate time for any necessary amendments of the Corporations Act;
- pursued as an urgent priority the harmonisation of Government Financial Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) in order to achieve an Australian accounting standard for a single set of Government reports which are auditable, comparable between jurisdictions and in which the outcome statements are directly comparable with the relevant budget statements;
- consulted extensively with the private sector concerning financial contributions to the standard-setting process, taking into account business' desire for clear performance assessment;
- continued the process of raising funds from the private sector for international and Australian standard setting;
- considered the AASB's broad strategic direction; proposed budget and staffing arrangements for 2003-04; and endorsed the broad shape of the AASB's proposed business plan for 2003-04; and
- reviewed, with the AASB Chairman, approaches to improving the operation and output of the AASB.

Overview

OTHER ACTIVITIES OF THE FRC

The FRC made 4 new appointments to replace members who had resigned from the AASB.

The FRC's work on international accounting standards is outlined separately below.

STANDARD SETTING

The AASB held 9 meetings in 2002-03 for a total of 16 meeting days, at which it addressed significant standard setting and administrative issues.

A total of two new accounting standards, one accounting interpretation and 8 exposure drafts requesting comments were issued by the AASB in 2002-03.

The Urgent Issues Group (UIG) met 8 times in 2002-03 and issued 6 new abstracts and 3 revised abstracts during that period.

CONSULTATION

The FRC and AASB are jointly and individually seeking to ensure maximum consultation with, and input from, stakeholders on particular standards and the standard setting process.

In 2002-03, the FRC:

- continued consultation with key private sector representatives as well as consultation with government agencies;
- liaised closely with international standard setting stakeholders;
- issued 4 bulletins about decisions taken at its meetings and other important developments in the accounting standard setting process;
- maintained a close liaison with Australia's international representatives on the IASC, IASB, IFAC PSC, and IFRIC – respectively, Mr Ken Spencer, Mr Warren McGregor, Mr Ian Mackintosh and Mr Wayne Lonergan; and
- used the www.frc.gov.au website to facilitate consultation.

In 2002-03, the AASB:

- met once with its Consultative Group — made up of representatives of industry, business, investor, academic, regulatory and professional bodies;
- used its website (www.aasb.com.au) to provide information about the Board, its meetings and activities, and its work program;

- issued media releases to announce when new or revised accounting standards had been made; and
- issued an *AASB Action Alert* after each AASB meeting to summarise the proceedings of the meeting.

INTERNATIONAL

The FRC has a statutory obligation to:

- monitor the development of international accounting standards and accounting standards that apply in major international financial centres;
- further the development of a single set of accounting standards for world-wide use with appropriate regard to international developments; and
- promote the adoption of international best practice accounting standards in the Australian accounting standard setting process if doing so would be in the best interests of both the private and public sectors in the Australian economy.

In July 2002, the FRC gave a strategic direction to the AASB to work toward the adoption of IAS in Australia. The FRC is continuing to monitor the adoption of IAS both in Australia and overseas.

The FRC also continues to monitor the work of the European Commission, IFAC PSC and national accounting standard setting bodies in Canada, France, Germany, Japan, New Zealand, the United Kingdom and the United States.

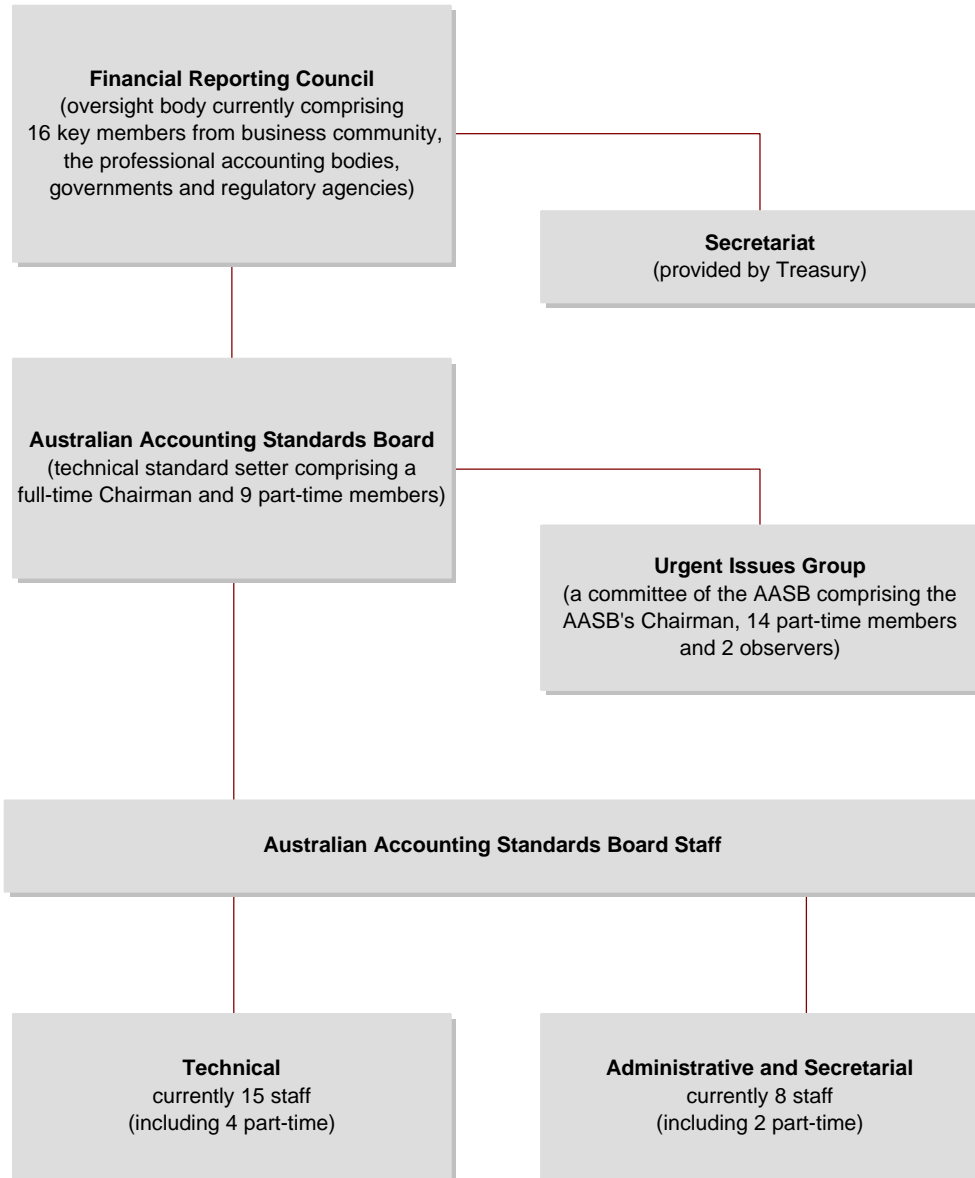
ACCOUNTABILITY

The former Chairman, Mr Jeffrey Lucy AM, appeared before the Senate Economics and Legislation Committee in 2002-03.

Overview

AUSTRALIAN ACCOUNTING STANDARD SETTING

Figure 1: Structure of institutional arrangements



FINANCIAL REPORTING COUNCIL

CHAIRMAN'S REPORT



The past 12 months have been a time of change for the FRC. We have seen the departure of 3 valued members, including the former Chairman, all of whom have made substantial contributions to the standard setting process in Australia. In addition, the Government has proposed changes to the standard setting arrangements under the ninth phase of the Corporate Law Economic Reform Program (CLERP 9) which will see the FRC assume an important role regarding auditor independence and the Auditing and Assurance Standards Board (AuASB) reconstituted and brought under the oversight

of the FRC. The AASB has also continued on the path towards the adoption of International Accounting Standards (IAS) and this program is well on track.

As the new Chairman of the FRC, I would first like to take this opportunity to recognise the outstanding contribution and efforts of my predecessor, Mr Jeffrey Lucy AM. Mr Lucy AM, was the Chairman of the FRC from July 2001 until his resignation in February 2003. His considerable energy and time commitment has done much to lift the FRC's public profile, both in Australia and internationally and ensured that Australia has had a significant voice in the debate on IAS.

I would also like to thank Mr Keith Alfredson, the former chairman of the AASB between 8 May 2000 and 7 May 2003, for his contribution to the AASB and FRC. Keith worked tirelessly to meet the challenges of leading the AASB during a period of significant change and demand. His contribution to standard setting in Australia is highly regarded both here and internationally and I thank him for his skilful and enduring representation of Australia's interests.

I am pleased with the FRC's significant achievements over the past 12 months, which include:

- Providing the strategic direction to the AASB including Australia's adoption of International Accounting Standards issued by the International Accounting Standards Board (IASB) from 1 January 2005.
- Pursuing as an urgent priority the harmonisation of Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) reporting in order to achieve an Australian accounting standard for a single set

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of government reports which are auditable, comparable between jurisdictions, and in which the outcome statements are directly comparable with the relevant budget statements.

- Consulting widely with key constituent, regulatory and professional groups in Australia, North America, the United Kingdom (UK) and European Union.
- Addressing the continued challenges of the tripartite funding agreement, including some progress in lifting the level of funding received from the business sector.
- Providing funding to the IASC Foundation to be applied towards the costs of the IASB.
- Examining and preparing for the expansion of the role of the FRC under CLERP 9.

These achievements are consistent with government policies to ensure robust private and public sector financial reporting framework in Australia and to ensure Australia moves towards adoption of IAS.

The workload of the FRC and the AASB has been significant, and members of both organisations have responded exceptionally well to the challenges that the last year has provided. We have been well supported by our Secretariat within Treasury, and the staff of the AASB.

Direction setting

In July 2002, the FRC announced its endorsement of the adoption of the IASB standards from 1 January 2005.

The adoption of the IAS will deliver a number of benefits to Australia including participation in a global framework for the preparation of financial accounts. This framework will allow Australian companies to prepare financial reports using accounting standards that will be more readily understood and accepted by the major international financial markets. These achievements are also consistent with the objectives of Part 12 of the ASIC Act.

Despite the challenges posed by the transition to IAS, the AASB judge that their 2002 plan to achieve the 2005 target is on track. The AASB's plans are aimed at achieving the FRC's strategic direction by ensuring that for-profit entities applying standards on or after 1 January 2005 are also complying with IASB standards.

Two issues that are critical for the AASB to meet the target date are:

- the IASB meeting its March 2004 target for the release of the IAS for country adoption; and
- resolution of the implementation issues.

The FRC will continue to monitor and offer direction on these matters.

There is the need for ongoing consultation with government departments and the private sector, as well as international jurisdictions, to ensure the target date is met and there is a smooth implementation of the new standards.

In addition, the FRC has been overseeing the GFS/GAAP harmonisation program undertaken by the AASB. The AASB has begun a consultation round with its key stakeholders including the Australian Government and State Treasury departments. In addition, the Secretary of the Treasury, Dr Ken Henry, and the Secretary of the Finance Department, Dr Ian Watt, were guests at the October AASB meeting to speak on the subject.

Consultation

As part of the FRC's objectives to move to IAS, it is essential that we understand, and are aware of, not only domestic developments, but also of developments in major overseas markets. Like Australia, other jurisdictions have made, or are proposing to make, significant changes to their reporting requirements in key international markets.

An important part of the Chairman's role has been to liaise and consult with key international bodies and the private sector. The former Chairman, Mr Lucy AM, traveled to London, Brussels and the United States in October 2002 to meet with key stakeholders. Mr Lucy AM, also met with the New Zealand Minister for Commerce and senior public servants. In addition, Mr Lucy AM, conducted extensive private sector consultations, including representatives from Coles-Myer, WMC, Fosters, Telstra, and Coca-Cola Amatil.

Sir David Tweedie, Chairman of the IASB, visited Australia in August 2002 following the FRC's announcement of Australia's adoption of IASB standards by 2005. Sir David spoke to the FRC and AASB on the progress of IAS and the role Australia's adoption of the standards by 2005 would contribute to the work.

I have been privileged to continue the work of my predecessor and since assuming the Chair, I have held meetings with officials in Washington, New York and London and was accompanied by Mr Michael Rawstron of the Department of Treasury. In the United States (US), we met with the Securities and Exchange Commission, the Public Company Accounting Oversight Board, the International Monetary Fund, the

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International Federation of Accountants and the American Institute of Certified Public Accountants. In the UK, we met with Mr Paul Volcker (Chairman of the Trustees, IASC Foundation), the UK Institute of Chartered Accountants, the Financial Review Panel, the Financial Review Council, Mr Derek Higgs (Office of Trade and Industry), Sir David Tweedie of the IASB and the National Association of Pension Funds.

These meetings provided me with an invaluable opportunity to address a wide range of issues with the leaders of the international standard setters and compliance bodies. The issues that were discussed included: benefits of a GAAP/IASB harmonisation in the US, GAAP/GFS harmonisation in Australia, auditor independence and accreditation, the principles based approach to regulation and the convergence of US and Australian auditing standards.

Funding

Over the past three years we have received support from the State, Territory and the Australian Government, the accounting bodies (ICAA, CPAA and NIA), as well as accommodation provided to the AASB, free of charge, from the ASX. However, in accordance with the funding model developed under CLERP 1, the FRC sought to ensure that the contributions for accounting standard setting are more broadly based and emanate from those who benefit from accounting standard setting, namely Government (both Australian and State governments), the professional accounting bodies and the business sector.

As reported in the 2001-02 annual report, the then FRC Chairman wrote to the top 100 listed companies seeking their voluntary contributions. This approach was aimed at securing funding of \$750,000 per annum. However, this target was not met: only 21 of the top 100 listed companies have agreed to contribute a total of \$290,000 per annum over the three years beginning in 2002-03. This response is somewhat disappointing as it undermines the integrity of the tripartite funding model.

The accounting bodies have in the past provided \$750,000 per annum towards the funding of the FRC. However, they have recently advised that they are not prepared, at this time, to make a three-year funding commitment. Instead, they will extend the existing funding arrangements for a further six months and reassess their contributions, beyond December 2003, when the CLERP 9 process has become clearer.

In response to these funding developments, the FRC is consulting with the Government on the possible steps that might be taken to ensure a more secure funding base for the accounting standards setting process. The outcome of these consultations will be reported in the next annual report.

In September 2002, the Government announced reforms to the operation of the FRC, which will be implemented in CLERP 9. The Government has allocated \$4 million over four years to cover the FRC's expanded functions. However, it is envisaged that an

additional \$500,000 per annum in total will be required from the accounting profession and business community specifically as a contribution to the FRC oversight arrangements under CLERP 9.

CLERP 9

CLERP 9 proposes that the responsibilities of the FRC be expanded to oversee Australian auditing standards setting in Australia. To this end, the AuASB will be reconstituted with a Government appointed chairman. The AuASB will be under the direction and oversight of the FRC, similar to the AASB. In addition, CLERP 9 proposes that the FRC, advise, monitor and report on responsibilities with respect to auditor independence, advise on and promote the teaching of business ethics by the professional accounting bodies and tertiary institutions, and monitor and assess the disciplinary procedures of the accounting bodies.

To ensure the FRC has a seamless transition to its new responsibilities, I have convened a Taskforce to examine the proposed changes and to consider the operational and implementation aspects of the proposals. The Taskforce will comprise myself as Chairman, Ms Elizabeth Alexander, Mr Gregory Pound, Mr Lewis Ting, Ms Karen Hamilton, Mr Ken Spencer and Mr Graeme McGregor.

Support

The FRC/AASB have received strong and continued support and input from Mr Warren McGregor, the IASB liaison member to the AASB, and Mr Ken Spencer, Trustee of the IASC Foundation.

The FRC has continued its very close contact with the AASB, primarily through its former Chairman, Mr Keith Alfredson and more recently with the Acting Chairman, Ms Ruth Picker. Mr Alfredson participated at FRC meetings, including the Audit and Nominations Committees, and provided a valuable link between the two bodies.

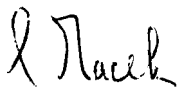
I also wish to formally acknowledge the following:

- Mr Leigh Hall, AM and Mr Robert Nottle who retired from the FRC during the course of the last year. Mr Hall and Mr Nottle were foundation members of the FRC and have made valuable and lasting contributions to the quality of standard setting in Australia.
- The Secretariat provided by Treasury, previously under the leadership of Mr Michael Kooymans, has met the high expectations of the FRC in very demanding times. I look forward to working with the new FRC Secretary.

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- Finally, I would like to thank the members of the FRC for their strong commitment to the accounting standards setting arrangements and their willingness to make time available for this important work and their valuable contributions to the work of the FRC.

The next twelve months will be a time of significant challenge for the FRC. The direction and support for the AASB as it gears to introduce and oversee the change to IAS will be crucial and I am confident that Council members and the Secretariat will rise to the challenge.



Charles Macek
Chairman of FRC
12 September 2003

FINANCIAL REPORTING COUNCIL GOVERNANCE

Establishment, functions and powers

The FRC is a statutory body which was established under subsection 225(1) of the *Australian Securities and Investments Commission Act 1989*, and which is continued in existence by section 261 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). Under subsection 225(2) of the ASIC Act, the FRC is responsible for providing broad oversight of the process for setting accounting standards in Australia and giving the Minister reports and advice on that process.

Specific matters for which the FRC is responsible include:

- overseeing the operations of the AASB, including:
 - appointing its members (other than the Chair, who is appointed by the Treasurer);
 - approving and monitoring its priorities, business plan, budget and staffing arrangements;
 - determining its broad strategic direction;
 - giving it directions, advice or feedback on matters of general policy and its procedures; and
 - monitoring the effectiveness of its consultative arrangements;
- monitoring the development of international accounting standards and accounting standards that apply in major international financial centres;
- promoting the adoption of international best practice accounting standards in the Australian accounting standard setting process if doing so would be in the best interests of the Australian economy;
- monitoring the operation of Australian accounting standards to assess their continued relevance and effectiveness in achieving their objectives; and
- seeking contributions towards the costs of the Australian accounting standard setting process.

The legislation expressly limits the FRC's ability to become involved in the technical deliberations of the AASB. It provides that the FRC does not have power to direct the AASB in relation to the development, or making, of a particular standard, or to veto a standard formulated or recommended by the AASB. This provision is designed to ensure the independence of the standard setter on technical matters.

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Membership and meetings

Under section 235A of the ASIC Act, the members of the FRC are appointed by the Treasurer and hold office on terms and conditions determined by the Treasurer. The Treasurer in the past has appointed FRC members from nominations put forward by key stakeholder groups.

A full list of members during 2002-03, their qualifications and the stakeholders who nominated them, is in Appendix A. In addition, alternate members have been appointed to participate in FRC meetings when the members for whom they are appointed are unable to attend. Their details also appear in Appendix A.

OPERATIONS AND ACTIVITIES

Appointments to the AASB

The FRC Nominations Committee, established in mid 2001, is responsible for recommending appointments to the AASB. In 2002-03, the Chairman of the Nominations Committee was Mr Phillip Prior. The other members of the Committee are the FRC Chairman, Mr Charles Macek, and Mr Don Challen and Mr Klaus Zimmerman.

The nomination committee met during 2002-03 and recommended to the FRC that 4 new members be appointed to the AASB, Mr Glen Appleyard, Ms Alice Williams, Mr Brett Kaufmann and Mr Steve McClintock.

Overseeing the AASB

The FRC's responsibilities include approving the AASB's priorities, business plan, budget and staffing arrangements.

The FRC considered the AASB's broad strategic plan and its timetable for the implementation of the IAS. The AASB's work program is outlined in Appendix E. The FRC also approved the AASB's work program for 2003-04 and its priorities are set out in Appendix F.

The Audit Committee met twice in 2002-03. The Committee examined the AASB's risk management program and security, as well as the superannuation liability of the AASB.

Consultation

The FRC regularly issues a bulletin about decisions taken at its meetings and other important developments in accounting standard setting. The bulletin is distributed to the media and stakeholders and is available on the FRC website. Access to past issues is possible from the FRC website, or by contacting the FRC's Secretary (see address below).

During the year, FRC Chairman Mr Charles Macek and other members of the FRC consulted extensively with representatives of corporations, business organisations, other stakeholder bodies and accounting organisations. In 2002-03 both the former and current Chairman traveled overseas and consulted widely with corporate and accounting body executives on matters relating to international harmonisation of accounting standards.

Finances

In 2001-02 the FRC initiated a major change in funding arrangements in order to make the funding deal more equitable for all parties through further business sector contributions to the development of international and Australian Accounting Standards. Managing Director and Chief Executive Officer of the Australian Stock Exchange, Mr Richard Humphry addressed the FRC meeting of 28 June 2002 on this matter. At the same meeting the FRC approved an approach to the top 100 listed companies for financial contributions to standard setting.

The response from the top 100 has been disappointing and in December 2002, the Chairman issued follow-up letters to the companies that had not responded. However, response to the follow-up did not result in significant additional contributions and the Chairman subsequently wrote to the Parliamentary Secretary to the Treasurer seeking the Government's advice in view of the need to secure the funding base.

Of the top 100, 21 companies have contributed to the funding arrangement:

Amcor, Argo Investments, ANZ Banking Group, AXA, Centro Properties, Cochlear, Commonwealth Bank, Goodman Fielder, Mayne Group, National Australia Bank, Newcrest Mining, Origin Energy, PaperlinX, Qantas, Rio Tinto, Telecom New Zealand, Telstra, Wesfarmers, Westfield Holdings, Westpac and Macquarie Bank.

As part of their triennial funding commitment, the State government's provided \$500,000 towards the funding of the FRC. The States are due to review their funding commitments in 2003-04.

The FRC made a contribution of \$700,000 to the IASB and will be making further contributions in the future.

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Section 238 of the ASIC Act provides that the moneys of the AASB may be applied in meeting the administrative expenses of the FRC and the payment of any remuneration and allowances payable to a person appointed under Part 12 of the ASIC Act.

After 30 June 2001, FRC members received out-of-pocket expenses incurred in enabling them to fulfil their roles, including attendance at meetings. This expense was met by the AASB where not otherwise met by stakeholder bodies.

FREEDOM OF INFORMATION

The FRC maintains possession of the following documents:

FRC meeting agenda papers;

- administrative and technical papers concerning the FRC's functions and its performance of those functions;
- copies of bulletins issued by the FRC; and
- correspondence with stakeholder groups and members of the public.

Requests under the *Freedom of Information Act 1982* for access to documents in the possession of the FRC can be directed to the FRC secretariat using the contact details set out below.

CONTACTING THE FRC

The FRC can be contacted as follows:

Post:	Secretary Financial Reporting Council c/- The Treasury Langton Crescent PARKES ACT 2600
Telephone:	(02) 6263 3144
Facsimile:	(02) 6263 2770
E-mail:	frsecretary@treasury.gov.au

AUSTRALIAN ACCOUNTING STANDARDS BOARD

ACTING CHAIRMAN'S REPORT



Background

The activities and priorities of the AASB in 2002-2003 and for 2003-2004 are dominated by actions and plans to implement the FRC's strategies in respect of the adoption of IASB Standards by 2005 and the harmonisation of GAAP and GFS. A number of issues including those relating to regulatory risk, copyright and legislative drafting have been identified in implementing these strategies.

Regulatory risk

The recommendations of the HIH Royal Commission in its report released in April 2003 has highlighted the need for bodies, such as the AASB, to be vigilant in carrying out their responsibilities. In particular, the AASB needs to ensure it is meeting its responsibilities to advance and promote the main objects of Part 12 of the ASIC Act while also progressing the FRC's strategic directives.

In respect of the adoption of IASB standards, there are a number of areas in which the IASB's standards are less demanding than the AASB's existing standards, while in other areas IASB standards address gaps in the existing portfolio of Australian standards. The Board acknowledges that there is a need to compromise to achieve the policy of adoption of IASB standards in 2005. Nevertheless the Board is concerned that existing Australian guidance, which is more helpful and more fulsome than that included in the IASB equivalents, will be superseded on the adoption of IASB standards. This is particularly the case where the IASB standards being adopted are those issued by the former IASC. The AASB is mindful of not removing or weakening financial reporting requirements by allowing options where this may lower the quality of financial reporting in Australia and run the risk that users of general purpose financial reports will be deprived of useful information that they previously received. However, in most cases the AASB has little choice but to accept the IASB standards without amendment.

The AASB's overall approach to adoption of IASB standards is to adopt the content and wording of IASB standards to the extent possible and, subject to due process,

Australian Accounting Standards Board

permit only one of a number of options made available in IASB standards and require additional disclosures, particularly where these are already required under existing AASB standards. Removal of options and the inclusion of additional disclosure requirements will not impact on the capacity of an Australian reporting entity to achieve compliance with IASB standards.

The possibility that the AASB would not adopt an IASB standard cannot be completely discounted. In rare and exceptional circumstances, the AASB may decide that adoption of an IASB standard is not consistent with the main objects of Part 12 of the ASIC Act.

Copyright

In order to introduce the IASB standards into the Australian environment they need to be made into AASB Standards, which are delegated legislation. The Commonwealth holds copyright in Commonwealth legislation and delegated legislation (such as the AASB standards) which are made available online free of charge. The existing AASB Standards are made available on the AASB's website immediately after public release.

The IASB is keen to protect and enhance its revenue base through the sale of its Standards and related products and services. The IASB has agreed with the European Union (EU) that IASB Standards can be made available free of charge online, but not until 6 months after issue. It is also relevant to note that each of the IASB's Standards comprise three parts — the Standard itself, Implementation Guidance and a Basis for Conclusions. The agreement with the EU relates only to the Standard itself. Accordingly, a European wanting immediate access to an IASB Standard, or wanting access to the Implementation Guidance or the Basis for Conclusions, would need to buy access from the IASB.

Difficulties have arisen in relation to the release and distribution of the standards and accompanying guidance in Australia due to copyright issues. The AASB is currently involved in discussions with the IASB and the IASC Foundation and it is expected that the issue will be resolved in the near future based on a similar approach to that applying in respect of the EU.

IFAC Public Sector Committee

The International Federation of Accountants' Public Sector Committee (IFAC PSC) has become a standard setter. It does not yet have the status of the IASB, but can be likened to the IASB as it functioned 10 years ago — with a small secretariat and voluntary committee members.

The IASB became the organisation it is today through the efforts of national standard setters such as the AASB. For the IFAC PSC to succeed, the same national standards setters need to support its activities in the interests of creating a set of standards for

application to public sector entities throughout the world. A prime example of the IFAC PSC's work that may be of great benefit to Australia is their project on GAAP/GFS convergence, involving high-level input from major stakeholders, such as the IMF.

In those few cases where the requirements in IASB standards are inappropriate for not-for-profit entities, the AASB is including additional requirements, the prime source of which is the International Public Sector Accounting Standards issued by the IFAC PSC. The addition of this text, which will be clearly identified, will not impact on the capacity of an Australian for-profit reporting entity to achieve compliance with IASB standards.

Strategies for IASB standards, GAAP and GFS reporting

In March 2003, the AASB issued a detailed paper on the AASB's plans for adopting IASB standards by 2005. This paper was made available on the AASB's website and has since been revised and will continue to be revised as events unfold. The paper includes a timetable relating to the issue/development of AASB equivalents to IASB standards that are planned to be applicable at 1 January 2005.

In April 2003, the AASB issued a detailed paper on the AASB's plans for harmonising GAAP and GFS reporting. This paper appears on the AASB's website and will be revised as events unfold. The paper includes a timetable relating to the expected progress of the project.

An integral part of the above strategies is for the AASB to have continuing close relationships with:

- the IASB as an IASB liaison standard setter, including the review of selected IASB papers, conduct of selected projects on behalf of the IASB, and the attendance at national liaison standard setters meetings; and
- the IFAC PSC, including providing technical advice on PSC meeting papers to the Australian representative on the PSC, attendance at PSC meetings of an AASB technical adviser to that representative, and providing an AASB staff member as a member of the PSC and IMF working group seeking international convergence between GFS and GAAP (and SNA and ESA95).

2002-03 Work Program

The status of the 2002-03 program is reported in Appendix E.

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2003-04 Work Program

The AASB's standard setting priorities for the year to 30 June 2004 have been approved by the FRC. These priorities are set out in Appendix F.

Board changes

Ms Sue Lloyd resigned from the Board on 2 September 2002 and Dr Neil Conn resigned from the Board on 11 September 2002. Mr George Carter, Mrs Brigid Curran and Mr Greg Ward retired from the Board on 14 February 2003, on the completion of their three year terms. Their contributions to the Board were significant.

Mr Glenn Appleyard, Economic Consultant, and Ms Alice Williams, Director, Strategic Analytics Pty Ltd were appointed to the Board on 18 December 2002. Mr Brett Kaufmann, (Branch Manager, Accounting Policy Branch, Department of Finance and Administration) and Mr Steve McClintock, (Chief Financial Officer, Southcorp Limited) were appointed to the Board on 15 February 2003.

Urgent Issues Group

The Urgent Issues Group (UIG) again provided a most valuable service through its interpretations of accounting standards in particular circumstances. During the year to 30 June 2003, the UIG issued six new abstracts and issued three revisions to Abstracts. The part-time members who all act on a voluntary basis are to be commended for their contribution.

AASB in the long term

One scenario is that the AASB and the UIG will wind down their standard setting and interpretative activities, perhaps once the bulk of the Australian pronouncements are aligned with those of the IASB and IFRIC, and GAAP and GFS reporting are substantially converged. A second scenario is that whilst the AASB's and the UIG's roles will change substantially, they will continue to be influential both domestically and internationally. The view that prevails will be the result of decisions taken now and in the near future.

For the following reasons the second scenario, under which influential roles are retained by the AASB and by the UIG, is considered to be the one that should be pursued.

- 1 **Reputation** — the AASB has established an excellent reputation internationally in the field of standard setting, and the UIG is well regarded as an active

interpretative body. This enhances Australia's reputation generally in financial markets — the type of stature that accumulates by persistently demonstrating innovative thinking and leadership. It is necessary to maintain a strong AASB and UIG in order to maintain this important aspect of our international financial credibility.

- 2 **Influence** — there are Australians on the IASC Foundation, the IASB itself, the International Financial Reporting Interpretations Committee (IFRIC) and the IASB Standards Advisory Council (SAC), and the AASB is a national liaison standard setter because the AASB has been at the forefront in standard setting. However, other than for the SAC, they are not representative positions. Australia has no automatic right to continue as a national liaison standard setter and there is no guarantee that Australians will participate in the IASB's many processes.

There are Australians on the IFAC PSC and two of the three IFAC PSC Steering Committees and on the IFAC PSC's GAAP/GFS working group. Australia has no automatic right to continue to have people in these roles.

Without a continuing commitment to standard setting in all its facets, Australia would lose its influence in the standard setting process in both the for-profit and not-for-profit sectors.

- 3 **Constituent communication** — the IASB and the PSC have world-wide constituencies, which are so broad as to be difficult to manage. The most effective communication is through national standard setters (such as the AASB) that can connect with Australian constituents by providing a two-way communication channel — disseminating information in an Australian context and giving a focus to Australian constituents' views on particular issues. The UIG serves this purpose also, in ensuring that Australian views on IFRIC issues are put effectively to the Australian IFRIC member and to IFRIC staff.
- 4 **Policy leadership** — the AASB can provide leadership through, for example, its policy of sector-neutral standards. The Chairmen of both the IASB and the IFAC PSC and IFAC's Chief Executive Officer are all on record as acknowledging that, in the long term, there is a need for one set of global accounting standards for both the private and public sectors.
- 5 **Project leadership** — the IASB is relying on national standard setters, such as the AASB, to undertake projects on behalf of the IASB and other liaison standard setters. For example, the AASB is leading a project on accounting for the extractive industries. There is also scope for the UIG to undertake interpretation projects on behalf of IFRIC.
- 6 **Interpretation and application** — the IASB and IFAC PSC standards are designed for a world-wide constituency and the IASB and IFAC PSC cannot hope to take into account the many different legislative and economic

Australian Accounting Standards Board

environments that exist. There will inevitably be issues arising from IASB and IFAC PSC standards that need to be dealt with, either by explaining their application in the Australian environment or seeking relevant legislative change where there are impediments to change.

The AASB and the UIG have a sound track record of early identification of issues of world-wide significance. Accordingly, the AASB and the UIG are well-placed to be effective conduits for raising issues for consideration by the IASB or IFRIC.

Appreciation

First, on behalf of the Board and the UIG, I would like to acknowledge the outstanding work and contribution of Keith Alfredson, who retired as Chairman on 7 May 2003, to the AASB. During his term Keith Alfredson was a vigorous supporter of the Board's international convergence and harmonisation program and was instrumental in driving the Board's agenda to achieve this objective and in representing the Board in international forums.

Second, during the past year members of the Board and the UIG continued to make considerable contributions to furthering the work of the AASB. These members are all busy working professionals whose time devoted to the AASB and UIG is greatly appreciated.

Third, the AASB technical and administrative staff have shown professionalism and dedication in performing their duties and in servicing the needs of the Board and the UIG. In particular, Angus Thomson, Technical Director has provided leadership to his staff and great support to me as Acting Chairman, taking on an additional workload in the absence of a full-time Chair.

Fourth, those AASB constituents taking the time to respond to the Board's Exposure Drafts and Invitations to Comment and participating in various Project Advisory Panels established by the Board and in field testing proposals are also greatly appreciated. It is vital that Australian constituents continue to contribute to the standard-setting process by making their views known to the Board.



Ruth Picker
Acting Chairman of AASB
12 September 2003

AASB DIRECTORS' REPORT OF OPERATIONS

Technical activities of AASB during 2002-03

Membership and meetings of AASB

The Chairman and members of the AASB are appointed under section 236B of the ASIC Act. For the period covered by this report the responsible Minister was the Treasurer, the Hon Peter Costello. The Chairman is appointed by the Treasurer while other members are appointed by the FRC.

To be eligible for appointment, a person must have knowledge of, or experience in, business, accounting, law or government. The Chairman and members hold office on the terms and conditions that are determined by the Treasurer and FRC respectively. Appointments may be made for a period of up to 5 years and retiring members are eligible for reappointment.

The members of the AASB during 2002-03 are listed in Appendix B. The Board held 9 meetings for a total of 16 meeting days during the year, and attendance of members at these meetings is set out in Appendix D.

Standard setting

The AASB has responsibility for accounting standard setting. A full list of Accounting Standards, Accounting Interpretations, Statements of Accounting Concepts and Policy Statements and their issue dates is at Appendix G.

During the year, the Board issued or reissued the following standards and other documents:

New standards

AASB 1020B Amendments to Accounting Standards AASB 1020 and Australian Accounting Standard AAS 3 (November 2002).

AASB 1045 Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A (October 2002).

Accounting interpretation

AI 2 Transition to AASB Equivalents of IASB Standards and Applying the Hierarchy of Pronouncements in AASB 1001 and AAS 6 (May 2003).

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Exposure drafts

- ED 107 Request for Comment on IASB ED 1 First-time Application of International Financial Reporting Standards (August 2002).
- ED 108 Request for Comment on IASB ED 2 Share-based Payment (November 2002).
- ED 109 Request for Comment on: IASB ED 3 Business Combinations; IASB ED of Proposed Amendments to IAS 36 Impairment of Assets and IAS 38 Intangible Assets; and AASB added material (December 2002).
- ED 110 Request for Comment on IAS 7 Cash Flow Statements (May 2003).
- ED 111 Request for Comment on IAS 23 Borrowing Costs (May 2003).
- ED 112 Request for Comment on IAS 29 Financial Reporting in Hyperinflationary Economies (May 2003).
- ED 113 Request for Comment on IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions (May 2003).
- ED 114 Request for Comment on IAS 41 Agriculture (May 2003).

Urgent Issues Group

The UIG's purpose is to review on a timely basis, in the context of existing Accounting Standards and Statements of Accounting Concepts, accounting issues that are likely to receive divergent or unacceptable treatment in the absence of authoritative guidance, with a view to reaching a consensus as to the appropriate accounting treatment. The UIG comprises 15 members drawn from a wide range of constituent groups. A consensus of the UIG requires that 11 or more members vote in favor of, and no more than 3 members vote against, the proposed treatment for the issue in question. The AASB has a reserve power of veto over UIG consensus views. A UIG consensus view is published in an Abstract. A full list of UIG Abstracts and their issue dates is at Appendix G.

The following abstracts were issued during the financial year:

New

- Abstract 48 Status of Tax Consolidation Legislation (July 2002).
- Abstract 49 Revenue — Barter Transactions involving Advertising Services (August 2002).
- Abstract 50 Evaluating the Substance of Transactions involving the Legal Form of a Lease (September 2002).
- Abstract 51 Recovery of Unfunded Superannuation of Universities (December 2002).
- Abstract 52 Income Tax Accounting under the Tax Consolidation System (December 2002, revised May 2003).
- Abstract 53 Pre-Completion Contracts for the Sale of Residential Development Properties (April 2003).

Revised

- Abstract 39 Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances (revised September 2002 and December 2002).

Due process

The AASB adopts a comprehensive 'due process' (outlined in PS 1 *The Development of Statements of Accounting Concepts and Accounting Standards*) when developing its pronouncements, and encourages the preparers and users of financial reports to participate actively in the standard-setting process by:

- communicating its views and policies to a broad range of interested parties via invitations to comment and exposure drafts;
- meeting with representatives of interested parties and organisations;
- inviting public comment on its policies, procedures, priorities and standards under consideration;
- issuing media releases related to its activities; and
- maintaining a website (www.aasb.com.au).

In addition, the AASB publishes an *AASB Action Alert* to keep interested parties informed of the AASB's deliberations at each of its meetings.

Australian Accounting Standards Board

The UIG adopts a more limited 'due process' under which minutes of its meetings, issue proposals, issue summaries and draft Abstracts are freely available on the website. The UIG issues an *UIG Action Alert* after each of its meetings.

Consultative group

The AASB Consultative Group brings together a wide cross-section of interest groups in the private, public and not-for-profit sectors. The purpose and operation of the Consultative Group is set out in Policy Statement PS 2 *The AASB Consultative Group* as revised and reissued in June 2001.

The Consultative Group held one meeting during the year in March 2003.

Liaison with constituents

The AASB meets with a wide range of people to discuss matters of interest both generally and in relation to specific projects.

Use of website

The AASB maintains a website (www.aasb.com.au). The website is used to provide information about the AASB, its activities and work program to its constituents and other interested parties and the UIG and its activities. Authoritative pronouncements are published on the website and may be downloaded free of charge. The AASB also publishes meeting agendas and copies of key AASB Board papers on its website, prior to meetings. Minutes of meetings are also published on the website. The AASB publishes brief summaries of key projects on the Board's website outlining the background to each project and recent progress and Board decisions. The AASB also uses the website to seek comments on exposure drafts and invitations to comment in order to facilitate urgent action on projects.

Seminars

Members of the AASB and its staff are available to present papers on matters relating to the AASB's work program at seminars, congresses and conferences held throughout Australia. This year the AASB conducted a number of seminars in conjunction with the Australian Stock Exchange on topics related to the adoption of IASB standards.

Indemnities and insurance premiums for directors and officers

No indemnities have been given or agreements made in respect of any current or former officer of the AASB, including FRC Directors. The AASB has arranged professional indemnity insurance with COMCOVER, to a value of \$100 million at a cost of \$19,057.

AASB PUBLICATIONS

All authoritative pronouncements issued by the AASB and UIG, including statements of accounting concepts, policy statements, accounting standards (AASB and AAS series), accounting interpretations and UIG abstracts, are available for purchase from the AASB and are published on its website. A full list of pronouncements currently on issue is at Appendix G.

The AASB also publishes a range of other documents, including:

- an *AASB Action Alert* to keep interested parties informed of the AASB's deliberations at each of its meetings;
- an *UIG Action Alert* to keep interested parties informed of the UIG's deliberations at each of its meetings;
- AASB and UIG media releases;
- exposure drafts of proposed new and revised accounting standards;
- invitations to comment (often concerning exposure drafts issued by the International Accounting Standards Board);
- consultative and discussion papers; and
- *Transparency*, a periodical newsletter on the activities of the AASB.

The AASB provides subscription services in respect of most of these documents. In addition, individual copies are available for sale. Further information can be obtained from the AASB using the contact details set out below. Accounting standards, UIG abstracts, exposure drafts, invitations to comment and policy statements are freely available on the website.

FREEDOM OF INFORMATION

The AASB maintains possession of the following documents:

- copies of Accounting standards;
- copies of exposure drafts and invitations to comment;
- copies of media releases and action alerts;
- AASB and UIG meeting agenda papers;
- correspondence with constituents, including responses to exposure drafts and invitations to comment; and
- internal technical and administrative papers, including project proposals, key decisions questionnaires, issues papers, draft exposure drafts and draft Accounting standards.

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Requests under the *Freedom of Information Act 1982* for access to other documents in the possession of the AASB can be directed to the AASB Secretary using the contact details set out below.

One application under the *Freedom of Information Act 1982* was received by the AASB during the year.

COMMONWEALTH DISABILITY STRATEGY

The AASB is committed to applying the Commonwealth Disability Strategy (CDS) and has instituted activities that contribute to meeting its requirements. The role of the AASB is specified elsewhere in this report. For the purposes of the Disability Strategy CDS, the AASB performs *Policy Adviser* and *Regulator* roles.

Commonwealth Disability Strategy performance reporting

Requirement for role	How met
Provision of accessible policy, program and regulatory information	
Internet format	AASB: all news items, policy statements, accounting standards, exposure drafts and other formal accounting regulatory documents are available on a Government Standards compliant website.
Disk format	Contact details for the AASB are available on its website. Users can call or write to request material on disk.
Plain English communication	Where possible, general information is written in plain English. However, some financial reporting matters are highly complex and require the accuracy of technical language.
Consultation	The AASB consults widely in its own right, with users, preparers and others interested in financial reporting. Because the nature of AASB activity is broad, and focuses on capital markets, specific consultation with people with disabilities is generally inappropriate.
Complaint or grievance mechanisms	Contact details for the AASB are available on its website. People can call or write to register any complaint.

CONTACTING THE AASB

The AASB can be contacted as follows:

Post: The Secretary
Australian Accounting Standards Board
PO Box 204
Collins St West
MELBOURNE VIC 8007

Telephone: (03) 9617 7600

Facsimile: (03) 9617 7608

Document Exchange: DX 30897

E-mail: standard@asb.com.au

FINANCIAL REPORT

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INDEPENDENT AUDIT REPORT

To the Treasurer

Scope

I have audited the financial statements of the Australian Accounting Standards Board for the year ended 30 June 2003. The financial statements comprise:

- Statement by Directors;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the financial statements.

The Directors of the Australian Accounting Standards Board (the Board) are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Board's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

PO Box A456 Sydney South NSW 1235
130 Elizabeth Street
SYDNEY NSW
Phone (02) 9367 7100 Fax (02) 9367 7102

Financial report

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Australian Accounting Standards Board as at 30 June 2003, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General

Sydney
12 September 2003

AUSTRALIAN ACCOUNTING STANDARDS BOARD
STATEMENT BY DIRECTORS

In our opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

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



Director
12 September 2003



Director
12 September 2003

Financial report

Australian Accounting Standards Board statement of financial performance for the year ended 30 June 2003

	Notes	2003	2002
		\$	\$
Revenues from ordinary activities			
Revenues from government	3A	1,500,000	1,500,000
Sales of publications	3B	160,109	174,888
Interest	3C	50,910	34,749
Revenue from sale of assets	3E	-	16,637
Grants and contributions	3D	2,600,000	1,310,000
Other		21,704	2,747
Total revenues from ordinary activities		4,332,723	3,039,021
Expenses from ordinary activities			
Employees	4A	2,322,072	2,180,173
Suppliers	4B	991,838	743,952
Depreciation and amortisation	4C	155,185	140,313
Value of assets sold	3E	-	4,498
Other — contribution to IASCF	4D	700,000	-
Total expenses from ordinary activities		4,169,095	3,068,936
Net (deficit) surplus		163,628	(29,915)
Total changes in equity other than those resulting from transactions with owners as owners		163,628	(29,915)

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

Australian Accounting Standards Board statement of financial position
as at 30 June 2003

	Notes	2003 \$	2002 \$
ASSETS			
Financial assets			
Cash	5A	1,904,727	240,030
Receivables	5B	25,297	33,067
Term deposit	5A	-	624,773
Total financial assets		1,930,024	897,870
Non-financial assets			
Leasehold improvements	6A,C	64,891	159,763
Plant and equipment	6B,C	105,281	122,224
Inventory	6D	3,090	3,300
Prepaid expenses		14,081	16,438
Total non-financial assets		187,343	301,725
Total assets		2,117,367	1,199,595
LIABILITIES			
Provisions			
Employees	7A	647,935	565,632
Total provisions		647,935	565,632
Payables			
Suppliers	8	121,996	126,417
Subscriptions in advance		47,431	63,638
Other	8	736,424	43,955
Total payables		905,851	234,010
Total Liabilities		1,553,786	799,642
NET ASSETS		563,581	399,953
EQUITY			
Accumulated surplus	9	563,581	399,953
Total equity		563,581	399,953
Current liabilities		1,008,148	360,213
Non-current liabilities		545,638	439,429
Current assets		1,947,195	917,608
Non-current assets		170,172	281,987

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

Financial report

Australian Accounting Standards Board statement of cash flows for the year ended 30 June 2003

	Notes	2003	2002
		\$	\$
OPERATING ACTIVITIES			
Cash received			
Revenue from government		1,500,000	1,500,000
Sales of goods and services		178,843	197,727
Interest		50,910	31,220
GST recovered from taxation authority		113,735	66,093
Grants and contributions		2,615,000	1,325,000
Other		21,703	2,747
Total cash received		4,480,191	3,122,787
Cash used			
Employees		2,234,864	1,963,808
Suppliers		1,059,841	791,598
GST paid to taxation authority		102,191	95,734
Total cash used		3,396,896	2,851,140
Net cash from operating activities	10	1,083,295	271,647
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		-	16,637
		-	16,637
Cash used			
Purchase of property, plant and equipment		(43,371)	(42,205)
		(43,371)	(42,205)
Net cash used by investing activities		(43,371)	(25,568)
Net increase in cash held		1,039,924	246,079
Cash at the beginning of the reporting period	5A	864,803	618,724
Cash at the end of the reporting period	5A	1,904,727	864,803

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

Australian Accounting Standards Board schedule of commitments
as at 30 June 2003

	Notes	2003 \$	2002 \$
BY TYPE			
Operating leases		97,609	201,865
Commitments receivable*		(44,000)	(110,000)
Net commitments		53,609	91,865
BY MATURITY			
All net commitments			
One year or less		35,208	38,246
From one to two years		18,401	53,619
Net commitments		53,609	91,865

All commitments are GST inclusive where relevant.

* Represents commitment of Australian Stock Exchange (the lessor of the AASB's premises) to make annual grants to the AASB to cover future premises lease rental commitments.

Australian Accounting Standards Board schedule of contingencies
as at 30 June 2003

There are no known contingencies at 30 June 2003.

Financial report

AUSTRALIAN ACCOUNTING STANDARDS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of significant accounting policies

1.1 Basis of accounting

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Commonwealth Authorities and Companies (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*);
- Australian accounting standards and accounting interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The Australian Accounting Standards Board (AASB) Statements of financial performance and financial position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an accounting standard. Liabilities and assets which are unrecognised are reported in the schedule of commitments and the schedule of contingencies.

Revenues and expenses are recognised in the AASB statement of financial performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002 except where stated.

1.3 Revenue

The revenues described in this Note are revenues relating to the core operating activities of the AASB.

The full amount of revenue from government for the year is recognised as revenue.

Revenue from the sale of publications is recognised upon the delivery of publications to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value as revenue when the asset qualifies for recognition.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.4 Employee benefits

(a) Benefits

Liabilities for wages and salaries and annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of their reporting dates are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required by the initial application of a new accounting standard AASB 1028 from 1 July 2002.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

(b) Leave

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

The leave liabilities are calculated on the basis of employees' remuneration including the AASB employer superannuation contribution rates to the extent that leave is likely to be taken during service rather than paid out on termination.

Financial report

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2003. In determining the present value of the liability, the AASB has taken into account attrition rates and pay increases through promotion and inflation.

(c) Superannuation

The AASB sponsors the AASB Superannuation Plan, which provides accumulation benefits to members.

For certain employees, the AASB has guaranteed minimum accumulated balances equivalent to benefits under a defined benefit plan. Vested and accrued benefits of these members as at 30 June 2003 amounted to \$1,692,663 (2002: \$1,692,958) compared to the net market value of attributable assets of \$1,428,492 (2002: \$1,522,728), giving a deficiency of \$264,171 (2002: deficiency \$170,230). A provision for this guaranteed deficiency has been recognised at 30 June 2003 (refer Notes 4A and 7A).

Contributions during the year ended 30 June 2003 on behalf of employees with minimum guaranteed benefits amounted to \$294,412 (2002: \$294,249). Contribution expense represents the annual funding which is determined based on actuarial advice and the provision for the deficient asset position.

1.5 Leases

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

1.6 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution.

1.7 Financial instruments

Accounting policies for financial instruments are stated at Note 17.

1.8 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

1.9 Leasehold improvements, plant and equipment

Asset recognition threshold

Purchases of plant and equipment are recognised initially at cost in the statement of financial position, except for purchases less than \$500, 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).

Revaluations

Leasehold improvements, plant and equipment are carried at valuation. No revaluations had been undertaken up to 30 June 2002. Valuations at fair value, as at 30 June 2003, are Director's valuations after a review of all leasehold improvements, plant and equipment assets, their useful lives, depreciation rates and methods applied.

Recoverable amount test

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of authorities where the primary purpose of the asset is not the generation of net cash inflows.

No property, plant and equipment assets have been written to recoverable amount as per AAS 10. Accordingly the change in policy has had no financial effect.

Depreciation and amortisation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the AASB using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

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

	2003	2002
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 10 years	3 to 10 years

1.10 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Financial report

1.11 Taxation

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

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables

1.12 Insurance

The AASB has taken insurance cover considered appropriate through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

1.13 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

Note 2: Economic dependency

The AASB is dependent on funding from the Parliament of the Commonwealth and on grants from the States and Territories and contributions from CPA Australia, The Institute of Chartered Accountants in Australia, the National Institute of Accountants and the Australian Stock Exchange, and donations from other entities to carry out its normal activities.

Note 3: Operating revenues

	2003	2002
	\$	\$
3A. Revenues from government		
ASIC funding	1,500,000	1,500,000
	1,500,000	1,500,000
3B. Sales of publications		
Publications	160,109	174,888
Sale of publications to:		
Related entities	3,342	3,650
External entities	156,767	171,238
Total sales of publications	160,109	174,888
Cost of sales of publications	74,658	47,296
3C. Interest		
Deposits	50,910	34,749

Note 3: Operating revenues (continued)

	2003	2002
	\$	\$
3D. Grants and contributions		
Grants from States and Territories	500,000	500,000
Industry contributions:		
CPA Australia	325,000	325,000
The Institute of Chartered Accountants in Australia	325,000	325,000
National Institute of Accountants	100,000	100,000
Australian Stock Exchange	60,000	60,000
Voluntary Corporate Contributions	290,000	-
Financial Institutions Development Account	1,000,000	-
Total grants and contributions revenue	2,600,000	1,310,000
3E. Net gain from sale of assets		
Plant and equipment:		
Proceeds from disposal	-	16,637
Net book value of assets disposed	-	(4,498)
Net gain on disposal of plant and equipment	-	12,139

Note 4: Operating expenses

	2003	2002
	\$	\$
4A. Employee expenses		
Wages and salaries	1,953,711	1,658,715
Superannuation*	380,181	469,958
Leave and other benefits	(18,360)	41,102
Total employee benefits expenses	2,315,532	2,169,775
Comcare premium	6,540	10,398
Total employee expenses	2,322,072	2,180,173
* Includes an increase in the provision for superannuation of \$93,941 (2002: \$170,230) [Note 1.4 (c)]		
4B. Suppliers expenses*		
Goods from related entities	1,130	819
Goods from external entities	150,724	109,096
Services from related entities	97,992	70,432
Services from external entities	646,519	464,690
Operating lease rental	95,473	98,915
Total supplier expenses	991,838	743,952
* Includes \$128,889 (2002: \$71,124) attributable to the operations of the Financial Reporting Council		
4C. Depreciation and amortisation		
Depreciation of property, plant and equipment	155,185	140,313
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
Leasehold improvements	96,076	93,885
Plant and equipment	59,109	46,428
Total depreciation and amortisation	155,185	140,313

Financial report

Note 4: Operating expenses (continued)

	2003	2002
	\$	\$
4D. Other		
Contribution to the International Accounting Standards Committee Foundation towards the development of international accounting standards	700,000	-
Total other	700,000	-

Note 5: Financial assets

	2003	2002
	\$	\$
5A. Cash and term deposit		
Cash at bank and on hand	1,904,727	240,030
Term deposit	-	624,773
	1,904,727	864,803
Balance of cash as at 30 June shown in the Statement of Cash Flows	1,904,727	864,803
5B. Receivables		
Goods and services	273	11,670
GST receivable	25,024	21,397
	25,297	33,067
Receivables (gross) are aged as follows:		
Not overdue	25,297	33,067

Note 6: Non-financial assets

	2003	2002
	\$	\$
6A. Leasehold improvements		
Leasehold improvements at cost	-	363,109
Leasehold improvements at valuation-30 June 2003	364,313	-
Accumulated amortisation	(299,422)	(203,346)
Total leasehold improvements	64,891	159,763
6B. Plant and equipment		
Plant and equipment at cost	-	200,538
Plant and equipment at valuation-30 June 2003	239,222	-
Accumulated depreciation	(133,941)	(78,314)
Total plant and equipment	105,281	122,224

6C. Analysis of leasehold improvements, plant and equipment**Table A1: Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment**

	Leasehold improvements	Plant and equipment	Total
	\$	\$	\$
As at 1 July 2002			
Gross book value	363,109	200,538	563,647
Accumulated depreciation/amortisation	(203,346)	(78,314)	(281,660)
Net book value	159,763	122,224	281,987
Additions by purchase	1,204	42,167	43,371
Depreciation/amortisation expense	(96,076)	(59,109)	(155,185)
Other disposals	-	(3,483)	(3,483)
As at 30 June 2003			
Gross book value	364,313	239,222	603,535
Accumulated depreciation/amortisation	(299,422)	(133,941)	(433,363)
Net book value	64,891	105,281	170,172

All these assets are at Director's valuation. The AASB has no other non-financial assets.

	2003	2002
	\$	\$
6D. Inventories		
Inventories held for sale	3,090	3,300
Total inventories	3,090	3,300

All inventories are current assets.

Financial report

Note 7: Provisions

	2003	2002
	\$	\$
7A. Employee provisions		
Salaries and wages	10,500	4,340
Annual Leave	162,338	191,145
Long Service Leave	210,926	199,917
Superannuation [Note 1.4 (c)]	264,171	170,230
Aggregate employee benefit liability	647,935	565,632
Employee provisions are categorised as follows:		
Current	102,297	126,203
Non-current	545,638	439,429
	647,935	565,632

Note 8: Payables

	2003	2002
	\$	\$
Trade creditors	121,996	126,417
Other payables *	736,424	43,955
	858,420	170,372

All supplier payables are current.

* Other payables is comprised of \$700,000 to be paid to the International Accounting Standards Committee Foundation as a contribution to the development of international accounting standards. The FRC decision to make this contribution was made on 27 June. The transfer of funds took place on 3 July. The balance of Other payables is PAYG tax for June, paid on 1 July.

Note 9: Equity

	Accumulated results	
	2003	2002
	\$	\$
Opening balance 1 July	399,953	429,868
Net surplus/(deficit)	163,628	(29,915)
Closing balance as at 30 June	563,581	399,953
Less: outside equity interest	-	-
Total equity attributable to the Commonwealth	563,581	399,953

Note 10: Cash flow reconciliation**Reconciliation of net (deficit) surplus to net cash from operating activities**

	2003	2002
	\$	\$
Net (deficit) surplus	163,628	(29,915)
Depreciation and amortisation	155,185	140,313
Gain on sale of plant and equipment	-	(12,139)
Changes in assets and liabilities		
Decrease/(increase) in receivables	7,770	(23,446)
Decrease/(increase) in inventories	210	(1,348)
Decrease/(increase) in prepaid expenses	2,357	(5,492)
Increase in employee provisions	82,303	201,293
Increase/(decrease) in liability to suppliers	(48,375)	17,148
Decrease in subscriptions in advance	(16,207)	(14,767)
Increase in other payables	736,424	-
Net cash from operating activities	1,083,295	271,647

Note 11: Directors remuneration

	2003	2002
The number of directors of the AASB included in these figures are shown below in the relevant remuneration bands		
\$ Nil — \$9,999	1	-
\$80,000 — 89,999	1	-
Total remuneration received by directors of the AASB	\$94,674	-

Note 12: Related party disclosures

The directors and alternate directors of the AASB during the year were:

- Charles Macek — Chairman since 11 June 2003
- Jeffrey Lucy, AM (appointed 6 January 2000, Chairman — 17 July 2001 until resignation February 2003)
- Elizabeth Alexander, AM
- Don Challen
- Leigh Hall, AM (resigned February 2003)
 - Mark Amour (alternate to Mr Hall; resigned February 2003)
- Karen Hamilton (appointed 7 March 2003)
- David Jackson
- John Langoulant (appointed 7 March 2003)

Financial report

- Graeme McGregor, AO
 - Greg Larsen (alternate to Mr McGregor)
- Robert Nottle, CBE (resigned February 2003)
- Tom Pockett (appointed 7 March 2003)
- Phillip Prior
 - Jim Kerwin (alternate to Mr Prior)
- Gregory Pound (appointed 7 March 2003)
- Jim Murphy (appointed 7 March 2003)
 - Mike Rawstron (alternate to Mr Murphy; appointed 7 March 2003)
- Brian Scullin (appointed 11 June 2003)
 - Jenifer Wells (alternate to Mr Scullin; appointed 11 June 2003)
- Ken Spencer (appointed 7 March 2003)
- Lewis Ting (appointed 7 March 2003)
 - Stephen Harrison, AO (alternate to Mr Ting; appointed 7 March 2003)
- Catherine Walter, AM (appointed 7 March 2003)
- Klaus Zimmermann (appointed 7 March 2003)
 - Roger Cotton (alternate to Mr Zimmermann; appointed 7 March 2003)

Note 13: Remuneration of officers

	2003	2002
The number of officers who received or were due to receive total remuneration of \$100,000 or more:		
\$110,001 - \$120,000	1	1
\$210,001 - \$220,000	2	1
\$220,001 - \$230,000	-	1
	3	3
The aggregate amount of total remuneration of officers shown above	\$550,846	\$551,248

The officer remuneration includes officers concerned with or taking part in the management of the AASB during 2002-03 except the FRC Chairman. Details in relation to the FRC Chairman have been incorporated into Note 11: Director's remuneration.

Note 14: Remuneration of part-time members of the AASB

	2003	2002
	\$	\$
Sitting fees	52,080	71,300

Note 15: Remuneration of auditors

	2003	2002
	\$	\$
Remuneration to the Auditor-General for auditing the financial statements for the reporting period	14,000	8,500

No other services were provided by the Auditor-General during the reporting period.

Note 16: Average staffing levels

	2003	2002
The average staffing levels for the AASB during the year were (equivalent full time staff)	21	21

Financial report

Note 17: Financial instruments

(a) Terms, conditions and accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instruments (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash and term deposit	5A	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds are placed on deposit at call with the AASB's bank in a Business Investment Account.
Receivables	5B	Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts.	Credit terms are net 14 days (2002: 14 days)
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Supplier payables	8	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Other payables	8	Refer to Note 8.	Refer to Note 8.

(b) Interest rate risk

Financial assets (recognised)	Notes	Floating interest rate		Non-interest bearing		Total		Weighted average effective interest rate	
		02-03	01-02	02-03	01-02	02-03	01-02	02-03	01-02
		\$	\$	\$	\$	\$	\$	%	%
Cash on hand	5A	-	-	1,044	1,461	1,044	1,461	-	-
Cash at Bank-Cheque account	5A	201,042	137,993	-	-	201,042	137,993	3.48	3.75
Cash at Bank-AASB Bus Invest A/c	5A	406,985	100,575	-	-	406,985	100,575	4.53	4.25
Cash at Bank-FRC Bus Invest A/c	5A	1,295,656	-	-	-	1,295,656	-	4.33	-
Term Deposit	5A	-	624,773	-	-	-	624,773	-	4.25
Receivables	5B	-	-	25,297	33,068	25,297	33,068	n/a	n/a
Total Financial Assets (recognised)		1,903,683	863,341	26,341	34,529	1,930,024	897,870		
Total Assets						2,117,367	1,199,595		
Financial Liabilities (recognised)									
Supplier payables	8	-	-	121,996	126,417	121,996	126,417	n/a	n/a
Other payables	8	-	-	736,424	43,955	736,424	43,955		
Total Financial Liabilities (recognised)		-	-	858,420	170,372	858,420	170,372		
Total Liabilities						1,553,786	799,642		

(c) The fair value of financial assets and liabilities approximate their carrying amounts.

(d) Credit risk exposures

The economic entity's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

The economic entity has no significant exposures to any concentrations of credit risk.

Appendices

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MEMBERS OF THE FRC 1 JULY 2002 TO 30 JUNE 2003

The Members and Alternate Members were, unless otherwise shown, appointed on 7 March 2003 for a 3 year term. The Chairman, all members and alternates are non-executive directors of the FRC.

Chairman

Charles Macek
Company Director, Melbourne.
Nominated by the Securities Institute of Australia.
Appointed Chairman on 11 June 2003 for 3 years.

Deputy Chairman

Vacant
Held by Charles Macek until his appointment as acting Chairman in March 2003. The position is under consideration pending suitable nomination.

Members

Elizabeth Alexander, AM
Company Director, Melbourne. Nominated by the Australian Institute of Company Directors.
Reappointed for 2 years on 7 March 2003.

Don Challen
Secretary, Tasmanian Department of Treasury and Finance, Hobart.
Nominated by Heads of State and Territory Treasuries.
Reappointed for 2 years on 7 March 2003.

Karen Hamilton
Executive General Manager, Issuers & Market Integrity, Australian Stock Exchange, Sydney NSW.
Nominated by the ASX.

David Jackson
Director, Australian Shareholders' Association, Sydney.
Nominated by the Australian Shareholders' Association.
Reappointed for 2 years on 7 March 2003.

Appendix A: Members of the FRC

MEMBERS OF THE FRC (CONTINUED)

John Langoulant	Under Treasurer, WA, Department of Treasury and Finance, Perth WA.
Graeme McGregor, AO	Company Director, Melbourne. Nominated by CPA Australia. Reappointed for 2 years on 7 March 2003.
Tom Pockett	Chief Financial Officer, Woolworths Limited, Sydney NSW. Nominated by the Business Council of Australia.
Phillip Prior	First Assistant Secretary, Budget Group, Department of Finance and Administration. Appointed 13 September 2001. Nominated by the Australian Government.
Gregory Pound	Chief Accountant, Australian Securities and Investments Commission, Melbourne VIC. Nominated by ASIC.
Jim Murphy	Executive Director, Markets Group, Department of the Treasury, Canberra. Nominated by the Commonwealth.
Brian Scullin	Company Director and Adviser to Head of Deutsche Asset Management, Asia Pacific, Sydney NSW. Nominated by the Investment and Financial Services Association. Appointed 11 June 2003.
Ken Spencer	Company Director, Melbourne VIC, and Member, Board of Trustees, International Accounting Standards Committee Foundation.
Lewis Ting	Company Director, Sydney NSW. Nominated by The Institute of Chartered Accountants in Australia. Appointed February 2003.
Catherine Walter, AM	Company Director and Solicitor, Melbourne VIC, and Chair of the Business Regulation Advisory Group.
Klaus Zimmermann	Chief Executive Officer, Eldercare Incorporated and National President, National Institute of Accountants, Adelaide SA. Nominated by NIA.

MEMBERS OF THE FRC (CONTINUED)

Jeffrey Lucy, AM	Financial Consultant, Adelaide. Nominated by The Institute of Chartered Accountants in Australia. Chairman from 17 July 2001 to February 2003. Resigned February 2003.
Leigh Hall, AM	Company Director, Sydney. Nominated by the Investment and Financial Services Association. Resigned February 2003.
Robert Nottle, CBE	Director, ASX Supervisory Review Pty Ltd, Australian Stock Exchange, Melbourne. Nominated by the Australian Stock Exchange. Resigned February 2003.

Alternate members

Roger Cotton	Chief Executive Officer, National Institute of Accountants, Melbourne VIC. Nominated by NIA. Alternate to Mr Zimmermann.
Stephen Harrison, AO	Chief Executive Officer, Institute of Chartered Accountants in Australia, Sydney NSW. Nominated by the ICAA. Alternate to Mr Ting.
James Kerwin	First Assistant Secretary, Agency Advice Unit, Department of Finance and Administration, Canberra ACT. Nominated by the Australian Government. Alternate to Mr Prior.
Greg Larsen	Chief Executive Officer, CPA Australia, Melbourne VIC. Nominated by CPA Australia. Alternate to Mr McGregor.

Appendix A: Members of the FRC

MEMBERS OF THE FRC (CONTINUED)

Mike Rawstron	General Manager, Corporations and Financial Services Division, Department of the Treasury, Canberra. Nominated by the Australian Government. Alternate to Mr Murphy.
Jenifer Wells	Senior Policy Manager, Investment and Financial Services Association, Sydney NSW. Nominated by IFSA. Alternate to Mr Scullin.

MEMBERS OF THE AASB 1 JULY 2002 TO 30 JUNE 2003

The following were appointed to the AASB from the dates shown:

Acting Chairman (part-time appointment by the Parliamentary Secretary to the Treasurer)+

Ruth Picker	Acting Chairman AASB. Appointed 5 May 2003.
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Members (part-time appointments by the FRC)

Glenn Appleyard	Economic Consultant, Hobart. Appointed 18 December 2002 for 3 years.
Wayne Cameron	Auditor-General of Victoria. Appointed 7 June 2001 for 3 years.
George W J Carter	Department of Finance and Administration, Canberra. Appointed 15 February 2000 for 3 years. Retired 14 February 2003.
Neil Conn, AO	Former Under Treasurer and Administrator, Northern Territory, Sydney. Appointed 15 February 2000 for 3 years. Resigned 11 September 2002.
Brigid Curran	Financial Reporting Consultant, Melbourne. Appointed 15 February 2000 for 3 years. Retired 14 February 2003.
Judith Downes	Head of Finance, ANZ Banking Group, Melbourne. Appointed 1 March 2002 for 3 years.

Appendix B: Members of the AASB

MEMBERS OF THE AASB (CONTINUED)

Brett Kaufmann	Branch Manager, Accounting and Policy Branch, Department of Finance and Administration, Canberra. Appointed 15 February 2003 for 3 years.
Ken Leo	Professor of Accounting, Curtin University of Technology, Perth. Appointed 15 February 2002 for 3 years.
Suzanne Lloyd	Director Securitisation, Deutsche Bank AG, Sydney. Appointed 15 February 2002 for 3 years. Resigned 2 September 2002.
Steve McClintock	Chief Financial Officer, Southcorp Limited, Sydney — formerly Partner, PricewaterhouseCoopers, Sydney. Appointed 15 February 2003 for 3 years.
Ruth Picker (Deputy Chairman from 27/2/02, appointed Acting Chairman 5/5/03)	Partner, Ernst & Young, Melbourne. Re-appointed 15 February 2002 for 3 years.
Greg Ward	Chief Financial Officer, Macquarie Bank, Sydney. Appointed 15 February 2000 for 3 years. Retired 14 February 2003.
Alice Williams	Director, Strategic Analytics (Aust) Pty Ltd, Melbourne. Appointed 18 December 2002 for 3 years.
+ Keith Alfredson, appointed full-time Chairman by the Treasurer on 8 May 2000 for 3 years, retired on 7 May 2003.	
* Garth Campbell-Cowan, General Manager, Corporate Accounting, Telstra Corporation Limited, was appointed to the Board on 2 July 2003 for 3 years.	

Observers

Ian Mackintosh	Australian representative on the IFAC PSC.
Warren McGregor	IASB Liaison — member.
Tony van Zijl	Representative of New Zealand Financial Reporting Standards Board.

MEMBERS OF THE UIG 1 JULY 2002 TO 30 JUNE 2003

Acting Chairman+

Ruth Picker	Acting Chairman AASB	Appointed 5 May 2003
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Members

James Beecher	Australian Institute of Company Directors	Term ends 30 June 2004
Mike Blake	Australasian Council of Auditors-General	Term ends 28 February 2005
Jim Dixon	CPA Australia	Term ends 30 June 2004
Charles Feeney	Ernst & Young	Term ends 30 June 2004
David Greenall	Local Government and Not-for-Profit Sector	Retired 31 December 2002
Chris Hall	KPMG	Term ends 30 April 2004
Phil Hancock	Not-for-Profit Sector and AAANZ	Term ends 30 April 2004
Julie Jagôt	Local Government Sector	Term ends 31 March 2005
Matthew Lunn	PricewaterhouseCoopers	Term ends 31 March 2005

Appendix C: Members of the UIG

MEMBERS OF THE UIG (CONTINUED)

Steve McClintock	Securities Institute of Australia	Retired following appointment to AASB 15 February 2003
Arthur McHugh	Australasian Council of Auditors-General	Retired 31 December 2002
Trevor Parry	Medium and small accounting firms	Term ends 30 June 2004
Christopher Pidcock	Securities Institute of Australia	Term ends 28 February 2005
Bruce Porter	Deloitte Touche Tohmatsu	*Term ends 28 February 2005
Ted Rofe	Australian Shareholders' Association	Term ends 30 April 2004
Geoff Steel	Group of 100	Term ends 30 April 2004
Robert Williams	Heads of Treasuries Accounting and Reporting Advisory Committee	*Terms ends 28 February 2005

Observers

Douglas Niven	Deputy Chief Accountant, ASIC	From October 2002
Wayne Lonergan	Australian member on the IASB's International Financial Reporting Interpretations Committee	From 12 February 2002

* Reappointed for further term

+ Keith Alfredson, retired as AASB Chairman and UIG Chairman on 7 May 2003

ATTENDANCE AT MEETINGS

Financial Reporting Council

The FRC met 4 times during the financial year for a total of 4 meeting days. Members' attendance is shown in the table below:

Members	Number of meetings			
	Eligible to attend	Attended	Represented by alternate	Apologies
C Macek	4	4		
E Alexander	4	4		
D Challen	4	3		1
K Hamilton	2	2		
D Jackson	4	4		
J Langoulant	2	2		
G McGregor	4	2	2	
J Murphy	4	2	1	1
T Pockett	4	2		2
G Pound	4	3	1(a)	
P Prior	4	4		
B Scullin	1	1		
K Spencer	2	2		
L Ting	2	1	1	
C Walter	2	2		
K Zimmerman	2	2		
J Lucy	2	2		
L Hall	2	1		1
R Nottle	2	2		
S Harrison (b)	1	1		
R Wylie (b)	1	1		

(a) Informal alternate attended with agreement of the Chairman or Deputy Chairman.

(b) Stephen Harrison and Rob Wylie attended two meetings as representatives of the ICAA prior to the appointment of Mr Ting.

Appendix D: Attendance at meetings

FRC Nominations Committee

The FRC Nominations Committee held one meeting during the financial year. Members' attendance is shown in the table below:

Members	Number of meetings			
	Eligible to attend	Attended	Represented by alternate	Apologies
P Prior (Chair)	1	1		
D Challen	1	1		
K Zimmerman	1	1		
C Macek	1	1		
R Picker	1	1		

AASB Audit Committee

The AASB Audit Committee met twice during the financial year. Members' attendance is shown in the table below:

Members	Number of meetings		
	Eligible to attend	Attended	Apologies
E Alexander, AM (Chair)	2	2	
G McGregor	2	2	
R Nottle	1	1	
D Jackson	1	1	

Appendix D: Attendance at meetings

Australian Accounting Standards Board

The AASB met 9 times during the financial year for a total of 16 meeting days. Members' attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Apologies (days)
K Alfredson	13	12	1
G Appleyard	7	7	0
W Cameron	16	16	0
G W J Carter	11	8	3
N Conn	2	2	0
B T Curran	11	8	3
J Downes	16	12	4
B Kaufmann	5	3	2
K Leo	16	16	0
S Lloyd	4	2	2
S McClintock	5	4	1
R Picker	16	16	0
G C Ward	11	7	4
A Williams	7	4	3

Appendix D: Attendance at meetings

Urgent Issues Group (UIG)

The UIG met 9 times during the financial year. Members' attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Alternate attended	Apologies (days)
K Alfredson	8	8	0	0
J Beecher	9	8	1	1
M Blake	3	3	0	0
J Dixon	9	8	0	1
C Feeney	9	9	0	0
D Greenall	5	4	0	1
C Hall	9	6	3	3
P Hancock	9	7	2	2
J Jagôt	2	2	0	0
M Lunn	9	8	1	1
S McClintock	6	6	0	0
A McHugh	5	3	0	2
T Parry	9	8	1	1
R Picker	1	0	0	1
C Pidcock	3	2	0	1
B Porter	9	9	0	0
E Rofe	9	7	2	2
G Steel	9	7	2	2
R Williams	9	9	0	0

PROGRESS MADE ON 2002-03 WORK PROGRAM

Highest priorities

FRC approved plan	Output to 30 June 2003
Director, Executive and Related Party Disclosures (issue amended Standard)	Comments on Exposure Draft ED 106 were considered by the Board. The Board has agreed the requirements of an amended Standard and is awaiting outcome of the IASB project on Share-based Payment before finalising the Standard. ED 106 relates solely to Corporations Act entities.
Impairment of assets (issue new standard)	Comments on Exposure Draft ED 104 were considered by the Board in preparing its submission to the IASB on IASB ED 3 on the Business Combinations Phase 1 Project. Further developments including the adoption of the IASB Standard depends on the IASB timetable.
Investment property (issue new standard)	Comments on Exposure Draft ED 103 were reviewed in the context of the IASB's Improvements Project. The Board undertook further consideration as part of the adoption of IAS 40
Public infrastructure disclosures	The AASB is observing the work of the HOTARAC — PPPI Sub-committee. AASB was also a member of IASB project team on service concessions during the year.
Reconciliation of government general purpose financial reporting with government financial statistics.	Project is being advanced in association with a HOTARAC Sub-committee. A Reference committee and a project advisory panel are being formed.
Issue AASB exposure draft comprising IASB exposure draft on First-time Adoption of International Financial Reporting Standards with added AASB material. Review responses, make submissions to IASB and monitor developments.	Exposure Draft ED 107 issued August 2002. Comment period closed 7 October 2002. 9 responses were received. Comments were reviewed and submissions made to the IASB. Issues relating to adoption of IASB Standards are being addressed.
Proposed improvements to IAS's (see below) and their impact on Australian Standards were issued as an Invitation to Comment. Review responses to Invitation to Comment, make submissions and monitor IASB proposals, monitor IASB deliberations and outcomes, issue AASB Standards adopting IASB Standards.	Responses to Invitation to Comment reviewed and submissions made to IASB. IASB deliberations are being monitored with the intention of adopting amended Standards when they are issued by the IASB.

Appendix E: Progress made on 2002-03 work program

Highest priorities (continued)

FRC approved plan	Output to 30 June 2003
IAS 1 Presentation of financial statements	
IAS 2 Inventories	
IAS 8 Net profit or loss for the period, fundamental errors and changes in accounting policies	
IAS 10 Events after balance sheet date	
IAS 16 Property, plant and equipment	
IAS 17 Leases	
IAS 21 The effects of changes in foreign exchange rates	
IAS 24 Related party disclosures	
IAS 27 Consolidated financial statements and accounting for investments in subsidiaries	
IAS 28 Accounting for investments in associates	
IAS 32 Financial instruments — disclosure and presentation	
IAS 33 Earnings per share	
IAS 39 Financial instruments — recognition and measurement	
IAS 40 Investment property	
Issue AASB exposure draft comprising IASB exposure draft on Business Combinations Phase 1 Project (incorporating goodwill, impairment of assets and intangible assets) with added AASB material. Review responses, make submissions to IASB and monitor developments.	Exposure Draft ED 109 issued December 2002. Comment period closed 10 March 2003. 19 responses were received. Comments were reviewed and submissions made to IASB. IASB deliberations and outcomes being monitored.
Issue AASB exposure draft comprising IASB exposure draft on Share-based Payment with AASB wrap around. Review responses, make submissions to IASB and monitor developments.	Exposure Draft ED 108 issued November 2002. Comment period closed 31 January 2003. 17 responses were received. Comments were reviewed and submissions made to IASB. IASB deliberations and outcomes being monitored.
IASB Convergence and Standards Improvement Projects. The Board's intention is to take a lead role on a limited number of appropriately prioritised IASB projects, as well as a supporting or monitoring role on others. The AASB will need to keep abreast of the work of the IASB on an ongoing basis in view of the policy of adoption of IASB Standards.	The Board was a joint participant with the IASB on its convergence project to review the requirements in IAS 19 <i>Employee Benefits</i> relating to defined benefit plans and on accounting for joint ventures as part of the IASB's improvements project. The AASB issued ED 115 <i>Request for Comment on IAS 19 Employee Benefits</i> in July 2003 as part of the Year 2005 project.
Joint Project for IASB on Accounting for the Extractive Industries. AASB is leader of working group to prepare IASB exposure draft (for interim standards for 2005) and develop proposals as part of a longer-term project.	Issues papers prepared for consideration of IASB in April 2002. Draft exposure draft being prepared by working group. Exposure draft expected to be issued in Quarter 4, 2003.
Research report on Australian requirements relating to presentation of a full parent entity financial report with a group's consolidated report in the entity's annual financial report.	Contractor has undertaken web-based questionnaire research and conducted a series of interviews of a selected group of users of financial reports. Results have been analysed and report is being prepared.

Appendix E: Progress made on 2002-03 work program

Highest priorities (continued)

FRC approved plan	Output to 30 June 2003
Finalising a report on the issues relating to the valuation and accounting for land under roads.	The AASB agreed that the option to recognise or not recognise land under roads be extended until there is greater international convergence on the recognition and measurement of land under roads by public sector entities. AASB 1045 formalising this decision was issued in October 2002.
Review and update Accounting Standards AAS 27 <i>Financial Reporting by Local Governments</i> , AAS 29 <i>Financial Reporting by Government Departments</i> and AAS 31 <i>Financial Reporting by Governments</i> .	The AASB consulted with local government bodies and considered issues relating to budget reporting, performance indicators, and revenue and expense recognition. An exposure draft proposing revisions to AAS 27 is in preparation. The AASB has made significant progress in developing an exposure draft proposing revisions to AAS 29 and AAS 31. Work on this project has slowed because of the high priority given to the GAAP/GFS convergence project.
Superannuation plans (revision and updating of AAS 25 <i>Financial Reporting by Superannuation Plans</i>) and managed investment schemes.	No progress. Work on these projects has been deferred because of priorities given to adoption of IASB Standards and GAAP/GFS convergence.
Not-for-Profit entities.	No progress. Work on this project has been deferred because of priorities given to adoption of IASB Standards and GAAP/GFS convergence.
Review of Accounting Standard AASB 1015 <i>Acquisition of Assets</i> in view of the Senate's disallowance of paragraphs 6.3 and 6.4.	The AASB has resolved to align its work program on this issue with that of the IASB. The IASB intends to consider restructuring of controlled entities in its Business Combinations Phase II project.

Unplanned work

Review of operative date of AASB 1020 <i>Income Taxes</i> issued in December 1999.	Entities sought deferral of the operative date of the Standard because of the implications and interaction with the implementation of the tax consolidation legislation. AASB 1020B was issued in November 2002.
Issue of Accounting Interpretation AI 2 <i>Transition to AASB Equivalents of IASB Standards and Applying the Hierarchy of Pronouncements in AASB 1001 and AAS 6</i> .	Issued by the AASB in response to concerns about transition to IASB Standards and to clarify hierarchy of pronouncements. AI 2 was issued in May 2003.

AASB WORK PROGRAM 2003-04

In July 2002, the FRC issued a strategic direction to the AASB to adopt IASB Standards by 2005 (FRC Bulletin 2002/4) and in December 2002 and April 2003, the FRC issued a strategic direction to the AASB to harmonise GAAP and GFS (Government Finance Statistics) reporting as an urgent priority (FRC Bulletins 2002/5 & 2003/1).

The IASB plans to have issued its '2005 stable platform' of IASB Standards by 31 March 2004. The HOTARAC working party on GAAP/GFS convergence is expected to advocate that an ED should be issued in December 2003, and revised Standards shortly thereafter. Accordingly, an enormous amount of work is expected of the AASB over the next 12 months. Furthermore, the Urgent Issues Group (UIG) will also be reviewing the existing UIG Abstracts in order to adopt the International Interpretations of Standards.

The AASB's standard setting work program for the year to 30 June 2004 has been approved by the FRC.

The work program for the year from 1 July 2003 comprises:

- 1 adopting IASB Standards by 1 January 2005;
- 2 harmonising GAAP and GFS reporting in the public sector;
- 3 other domestic standards projects;
- 4 ongoing IASB projects;
- 5 ongoing IFAC PSC projects; and
- 6 UIG interpretation projects.

Appendix F: AASB work program 2003-2004

1 IASB ADOPTION PROJECTS

Project	Status ^{1, 2}	Proposed actions ³
Conceptual framework	SAC 2 SAC 3 SAC 4	Revise AASB Framework
Presentation of financial statements	AASB 1018 AASB 1034 ED	Revised Standard incorporating areas currently covered by AASB 1018 and AASB 1034
Inventories	AASB 1019 ED	Further ED and revised AASB 1019
Cash flow statements	AASB 1026 ED 110	Revised AASB 1026
Accounting policies	AASB 1001 ED	Revised AASB 1001
After balance date events	AASB 1002 ED	Revised AASB 1002
Construction contracts	AASB 1009	Revised AASB 1009
Income taxes	AASB 1020	ED and revised AASB 1020
Segment reporting	AASB 1005	ED and revised AASB 1005
Property, plant & equipment	AASB 1015 AASB 1021 AASB 1041	Revised AASB Standard on PP&E incorporating areas currently covered by AASB 1015, AASB 1021 and AASB 1041
Leases	AASB 1008 ED	Revised AASB 1008
Revenue/government grants	AASB 1004	ED and revised AASB 1004
Employee benefits	AASB 1028	ED and revised AASB 1028
Foreign exchange	AASB 1012 ED	Revised AASB 1012
Borrowing costs	AASB 1036 ED 111	Revised AASB 1036
Related party disclosures	AASB 1017 ED	Revised AASB 1017
Consolidations	AASB 1024 ED	Revised AASB 1024
Investments in associates	AASB 1016 ED	Revised AASB 1016
Hyperinflationary economies	ED 112	New AASB Standard
Financial Institutions disclosure	AASB 1032 ED 113	Revised AASB 1032
Joint ventures	AASB 1006	ED and revised AASB 1006
Financial instruments: disclosure and presentation	AASB 1033 ED	Revised AASB 1033

Appendix F: AASB work program 2003-2004

1 IASB ADOPTION PROJECTS (CONTINUED)

Project	Status ^{1,2}	Proposed actions ³
Earnings per share	AASB 1027 ED	Revised AASB 1027
Interim reporting	AASB 1029	ED and revised AASB 1029
Discontinuing operations	AASB 1042	ED and revised AASB 1042
Provisions	AASB 1044	ED and revised AASB 1044
Intangible assets	ED 109	New AASB Standard
Financial instruments: recognition & measurement	ED	New AASB Standard
Investment property	ED 103	New AASB Standard
Agriculture	AASB 1037 ED 114	Revised AASB 1037
First-time adoption of international financial reporting standards	ED 107	New AASB Standard
Share-based payment	ED 108	New AASB Standard
Business combinations phase I	AASB 1013 AASB 1015 ED 109	Revised AASB Standard on Business Combinations incorporating areas currently covered by AASB 1013 and AASB 1015
Impairment of Assets	AASB 1010 ED 109	Revised AASB 1010
Insurance phase I	AASB 1023 AASB 1038	ED and revised AASB 1023 and AASB 1038
Extractive industries phase I	AASB 1022	ED and revised AASB 1022

2 GAAP / GFS CONVERGENCE PROJECT

Project	Status	Proposed actions
GAAP/GFS harmonisation	AAS 31	Participate in HOTARAC Working Group Work and liaise with AASB Project Advisory Panel Issue an ED

1 There are AAS series equivalents to most AASB Standards — these have not been referenced for the sake of brevity.

2 The AASB issued Invitations to Comment on the IASB's Improvements projects, which were later converted into EDs. References to 'ED' without a number are references to those Invitations to Comment.

3 As a result of the adoption process, the AASB Standards will be renumbered — the existing numbers have been referenced for convenience.

3 Domestic Standards Projects

DOMESTIC PROJECTS ON WHICH ACTION IS EXPECTED

Project	Status	Proposed actions
Director and executive disclosures by disclosing entities	ED 106 Part 1	Issue a revised Standard and withdraw the sections of AASB 1017 and AASB 1034 that presently deal with this topic for disclosing entities
Government departments review (may be affected by GAAP/GFS harmonisation)	AAS 29	Issue an ED proposing to revise AAS 29 to broaden its scope and focus on key issues, including revenue recognition
Local Government review (may be affected by GAAP/GFS harmonisation)	AAS 27	Issue an ED proposing to revise AAS 27 and focus on key issues, including revenue recognition
Parent entity reports	Draft research report	Make recommendations to Treasury regarding parent entity reports

Domestic projects unlikely to be progressed

There are a number of projects that could be progressed in 2003-2004 if the staff and Board time were available.

Superannuation plans

AAS 25 *Financial Reporting by Superannuation Plans* was last issued in 1993, and the environment in which plans operate has changed substantially. APRA is also proposing new prudential reporting requirements that will take regulatory reporting and general purpose financial reporting further apart. Lack of progress on this topic is viewed as a high risk area for the AASB.

Managed investment schemes (MIS)

MIS is closely related to Superannuation Plan issues. ASIC has long seen this topic as an important one for the AASB to address from the point of view of the schemes themselves and the managers of the schemes.

Segment reporting in the public sector

Public sector entities are currently scoped out of the AASB 1005 segment reporting requirements. The AASB needs to examine the specific issues associated with the public sector in light of the recent PSC Standard on segment reporting and undertake the normal due process.

Related party disclosures in the public sector

Public sector entities are currently scoped out of AASB 1017 and AAS 22 on related party disclosures. The AASB has undertaken preliminary work in this area, but needs to devote more time to considering the issues before an ED could be issued.

Appendix F: AASB work program 2003-2004

Not-for-profit entities

Not-for-profit entities need to apply most of the existing AASB Standards, but there are selected issues of particular relevance to these entities that the AASB has yet to address.

4 ONGOING IASB PROJECTS

Project	Status	Proposed actions
Business combinations phase II	Monitoring IASB progress	Issue ED and continue monitoring IASB progress
Research and development	Monitoring IASB progress	AASB staff to prepare papers for consideration by the AASB and IASB
Performance reporting	Field visits	Issue ED and continue monitoring IASB progress
Post-employment benefits	Monitoring IASB progress	Issue ED and continue monitoring IASB progress
Deposit-taking, lending and securities activities	Monitoring IASB progress	Issue ED and continue monitoring IASB progress
Service concessions	AASB member of a Working Party	Likely to be an IFRIC issue that the AASB will monitor
Insurance phase II	Monitoring IASB progress	Continue monitoring IASB progress
Extractive industries (long-term project brief)	AASB-led project	AASB staff to prepare papers for consideration by the AASB and IASB
Intangible assets	AASB-led project	AASB staff to prepare papers for consideration by the AASB and IASB
Consolidation and SPEs	Monitoring IASB progress	Continue monitoring IASB progress
Revenue, liabilities and equity	Monitoring IASB progress	Issue ED and continue monitoring IASB progress

5 ONGOING IFAC PSC PROJECTS

Project	Status	Proposed actions
Non-exchange revenues	AASB 1004	Brief Australia's representative on the PSC Steering Committee and monitor the Steering Committee's work
Social policy obligations	AAS 31 and AASB 1044	Brief Australia's representative on the PSC Steering Committee and monitor the Steering Committee's work
Budgetary reporting	--	Monitor the work of the PSC Steering Committee
Impairment, non-cash flow assets	AASB 1010	Monitor the work of the PSC
GAAP/GFS convergence	PSC/IMF working group OECD task force	Participate in the working group

6 UIG Interpretation Projects

The UIG will review the existing 52 Abstracts to identify changes in practice expected from 2005 under the adoption of the International Standards and Interpretations. In rare cases, Australian circumstances may warrant the retention of particular differences, which the UIG would address with the AASB, in line with the AASB's reserve power of veto over UIG Abstracts. Abstracts addressing Australian issues, such as Abstract 52 *Income Tax Accounting under the Tax Consolidation System*, would be expected to be retained beyond 2005 and would be reviewed by the UIG for consistency with the Australian equivalents to IASB Standards.

Pursuant to its Charter, the UIG is responsible for monitoring the work program of the IASB's IFRIC, making submissions on matters being considered by IFRIC, including exposure drafts, and reviewing IFRIC Interpretations. For example, IFRIC issued its first Draft Interpretation, D1 *Emission Rights* in May 2002, and the UIG has already had several discussions on and consulted on this topic, particularly to consider whether the Draft Interpretation appropriately addresses renewable energy certificates arising under the Australian mandatory renewable energy scheme.

Interpretation issues concerning existing Australian Standards are also expected to continue to be addressed during the next year, such as superannuation disclosures by employers under AASB 1028 *Employee Benefits*. The UIG interprets the requirements in Australian Standards where they are unclear or are being applied in circumstances not envisaged when the standards were developed.

AASB AND UIG PRONOUNCEMENTS AS TO 30 JUNE 2003

STATEMENTS OF ACCOUNTING CONCEPTS

No	Title	Issued (re-issued#)
SAC 1	Definition of the reporting entity	8/90
SAC 2	Objective of general purpose financial reporting	8/90
SAC 3	Qualitative characteristics of financial information	8/90
SAC 4	Definition and recognition of the elements of financial statements	# 3/95

POLICY STATEMENTS

No	Title	Issued (re-issued#)
PS 1	The development of statements of accounting concepts and accounting standards	7/93
PS 2	The AASB consultative group	# 6/01
PS 3	AASB project advisory panels	# 6/01
PS 4	International convergence and harmonisation policy	# 4/02
PS 5	The nature and purpose of statements of accounting concepts	# 7/01

Appendix G: AASB and UIG pronouncements as to 30 June 2003

AASB AND AAS-SERIES ACCOUNTING STANDARDS

AASB series	AAS series	Title	Issued (re-issued#)
1001	6	Accounting policies	# 3/99
1002	8	Events occurring after reporting date	# 10/97
1004	15	Revenue	# 6/98
1005	—	Segment reporting	#8/00
1006	19	Interests in joint ventures	# 12/98
1008	17	Leases	# 10/98
1009	11	Construction contracts	# 12/97
1010	10	Recoverable amount of non-current assets	# 12/99
1011	13	Accounting for research and development costs	5/87
1012	—	Foreign currency translation	#11/00
1013	18	Accounting for goodwill	# 6/96
1014	23	Set-off and extinguishment of debt	# 12/96
1015	21	Acquisitions of assets	# 11/99
1016		Accounting for investments in associates	# 8/98
	14	Accounting for investments in associates	5/97
1016A	—	Amendments to accounting standard AASB 1016	10/98
1017		Related party disclosures	# 2/97
	22	Related party disclosures	5/93
1018	—	Statement of financial performance	# 6/02
1019	2	Inventories	# 3/98
1020	3	Income taxes	# 12/99
1020A	—	Amendments to accounting standard AASB 1020 and Australian accounting standard AAS 3	# 6/02
1020B	—	Amendments to accounting standard AASB 1020 and Australian accounting standard AAS 3	11/02
1021	4	Depreciation	# 8/97
1022	7	Accounting for the extractive industries	10/89
1023	26	Financial reporting of general insurance activities	# 11/96

Appendix G: AASB and UIG pronouncements as to 30 June 2003

AASB AND AAS-SERIES ACCOUNTING STANDARDS (CONTINUED)

AASB series	AAS series	Title	Issued (re-issued#)
1024	24	Consolidated accounts	# 5/92
1025	—	Application of the reporting entity concept and other amendments	7/91
1026	28	Statement of cash flows	# 10/97
1027	—	Earnings per share	# 6/01
1028	—	Employee benefits	# 6/01
1029	—	Interim financial reporting	#10/00
1030	—	Application of accounting standards to financial year accounts and consolidated accounts of disclosing entities other than companies	12/94
1031	5	Materiality	9/95
1032	32	Specific disclosures by financial institutions	12/96
1033	33	Presentation and disclosure of financial instruments	# 10/99
1034	37	Financial report presentation and disclosures	# 10/99
1036	34	Borrowing costs	12/97
1037	35	Self-generating and regenerating assets	8/98
1037A	35A	Amendments to accounting standard AASB 1037	7/99
1038	—	Life insurance business	11/98
1039	—	Concise financial reports	# 6/02
1040	36	Statement of financial position	10/99
1041	—	Revaluation of non-current assets	#7/01
1042	—	Discontinuing operations	8/00
1043	—	Changes to the application of AASB and AAS standards and other amendments	12/00
1044	—	Provisions, contingent liabilities and contingent assets	10/01
1045	—	Land under roads: amendments to AAS 27A, AAS 29A and AAS 31A	10/02
—	25	Financial reporting by superannuation plans	3/93
—	27	Financial reporting by local governments	# 6/96
—	27A	Amendments to the transitional provisions in AAS 27	12/99
—	29	Financial reporting by government departments	# 6/98
—	29A	Amendments to the transitional provisions in AAS 29	12/99
—	31	Financial reporting by governments	6/98
—	31A	Amendments to the transitional provisions in AAS 31	12/99

Appendix G: AASB and UIG pronouncements as to 30 June 2003

ACCOUNTING INTERPRETATIONS

No	Title	Issued
AI 1	Amortisation of identifiable intangible assets	6/99
AI 2	Transition to AASB equivalents of IASB standards and applying the hierarchy of pronouncements in AASB 1001 and AAS 6	5/03

UIG ABSTRACTS

Abstract	Title	Issued (re-issued#)
1	Lessee accounting for surplus leased space under a non-cancelable operating lease	6/95
2	Accounting for non-vesting sick leave	6/95
3	Lessee accounting for lease incentives under a non-cancelable operating lease	8/95
4	Disclosure of accounting policies for restoration obligations in the extractive industries	8/95
6	Accounting for acquisitions — deferred settlement of cash consideration	12/95
7	Accounting for non-current assets — derecognition of intangible assets and change in the basis of measurement of a class of assets	3/96
8	Accounting for acquisitions — recognition of restructuring costs as liabilities	6/96
9	Accounting for acquisitions — recognition of acquired tax losses	6/96
10	Accounting for acquisitions — gold mining companies	11/96
11	Accounting for contributions of, or contributions for the acquisition of, non-current assets	12/96
12	Accounting for the costs of modifying computer software for the year 2000	4/97
13	The presentation of the financial report of entities whose securities are 'stapled'	#5/00
14	Directors' remuneration	6/97
15	Early termination of foreign currency hedges	#12/00
16	Accounting for share buy-backs	1/98
17	Developer and customer contributions in price regulated industries	5/98
18	Early termination of gold hedges	#12/00
19	The superannuation contributions surcharge	7/98
20	Equity accounting — elimination of unrealised profits and losses on transactions with associates	10/98
21	Consistency — different cost formulas for inventories	10/98
22	Accounting for the buy-back of no par value shares	11/98
23	Transaction costs arising on the issue or intended issue of equity instruments	#6/00
24	Equity accounting — carrying amount of an investment in an associate	11/98

Appendix G: AASB and UIG pronouncements as to 30 June 2003

UIG ABSTRACTS (CONTINUED)

Abstract	Title	Issued (re-issued#)
25	Redesignation of hedges	#12/00
26	Accounting for major cyclical maintenance	6/99
27	Designation as hedges — sold (written) options	7/99
28	Consolidation — special purpose entities	7/99
29	Early termination of interest rate swaps	#12/00
30	Depreciation of long-lived physical assets, including infrastructure assets : condition-based depreciation and other related methods	1/00
31	Accounting for the goods and services tax (GST)	1/00
32	Designation as hedges — rollover strategies	#12/00
33	Hedges of anticipated purchases and sales	5/00
34	Acquisitions and goodwill — first-time application of accounting standards	6/00
35	Disclosure of contingent liabilities	8/00
36	Non-monetary contributions establishing a joint venture entity	12/00
37	Accounting for website costs	1/01
38	Contributions by owners made to wholly-owned public sector entities	1/01
39	Effect of tax consolidation proposals on deferred tax balances	7/01
	[revised]	#9/02
	[revised]	#12/02
40	Non-reciprocal transfers within an economic entity for monetary or no consideration	9/01
41	Fair value of equity instruments issued as purchase consideration	9/01
42	Subscriber acquisition costs in the telecommunications industry	10/01
43	Classification of financial instruments with conversion options	11/01
44	Acquisition of in-process research and development	3/02
45	Subsidiary becomes a joint venture entity or an associate	4/02
46	Initial foreign currency translation for redomiciled entities	4/02
47	Professional indemnity claims liabilities in medical defence organisations	6/02
48	Status of tax consolidation legislation	7/02
49	Revenue – barter transactions involving advertising services	8/02
50	Evaluating the substance of transactions involving the legal form of a lease	9/02
51	Recovery of unfunded superannuation of universities	12/02
52	Income tax accounting under the tax consolidation system	12/02
	[revised]	#5/03
53	Pre-completion contracts for the sale of residential development properties	4/03