



Australian Government  
Australian Accounting Standards Board



Australian Government  
Auditing and Assurance Standards Board

Australian Accounting Standards Board  
Auditing and Assurance Standards Board

# ANNUAL REPORTS

## 2020 - 2021



**Australian Accounting  
Standards Board**

**and**

**Auditing and Assurance  
Standards Board**

2020-2021 Annual Reports

Commonwealth of Australia 2021

ISSN 2208-6129 (Print)

ISSN 2208-6137 (Online)

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



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

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

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

*Source: The Australian Accounting Standards Board, or*

*Source: The Auditing and Assurance Standards Board*

#### **Derivative material**

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

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

*Based on The Auditing and Assurance Standards Board data*

#### **Use of the Coat of Arms**

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see [www.pmc.gov.au/government/its-honour](http://www.pmc.gov.au/government/its-honour))

#### **Other Uses**

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

##### **AASB**

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

##### **AUASB**

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

*Printed by CanPrint Communications Pty Ltd*

# LETTER OF TRANSMITTAL

---

23 September 2021

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

Dear Minister,

We have pleasure in presenting the annual reports for the year ended 30 June 2021 of the:

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

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

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

Yours sincerely



Dr Keith Kendall  
Chair  
Australian Accounting Standards Board



William Edge  
Chair  
Auditing and Assurance Standards Board

# CONTENTS

<b>ABBREVIATIONS.....</b>	<b>V</b>
<b>CONTACT DETAILS .....</b>	<b>VII</b>
<b>AASB AND AUASB PURPOSE, VISION AND MISSION .....</b>	<b>8</b>
<b>AASB CHAIR’S REVIEW .....</b>	<b>11</b>
<b>AASB ANNUAL PERFORMANCE STATEMENT 2020-21 .....</b>	<b>16</b>
<b>AUASB CHAIR’S REVIEW .....</b>	<b>33</b>
<b>AUASB ANNUAL PERFORMANCE STATEMENT 2020-21 .....</b>	<b>39</b>
<b>MANAGEMENT AND ACCOUNTABILITY .....</b>	<b>57</b>
<b>FINANCIAL REPORTS .....</b>	<b>71</b>
<b>STATEMENTS BY THE CHAIRS .....</b>	<b>76</b>
<b>APPENDICES.....</b>	<b>108</b>
Appendix A AASB and AUASB legislative requirements .....	109
Appendix B Attendance at AASB and AUASB meetings .....	111
Appendix C Other information.....	113
Appendix D Agency resource statement and resources for outcomes.....	118
Appendix E List of Requirements.....	120
Appendix F Index .....	127

## ABBREVIATIONS

---

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

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



## CONTACT DETAILS

---

### AUSTRALIAN ACCOUNTING STANDARDS BOARD

#### The Chair

**Street Address**

Podium Level 14, 530 Collins Street  
MELBOURNE VIC 3000

**Postal Address:**

PO Box 204  
Collins Street West Victoria 8007

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

### AUDITING AND ASSURANCE STANDARDS BOARD

#### The Chair

**Street Address**

Podium Level 14, 530 Collins Street  
MELBOURNE VIC 3000

**Postal Address**

PO Box 204  
Collins Street West Victoria 8007

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

## AASB AND AUASB PURPOSE, VISION AND MISSION

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

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

## STRATEGY

AASB	AUASB
<p>1. Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users (including financial reports) and are capable of being assured and enforced. For publicly accountable<sup>1</sup> entities maintain IFRS<sup>2</sup> compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian- specific standards and guidance.</p>	<p>1. Develop and issue Australian Auditing and Assurance Standards that are in the public interest and meet the needs of stakeholders based on IAASB equivalents in accordance with AUASB functions and our direction from the Financial Reporting Council (FRC).</p>
<p>2. With the AUASB, play a leading role in reshaping the Australian external reporting framework by working with the regulators to develop objective criteria on:</p> <ul style="list-style-type: none"> <li>• who prepares external reports (including financial reports)</li> <li>• the nature and extent of assurance required on these external reports.</li> </ul>	<p>2. Develop and maintain Australian-specific Standards and/or Guidance for topics not specifically addressed by IAASB Standards where required.</p>

## AASB and AUASB Purpose, Vision and Mission

AASB	AUASB
<p>3. Actively influence IASB<sup>4</sup>, IPSASB<sup>5</sup> standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.</p>	<p>3. Influence international standards and guidance to achieve public interest outcomes and serve as the most effective base possible for Australian auditing and assurance standards.</p>
<p>4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.</p>	<p>4. In conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia.</p>
<p>5. Influence initiatives to develop standards and guidance that meet user needs for external reporting integral to financial reporting.</p>	<p>5. Demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance.</p>
<p>6. Monitor and respond to, or lead on, emerging issues impacting the development of accounting and external reporting standards, including changing technologies.</p>	<p>6. Partner with the AASB and others to reform the Australian external reporting and assurance frameworks.</p>
<p>7. Develop guidance and education initiatives, or promote development by others, to enhance the consistent application of accounting and external reporting standards and guidance.</p>	<p>7. Monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards.</p>

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

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

# AASB CHAIR'S REVIEW

---

## OUR PERFORMANCE IN 2020-21

The Australian Accounting Standards Board (AASB) continued to deliver on its strategic vision while, like the rest of the nation, adapting to remote working conditions due to the COVID-19 pandemic that has changed the way we live, work and interact with one another. We continued to provide our stakeholders with support and guidance in response to the economic impact of COVID-19, while also continuing our work on timely and faithful representation of economic reality to support effective functioning of the markets and broader economy with the help of engaging with key industry stakeholders.

## KEY MILESTONES

During the 2020-21 financial year, amongst a large variety of achievements mentioned throughout this annual report, the AASB issued 10 Amending Standards, as well as one Principal Standard and compiled 45 Standards. We also updated our Standard-Setting Frameworks, which set out the principles followed in setting the requirements of Standards. Both the *AASB For-Profit Entity Standard-Setting Framework* and the *AASB Not-for-Profit Entity Standard-Setting Framework* were updated to reflect that several policy documents, other documents and Australian Accounting Standards have been superseded, updated or issued since the documents were issued in 2018.

## STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS

The AASB continued to make use of technology in order to continue to maintain and grow its engagement with stakeholders across the country and globally via virtual meetings, webinars, roundtables and speaking engagements during the COVID-19 pandemic.

We published two Research Reports, one Staff Paper, six Staff Frequently Asked Questions, issued nine Exposure Drafts, four Invitations to Comment, held one roundtable session and hosted seven webinars. Our stakeholder outreach activities have made use of available communication channels to maximise the reach of our messages and audience. Our newsletter continues to be published on a weekly basis and our LinkedIn page is has more than 20,300 followers (and rising).

A highlight for 2020 was the first virtual AASB Research Forum. The Forum, held in conjunction with the University of New South Wales, brought together academics and financial reporting stakeholders from the public sector, for-profit and not-for-profit sectors to discuss three remarkable research projects: *The Use and Usefulness of Equity Accounting*, *Implementing AASB 16 Leases: The User and Preparer Perspectives* and *Are Accounting Standards Understandable?*. The Forum catered for our largest audience to date with over 500 attendees from around the globe, as well as a member of the International Accounting Standards Board.

AASB staff also held a three-part webinar series on the removal of Special Purpose Financial Statements and the introduction of simplified disclosures, which averaged 260 attendees per

session. The webinar series was well regarded by stakeholders on the efforts to educate and answer any questions on the amendments in AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* and AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

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

The AASB also maintained and enhanced its international engagement this year through various presentations and participating in international events. This included co-hosting three webinars with the IASB on various topics, as well as presenting at the International Forum of Accounting Standard Setters (IFASS), the Accounting Standards Advisory Forum (ASAF) and the annual Asian-Oceanian Standard-Setters Group (AOSSG) meeting, voicing the views of the AASB and Australian stakeholders.

## NOT-FOR-PROFIT SECTOR

The AASB ensured that the not-for-profit (NFP) private and public sectors were a priority during the 2020-21 financial year, making significant progress on developing and improving the reporting and conceptual frameworks. This involved significant outreach to—and engagement with—the stakeholder community to ensure that the sector is well-served in this regard.

From the NFP private sector perspective, this year we proceeded to develop a further reporting Tier (Tier 3). Tier 3 is intended for application by certain NFP private sector entities that are currently preparing special purpose financial statements (SPFS) on the basis that the entity is not a reporting entity as defined in SAC 1 *Definition of the Reporting Entity*. It is designed to be a proportionate response to the cessation of such entities being able to prepare SPFS. We are expecting to issue a Discussion Paper on the NFP Financial Reporting Framework to obtain the views of the public, which will be a major step forward for the project.

From the NFP public sector perspective, we continued active involvement in the work of the IPSASB. We responded to consultation documents on key IPSASB projects: Revenue, Transfer Expenses and the Request for Information *Concessionary Leases and Other Arrangements Similar to Leases*. In May 2021, the AASB issued ITC 45<sup>1</sup> to elicit views on the IPSASB's proposed new Standard that would set out requirements for measuring assets and liabilities of NFP public sector entities. Feedback received on ITC 45 informs the AASB's ongoing project on providing guidance to assist NFP public sector entities apply the principles in AASB 13 *Fair Value Measurement*.

---

<sup>1</sup> AASB ITC 45 *Request for Comment on IPSASB Exposure Drafts ED 76 Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements and ED 77 Measurement*

The AASB also assisted the FRC in engaging an independent party to perform a post-implementation review (PIR) of AASB 1049 *Whole of Government and General Government Sector Reporting*. The result of the PIR will inform the work on clarifying and simplifying the financial reporting framework for the Australian public sector – an ongoing project led by the FRC Public Sector Working Group, with which the AASB is actively involved.

Additionally, the AASB continues to engage actively with both the NFP private and public sectors on a number of other developments. These include providing guidance on emerging issues by updating numerous staff FAQs, holding discussions with stakeholders on how to account for research grants, and proceeding with the NFP Conceptual Framework project, which looks to enable application of the *Conceptual Framework for Financial Reporting* for NFP entities.

The AASB also published Research Report 16 *Financial Reporting by Non-corporate or Small Entities*, which presents an overview of the academic literature on financial reporting by non-corporate and small entities. The report answers key questions about the coverage of non-corporate and small entities' reports, their user and stakeholder needs, and their compliance and regulatory oversight. The Report identifies the mismatch between the needs of users and the information that is reported (often for compliance purposes) by non-corporate and small entities as well as difficulties applying a conceptual framework targeted at for-profit entities to the reporting of not-for-profit entities. Research Report 16 is particularly relevant to the NFP Private Sector Financial Reporting Framework project.

## FOR-PROFIT SECTOR

The previous year saw the finalisation of AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* and AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. Having completed these two significant projects, we continued to ensure that the for-profit sector received appropriate attention. In addition to educating our stakeholders on the significant changes as a result of AASB 2020-2 and AASB 1060, we continued to revise Australian Accounting Standards to ensure consistency with the International Financial Reporting Standards, while reflecting any Australian-specific issues.

We also continued working on the proposal that will improve the clarity of the basis of preparing SPFS in the limited circumstances where for-profit private sector entities are able to do so. The proposal will require disclosure of the accounting policies applied in those SPFS, including the information about the extent of compliance with the recognition and measurement requirements in Australian Accounting Standards.

We continued to uphold our Evidence-Informed Standard-Setting approach by obtaining evidence for key projects that are currently underway. We published Research Report 15 *Review of Auditor Remuneration Disclosure Requirements*, which compares Australian and selected overseas jurisdictions' auditor remuneration disclosure requirements. This Report also identifies factors that could be considered in responding to the recommendations in the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into the Regulation of Auditing.

We also published the staff paper *Comparison of Narrative Reporting Requirements Applicable to For-Profit Entities*, which examines several aspects of narrative reporting requirements for for-profit entities in Australia and selected overseas jurisdictions. The analysis was conducted by comparing these regulatory requirements with the draft disclosure objectives that were expected to be included in the recently issued IASB's Exposure Draft on revised IFRS Practice Statement 1 Management Commentary (MCPS). This comparison will help us to provide early input into the AASB's consultation on the IASB's proposals.

## PEOPLE

We are pleased to announce that former senior AASB staff members Nikole Gyles and Dr Mark Shying have re-joined the AASB. Nikole has re-joined in the role of the AASB's Technical Director, while Mark has re-joined as the AASB's Research Director.

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

## LOOKING TOWARD 2021-22

Just like every year, we will look to enhance further our already prominent stakeholder engagement activities, both domestically and internationally. We will be undertaking our own domestic agenda consultation process for the period 2022–2026 in accordance with the AASB *Due Process Framework for Setting Standards*. It will allow us to seek views from Australian constituents on the primarily domestic projects that the AASB should be addressing. This can include external reporting issues relating to public sector entities, NFP entities or Australian-specific issues relating to for-profit entities.

Furthermore, we will look to begin the post-implementation review (PIR) process for several domestic standards including AASB 1058 *Income of Not-for-Profit Entities* and NFP amendments to AASB 10 *Consolidated Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities*.

We will continue our involvement internationally through our strong relationship with the International Accounting Standards Board, the International Public Sector Accounting Standards Board (IPSASB) and other national standard setters and representative bodies. This will ensure that Australia's position continues to be incorporated into international standards. The AASB will participate with the IFRS Foundation on the proposal to establish an International Sustainability Standards Board.

We will also continue supporting the adoption of digital reporting as electronic data is gaining significance globally and the number of its users is steadily growing. Progress in this area is necessary to ensure improved accessibility and quality of data available in the future.

The AASB will continue to work closely with the Auditing and Assurance Standards Board (AUASB) for issues common to the two organisations, particularly when considering whether any auditing or assurance challenges may arise from Australian Accounting Standards. The AASB

intends to continue working with the AUASB in 2021 on our going concern project, as well as the audit engagement-related disclosures project.

In addition to the going concern and audit engagement-related disclosure projects, the AASB and the AUASB will respond to the recommendations of the Parliamentary Joint Committee on Corporations and Financial Services once these have been accepted by the Australian Government.

## FINANCIAL RESULTS

The AASB has recognised a Total Comprehensive surplus of \$257,211 (2020: Surplus of 284,224) as a result of COVID-19 continuing to substantially reduce travel costs. Part of the savings in travel costs have allowed the AASB to focus on the delivery of strategic objectives by increasing the capacity of the team through the employment of casual staff members and also to continue professional development expenditure in alignment with the strategy of building a high performing team.

Management fees received from the AUASB were \$633,735 (2020: \$537,542) as set out in our Memorandum of Understanding (MoU) (refer to Note 2A and 2B to the Financial Statements), an increase on the prior year as the Managing Director was a shared resource in this financial year and not in 2020. An increase in corporate costs occurred as the home office costs and other support measures were incurred to facilitate successful working remotely.

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

## ACKNOWLEDGEMENTS

I would like to thank the staff for their support and commitment during these unique times. As a remote team, we have banded together and worked excellently given the circumstances, which has allowed the AASB to continue its work uninterrupted.

Sincerely



Dr Keith Kendall  
Chair and CEO  
23 September 2021

# AASB ANNUAL PERFORMANCE STATEMENT 2020-21

---

I, Keith Kendall, as the accountable authority of the Australian Accounting Standards Board, present the 2020-21 annual performance statement of the Australian Accounting Standards Board, as required under paragraph 39(1)(a) of the *Public Governance Performance and Accountability Act 2013* (PGPA Act). In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act Entity Purpose.



## ENTITY PURPOSE

As set out in the Treasury Portfolio Budget Statements for 2020-21, the AASB's single outcome is to formulate and make accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions. The AASB's vision is to contribute to stakeholder confidence in the Australian economy, (including its capital markets) and in external reporting integral to financial reporting. Its mission and single program are:

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

Our purpose is to:

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

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

## **THE AASB'S STANDARD SETTING PROCESS**

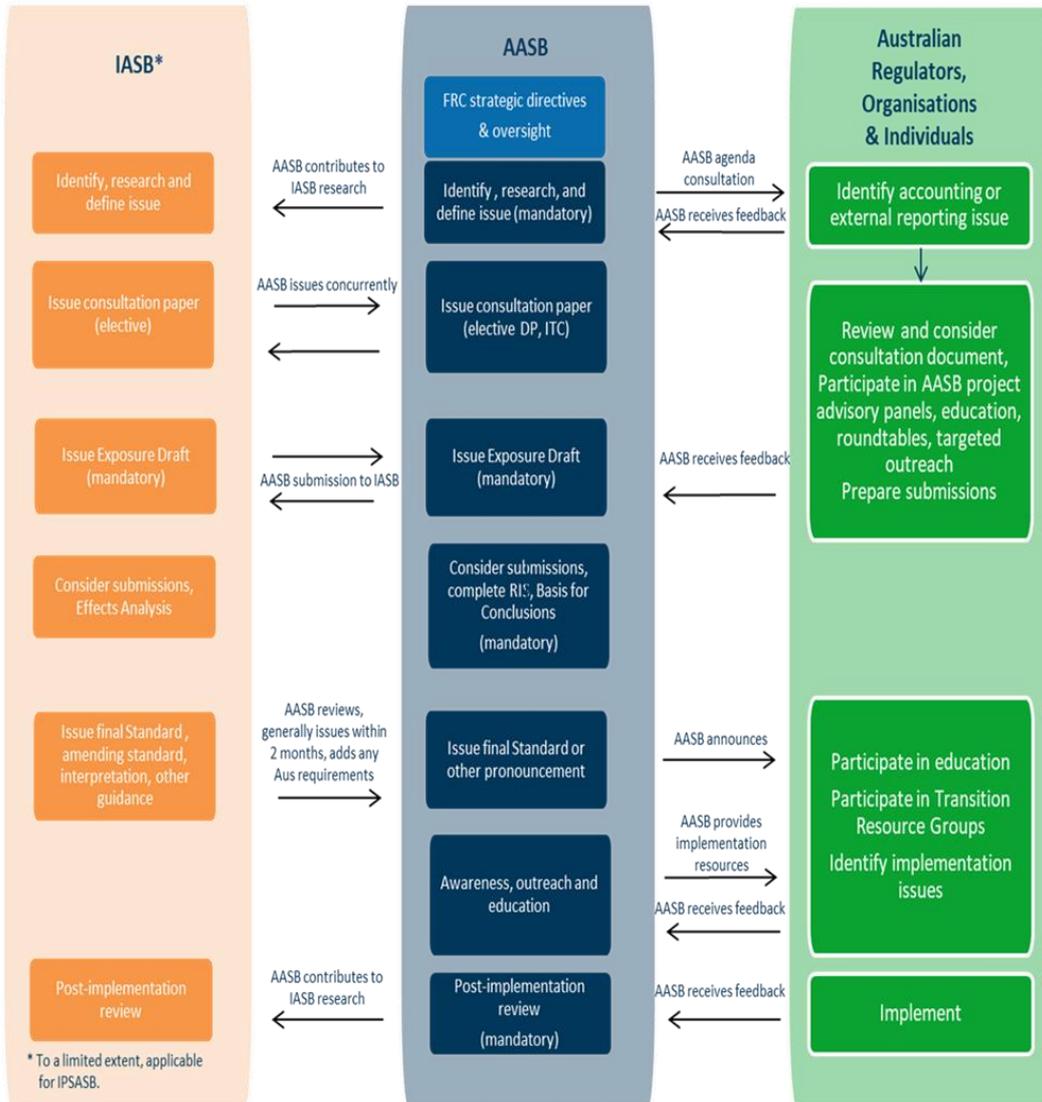
### **Developing issuing and maintaining principles-based accounting standards**

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

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

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

## AASB Due Process Framework for Setting Standards



## AASB's STRATEGIES FOR ACHIEVING ITS PURPOSE

Strategy 1: Standard setting	Strategy 2: Australian external reporting framework	Strategy 3: International thought leadership	Strategy 4: Stakeholder engagement	Strategy 5: Influencing beyond financial reporting	Strategy 6: Emerging Issues	Strategy 7: Enhancing Consistency
Set accounting standards to meet needs of users, capable of being assured and enforced. 'Publicly accountable' entities IFRS compliant; for others, use transaction neutrality, modify IFRS, or develop Australian-specific standards and guidance.	Play a leading role in reshaping the Australian external reporting framework by working with other regulators to set Tier requirements proportionate to user needs and costs to prepares.	Actively influence internationally IASB, IPSASB, NZASB, AOSSG.	Attain significant levels of key stakeholder engagement through collaboration, partnership and outreach.	Influence initiatives to develop standards and guidance that meet user needs for external reporting integral to financial reporting.	Monitor and respond to, or lead on, emerging issues, including changing technologies.	Enhance consistent implementation, through stakeholder education initiatives.

## 2020-21 AASB ACTIVITIES AND RELATED KEY PERFORMANCE INDICATORS

The tables below identify the activities the AASB identified in its Corporate Plan and Parliamentary Budget Statement (PBS) as contributing to the seven strategies above, for the 2020-21 reporting period. These tables also indicate whether or not the activities were achieved and, if not, why not.

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

Current Priorities	Status	Key Activities / Highlights
Define appropriate reporting frameworks for each of the three sectors - for-profit (e.g., listed and large proprietary companies), not-for-profit (e.g. charities) and public sector	In progress / Partially Completed	<p>For-profit –</p> <ul style="list-style-type: none"> <li>The Board agreed to proceed with ED 302 Minimum disclosures for certain for-profit entities' special purpose financial statements by issuing an Amending Standard (pending discussion with OBPR re costs).</li> <li>Staff paper Comparison of Narrative Reporting Requirements Applicable to For-Profit Entities issued in May 2021</li> </ul> <p>NFP private sector –</p> <ul style="list-style-type: none"> <li>Developing a paper for public consultation in 2022.</li> <li>AASB 2021-1 <i>Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities</i> issued in March 2021.</li> </ul> <p>Public sector – participating in FRC working group</p>
Agree on 3-year program of work and deliver	In progress / Partially Completed	IASB-equivalent Standards issued within two months of release by the IASB:
Maintain IFRS and New Zealand compliance for for-profit Private sector “publicly accountable” entities		<ul style="list-style-type: none"> <li>AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts (issued in 35 days</li> </ul>

Current Priorities	Status	Key Activities / Highlights
<p>Tailor IFRS appropriately for other sectors, including developing Australian specific guidance</p> <p>Develop guidance on external reporting integral to financial reporting</p> <p>Develop guidance on emerging issues related to financial reporting</p>		<ul style="list-style-type: none"> <li>• AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date (issued in 29 days)</li> <li>• AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 (issued in 26 days)</li> <li>• AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and</li> <li>• Definition of Accounting Estimates (issued in 60 days)</li> <li>• AASB 2021-3 Amendments to Australian Accounting Standards –</li> <li>• Covid-19-Related Rent Concessions beyond 30 June 2021 (issued in 28 days)</li> <li>• AASB 2021-5 Amendments to Australian Accounting Standards</li> <li>• Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued in 55 days)</li> <li>• Guidance on emerging issues issued via staff FAQs (see below)</li> <li>• AASB did not harmonise on NZASB-specific going concern disclosures (non-harmonisation deemed appropriate as amendments did not meet AASB’s standard-setting framework – AASB to influence international project instead)</li> </ul>
<p>Enhance profile domestically and internationally</p> <p>Maintain and enhance key international relationships with IASB, IPSASB,</p>		<p>Co-hosted with the IASB:</p> <ul style="list-style-type: none"> <li>• Webinar on Discussion Paper Business</li> </ul>

Current Priorities	Status	Key Activities / Highlights
NZASB, AOSSG, International Financial Reporting for NPOs		<ul style="list-style-type: none"> <li>• Combinations – Disclosures, Goodwill and Impairment (August 2020)</li> <li>• Academic research seminar on the IASB’s Business Combinations—Disclosures, Goodwill and Impairment Discussion Paper(August 2020)</li> <li>• Webinar on Discussion Paper Business</li> <li>• Combinations Under Common Control (March 2021)</li> </ul> <p>Staff actively participate in IFR4NPO TAG meetings and other outreach activities</p> <p>AASB Acting Technical Directors invited to present at the AFAANZ Financial Reporting Forum</p> <p>AASB Acting Technical Director and Acting Senior Manager invited to present at the CAANZ webinar on financial reporting impact of COVID- 19</p> <p>AASB &amp; NZASB presented at 2 IFASS conferences recommending the IASB undertake a project on going concern.</p> <p>AASB Deputy Technical Director presented at ACNC Adviser and Sector Forums on NFP Financial Reporting Framework in November 2020 and March 2021</p> <p>IASB participated in AASB 2020 Virtual Research Forum</p> <p>AASB &amp; NZASB presented at AOSSG Annual Meeting recommending the IASB undertake a project on going concern.</p> <p>AASB Deputy Technical Director presented AOSSG views on Financial Instruments-related topics at IASB Accounting Standards Advisory Forum December 2020 and March 2021 meetings.</p>

Current Priorities	Status	Key Activities / Highlights
<p>Due process followed to ensure the quality of standard-setting</p> <p>Evidence-informed approach to standard setting activities supports need for regulation and proposed solution</p> <p>Appropriate consultation in accordance with the due process framework</p> <p>Preparation of regulatory impact statement assessing costs and benefits</p>	<p>Completed / On track</p>	<p>AASB Research Director presented AOSSG views on Extractive Activities project at IASB Accounting Standards Advisory Forum March 2021 meeting.</p> <p>Submission made to the Australian Government Treasury consultation paper <i>Increasing financial reporting thresholds for ACNC-registered charities</i>.</p> <p><b>No negative feedback in response to due process from FRC.</b></p> <p><b>AASB approved standards in accordance with its due process since July 2020:</b></p> <ul style="list-style-type: none"> <li>• AASB 2020-5</li> <li>• AASB 2020-6</li> <li>• AASB 2020-7</li> <li>• AASB 2020-8</li> <li>• AASB 2020-9</li> <li>• New principal version of AASB 1048</li> <li>• AASB 2021-1</li> <li>• AASB 2021-2</li> <li>• AASB 2021-3</li> <li>• AASB 2021-4</li> <li>• AASB 2021-5</li> </ul> <p><b>Events to educate and consult stakeholders:</b></p> <ul style="list-style-type: none"> <li>• Webinar: Discussion Paper <a href="#">Business Combinations – Disclosures, Goodwill and Impairment (August 2020)</a> - 111 attendees</li> </ul>

Current Priorities	Status	Key Activities / Highlights
Post-implementation reviews conducted (PIR) for all significant projects to assess quality of standard-setting.	Completed / On track	<ul style="list-style-type: none"> <li>• Academic research seminar: Business Combinations— Disclosures, Goodwill and Impairment Discussion Paper (August 2020) – 65 attendees</li> <li>• Webinar: ED 302 <i>Disclosures in SPFS of certain for-profit private sector entities</i> (September 2020) – 34 attendees</li> <li>• AASB 2020 Virtual Research Forum (November 2020) – 500+ attendees</li> <li>• Webinar: Discussion Paper Business Combinations Under Common Control (March 2021) – 147 attendees</li> <li>• Roundtable: Business Combinations Under Common Control (May 2021) – 34 attendees</li> <li>• Webinar: Removal of SPFS and introduction of AASB 1060 (May 2021) Parts 1, 2 &amp; 3 – 227, 324 &amp; 231 attendee</li> </ul> <p><b>AASB Research reports issued:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">RR15 Review of Auditor Remuneration Disclosure Requirements</a></li> <li>• <a href="#">RR 16 Financial Reporting by Non-corporate or Small Entities</a></li> <li>• <a href="#">Staff Paper: Comparison of Narrative Reporting Requirements Applicable to For-Profit Entities</a></li> </ul> <p><b>On-going: staff completing compilations of standards</b></p> <p>No indication of non-contribution to confidence in the economy Positive feedback on staff FAQs – indicating contributing to confidence in the economy</p>

Current Priorities	Status	Key Activities / Highlights
<p>Improve consistency of implementation:</p> <p>Educate stakeholders on the AASB standards, support materials available, including why standards introduced</p> <p>Support and encourage high quality teaching of the Australian financial reporting framework and standards at Australian educational institution</p>	<p>Completed / On track</p>	<p>Positive feedback on standards – have held up well under pressures caused by COVID-1</p> <p>Held discussion with various public sector/NFP stakeholders on their recent implementation experience <b>(e.g., commenced narrow-scope project on AASB 1058)</b></p> <p>Independent PIR of AASB 1049 engaged by the FRC</p> <p>Submission made to IASB on the PIR of IFRS 10, 11 &amp; 12</p> <p>FAQs for stakeholders on significant interpretive issues:</p> <ul style="list-style-type: none"> <li>• Accounting for Government Support</li> <li>• Impairment of Non-Financial Assets</li> <li>• Remuneration Underpayments</li> <li>• Accounting for Concessionary Loans by NFP entities</li> <li>• Events after the reporting period</li> <li>• Initial recognition of an asset acquired by an NFP entity in transactions in the scope of AASB 1058</li> </ul>

## 2 - PERFORMANCE ACTIVITY FOCUS: STAKEHOLDER ENGAGEMENT

Current Priorities	Status	Key Activities / Highlights
Enhance stakeholder engagement	Completed / Ontrack	<p>AASB newsletter subscribers increased by <b>12.14%</b> over the twelve months to June 2021</p> <p>LinkedIn main page followers increased by <b>11.01%</b> over the twelve months to June 2021</p> <p>Twitter followers increased by <b>5.57%</b> over the twelve months to June 2021.</p> <p>Over 700 combined attendees at Removal of SPFS and introduction of AASB 1060 webinars.</p>
Conduct Agenda consultations to determine projects and priorities	Completed / Ontrack	<p>Invitation to comment for domestic agenda consultation expected in Q3 2021</p> <p>ITC 44 <i>Request for Comment on the IASB Request for information on Third Agenda Consultation</i> issued in April 2021</p>

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

Current Priorities	Status	Key Activities / Highlights
Develop and implement People and Culture strategy	Completed / Ontrack	<p>Ongoing process</p> <p>High morale of the team supported by virtual team meetings and events, such as virtual drinks and team lunches</p> <p>Staff encouraged to register for online work-related training of their choice as part of employee growth</p> <p>Flexible working hours and pandemic leave introduced during multiple closure periods due to COVID-19 to assist staff in managing workload and family commitments.</p>
New starter processes improved to support flexible subject matter expert involvement	Completed / Ontrack	<p>Onboarding manual is continuously being updated. The onboarding manual is a working document which has insights and information regarding processes that take place at the AASB</p>
Understand current capability (talent mapping)	Completed / Ontrack	<p>Ongoing process – promotions during the year based on performance</p> <p>External experts used for specific projects</p>
Resource planning to develop skills and allocate them appropriately	Completed / Ontrack	<p>Additional resources engaged as contractors to assist with workplan delivery</p> <p>Utilisation of employees regularly monitored</p> <p>Regular resource planning meetings in place to identify the need for project prioritisation or for external resources</p> <p>AASB Technical Director appointed in September and formally commenced role in October 2020</p> <p>Research Director appointed and formally commenced role in November 2020. Research Assistant appointed in April 2021.</p>

#### 4 - PERFORMANCE ACTIVITY FOCUS: TECHNOLOGY

Current Priorities	Status	Key Activities / Highlights
Develop and implement an IT strategy that enables flexible, seamless working via cloud	Completed / Ontrack	All AASB staff working from home since 17 March 2020 via One Drive due to Covid-19. No significant issues. External webinars hosted via ZOOM Database cleansed New database tool developed leveraging MS Access and SQL Janusseal app deployed to staff email accounts for automatic classification of emails (in line with Commonwealth Government policy)
Website refreshed to improve stakeholder experience and engagement	Completed / Ontrack	Refreshed corporate website live from 1 June 2021

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

Current Priorities	Status	Key Activities / Highlights for the FRC
Develop strategy supporting operational excellence and regulatory compliance	Completed / On track	Continuous Compliance tasks completed by appropriate deadline date No breaches regulatory obligations identified
Key processes and standards documented	Completed / On track	FP and NFP standard setting frameworks, Due process document, Annual Report and Corporate Plan published on AASB website (and Transparency Portal as appropriate) All Finance procedures and policies are documented and updated at least annually

Current Priorities	Status	Key Activities / Highlights for the FRC
		FP and NFP standard-setting frameworks updated in October 2020
Knowledge and information sharing support flexible subject matter expert involvement	Completed / On track	Staff participate in monthly lunch and learn sessions to share knowledge from subject matter expert
Continuous improvement of operational processes to achieve planned outcomes	Completed / On track	Working from home has focused AASB on ensuring critical operational tasks and processes can be sustained remotely.  Core operational tasks being monitored and continuously improved to minimise slippage in internal and external service delivery

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

Current Priorities	Status	Key Activities / Highlights
Develop a strategy to improve program and project management	Completed / On track	Utilisation of employees regularly monitored Regular resource planning meetings in place to identify the need for project prioritisation for external resources
Identify and establish frameworks and processes to allocate resources appropriately, establish and monitor accountabilities	Completed / On track	Continuous review process implemented to assess completion of projects (on target, off-target) as well as reviewing effort required to complete. Timesheet process being used to refine new project plans (work effort required) as well as ensuring work-life balance is maintained
Allocate resources efficiently and effectively	Completed / On track	

## OUTPUTS

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

Standards	
AASB 2020-5	<i>Amendments to Australian Accounting Standards - Insurance Contracts (July 2020)</i>
AASB 2020-6	<i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date (August 2020)</i>
AASB 2020-7	<i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures (August 2020)</i>
AASB 2020-8	<i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 (September 2020)</i>
AASB 2020-9	<i>Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments (December 2020)</i>
AASB 2021-1	<i>Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities (March 2021)</i>
AASB 2021-2	<i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (March 2021)</i>
AASB 2021-3	<i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 (April 2021)</i>
AASB 2021-4	<i>Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors (June 2021)</i>
AASB 2021-5	<i>Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (June 2021)</i>
Exposure Drafts	
ED 303	<i>Covid-19-Related Rent Concessions: Tier 2 Disclosures (July 2020)</i>
ED 304	<i>Interest Rate Benchmark Reform – Phase 2: Tier 2 Disclosures (October 2020)</i>
ED 305	<i>Lease Liability in a Sale and Leaseback Proposed Amendments to AASB 16 (December 2020)</i>
ED 306	<i>Transition Between Tier 2 Frameworks for Not-for-Profit Entities (December 2020)</i>
ED 307	<i>Regulatory Assets and Regulatory Liabilities (February 2021)</i>

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

ED 308	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i> (February 2021)
ED 309	<i>Disclosure Requirements in Australian Accounting Standards—A Pilot Approach</i> (April 2021)
ED 310	<i>Lack of Exchangeability</i> (May 2021)
ED 311	<i>Management Commentary</i> (June 2021)

#### Invitations to Comment

ITC 42	<i>Business Combinations under Common Control</i> (December 2020)
ITC 43	<i>Request for Comment on IASB Request for Information on Post-implementation Review—IFRS 10, 11 and 12</i> (December 2020)
ITC 44	<i>Request for Comment on the IASB Request for Information on Third Agenda Consultation</i> (April 2021)
ITC 45	<i>Request for Comment on IPSASB Exposure Drafts ED 76 Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements and ED 77 Measurement</i> (May 2021)

#### Research Reports

No. 15	<i>Review of Auditor Remuneration Disclosure Requirements</i> (December 2020)
No. 16	<i>Financial Reporting by Non-corporate or small entities</i> (March 2021)

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

The Standard-setting and Research Centre Work Programs can be accessed via [www.aasb.gov.au/current-projects/work-program](http://www.aasb.gov.au/current-projects/work-program)

# AUASB CHAIR'S REVIEW

---

## OUR PERFORMANCE IN 2021

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

## KEY MILESTONES

Over the course of the last financial year, the AUASB achieved several key milestones in both standard-setting activities and thought leadership.

During the year we focused on the following key strategic priority areas:

- Driving initiatives which support Audit Quality;
- Developing guidance to support auditors in considering the use of technology;
- Supporting Assurance Practitioners dealing with the rapid development of Extended External Reporting (EER); and
- Influencing the development of International Auditing Standards and guidance.

Further detail on the key milestones we have achieved in these areas is provided below.

## AUASB DIGITAL STANDARDS PORTAL

The AUASB is extremely proud to be one of the first standard-setters to make our standards available on a fully interactive website which transforms more than 1500 pages of standards into fully accessible and interactive content. The Digital Standards Portal represents a significant investment by the AUASB, with the new site taking 18 months to develop. The portal is designed to create an accessible digital experience that transforms the way our technical standards are accessed, navigated, and understood by audit professionals. Rather than having to look through separate PDF Documents, audit professionals can now navigate our standards more easily and quickly. We have received very positive feedback from industry professionals and we believe the benefits will be immense and have a positive impact on audit quality.

## AUDIT QUALITY

The AUASB has a strategic objective to work with the Financial Reporting Council to identify and implement initiatives designed to enhance Audit Quality in Australia. The following are specific actions undertaken in implementing this objective:

### *Supporting the profession during the COVID-19 pandemic*

As the COVID-19 pandemic continued to evolve we provided extensive and timely guidance on how to apply auditing standards in this challenging environment, particularly the June 2020

reporting period. As part of this we issued *The Impact of Coronavirus on Financial Reporting and the Auditor's Considerations* and *The Impact of COVID-19 on Going Concern and Related Assessments* jointly with the AASB, as well as a series of frequently asked questions.

We also monitored reporting by auditors of listed entities over this period, in order to identify any emerging issues, particularly whether there was an increase in modified auditor's reports and going concern reporting. The results of this research are included in Research Report 5 *COVID-19 Snapshot of Auditor Reporting in Australia*.

### ***Parliamentary Joint Committee on Corporations and Financial Services (PJC) Inquiry into Regulation of Auditing in Australia***

On 11 November 2020 the PJC issued its Final Report on its Inquiry into Regulation of Auditing in Australia. The Government has not yet responded to this report, however the AUASB has commenced initial preparations for implementation of the recommendations which are relevant to our Auditing Standards.

The AUASB is a member of the FRC's PJC Inquiry Working Group which includes representatives from the FRC, ASIC, AASB, AUASB, and the Accounting Professional and Ethical Standards Board (APESB) so that preparations for the implementation of all the recommendations are coordinated.

### ***Quality Management Standards issued***

Based on work by the IAASB, we issued a significant update to the Quality Management Standards that require audit firms to enhance their systems of quality management across all audits carried out by the firm. The challenge now is to work with audit firms and the accounting bodies to provide implementation support to enable the intended objectives of these enhanced standards to be achieved.

### ***Other activities to enhance audit quality***

The FRC and the AUASB conducted its second survey of Audit Committee Chairs (ACCs) which pleasingly showed that ACCs continue to be very satisfied with the quality of their auditor.

Extensive implementation guidance has also been issued to assist with the newly revised ASA 540 *Auditing Accounting Estimates* which is designed to support auditors when dealing with more complex accounting requirements, as well as address regulator concerns about areas where significant judgement about estimation uncertainty is required by preparers and auditors.

## **TECHNOLOGY**

The AUASB has prioritised the importance of providing guidance to auditors on technology matters in advance of the IAASB work in this area. As part of this we have set up a Project Advisory Group consisting of representatives from the largest accounting firms, the public sector and the professional accounting bodies. The first output is an AUASB Bulletin *The Consideration of Cybersecurity Risks in an Audit of a Financial Report*. Further Bulletins on relevant topics will be issued regularly going forward.

## EXTENDED EXTERNAL REPORTING

The importance and focus on a globally consistent reporting framework for Extended External Reporting (EER) is gaining momentum both locally and internationally. Internationally the proposed establishment of an International Sustainability Standards Board by the IFRS Foundation is expected to accelerate reporting of non-financial information. Accordingly, the AUASB has identified supporting assurance practitioners in providing assurance over EER as a strategically important project. As part of this we have finalised a detailed strategic plan which includes a communication and stakeholder engagement plan which incorporates cooperative initiatives between the AASB and the AUASB.

The IAASB has recently issued Non-Authoritative guidance that promotes a more consistent and appropriate application on applying assurance standards (particularly ISAE 3000) on EER assurance engagements.

## AUSTRALIAN SPECIFIC STANDARDS AND GUIDANCE

The AUASB have issued the following new or updated Australian specific standards and guidance to meet the needs of Australian stakeholders:

- GS 012 *Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions (ADIs) and ADI Groups* which addresses updated guidance for the appointed auditors of ADI's arising from revisions to APRA's prudential requirements.
- ASRS 4400 *Agreed Upon Procedures Engagements* which incorporates changes made to the global equivalent of this standard by the IAASB, as well as clarification of the independence requirements, application of professional judgement and rules around restrictions of use for AUP engagements.

In addition, the AUASB has developed a number of important guidance publications and revised its policies and processes over the last year, including:

- AUASB Bulletin *Audit Considerations on the removal of special purpose financial statements for certain for-profit private sector entities;*
- AUASB Staff Guide *Prescribing Assurance and Related Services;*
- Conducting an extensive review and update of the AUASB's *Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications;* and
- Updating the AUASB's policy and procedures relating to conformity with IAASB standards and harmonisation of our standards with their NZAuASB equivalents.

## INTERNATIONAL INFLUENCE

The AUASB monitors and contributes to the work of the IAASB through Professor Roger Simnett (AUASB Chair until December 2020) who is a member of the IAASB, and Ms Rene Herman (Deputy Technical Director) who acts as Technical Advisor to Professor Simnett.

During the year Professor Simnett was Chair of the IAASB's Complexity, Understandability, Scalability and Proportionality (CUSP) Working Group and a member of the IAASB's Extended External Reporting and Audits of Less Complex Entities Working Groups. Ms Herman is also a member of the IAASB's Going Concern Working Group.

We continued to build our international influence by working with other National Auditing and Assurance Standards Setters (NAASS), especially New Zealand and Canada, to work cooperatively and collaboratively on issues addressing our respective constituencies.

The AUASB also provides ongoing feedback to Professor Simnett and Ms Herman on ongoing projects of the IAASB, and responded to the IAASB on the following request for comments:

- Exposure Draft (ED) for *ISA 600 Special Considerations – Audits of a Group Financial Report*;
- Discussion paper on *Fraud and Going Concern in an Audit of Financial Statements*; and
- Auditor Reporting Post Implementation Review Survey.

## STAKEHOLDER ENGAGEMENT AND COMMUNICATION

We recognise the importance of stakeholder outreach not only to produce high quality auditing standards and guidance, but also to support the dissemination of this material. In the last year, the AUASB has engaged with stakeholders across the country via virtual roundtables, at speaking engagements, national, regional, and international meetings. During the COVID-19 pandemic, we have championed the use of technology to maintain this engagement through the use of virtual meetings and webinars, and our reach across the AUASB network has continued to grow at a rapid rate.

As part of our stakeholder engagement, in collaboration with the University of New South Wales, we ran a thought leadership roundtable exploring questions and issues raised in the IAASB's discussion paper on *Fraud and Going Concern in an Audit of Financial Statements*. In addition, we ran events to explore views on assurance of Extended External Reporting and the IAASB's Exposure Draft (ED) for *ISA 600 Special Considerations – Audits of a Group Financial Report*. The AUASB also participated in educational webinars on the impact for auditors on the AASB's changes to the preparation of Special Purpose Financial Statements.

## LOOKING TOWARD 2021

The last year has been one of extreme turbulence in the business environment, and I am extremely proud of the way that the Board and Technical staff have stepped up to the challenges that this environment has presented.

We also have a number of challenges which we will address during 2022, including responding to the final recommendations of the PJC inquiry into audit quality.

During 2022 we will be engaging with all members of the financial reporting eco-system as we consider the applicability of the IAASB's standard for Less Complex Entities in the Australian market.

We will continue to actively contribute to the International Standard-Setting process, and we will further develop our collaborations with other NAASS and our research initiatives.

As the demand for a globally consistent reporting framework on EER gains further momentum, we will continue examining appropriate evidence-informing practices to support assurance to enhance the credibility of this information.

We will also continue to work on audit quality initiatives across our portfolio and collaborate with ASIC and auditors across all sectors to identify areas where we may assist with interpretation and compliance with our Auditing Standards.

## **FINANCIAL RESULTS**

The AUASB has recognised a total Comprehensive surplus of \$85,745 (2020: Surplus of \$215,886) as a result of the continued impact of COVID-19 on travel expenditure. Part of the travel savings has been used to recruit casual employees to assist in meeting the strategic objectives of the AUASB.

The management fee paid to the AASB was \$633,735 (2020: \$537,542) (refer to Notes 2A and 2B to the Financial Statements). The Management fee relates to common costs incurred by AASB which have been apportioned between the two entities as agreed in the MOU. This year the cost included a shared Managing Director which was not included in the fee in the prior year.

During the year the AUASB finalised its Digital Standards Platform, for which the majority of expenditure has been recognised as an asset in the accounts. The supplier expenses have increased due to the monthly maintenance fee that is incurred for the platform.

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

## **ACKNOWLEDGEMENTS**

I pay tribute to my predecessor Professor Roger Simnett for his outstanding leadership since 2017, in particular his commitment to evidence informed standard setting and the development of the Digital Standards Portal.

I thank the Chair at the AASB, Keith Kendall as we continue to build a close collaborative and co-operative relationship between the AASB and the AUASB.

I also thank the staff for all of their support and commitment during these unique times. As we continue to work remotely, we have banded together successfully given the circumstances, which has allowed the AUASB to continue its work uninterrupted.

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

Sincerely,

A handwritten signature in blue ink that reads "W. Edge". The signature is written in a cursive style with a large initial "W" and a stylized "Edge".

William Edge  
Chair and CEO  
23 September 2021

# AUASB ANNUAL PERFORMANCE STATEMENT 2020-21

---

I, William Edge, as the accountable authority of the Auditing and Assurance Standards Board, present the 2020-21 annual performance statement of the Auditing and Assurance Standards Board, (AUASB) as required under paragraph 39(1)(a) of the *Public Governance Performance and Accountability Act 2013* (PGPA Act). In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.



## ENTITY PURPOSE

The functions of the AUASB are to:

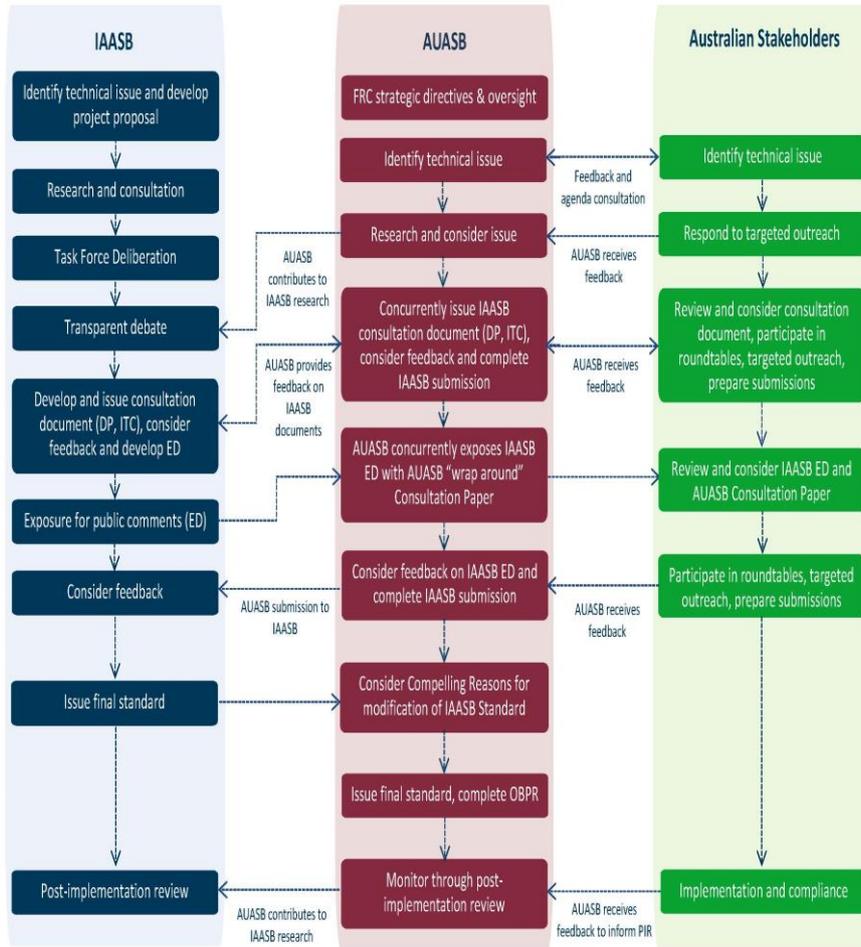
- make auditing standards under section 336 of the Corporations Act 2001 for the purposes of the Corporations' Legislation,
- formulate auditing and assurance standards for other purposes,
- formulate guidance on auditing and assurance matters,
- participate in and contribute to the development of a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

## THE AUASB STANDARD SETTING PROCESS

In order to increase our influence during the formative stages of standards development, in 2020-21 the AUASB implemented a revised process for issuing IAASB Exposure Drafts (EDs) in Australia, where the EDs are issued concurrently with their release internationally. This approach is consistent with the way the AASB and many other auditing and assurance standards setters seek to inform and influence international standards setting. Having now adopted this approach for all IAASB standards, the AUASB also in 2020-21 fully reviewed and updated its standard-setting and due process documentation and updated its policies relating to the conformity and harmonisation of AUASB standards with their global and NZAuASB equivalents.

The AUASB's Standard-Setting process is set out below.

# AUASB Standard-Setting Process



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



## AUASB'S STRATEGIES FOR ACHIEVING ITS PURPOSE

Strategy 1: Standard setting	Strategy 2: Australian external reporting framework	Strategy 3: International thought leadership	Strategy 4: Stakeholder engagement	Strategy 5: Influencing beyond financial reporting	Strategy 6: Emerging Issues	Strategy 7: Enhancing Consistency
Develop and issue Australian Auditing and Assurance Standards that are in the public interest and meet the needs of stakeholders based on IAASB equivalents in accordance with AUASB functions and our direction from the Financial Reporting Council (FRC).	Develop and maintain Australian-specific Standards and/or Guidance for topics not specifically addressed by IAASB Standards where required on external reports.	Influence international standards and guidance to achieve public interest outcomes and serve as the most effective base possible for Australian auditing and assurance standards.	In conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia.	Demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance.	Partner with the AASB and others to reform the Australian external reporting and assurance frameworks.	Monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards.

## **2020-21 AUASB ACTIVITIES AND RELATED KEY PERFORMANCE INDICATORS**

The tables below identify the activities the AUASB outlined in its Corporate Plan and Parliamentary Budget Statement (PBS) as contributing to its strategies above, for the 2020-21 reporting period. The tables also indicate, for each priority, whether or not the activities were achieved and if not, why not.

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

Current Priorities & KPIs	Achieved/Not Achieved	Comments
Issue all IAASB-based AUASB standards and guidance in a timely manner with accompanying implementation materials and communications that are tailored for Australian stakeholders	Achieved	<p>All International standards issued in the 2020-21 year have been adopted and tailored where necessary for local implementation by the AUASB, including ASRS 4400 on Agreed-Upon Procedures Engagements and the new suite of Quality Management Standards (ASQM 1, ASQM 2 and ASA 220. In addition, the AUASB has updated the full suite of Auditing Standards arising from changes to new or revised standards and the updated Code of Ethics and rolled out the IAASB new Non-Authoritative guidance that promotes consistency when applying assurance standards on EER assurance engagements.</p> <p>The AUASB has developed and rolled out implementation support materials to assist auditors apply all new or recently released Auditing Standards (including ASA 540, ASA 315 and the new Quality Management Standards), via dedicated resources being made available on the AUASB website and conducting numerous outreach and awareness sessions with key stakeholder groups to promote the education and application of these new or revised standards.</p> <p>The accessibility and functionality of all AUASB standards has been enhanced with the release of the AUASB new Digital Standards Portal in June 2021.</p>
Seek feedback on relevance, effectiveness and public interest of these standards through stakeholder feedback, outreach programs and post-implementation reviews	Achieved	As part of our mandate to support the adoption of a single set of global standards the AUASB has hosted engagement activities to capture local stakeholder feedback into all IAASB exposure drafts and other proposals issued in the 2020-21 year. Key IAASB

Current Priorities & KPIs	Achieved/Not Achieved	Comments
		initiatives the AUASB has conducted outreach on are ISA 600 for Group Audits; Fraud and Going Concern; and determining the AUASB's response to the IAASB's surveys on its Auditor Reporting Post Implementation Review and proposed 2022-23 Workplan.

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

Current Priorities & KPIs	Achieved/Not Achieved	Comments
Issue Australian-specific AUASB standards and guidance in a timely manner with accompanying implementation materials and communications that are tailored for Australian stakeholders	Achieved	<p>The AUASB issued a range of new and updated pronouncements this year targeted specifically at the Australian auditing and assurance environment. These covered a broad range of topics, including:</p> <ul style="list-style-type: none"> <li>• A revised version of GS 012 to address updated APRA reporting requirements for ADIs</li> <li>• An updated Foreword to AUASB Pronouncements and a new exposure draft revising the AUASB Preamble to align to changes made to the AUASB’s standard setting due process.</li> <li>• Based on similar changes made in New Zealand, an exposure draft for an updated version of ASA 560 <i>Subsequent events</i>.</li> </ul> <p>New versions of the AUASB Auditor Responsibility Statements were issued in August 2020 and updated on the AUASB Website to reflect changes made to the APESB Code of Ethics.</p> <p>Following detailed analysis by the AUASB and engagement with key stakeholders the AUASB fully revised its Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications in December 2020, resulting in a clearer and more comprehensive process for the development of AUASB standards and other pronouncements in future.</p> <p>As previously noted, the release of the new AUASB Standards Portal in June 2021 has made all Australian specific AUASB standards available in a new digitised format that is easier for practitioners to access and navigate.</p>

Current Priorities & KPIs	Achieved/Not Achieved	Comments
Seek feedback on relevance, effectiveness and public interest of Australian-specific standards and guidance through stakeholder feedback, outreach programs and post-implementation reviews	Partly Achieved	<p>All AUASB local pronouncements developed and issued across the year were subject to a transparent and rigorous due process, supported by extensive engagement with key stakeholders in accordance with our revised due process framework. In particular all required exposure drafts and consultation papers relating to the revised Foreword, Preamble, and other conforming amendments to local AUASB standards were complied with.</p> <p>Due to the COVID pandemic and prioritisation of other AUASB priorities, the post implementation reviews for ASAE 3100 and ASAE 3500 has been deferred until the 2021-22 year. In addition, due to delays in the IAASB's timeline activities associated with the local post implementation review of the Auditor Reporting standards are yet to commence.</p>
Identify gaps in the AUASB Framework where guidance is required and issue Guidance Statements or Bulletins to address these	Achieved	<p>The AUASB has produced a number of new publications to provide assurance practitioners with guidance on topical and challenging auditing and assurance issues in 2020-21, including:</p> <ul style="list-style-type: none"> <li>• A new AUASB guide for Prescribing Assurance and Related Services;</li> <li>• An AUASB Bulletin on the Audit considerations on the removal of special purpose financial statements for certain for-profit private sector entities' and</li> <li>• AUASB Bulletin on The Consideration of Cyber Security Risks in an Audit of a Financial Report.</li> </ul>

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

Current Priorities & KPIs	Achieved/Not Achieved	Comments
Build and maintain strong international relationships with the IAASB and like-minded Global and National Auditing Standard Setters, particularly New Zealand and Canada.	Achieved	<p>The AUASB Chair and Technical Director are active members of the IAASB’s National Standards Setters group, which meets twice annually and participates in other IAASB forums to review IAASB activities and share knowledge between standard setters in each major global territory.</p> <p>The AUASB works closely with other like-minded National Auditing and Assurance Standards Setters (NAASS) on projects with common interests. In particular there is a regular dialogue maintained with NAASS representatives in Canada and New Zealand, and over 2020-21 we have shared and collaborated with colleagues in these territories on a range of local and global auditing issues, such as the use of technology on audits, local implementation of new AASB standards and EER Assurance challenges.</p>
Demonstrate the AUASB’s influence on major international auditing and assurance developments by implementing the AUASB’s International Strategy	Achieved	<p>The immediate past AUASB Chair, Prof. Roger Simnett AO has been a member of the IAASB throughout the 2020-21 year. He is supported in this role by an AUASB staff member, and they ensure AUASB feedback is captured and considered for each IAASB meeting, as well as addressing AUASB considerations as part of the IAASB working group and task forces they belong to.</p> <p>At each AUASB meeting the Board review and provide input on the current IAASB work plan. Over the course of 2020-21 there has been comprehensive feedback provided to our local IAASB representative on the IAASB’s activities relating to Audit Evidence, Audits of Less Complex Entities, Fraud, Going Concern and a specific project to improve of the</p>

Current Priorities & KPIs	Achieved/Not Achieved	Comments
Provide input to the international standard setting process through responding to international pronouncements using input from Australian stakeholders	Achieved	<p>complexity, understandability, scalability and proportionality of international standards.</p> <p>To support the development of the IAASB's global standards the AUASB has developed formal responses to capture local stakeholder feedback into all IAASB exposure drafts and other proposals issued in the 2020-21 year. Key IAASB initiatives the AUASB has provided submissions on include the exposure draft on ISA 600 for Audits of a Group Financial Report; the discussion paper on Fraud and Going Concern in an Audit of Financial Statements; and responding to the Auditor Reporting Post Implementation Review Survey.</p>
Maintain harmonisation of auditing and assurance standards in Australia and New Zealand in accordance with relevant agreements and protocols	Achieved	<p>The AUASB is also a member of the New Zealand Auditing and Assurance Standards Board (NZAuASB), and monitors developments in New Zealand to ensure collaboration where required.</p> <p>The standard setting activities of both the AUASB and NZAuASB are coordinated through regular technical staff meetings that ensure harmonisation of standards in accordance with relevant policies and protocols. In particular over 2020-21 there has been close collaboration in the revisions to ASRE 2410 and ASA 560, combined outreach relating to the IAASB's EER guidance as well sharing of responses to IAASB projects from both territories.</p> <p>In addition to the revision that the AUASB made to its Due Process Framework, in conjunction with the NZAuASB there was a full review and update of the common policy and process for International Conformance and Harmonisation of Standards applied by both boards.</p>

**Priority Four:** *In conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia.*

Current Priorities & KPIs	Achieved/Not Achieved	Comments
With the FRC, devise and complete activities to implement the FRC's Audit Quality Action Plan and contribute to improved audit quality outcomes in the Australian auditing environment	Achieved	<p>The AUASB Chair and dedicated staff continue to provide resources to develop and drive initiatives identified in the FRC's Audit Quality Action Plan, such as the release of the 2<sup>nd</sup> edition of the 'Audit Quality in Australia: The Perspective of Audit Committee Chairs' survey report in February 2021.</p> <p>In conjunction with the FRC and other relevant standard setting bodies and regulators (such as the AASB, APESB and ASIC) the AUASB Chair and staff have developed initial responses relating to the recommendations from the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into Regulation of Auditing in Australia covering areas such as auditors' responsibilities relating to Fraud, Going Concern and Audit Engagement Disclosures.</p>
Work with ASIC, the AASB, practitioners and other stakeholders to identify and address significant inspection findings associated with accounting and auditing standards	Achieved	The AUASB continues to work closely with representatives from ASIC, the accounting professional bodies and a range of auditing practitioners to both address findings from the ASIC Audit Inspection process and assist with the improvement of this process. Over 2020-21 there has been deliberations about specific audit inspection findings and the future of audit quality indicators published in connection with ASIC's regular inspection reports.

**Priority Five:** *Demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance.*

Current Priorities & KPIs	Achieved/Not Achieved	Comments
<p>Develop thought leadership and implement strategic projects to improve auditing and assurance practice in priority areas such as Extended External Reporting (EER), Audits of Less Complex Entities (LCEs) and the use of Technology in the Audit</p>	<p>Achieved</p>	<p>The AUASB has established Project Advisory Groups (PAGs) relating to Audit Technology and Public Sector Audit Issues, with both comprising industry experts, to assist the AUASB develop specific guidance to assist auditors in these areas. The Technology PAG has issued a specific publication on Cyber Security, as well as overseen other guidance materials associated with the implementation of ASA 315. The Public Sector PAG meets regularly and is progressing in its development of a specific AUASB Guidance Statement to address how the Auditing Standards are effectively applied on public sector audit engagements.</p> <p>During 2020-21 the AUASB (through its then Chair and a specialist board member) provided extensive feedback to the IAASB on its Non-Authoritative guidance that promotes a more consistent and appropriate application on applying assurance standards (particularly ISAE 3000) on EER assurance engagements. This guidance was released in April 2021 and followed with a targeted outreach session co-hosted with the NZAuASB. An AUASB Bulletin aimed at assisting assurance practitioners to navigate through and apply the IAASB's guidance is currently near completion.</p> <p>Following on from the publications co-developed with the AASB in the first half of 2020 that assisted accounting and auditing practitioners to address common issues arising from the COVID-19 Pandemic, the AUASB has continued to update its website with FAQs and other relevant materials as practical and technical considerations for auditors in response to pandemic related issues were identified.</p>

Current Priorities & KPIs	Achieved/Not Achieved	Comments
Support the development and publishing of relevant and high-quality auditing and assurance evidence-based research in accordance with the AUASB Evidence Informed Standard Setting (EISS) Strategy	Achieved	<p>The AUASB has continued to engage with Academics, the accounting professional bodies and other stakeholders over the course of the year to obtain evidence that supports its standard setting activities, through regular forums with AFAANZ and the AUASB's other outreach activities.</p> <p>In particular in November 2020 the AUASB co-hosted with UNSW a forum on Going Concern, bringing together Academics and Practitioners to determine reporting and auditing issues on this topic, which fed into the AUASB's response to the IAASB Discussion Paper on this topic.</p> <p>Additionally, in December 2020 the AUASB released 'Research Report 5: COVID-19 Snapshot of Auditor Reporting in Australia', which analysed how the COVID-19 Pandemic impacted the audit reports of ASX Listed entities.</p>

**Priority Six: Partner with the AASB and others to reform the Australian external reporting and assurance frameworks.**

Current Priorities & KPIs	Achieved/Not Achieved	Comments
Seek feedback on proposed changes to assurance requirements to ensure they are fit for the intended purpose and support changes to the external reporting framework	Achieved	<p>The AUASB have worked closely with other standard setters and regulators responsible for the Australian external reporting framework to ensure AUASB Standards and auditing requirements remain fit for purpose and align to other legislative or regulatory changes. In particular, through the FRC the AUASB has continued to work on how the potential impact of recommendations arising Parliamentary Joint Committee on Corporations and Financial Services Inquiry into Regulation of Auditing in Australia should be managed.</p> <p>The AUASB has also updated numerous Auditing Standards and Framework Pronouncements to reflect recent changes made by the APESB to the Code of Ethics for Accountants.</p> <p>Across 2020-21 AUASB staff work have collaborated on a number of proposals the AASB has considered to streamline the Australian Financial Reporting Framework to ensure any audit or assurance related matters are appropriately addressed.</p>
Support initiatives that promote consistency and understanding of the nature and extent of assurance required for external reporting requirements in Australia	Achieved	<p>As a result of updates to AASB Standards streamlining which entities could prepare special purpose financial reports a new AUASB Bulletin on the Audit considerations on the removal of special purpose financial statements for certain for-profit private sector entities was published in April 2021. This publication was accompanied by dedicated outreach sessions that were co-hosted and presented by AASB and AUASB staff.</p> <p>Following extensive research and collaboration with academics and the accounting professional bodies the AUASB has released a new guide for Prescribing Assurance and Related Services, which is intended to assist legislators, grantors, regulators and other organisations or individuals that</p>

Current Priorities & KPIs	Achieved/Not Achieved	Comments
---------------------------	-----------------------	----------

mandate assurance engagements as part of their regulatory frameworks, to draft assurance requirements which are clear and effective.

The development and release of AUASB Digital Standards Portal in June 2021 specifically makes the auditing standards more accessible and easier to navigate. The Portal's design incorporates feedback from a range of different users of AUASB standards and will continue to be enhanced based on user feedback.

**Priority Seven: *Monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards.***

Current Priorities & KPIs	Achieved/Not Achieved	Comments
<p>Increase engagement with stakeholders through new and existing AUASB communications activities and events</p>	<p>Achieved</p>	<p>In addition to the AUASB Digital Standards Portal being released a new AUASB Website with improved design and functionality was also rolled out in June 2021.</p> <p>Along with regular News Alerts being published on the AUASB Website the AUASB continues to produce a quarterly Newsletter which wraps up all AUASB activity and provides details of recent AUASB pronouncements and publications.</p> <p>AUASB regularly present and engage in a range of industry forums, including different webinars, conferences, and other presentations in conjunction with the accounting professional bodies and academic groups.</p> <p>With ongoing COVID-19 Pandemic restrictions limiting the ability of staff to travel or meet with stakeholder in person over 2020-21 this has been held mainly online, and the AUASB has sought to improve its capability and capacity to hold online based outreach sessions over the course of the year.</p>

## OUTPUT STRUCTURE

The AUASB's pronouncements, exposure drafts, consultation papers and other publications issued in 2020-21 are listed in the table below.

Standards and Guidance Statements	
ASRS 4400	<i>Agreed-Upon Procedures Engagements</i> (September 2020)
GS 012	<i>Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions (ADIs) and ADI Groups</i> (September 2020)
ASQM 1	<i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> (March 2021)
ASQM 2	<i>Engagement Quality Reviews</i> (March 2021)
ASA 220	<i>Quality Management for an Audit of a Financial Report and Other Historical Financial Information</i> (March 2021)
ASA 2021-1	<i>Amendments to Australian Auditing Standards</i> (March 2021) [NB: Conforming Amendments to reflect the new and revised Quality Management Standards]
	<i>Foreword to AUASB Pronouncements</i> (March 2021)
Exposure Drafts and Consultation Papers	
ED 01/21	<i>Proposed Conforming and Consequential Amendments to the other AUASB Standards as a result of the New and Revised Quality Management Standards</i> (April 2021)
ED 02/21	<i>Proposed Auditing Standard ASA 101 Preamble to AUASB Standards</i> (June 2021)
ED 03/21	<i>Proposed Auditing Standard ASA 2021-2 Amendments to Australian Auditing Standard ASA 560 Subsequent Events</i> (June 2021)
AUASB Publications	
	Updated <i>AUASB Auditor Responsibility Statements</i> (August 2020)
	AUASB Research Report 5: <i>COVID-19 Snapshot of Auditor Reporting in Australia</i> (December 2020)
	<i>AUASB Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications</i> (December 2020)
	<i>Audit Quality in Australia: The Perspective of Audit Committee Chairs (2nd Report)</i> (February 2021)
	AUASB Framework Publication: <i>A guide for Prescribing Assurance and Related Services</i> (March 2021)

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

AUASB Bulletin on *Audit considerations on the removal of special purpose financial statements for certain for-profit private sector entities* (April 2021)

AUASB Bulletin on *The Consideration of Cyber Security Risks in an Audit of a Financial Report* (May 2021)

AUASB Authoritative Pronouncements can be accessed via

[www.auasb.gov.au/standards-guidance/auasb-standards/australian-auditing-standards](http://www.auasb.gov.au/standards-guidance/auasb-standards/australian-auditing-standards)

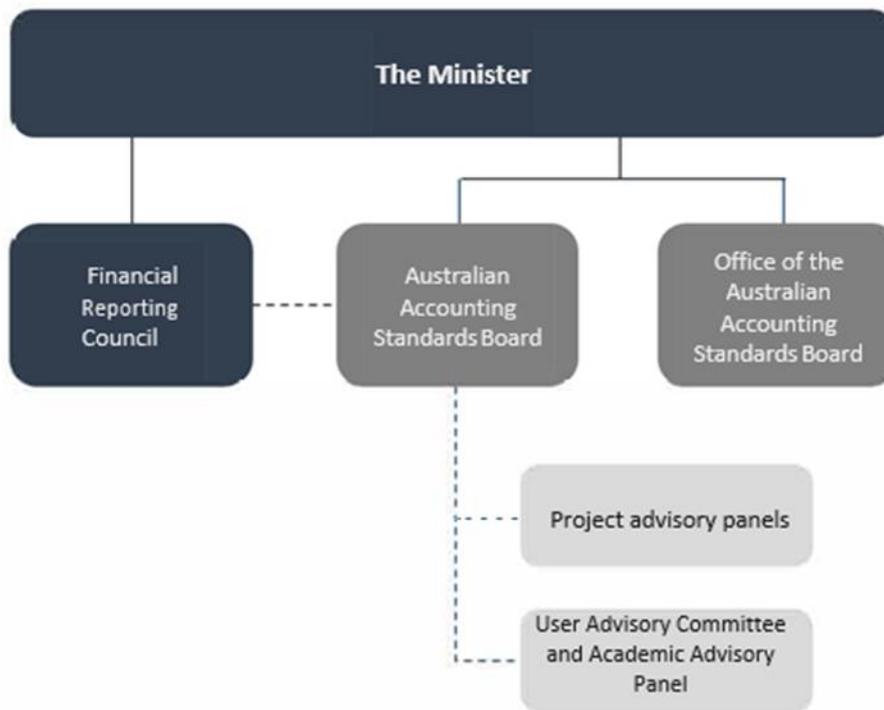
The AUASB's Technical Work Programs can be accessed via

[www.auasb.gov.au/about-auasb/corporate-plan-strategy](http://www.auasb.gov.au/about-auasb/corporate-plan-strategy)

## MANAGEMENT AND ACCOUNTABILITY

---

### How the AASB works



### The Minister

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

### Financial Reporting Council

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

### AASB

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

set of international accounting standards for worldwide use. The AASB's vision and strategies are set out on page 8. Further detail on the AASB's functions are set out in Appendix A.

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

The members of the AASB during 2020-21 are listed below. The AASB met six times via video conference during 2020-21 for a total of eleven meeting days. Attendance of members at these meetings is set out in Appendix B.

## Office of the AASB

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

## Membership

### Chair

Keith Kendall was appointed as Chair of the AASB and CEO of the Office of the AASB for a five-year term from 3 May 2020 to 2 May 2025. The duties of the Chair and CEO of the AASB are outlined in sections 235D to 235J of the *Australian Securities and Investments Commission Act 2001*.

As Chair of the AASB, Keith Kendall is also a member of the FRC and a member of the NZASB.

The members of the AASB holding office during the year ended 30 June 2021 were:

Board Member	Qualification	Appointment end date
Carolyn Cordery	NZASB Chair	Reciprocal member from February 2021
Peter Gibson	Commonwealth Department of Finance	December 2021 (3 <sup>rd</sup> term)
James Grant	Westpac	December 2021
Dean Hanlon	Monash University	December 2023
David Holland	Moore Stephens Pty Ltd	December 2022
Toby Langley	Xero	December 2023
Paul Rogers	KPMG	December 2021
Caroline Spencer	Auditor General of Western Australian Office of Auditor General	December 2023
Stephen Taylor	University of Technology Sydney	December 2022 (2 <sup>nd</sup> term)
Alison White	Deloitte	December 2020

Board Member	Qualification	Appointment end date
--------------	---------------	----------------------

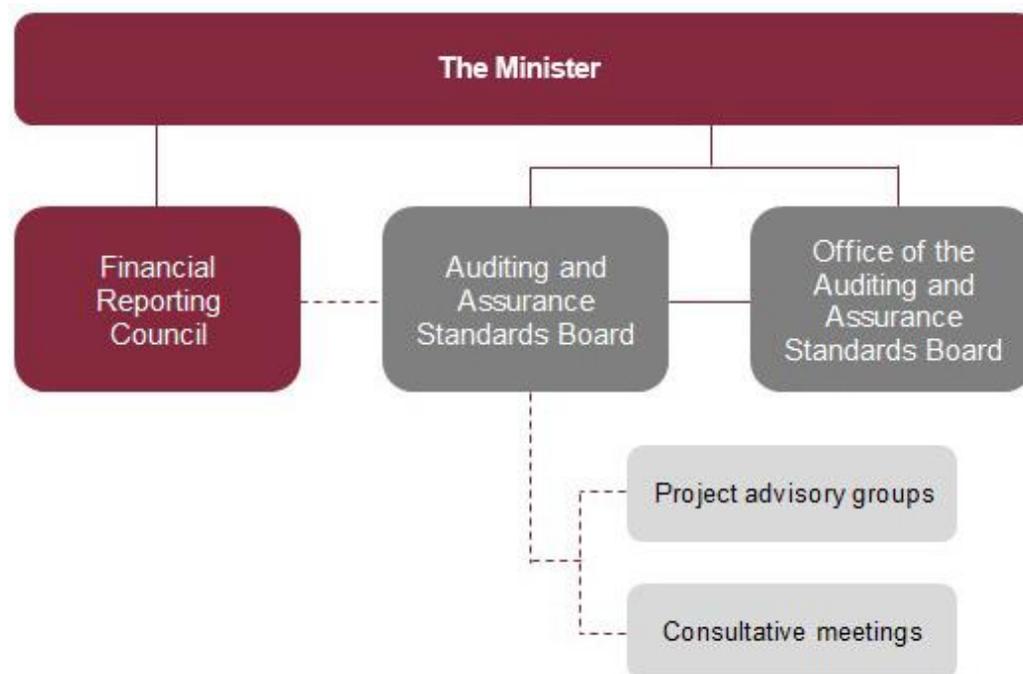
**Retirements**

Mike Blake	Non-Executive Director	
Ken Liow	Principal, Obsidian Capital	
Carmen Ridley	Australian Financial Reporting Solutions	

**Observers**

Mike Blake is now a Board Observer due to his IPSASB Representation.

## How the AUASB works



### The Minister

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

### Financial Reporting Council

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

### AUASB

The AUASB an Australian non-corporate Government Entity responsible for making auditing standards under section 336 of the *Corporations Act 2001* for the purposes of the corporations legislation. The AUASB also formulates auditing and assurance standards for other purposes and participates in and contributes to the development of a single set of international auditing standards for worldwide use. The AUASB's vision and strategies are set out on page 8. Further detail on the AUASB's functions are set out in Appendix A.

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

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

## Office of the AUASB

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

## Membership

### Chair

William Edge was appointed as Chair of the AUASB and CEO of the Office of the AUASB for a three-month term from 1 January 2021 to 31 March 2021, which was extended for a further three months until 30 June 2021. Effective from 1 July 2021 William has been appointed as the Chair of the AUASB for a 12 month term. This appointment was made after the resignation of Roger Simnett effective from 31 December 2020.

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

As Chair of the AUASB, he is also a member of the FRC and a member of NZAuASB.

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

The members during 2020-2021 were:

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

## **Observers**

There was no one with observer status during the year.

## AASB AND AUASB'S CORPORATE GOVERNANCE

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

As part of its ongoing focus on effective governance arrangements, the Offices of the AASB and AUASB periodically consider a range of issues, including:

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

## AUDIT COMMITTEE

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

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

Audit and Risk Committee members are:

Member	Qualifications, knowledge, skills or experience	Number of meetings attended/total number of meetings	Total annual remuneration
Stuart Alford	BEcon (Hons), FCA, MAICD. is the Independent Chair of our Audit and Risk Committee. Stuart is a Non-Executive Director with considerable board and audit committee experience. He is a retired EY partner and a former member and Chair of the Auditing and Assurance Standards Board.	4/4	\$12,000

Member	Qualifications, knowledge, skills or experience	Number of meetings attended/total number of meetings	Total annual remuneration
Michael Alexander	Honours Economics, Research Doctorate, Labor and Industrial Relations, Deputy Director, Corporate Services at Australian Institute of Family Studies	4/4	\$0
Kylie Maher	Graduate, Australian Institute of Company Directors, Certified Practising Accountant (CPA), Bachelor of Business (Accounting) and Member, Institute of Internal Auditors. Kylie has 25 years experience in providing Finance, Risk and Governance advisory services as a Partner/Director at Moore Australia and KPMG.	4/4	\$8,000

The Audit and Risk Committee charter can be sourced at: [www.aasb.gov.au/about-the-aasb/government-reports/audit-and-risk-committee/](http://www.aasb.gov.au/about-the-aasb/government-reports/audit-and-risk-committee/)

## RISK MANAGEMENT

The Office of the AASB and AUASB risk management framework aligns with the Commonwealth Risk Management Policy and enables risk to be managed in line with our low-risk appetite. We monitor and report on risks via a series of risk registers. The Executive and the Audit and Risk Committee regularly review the risk-management framework, including the strategic risk register and other risk registers as appropriate

## FRAUD PREVENTION AND CONTROLS

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

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

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

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

## **ETHICS**

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

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

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

## **PUBLIC INTEREST DISCLOSURE**

The *Public Interest Disclosure Act 2013* (PID Act) promotes integrity and accountability in the Commonwealth public sector by encouraging the disclosure of information about suspected wrongdoing. It also protects people who make disclosures and requires agencies to investigate or take other appropriate actions.

In accordance with the PID Act, the Office of the AASB and AUASB has a PID policy/procedure which is made available on their websites. During the reporting period, no public interest disclosures were received.

## **INFORMATION PUBLICATION SCHEME STATEMENT**

In accordance with the Freedom of Information (FOI) Act and the Information Publication Scheme (IPS), AASB and AUASB publish a range of information on its websites, such as its organisational structure, appointments, annual reports, gift register, Audit and Risk Committee & Board Charters, Code of Conduct, legal expenditure, and details of the freedom of information officer. The Statements of Expectations and Intent are also available on the websites

## AASB PERSONNEL MANAGEMENT

**Table 1a: AASB Employees at 30 June 2021**

Classification	Persons	Ongoing	Non-ongoing	F/T	P/T	F/T Equivalents			Total
						Female	Male	Indeterminate	
Senior executive	8	5	3	3	5	1.1	4.5	0	5.6
Technical	11	6	5	5	6	3.8	3	0	6.8
Non-Technical	5	5	0	3	2	3.2	1	0	4.2
<b>Total employees</b>	<b>24</b>	<b>16</b>	<b>8</b>	<b>11</b>	<b>13</b>	<b>8.1</b>	<b>8.5</b>	<b>0</b>	<b>16.6</b>

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

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

As at 30 June 2021 no employees identified as Indigenous.

AASB employees are located in Melbourne, Sydney and Tasmania.

**Table 2: AASB Salary ranges as at 30 June 2021**

Salary Bands	Senior executive full time	Senior executive part time	Technical & non-technical full time	Technical & non-technical part time
\$ 15,000 to \$104,999	0	0	3	3
\$105,000 to \$194,999	1	0	4	3
\$195,000 to \$284,999	1	5	1	1
\$285,000 to \$374,999	0	1	0	0
\$375,000 to \$464,999	1	0	0	0

## AUASB PERSONNEL MANAGEMENT

**Table 3a: AUASB Employees at 30 June 2021**

Classification	Persons	Ongoing	Non-ongoing	F/T	P/T	F/T Equivalents			Total
						Female	Male	Indeterminate	
Senior executive	4	4	0	1	3	1.6	1.6	0	3.2
Technical and support employees	6	5	1	4	1.1	2.7	2	0	4.7
<b>Total employees</b>	<b>10</b>	<b>9</b>	<b>1</b>	<b>5</b>	<b>4.1</b>	<b>4.3</b>	<b>3.6</b>	<b>0</b>	<b>7.9</b>

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

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

As at 30 June 2021, no employees identified as Indigenous.

AUASB employees are located in Melbourne and Canberra.

**Table 4: AUASB Salary ranges as at 30 June 2021**

Salary Bands	Senior executive full time	Senior executive part time	Technical & non-technical full time	Technical & non-technical part time
\$ 15,000 to \$104,999	0	0	2	1
\$105,000 to \$194,999	0	0	2	1
\$195,000 to \$284,999	1	2	0	0
\$285,000 to \$374,999	0	0	0	0
\$375,000 to \$464,999	0	1	0	0

## **NON-SALARY BENEFITS**

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

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

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

## **BRINGING IT ALL TOGETHER**

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

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

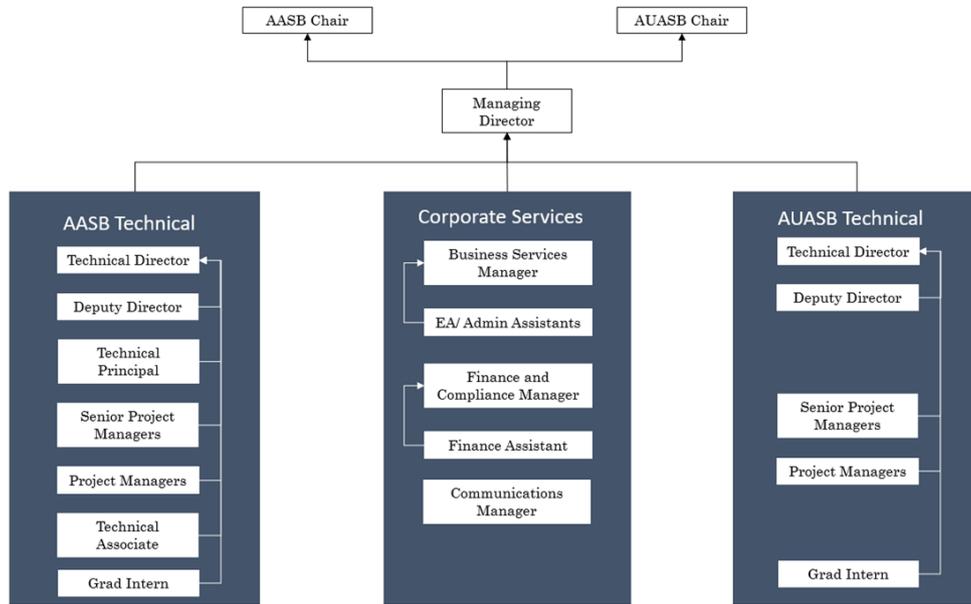
The Managing Director is responsible for the operation of the Office of AASB. The Offices of the AASB and AUASB have implemented a shared service model, in that the AASB provides all administrative services for the AUASB and their respective Boards.

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

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

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

## ORGANISATION CHART



## OUR PEOPLE

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

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

The AASB and AUASB have the capacity to employ under the ASIC Act, as well as the *Public Service Act 1999* (PSA). As at 30 June 2021, all employees were employed under the *ASIC Act*.

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

The performance management process is based on informal frequent performance discussions that build to formal meetings for review and forward planning of goals and objectives for the year.

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

It is a policy of the AASB and AUASB that employees do not receive performance bonuses. The AASB and the AUASB comply with the Workplace Bargaining Policy 2018 of the Australian Public Service Commission, as it applies to non-government entities, including the new approach to annual wage adjustments which are linked to the private sector Wage Price Index annual percentage change for the immediately preceding June quarter. The AASB and AUASB also implemented the 9 April 2020, Government directed six-month wage increase deferral for non-SES employees and the Government's decision to implement a stay on increases in remuneration, entitlements and allowances for all Senior Executive Service.

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

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

## FINANCIAL REPORTS

---

Independent Auditors Report .....	72
Statements of Comprehensive Income .....	77
Statements of Financial Position.....	78
Statements of Changes in Equity.....	79
Cash Flow Statements .....	80
Note 1: Summary of Significant Accounting Policies .....	81
Note 2: Analysis of Shared Operational Activities.....	84
Note 3: Expenses .....	87
Note 4: Appropriations.....	89
Note 5: Payables .....	91
Note 6: Employee Provisions .....	91
Note 7: Cash Flow Reconciliation .....	92
Note 8: Related parties.....	93
Note 9: Plant and Equipment .....	98
Note 10: Other Information.....	99
Note 11: Budgetary Reports and Explanations of Major Variances.....	99
Statements of Comprehensive Income .....	102
Statements of Financial Position.....	103
Statements of Changes in Equity.....	105
Cash Flow Statements .....	107



## INDEPENDENT AUDITOR'S REPORT

### To the Assistant Treasurer

#### Opinion

In my opinion, the financial statements of the Office of the Australian Accounting Standards Board (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statements by the Chairs;
- Statements of Comprehensive Income;
- Statements of Financial Position;
- Statements of Changes in Equity;
- Cash Flow Statements; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

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

#### Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial statements and my auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

Australian National Audit Office



Mark Vial  
Acting Executive Director  
Delegate of the Auditor-General  
Canberra  
23 September 2021



## INDEPENDENT AUDITOR'S REPORT

### To the Assistant Treasurer

#### Opinion

In my opinion, the financial statements of the Office of the Auditing and Assurance Standards Board (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statements by the Chairs;
- Statements of Comprehensive Income;
- Statements of Financial Position;
- Statements of Changes in Equity;
- Cash Flow Statements; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

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

#### Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial statements and my auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

Australian National Audit Office



Mark Vial  
Acting Executive Director  
Delegate of the Auditor-General  
Canberra  
23 September 2021

## STATEMENTS BY THE CHAIRS

---

### AASB

In my opinion, the attached Financial Statements for the Office of the Australian Accounting Standards Board for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Dr Keith Kendall  
Chair, CEO and CFO – AASB

23 September 2021

### AUASB

In my opinion, the attached Financial Statements for the Office of the Auditing and Assurance Standards Board for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



William Edge  
Chair, CEO and CFO – AUASB

23 September 2021

**Statements of Comprehensive Income**  
for the period ended 30 June 2021

	Notes	AASB		AUASB	
		2021 \$	2020 \$	2021 \$	2020 \$
<b>EXPENSES</b>					
Employee and contractor costs	2, 3A	3,234,745	2,920,102	1,524,799	1,451,894
Supplier expenses	3B	893,348	1,146,053	234,960	295,941
Occupancy expenses	2	111,786	119,974	0	0
Depreciation and amortisation	2, 3C	293,234	250,633	3,934	0
Finance costs		2,409	4,452	0	0
Management fee paid to AASB	2	0	0	633,735	537,542
Write-down and impairment of assets & losses on sale		12,406	226	0	0
<b>Total expenses</b>		<b>4,547,928</b>	<b>4,441,440</b>	<b>2,397,428</b>	<b>2,285,377</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services		558	5,596	0	0
Management fee received from AUASB	2	633,735	537,542	0	0
Resources received free of charge		59,696	38,376	64,173	70,263
Audit fees received free of charge		46,150	46,150	33,000	33,000
Contributions from states and territories		500,000	500,000	0	0
<b>Total own-source revenue</b>		<b>1,240,139</b>	<b>1,127,664</b>	<b>97,173</b>	<b>103,263</b>
<b>Net cost of services &amp; cost of outcome delivery</b>		<b>(3,307,789)</b>	<b>(3,313,776)</b>	<b>(2,300,255)</b>	<b>(2,182,114)</b>
Revenue from Government	4	3,565,000	3,598,000	2,386,000	2,398,000
<b>Surplus/(Deficit) attributable to the Australian Government</b>		<b>257,211</b>	<b>284,224</b>	<b>85,745</b>	<b>215,886</b>
<b>Total comprehensive surplus/(deficit) attributable to the Australian Government</b>		<b>257,211</b>	<b>284,224</b>	<b>85,745</b>	<b>215,886</b>

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

## Statements of Financial Position

as at 30 June 2021

	Notes	AASB		AUASB	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Financial Assets</b>					
Cash and cash equivalents		57,018	2,183,117	41,203	1,072,740
Trade and other receivables		404,135	259,248	0	0
Appropriation receivable	4	2,405,000	0	1,092,000	0
<b>Total financial assets</b>		<b>2,866,153</b>	<b>2,442,365</b>	<b>1,133,203</b>	<b>1,072,740</b>
<b>Non-Financial Assets</b>					
Buildings right of use -at cost		140,062	350,155	0	0
Plant & equipment - fair value		80,521	149,232	0	0
Computer software – at cost		1,884	3,437	141,116	0
Prepaid expenses		159,889	63,669	59,248	38,960
<b>Total non-financial assets</b>		<b>382,356</b>	<b>566,493</b>	<b>200,364</b>	<b>38,960</b>
<b>Total assets</b>		<b>3,248,509</b>	<b>3,008,858</b>	<b>1,333,567</b>	<b>1,111,700</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers		169,833	46,130	7,285	9,712
Management fee payable to AASB	8C	0	0	321,132	179,685
Other payables	5	98,131	149,944	0	30,782
<b>Total payables</b>		<b>267,964</b>	<b>196,074</b>	<b>328,417</b>	<b>220,179</b>
<b>Interest-bearing liabilities</b>					
Leases		146,850	358,184	0	0
<b>Total Interest-bearing liabilities</b>		<b>146,850</b>	<b>358,184</b>	<b>0</b>	<b>0</b>
<b>Provisions</b>					
Employee provisions	6	374,723	303,839	271,297	264,413
<b>Total provisions</b>		<b>374,723</b>	<b>303,839</b>	<b>271,297</b>	<b>264,413</b>
<b>Total liabilities</b>		<b>789,537</b>	<b>858,097</b>	<b>599,714</b>	<b>484,592</b>
<b>Net assets</b>		<b>2,458,972</b>	<b>2,150,761</b>	<b>733,853</b>	<b>627,108</b>
<b>EQUITY</b>					
Contributed equity		702,000	651,000	301,300	280,300
Retained earnings		1,756,972	1,499,761	432,553	346,808
<b>Total equity</b>		<b>2,458,972</b>	<b>2,150,761</b>	<b>733,853</b>	<b>627,108</b>

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

## Statements of Changes in Equity

for the period ended 30 June 2021

### Australian Accounting Standards Board

	Retained earnings		Contributed equity/capital		Total equity	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
<b>Opening balance as at 1 July</b>	<b>1,499,761</b>	1,215,537	<b>651,000</b>	681,000	<b>2,150,761</b>	1,896,537
<b>Comprehensive income</b>						
Surplus/(Deficit) for the period	<b>257,211</b>	284,224	<b>0</b>	0	<b>257,211</b>	284,224
<b>Comprehensive income attributable to the Australian Government</b>	<b>257,211</b>	284,224	<b>0</b>	0	<b>257,211</b>	284,224
<b>Transactions with owners</b>						
Departmental capital budget	<b>0</b>	0	<b>51,000</b>	79,000	<b>51,000</b>	79,000
Distribution to Australian Government	<b>0</b>	0	<b>0</b>	(109,000)	<b>0</b>	(109,000)
<b>Closing balance as at 30 June</b>	<b>1,756,972</b>	1,499,761	<b>702,000</b>	651,000	<b>2,458,972</b>	2,150,761

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

### Auditing and Assurance Standards Board

	Retained earnings		Contributed equity/capital		Total equity	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
<b>Opening balance as at 1 July</b>	<b>346,808</b>	130,922	<b>280,300</b>	312,000	<b>627,108</b>	442,922
<b>Comprehensive income</b>						
Surplus/(Deficit) for the period	<b>85,745</b>	215,886	<b>0</b>	0	<b>85,745</b>	215,886
<b>Comprehensive income attributable to the Australian Government</b>	<b>85,745</b>	215,886	<b>0</b>	0	<b>85,745</b>	215,886
<b>Transactions with owners</b>						
Departmental capital budget	<b>0</b>	0	<b>21,000</b>	38,000	<b>21,000</b>	38,000
Distribution to Australian Government	<b>0</b>	0	<b>0</b>	(69,700)	<b>0</b>	(69,700)
<b>Closing balance as at 30 June</b>	<b>432,553</b>	346,808	<b>301,300</b>	280,300	<b>733,853</b>	627,108

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

## Cash Flow Statements

for the period ended 30 June 2021

	Notes	AASB		AUASB	
		2021 \$	2020 \$	2021 \$	2020 \$
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations		1,160,000	5,145,000	1,294,000	3,015,000
Goods and services		492,611	604,224	0	0
Net GST received		93,931	125,706	0	0
Contributions received		500,000	509,925	0	0
<b>Total cash received</b>		<b>2,246,542</b>	<b>6,384,855</b>	<b>1,294,000</b>	<b>3,015,000</b>
<b>Cash used</b>					
Employees and contractors		3,155,978	2,974,517	1,664,209	1,297,940
Suppliers		1,028,637	1,501,365	537,278	871,205
Interest payments on lease liabilities		2,409	4,452	0	0
<b>Total cash used</b>		<b>4,187,024</b>	<b>4,480,334</b>	<b>2,201,487</b>	<b>2,169,145</b>
<b>Net cash from / (used by) operating activities</b>	7	<b>(1,940,482)</b>	<b>1,904,521</b>	<b>(907,487)</b>	<b>845,855</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received / (used)</b>					
Purchase of infrastructure, plant and equipment		(25,283)	(62,976)	(145,050)	0
Cash received from disposal of infrastructure, plant and equipment		0	75	0	0
<b>Net cash used by investing activities</b>		<b>(25,283)</b>	<b>(62,901)</b>	<b>(145,050)</b>	<b>0</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity		51,000	79,000	21,000	38,000
Principal payments of lease liabilities		(211,334)	(202,064)	0	0
<b>Net cash from financing activities</b>		<b>(160,334)</b>	<b>(123,064)</b>	<b>21,000</b>	<b>38,000</b>
<b>Net increase / (decrease) in cash held</b>		<b>(2,126,099)</b>	<b>1,718,556</b>	<b>(1,031,537)</b>	<b>883,855</b>
Cash and cash equivalents at the beginning of the reporting period		2,183,117	464,561	1,072,740	188,885
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>57,018</b>	<b>2,183,117</b>	<b>41,203</b>	<b>1,072,740</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS

### Objectives of AASB and AUASB

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

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

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

### Financial Reporting and Organisation Structure

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

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

The accounting policies applied by each Office are the same.

### Events After the Statement of Financial Position Date

There are no major events post 30 June 2021 to report for the AASB or AUASB.

## Note 1: Summary of Significant Accounting Policies

---

### 1.1 Basis of Preparation of the Financial Statements

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

The financial reports have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015.*
- Australian Accounting Standards and Interpretations issued by the AASB that apply for the reporting period.

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

The financial statements are presented in Australian dollars.

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

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

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

- (a) Adoption of Revised Australian Accounting Standard Requirements applicable for 30 June 2021

No accounting standard has been adopted earlier than the application date as stated in the standard. The following [new/revised/amending standards and/or interpretations] were issued prior to the signing of the statement by the accountable authority and chief financial officer were applicable to the current reporting period and had a material effect on the entity's financial statements:

Additional guidance on the disclosure requirements of lease maturity analysis and lease liabilities under AASB 16 Leases has been adopted in Note 10 of separating finance lease from other liabilities.

- (b) Revised Standards effective for years commencing after 30 June 2021

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

## **1.4 Taxation**

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

## **1.5 Financial Instruments**

AASB and AUASB have the following financial assets: cash and cash equivalents, management fee receivable and trade receivables. Management fee receivable and trade receivables are measured at amortised cost. The contractual terms of the financial assets give rise on specified

dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

The Offices of the AASB and AUASB are exposed to minimal credit risk due to the nature of the trade receivables, as they represent funding from State and Territories or Commonwealth Government. As there is no history of credit losses in the past and no forward-looking factors indicated differently, no allowance for ECL has been recognised.

The majority of trade receivables relates to a funding agreement between the Office of the AASB and the States and Territories. The current agreement runs from 1 July 2020 to 30 June 2023. Income is received in equal quarterly instalments and is recognised when controlled. All receivables are due in the next 12 months.

### **Financial instrument liabilities**

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

## **1.6 Plant and Equipment**

### **Asset Recognition Threshold**

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

### **Revaluation**

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

### **Depreciation**

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

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

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

	<b>2021</b>	<b>2020</b>
Computers and software assets:	3 years	3 years
Office equipment:	5 years	5 years

### **Impairment**

All assets were assessed for impairment at 30 June 2021.

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

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### **Derecognition**

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

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

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

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

---

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

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

The AASB and AUASB shared support model effectively enables, to the extent permitted by legislation, the Offices of the AASB and AUASB to operate as a single Office supporting both

Boards. Under the Memorandum of Understanding (MoU) between the AASB and the AUASB, the AASB incurs all costs of the AUASB.

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

In addition, the AASB charges the AUASB a management fee to recover an appropriate portion of the total professional services expenses ('common expenses'). As the AASB solely bears legal obligations arising from the contracts for common employees, leases and other expenses, the AASB recognises the full amount of common expenses as incurred and recognises the management fee charged to the AUASB as revenue. The AUASB recognises the management fee as an expense. The common expense management fee for 2021 amounted to \$633,735 (2020: \$537,542).

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

	AASB 2021 \$	AUASB 2021 \$	Shared 2021 \$	Total 2021 \$	Total 2020 \$
<b>Note 2B: Operational activities</b>					
Appropriations	3,565,000	2,386,000	0	5,951,000	5,996,000
Other income	606,404	97,173	0	703,577	693,385
<b>Total income before common expense recharge</b>	<b>4,171,404</b>	<b>2,483,173</b>	<b>0</b>	<b>6,654,577</b>	<b>6,689,385</b>
Common expense recharge <sup>1</sup>	633,735	0	0	633,735	537,542
<b>Total income</b>	<b>4,805,139</b>	<b>2,483,173</b>	<b>0</b>	<b>7,288,312</b>	<b>7,226,927</b>
Employee and contractor costs (excluding redundancies)	2,737,128	1,524,799	497,617	4,759,544	4,371,995
Direct supplier expenses (refer to Note 3B)	348,557	234,960	0	583,517	999,214
Common occupancy expenses	0	0	111,786	111,786	119,974
Common depreciation and amortisation expense	0	3,934	293,234	297,168	250,633
Common finance costs	0	0	14,815	14,815	226
Common supplier expenses (refer to Note 3B)	0	0	544,791	544,791	447,233
	<b>3,085,685</b>	<b>1,763,693</b>	<b>1,462,243</b>	<b>6,311,621</b>	<b>6,189,275</b>
Common expense recharge <sup>1</sup>	0	633,735	0	633,735	537,542
	<b>3,085,685</b>	<b>2,397,428</b>	<b>1,462,243</b>	<b>6,945,356</b>	<b>6,726,817</b>
				342,956	500,110
				257,211	284,224
				85,745	215,886

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

**Note 3: Expenses**

	AASB		AUASB	
	2021 \$	2020 \$	2021 \$	2020 \$
<b>Note 3A: Employee and contractor costs</b>				
Employee wages and salaries	<b>2,622,356</b>	2,255,932	<b>1,274,859</b>	1,186,097
Defined contribution superannuation plans	<b>243,434</b>	203,258	<b>120,578</b>	112,336
Leave and other entitlements	<b>202,653</b>	212,420	<b>127,472</b>	145,761
<b>Total employee benefits</b>	<b>3,068,443</b>	2,671,610	<b>1,522,909</b>	1,444,194
Contractor costs	<b>166,302</b>	248,492	<b>1,890</b>	7,700
<b>Total employee and contractor costs</b>	<b>3,234,745</b>	2,920,102	<b>1,524,799</b>	1,451,894

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

Note 3B: Suppliers	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Direct expenses</b>				
Board members' services	1,527	28,946	4,456	30,770
Travel	19,586	133,206	140	65,019
Publications/subscriptions	118,435	113,107	39,745	46,831
Conference & professional development	70,065	74,088	47,875	2,286
Audit fees (received free of charge)	46,150	46,150	33,000	33,000
Compensation and related FBT expenses	4,690	38,627	9,398	0
Legal expenses	22,955	22,012	13,539	8,000
HR – Employee recruitment, training and support	6,511	168,400	152	1,015
Other	58,638	78,737	86,655	109,020
<b>Total direct expenses</b>	<b>348,557</b>	<b>703,273</b>	<b>234,960</b>	<b>295,941</b>
<b>Common expenses</b>				
Consultant costs – Other	38,207	12,637	0	0
Consultant costs – IT	13,555	19,590	0	0
Consultant costs – HR	60,144	1,128	0	0
HR – Employee recruitment, training and support	4,847	15,527	0	0
Administration costs	362,546	313,249	0	0
Legal expenses	2,876	0	0	0
Other	62,616	80,649	0	0
<b>Total common expenses</b>	<b>544,791</b>	<b>442,780</b>	<b>0</b>	<b>0</b>
<b>Total supplier expenses</b>	<b>893,348</b>	<b>1,146,053</b>	<b>234,960</b>	<b>295,941</b>

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

Note 3C: Depreciation	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
Buildings right of use asset	210,093	210,093	0	0
Plant & equipment	82,750	39,318	0	0
Computer software	391	1,222	3,934	0
<b>Total Depreciation</b>	<b>293,234</b>	<b>250,633</b>	<b>3,934</b>	<b>0</b>

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

**Note 3D: Volunteer Services**

Volunteer services received by the AASB and AUASB of board member sitting fees, secondee arrangements and audit fees can all be reliably measured at fair value and would have been obtained under a commercial arrangement therefore have been recognised as revenue and an expense in the statements. The use of free of charge meeting rooms has been determined as not meeting the recognition requirements. Whilst the use of volunteer Panel members have been assessed as extensive. For the year ended 30th June 2021 AASB engaged sixteen (2020: fourteen) panellists for one meeting (2020: one) and zero (2020: five) occasions using meeting rooms free of charge, whilst the AUASB also had zero (2020: three) occasions of using a meeting room free of charge.

**Note 4: Appropriations****(i) Revenue from Government**

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

Appropriations receivable are recognised at their nominal amounts.

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

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

	AASB		AUASB	
	2021	2020	2021	2020
Table A: Annual appropriations ('Recoverable GST exclusive')	\$	\$	\$	\$
<b>Unspent annual appropriations ('Recoverable GST exclusive') - Opening balance (Table B)</b>				
Cash	2,183,117	464,561	1,072,740	188,885
Appropriation receivables	0	1,656,000	0	686,700
	<b>2,183,117</b>	<b>2,120,561</b>	<b>1,072,740</b>	<b>875,585</b>

## Note 4: Appropriations continued

### Ordinary annual services

#### Annual appropriation - Revenue from Government

Departmental appropriations <i>Appropriation Act (No. 1)</i>	<b>3,565,000</b>	3,519,000	<b>2,386,000</b>	2,360,000
Departmental appropriations - <i>Appropriation Act (No. 3)</i>	<b>0</b>	79,000	<b>0</b>	38,000
<b>Total <i>Appropriation Act (No.1 &amp; 3)</i></b>	<b>3,565,000</b>	3,598,000	<b>2,386,000</b>	2,398,000
Departmental capital budget <sup>1</sup>	<b>51,000</b>	79,000	<b>21,000</b>	38,000
<b>Total appropriations</b>	<b>3,616,000</b>	3,677,000	<b>2,407,000</b>	2,436,000

#### PGPA Act – Section 74

Own source income - not transferred to the Official Public Account	<b>992,611</b>	1,222,541	<b>0</b>	0
--	----------------	-----------	----------	---

<b>Total appropriation</b>	<b>4,608,611</b>	4,899,541	<b>2,407,000</b>	2,436,000
----------------------------	------------------	-----------	------------------	-----------

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

Employees and contractors	<b>3,155,978</b>	2,974,517	<b>1,664,209</b>	1,297,940
Suppliers	<b>1,028,637</b>	1,501,365	<b>537,278</b>	871,205
Lease payments	<b>211,334</b>	202,064	<b>0</b>	0
Interest payments on lease liabilities	<b>2,409</b>	4,452	<b>0</b>	0
Purchase of plant and equipment	<b>25,283</b>	62,976	<b>145,050</b>	0
Cash received from disposal of plant and equipment	<b>0</b>	(75)	<b>0</b>	0
Less net GST received	<b>(93,931)</b>	(125,706)	<b>0</b>	0
Distribution to Australian Government	<b>0</b>	79,000	<b>0</b>	38,000
<b>Total appropriation applied (current and prior years)</b>	<b>4,329,710</b>	4,698,593	<b>2,346,537</b>	2,207,145

#### Appropriation allocated to:

Prior year capital 2017/18	<b>0</b>	79,000	<b>0</b>	38,000
Prior year ordinary 2018/19	<b>0</b>	1,547,000	<b>0</b>	617,000
Total Prior years	<b>0</b>	1,626,000	<b>0</b>	655,000
Current year – Ordinary	<b>4,329,710</b>	2,963,593	<b>2,346,537</b>	1,482,445
Current year – Distributions	<b>0</b>	109,000	<b>0</b>	69,700
<b>Total appropriation applied (current and prior years)</b>	<b>4,329,710</b>	4,698,593	<b>2,346,537</b>	2,207,145
<b>Excess of appropriations received over applied</b>	<b>278,901</b>	200,948	<b>60,463</b>	228,855

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

Cash	<b>57,018</b>	2,183,117	<b>41,203</b>	1,072,740
Appropriation receivables	<b>2,405,000</b>	0	<b>1,092,000</b>	0
	<b>2,462,018</b>	2,183,117	<b>1,133,203</b>	1,072,740

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

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

Authority	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
Appropriation Act 1 – 2020/21 - capital budget	0	0	0	0
Appropriation Act 1 – 2020/21	2,405,000	0	1,092,000	0
Cash	57,018	2,183,117	41,203	1,072,740
<b>Total</b>	<b>2,462,018</b>	<b>2,183,117</b>	<b>1,133,203</b>	<b>1,072,740</b>

**Note 5: Payables**

Other payables	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
PAYG salary withholding tax	77,550	57,102	0	30,782
Compensation & related FBT costs	0	72,261	0	0
Other	20,581	20,581	0	0
<b>Total other payables</b>	<b>98,131</b>	<b>149,944</b>	<b>0</b>	<b>30,782</b>

Other payables are expected to be settled within:

No more than 12 months	98,131	149,944	0	30,782
More than 12 months	0	0	0	0
<b>Total other payables</b>	<b>98,131</b>	<b>149,944</b>	<b>0</b>	<b>30,782</b>

All invoices are paid within 30 days.

**Note 6: Employee Provisions**

Employee provisions are expected to be settled in:	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
No more than 12 months	188,209	255,754	145,192	179,594
More than 12 months	186,514	48,085	126,105	84,819
<b>Total employee provisions</b>	<b>374,723</b>	<b>303,839</b>	<b>271,297</b>	<b>264,413</b>

**Note 7: Cash Flow Reconciliation**

	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Reconciliation of net cost of services to net cash from operating activities:</b>				
Net cost of services	(3,307,789)	(3,313,776)	(2,300,255)	(2,182,114)
Add revenue from Government	3,565,000	3,598,000	2,386,000	2,398,000
Adjust for proceeds of disposal of assets (Investing Activity)	0	(75)	0	0
<b>Adjustments for non-cash items</b>				
Depreciation / amortisation	293,234	250,633	3,934	0
Net write down of non-financial assets	12,406	226	0	0
<b>Movements in assets / liabilities</b>				
<b>Assets</b>				
(Increase) / decrease in net receivables	(2,549,887)	1,701,677	(1,092,000)	617,168
(Increase) / decrease in prepayments	(96,220)	33,110	(20,288)	(38,960)
<b>Liabilities</b>				
Increase / (decrease) in employee provisions	70,884	10,478	6,884	83,525
Increase / (decrease) in supplier payables	123,703	(193,481)	139,020	(51,374)
Increase / (decrease) in other payables	(51,813)	(182,271)	(30,782)	19,611
<b>Net cash from / (used by) operating activities</b>	<b>(1,940,482)</b>	<b>1,904,521</b>	<b>(907,487)</b>	<b>845,856</b>

## Note 8: Related parties

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

- Key Management Personnel of the AASB and AUASB, their close family members, and entities controlled or jointed controlled by either: (8A)
- all other Australian government entities (8C).

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

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

	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Short-term employee benefits:</b>				
Salary	685,414	770,212	424,694	424,546
<b>Post-employment benefits:</b>				
Superannuation	52,216	58,228	39,664	39,663
<b>Other short-term benefits:</b>				
Termination benefits - Separation and redundancies	0	0	0	0
<b>Other long-term benefits:</b>				
Long Service Leave	8,730	5,455	10,459	12,348
<b>Total other long-term benefits</b>	<b>8,730</b>	<b>5,455</b>	<b>10,459</b>	<b>12,348</b>
<b>Total</b>	<b>746,360</b>	<b>833,895</b>	<b>474,817</b>	<b>476,557</b>

During the reporting period ended 30 June 2021, AASB had five executives (2020: six) who meet the definition of key management personnel.

Name	Position	Term as KMP
Keith Kendall	Chair	Full year
Justin Williams	Managing Director	Full year (4 days a week)
Nikole Gyles	Technical Director	From 21 <sup>st</sup> September (2-3 days a week)
Fridrich Housa	Acting Technical Director	From 1 <sup>st</sup> July to 31 <sup>st</sup> August 2020
Helena Simkova	Acting Technical Director	From 1 <sup>st</sup> July to 31 <sup>st</sup> August 2020 (3 days a week)

During the reporting period ended 30 June 2021, AUASB had three (2020: two) executives who met the definition of key management personnel.

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

<b>Name</b>	<b>Position</b>	<b>Term as KMP</b>
William Edge	Chair	From 1 <sup>st</sup> January 2021 (3 days a week)
Roger Simnett	Chair	Until 31 <sup>st</sup> December 2020 (3 days a week)
Matthew Zappulla	Technical Director	Full year

## **Governance Arrangements**

The remuneration of the AASB and AUASB Chair is set by the Commonwealth Remuneration Tribunal Determination (Remuneration and Allowances for Holders of Full-time Public Office) Determination 2020. The remuneration of other KMP is set by the Chair's benchmarking against relevant published external remuneration portions. The individual's performance during the year in assisting to achieve the AASB or AUASB strategy is taken into account in determining the level of increase in base salary each year. The AASB and AUASB do not have bonus or financial incentive schemes in place.

Other non-salary benefits provided to KMP include annual influenza immunisation, mentoring and coaching programs, confidential employee assistance program, provision of mobile phone, tablet, laptop and airline lounge membership, internet allowance to facilitate remote working due to COVID-19.

AASB		Short-term benefits	Post-employment benefits	Other long-term benefits	Termination Benefits	Total remuneration
Name	Position	Base Salary	Superannuation contributions	Long service leave		
Keith Kendall	Chair	404,559	21,694	4,925	0	<b>431,178</b>
Justin Williams (0.8 FTE)	Managing Director	205,746	19,434	3,196	0	<b>228,376</b>
Nikole Gyles (0.6 FTE)	Technical Director	60,139	8,529	0	0	<b>68,668</b>
Fridrich Housa	Acting Technical Director	8,594	1,426	381	0	<b>10,401</b>
Helena Simkova (0.8 FTE)	Acting Technical Director	6,376	1,133	228	0	<b>7,737</b>
<b>Total</b>		<b>685,414</b>	<b>52,216</b>	<b>8,730</b>	0	<b>746,360</b>

AUASB		Short-term benefits	Post-employment benefits	Other long-term benefits	Termination Benefits	Total remuneration
Name	Position	Base Salary	Superannuation contributions	Long service leave		
William Edge (0.60 FTE)	Chair	114,467	10,098	2,657	0	<b>127,222</b>
Roger Simnett (0.60 FTE)	Chair	104,928	10,098	2,679	0	<b>117,705</b>
Matthew Zappulla	Technical Director	205,299	19,468	5,123	0	<b>229,890</b>
<b>Total</b>		<b>424,694</b>	<b>39,664</b>	<b>10,459</b>	<b>0</b>	<b>474,817</b>

## Other Related Parties

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

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

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

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

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

	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Sales of goods and services to other Commonwealth entities:</b>				
Management fee recharge received from AUASB	633,735	537,542	0	0
<b>Total Goods and services</b>	<b>633,735</b>	<b>537,542</b>	<b>0</b>	<b>0</b>
<b>Purchase of goods from other Commonwealth controlled entities:</b>				
Management fee recharge paid to AASB	0	0	633,735	537,542
Productivity Commission - IT expenses	151,880	149,000	0	0
TEQSA – lessor	313,893	327,470	0	0
Total purchase of goods	465,773	476,470	633,735	537,542
<b>Others</b>				
Other Government Agencies	0	0	0	0
<b>Total others</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Note 8C: Other related party transactions - Balance outstanding</b>				
<b>Sales of goods and services to other Commonwealth controlled entities:</b>				
Management fee recharge from AUASB	321,132	179,685	0	0
<b>Total sales of goods and services receivable</b>	<b>321,132</b>	<b>179,685</b>	<b>0</b>	<b>0</b>
<b>Purchase of goods from other Commonwealth controlled entities:</b>				
Management fee recharge from AASB	0	0	321,132	179,685
Productivity Commission - IT expenses	0	0	0	0
TEQSA - lessor	0	0	0	0
<b>Total purchase of goods payable</b>	<b>0</b>	<b>0</b>	<b>321,132</b>	<b>179,685</b>

## Note 9: Plant and Equipment

### Note 9A: Reconciliation of the opening and closing balance of material PPE for 2020-2021

	AASB				AUASB
	Buildings	Furniture & Fittings	Computers	Software & Licences	Software & Licences
	\$	\$	\$	\$	\$
<b>As at 1 July 2020</b>					
Gross book value	560,248	63,245	144,437	10,180	3,299
Accumulated depreciation, amortisation and impairment	(210,093)	(14,207)	(44,243)	(6,743)	(3,299)
<b>Total as at 1 July 2020</b>	<b>350,155</b>	<b>49,038</b>	<b>100,194</b>	<b>3,437</b>	<b>0</b>
<b>Additions:</b>					
Purchase	0	19,008	6,274	0	145,050
Depreciation and amortisation	0	(25,418)	(56,170)	(1,553)	(3,934)
Depreciation on right-of-use assets	(210,093)	0	0	0	0
<b>Disposals:</b>					
Other	0	(8,619)	(3,786)	0	0
<b>Total as at 30 June 2021</b>	<b>140,062</b>	<b>34,009</b>	<b>46,512</b>	<b>1,884</b>	<b>141,116</b>
<b>Total as at 30 June 2021 represented by</b>					
Gross book value	560,248	66,978	146,925	10,180	148,349
Accumulated depreciation, amortisation and impairment	(420,186)	(32,969)	(100,413)	(8,296)	(7,233)
<b>Total as at 30 June 2021</b>	<b>140,062</b>	<b>34,009</b>	<b>46,512</b>	<b>1,884</b>	<b>141,116</b>

## Note 10: Other Information

### Aggregate Assets and Liabilities

	AASB		AUASB	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Assets expected to be recovered in:</b>				
<b>No more than 12 months</b>				
Cash and cash equivalents	57,018	2,183,117	41,203	1,072,740
Trade and other receivables	2,809,135	259,248	1,092,000	38,960
Buildings right of use - at cost	140,062	0	0	0
Prepayments	159,889	63,669	59,248	0
<b>Total no more than 12 months</b>	<b>3,166,104</b>	<b>2,506,034</b>	<b>1,192,451</b>	<b>1,111,700</b>
<b>More than 12 months</b>				
Buildings Right of Use - at cost	0	350,155	0	0
Plant and equipment	80,521	149,232	0	0
Computer software	1,884	3,437	141,116	0
<b>Total more than 12 months</b>	<b>82,405</b>	<b>502,824</b>	<b>141,116</b>	<b>0</b>
<b>Total assets</b>	<b>3,248,509</b>	<b>3,008,858</b>	<b>1,333,567</b>	<b>1,111,700</b>
<b>Liabilities expected to be recovered in:</b>				
<b>No more than 12 months</b>				
Suppliers	169,833	46,130	7,285	9,712
Other payables	98,131	149,944	321,132	210,467
Leases	146,850	211,345	0	0
Employee provisions	188,209	255,754	145,192	179,594
Other provisions	0	0	0	0
<b>Total no more than 12 months</b>	<b>603,023</b>	<b>663,173</b>	<b>473,609</b>	<b>399,773</b>
<b>More than 12 months</b>				
Leases <sup>1</sup>	0	146,839	0	0
Employee provisions	186,514	48,085	126,105	84,819
Other provisions	0	0	0	0
<b>Total more than 12 months</b>	<b>186,514</b>	<b>194,924</b>	<b>126,105</b>	<b>84,819</b>
<b>Total liabilities</b>	<b>789,537</b>	<b>858,097</b>	<b>599,714</b>	<b>484,592</b>

1 As at 30<sup>th</sup> June 2021 a lease for a new office premises that has been sourced is not signed.

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

The following tables provide a comparison of the original budget as presented in the 2020-21 Portfolio Budget Statements (PBS) to the 2020-2021 final outcome as presented in accordance with Australian Accounting Standards. The Budget is not audited and where applicable, the original budget numbers have been reclassified to align with the financial statement.

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

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

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

**Note 11A: Major Budget Variances for 2020-21**

<b>Australian Accounting Standards Board</b>	
<b>Explanations of major variances</b>	<b>Footnote reference and affected statement</b>
Employee related salaries and provisions lower due not having a Technical Director the entire year and when engaged it was a on a part-time model. Another SES was on maternity leave for part of the year and the Communications Manager position was completed by an external consultant for half of the year.	1 (SoCI & CFS)
Supplier expenses are favourable to budget due to the impact of COVID-19 on travel and other stakeholder engagement. Offset partially by additional IT projects undertaken such as redevelopment of websites and transition of phone system to Teams.	2 (SoCI & CFS)
Lease expenditure costs were not shown as a separate budget line item.	3 (SoCI)
Additional depreciation expense due to review of expected life of assets.	4 (SoCI & SoFP)
Budget for resources received free of charge included an additional Board Member to actual costs and Audit fee budget shown on this line, whilst actual disclosure is a separate line.	5 (SoCI)
Timing of drawing down of appropriations.	7 (SoFP & CFS)
Due to COVID19 uncertainty cash reserves were increased in June 2020, they have now returned to normal operating holding balance.	8 (SoFP & CFS)
As at the 30th June a new lease has not been signed, the budget assumed that a renewal of our current MOU arrangement would occur.	9 (SoFP)
Employee provisions have increased as insufficient opportunity for leave to be taken and personal leave requirements reduced whilst working from home.	10 (SoFP)

<b>Auditing and Assurance Standards Board</b>	
<b>Explanations of major variances</b>	<b>Footnote reference and affected statement</b>
Unfavourable to budget due to recruiting additional temporary staff to assist with project work load and also restructure of some senior positions resulting in a change of remuneration package.	1 (SoFP & CFS)
Supplier expenses are favourable to budget due to the impact of COVID-19 on travel and other stakeholder engagement.	2 (SoCI & CFS)
AUASB Standards portal capitalised June, whilst budget anticipated project being completed earlier in the year. Timing difference on appropriation drawdown compared to budget. All other assets held by AASB	4 (SoCI, SoFP & CFS)
Budgeted costs are shown under Supplier.	6 (SoCI & CFS))
Due to COVID19 uncertainty cash reserves were increased in June 2020, they have now returned to normal operating holding balance.	7 (SoFP & CFS)

**Statements of Comprehensive Income**  
for the period ended 30 June 2021

	AASB			AUASB		
	Actual	Budget estimate		Actual	Budget estimate	
	2021	Original 2021	Variance 2021	2021	Original 2021	Variance 2021
	\$	\$	\$	\$	\$	\$
<b>EXPENSES</b>						
Employee and contractor costs <sup>1</sup>	3,234,745	3,320,000	(85,255)	1,524,799	1,390,000	134,799
Supplier expenses <sup>2</sup>	893,348	1,304,000	(410,652)	234,960	1,090,000	(855,040)
Occupancy expenses <sup>3</sup>	111,786	0	111,786	0	0	0
Depreciation and amortisation <sup>4</sup>	293,234	243,000	50,234	3,934	22,000	(18,066)
Finance costs	2,409	6,000	(3,591)	0	0	0
Management fee expenses <sup>6</sup>	0	0	0	633,735	0	633,735
Write-down and impairment of assets and losses on sale	12,406	0	12,406	0	0	0
<b>Total expenses</b>	<b>4,547,928</b>	<b>4,873,000</b>	<b>(325,072)</b>	<b>2,397,428</b>	<b>2,502,000</b>	<b>(104,572)</b>
<b>LESS:</b>						
<b>OWN SOURCE INCOME</b>						
<b>Own-source revenue</b>						
Sale of goods and rendering of services	558	0	558	0	0	0
Management fee recharge <sup>6</sup>	633,735	636,000	(2,265)	0	0	0
Resources received free of charge <sup>5</sup>	59,696	121,000	(61,304)	64,173	94,000	(29,827)
Audit Fees received free of charge	46,150	0	46,150	33,000	0	33,000
Contributions from states and territories	500,000	500,000	0	0	0	0
<b>Total own-source revenue</b>	<b>1,240,139</b>	<b>1,257,000</b>	<b>(16,861)</b>	<b>97,173</b>	<b>94,000</b>	<b>3,173</b>
<b>Net cost of services &amp; cost of outcome delivery</b>	<b>3,307,789</b>	<b>3,616,000</b>	<b>(308,211)</b>	<b>2,300,255</b>	<b>2,408,000</b>	<b>(107,745)</b>
Revenue from Government - departmental appropriations	3,565,000	3,565,000	0	2,386,000	2,386,000	0
<b>Surplus/(Deficit) attributable to the Australian Government</b>	<b>257,211</b>	<b>(51,000)</b>	<b>308,211</b>	<b>85,745</b>	<b>(22,000)</b>	<b>107,745</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Total comprehensive income attributable to the Australian Government</b>	<b>257,211</b>	<b>(51,000)</b>	<b>308,211</b>	<b>85,745</b>	<b>(22,000)</b>	<b>107,745</b>

**Statements of Financial Position**  
for the period ended 30 June 2021

	AASB			AUASB		
	Actual	Budget estimate		Actual	Budget estimate	
	2021	Original 2021	Variance 2021	2021	Original 2021	Variance 2021
	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalent <sup>7</sup>	57,018	2,183,000	(2,125,982)	41,203	273,000	(231,797)
Trade and other receivables <sup>8</sup>	2,809,135	259,000	2,550,135	1,092,000	803,000	(289,000)
<b>Total financial assets</b>	<b>2,866,153</b>	<b>2,442,000</b>	<b>424,153</b>	<b>1,133,203</b>	<b>1,076,000</b>	<b>57,203</b>
<b>Non-financial assets</b>						
Buildings ROU9	140,062	358,000	(217,938)	0	0	0
Plant and equipment <sup>4</sup>	80,521	153,000	(72,479)	0	0	0
Computer Software/Intangibles <sup>4</sup>	1,884	0	1,884	141,116	41,000	100,116
Prepaid expenses	159,889	128,000	31,889	59,248	0	59,248
<b>Total non-financial assets</b>	<b>382,356</b>	<b>639,000</b>	<b>(256,644)</b>	<b>200,364</b>	<b>41,000</b>	<b>159,364</b>
<b>Total assets</b>	<b>3,248,509</b>	<b>3,081,000</b>	<b>167,509</b>	<b>1,333,567</b>	<b>1,117,000</b>	<b>216,567</b>
<b>LIABILITIES</b>						
<b>Payables</b>						
Suppliers	169,833	106,000	63,833	7,285	223,000	(215,715)
Management fee payable to AASB <sup>6</sup>	0	0	0	321,132	0	321,132
Other payables	98,131	150,000	(51,869)	0	3,000	(3,000)
<b>Total payables</b>	<b>267,964</b>	<b>256,000</b>	<b>11,964</b>	<b>328,417</b>	<b>226,000</b>	<b>102,417</b>
<b>Interest -bearing liabilities</b>						
Leases <sup>9</sup>	146,850	370,000	(223,150)	0	0	0
<b>Total Interest-bearing liabilities</b>	<b>146,850</b>	<b>370,000</b>	<b>(223,150)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Provisions</b>						
Employee provisions <sup>10</sup>	374,723	304,000	70,723	271,297	264,000	7,297
<b>Total provisions</b>	<b>374,723</b>	<b>304,000</b>	<b>70,723</b>	<b>271,297</b>	<b>264,000</b>	<b>7,297</b>
<b>Total liabilities</b>	<b>789,537</b>	<b>930,000</b>	<b>(140,463)</b>	<b>599,714</b>	<b>490,000</b>	<b>109,714</b>
<b>Net assets</b>	<b>2,458,972</b>	<b>2,151,000</b>	<b>307,972</b>	<b>733,853</b>	<b>627,000</b>	<b>106,853</b>
<b>EQUITY</b>						
<b>Parent entity interest</b>						
Contributed equity	702,000	702,000	0	301,300	303,000	(1,700)
Retained earnings	1,756,972	1,449,000	307,972	432,553	324,000	108,553
<b>Total parent entity interest</b>	<b>2,458,972</b>	<b>2,151,000</b>	<b>307,972</b>	<b>733,853</b>	<b>627,000</b>	<b>106,853</b>

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

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

**Statements of Changes in Equity**  
for the period ended 30 June 2021

**Australian Accounting Standards Board**

	Retained earnings			Contributed equity/capital			Total equity		
	Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate	
		Original	Variance		Original	Variance		Original	Variance
	2021	2021	2021	2021	2021	2021	2021	2021	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>									
Balance carried forward from previous period	<b>1,499,761</b>	1,500,000	(239)	<b>651,000</b>	651,000	0	<b>2,150,761</b>	2,151,000	(239)
<b>Comprehensive income</b>									
Surplus/ (Deficit) for the period	<b>257,211</b>	(51,000)	308,211	<b>0</b>	0	0	<b>257,211</b>	(51,000)	308,211
<b>Total comprehensive income attributable to the Australian Government</b>	<b>257,211</b>	(51,000)	308,211	<b>0</b>	0	0	<b>257,211</b>	(51,000)	308,211
<b>Contribution by owners</b>									
Departmental capital budget	<b>0</b>	0	0	<b>51,000</b>	51,000	0	<b>51,000</b>	51,000	0
Distribution to Australian Government	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>	0	0
Total transactions with owners	<b>0</b>	0	0	<b>51,000</b>	51,000	0	<b>51,000</b>	51,000	0
<b>Closing balance attributable to Australian Government</b>	<b>1,756,972</b>	1,449,000	307,972	<b>702,000</b>	702,000	0	<b>2,458,972</b>	2,151,000	307,972

## Statements of Changes in Equity (continued)

for the period ended 30 June 2021

### Auditing and Assurance Standards Board

	Retained earnings			Contributed equity/capital			Total equity		
	Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate	
		Original	Variance		Original	Variance		Original	Variance
	2021	2021	2021	2021	2021	2021	2021	2021	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried forward from previous period	346,808	346,000	808	280,300	281,000	(700)	627,108	627,000	108
Surplus/ (Deficit) for the period	85,745	(22,000)	107,745	0	0	0	85,745	(22,000)	107,745
<b>Total comprehensive income attributable to the Australian Government</b>	<b>85,745</b>	<b>(22,000)</b>	<b>107,745</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85,745</b>	<b>(22,000)</b>	<b>107,745</b>
<b>Contributions by owners</b>									
Departmental capital budget	0	0	0	21,000	21,000	(1,000)	21,000	22,000	(1,000)
Distribution to Australian Government	0	0	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	21,000	22,000	(1,000)	21,000	22,000	(1,000)
<b>Closing balance attributable to Australian Government</b>	<b>432,553</b>	<b>324,000</b>	<b>108,553</b>	<b>301,300</b>	<b>303,000</b>	<b>(1,700)</b>	<b>733,853</b>	<b>627,000</b>	<b>106,853</b>

## Cash Flow Statements

for the period ended 30 June 2021

	AASB			AUASB		
	Actual	Budget estimate		Actual	Budget estimate	
		Original	Variance		Original	Variance
	2021	2021	2021	2021	2021	2021
\$	\$	\$	\$	\$	\$	
<b>OPERATING ACTIVITIES</b>						
<b>Cash received</b>						
Appropriations <sup>7</sup>	1,160,000	3,565,000	(2,405,000)	1,294,000	1,586,000	(292,000)
Goods and services <sup>8</sup>	492,611	636,000	(143,389)	0	0	0
Net GST received	93,931	0	93,931	0	0	0
Contributions received	500,000	500,000	0	0	0	0
<b>Total cash received</b>	<b>2,246,542</b>	<b>4,701,000</b>	<b>(2,454,458)</b>	<b>1,294,000</b>	<b>1,586,000</b>	<b>(292,000)</b>
<b>Cash used</b>						
Employees and contractors <sup>1</sup>	3,155,978	3,320,000	(164,022)	1,453,742	1,390,000	63,742
Suppliers <sup>2</sup>	1,028,637	1,170,000	(141,363)	747,745	996,000	(248,255)
Interest payments on lease liabilities	2,409	0	2,409	0	0	0
<b>Total cash used</b>	<b>4,187,024</b>	<b>4,490,000</b>	<b>(302,976)</b>	<b>2,201,487</b>	<b>2,386,000</b>	<b>(184,513)</b>
<b>Net cash from/ (used by) operating activities</b>	<b>(1,940,482)</b>	<b>211,000</b>	<b>(2,151,482)</b>	<b>(907,487)</b>	<b>(800,000)</b>	<b>(107,487)</b>
<b>INVESTING ACTIVITIES</b>						
<b>Cash received / (used)</b>						
Purchase of property, plant and equipment and intangibles <sup>4</sup>	(25,283)	(51,000)	25,717	(145,050)	(22,000)	(123,050)
Cash received from disposal of infrastructure, plant and equipment	0	0	0	0	0	0
<b>Total cash used</b>	<b>(25,283)</b>	<b>(51,000)</b>	<b>25,717</b>	<b>(145,050)</b>	<b>(22,000)</b>	<b>(123,050)</b>
<b>Net cash from (used by) investing activities</b>	<b>(25,283)</b>	<b>(51,000)</b>	<b>25,717</b>	<b>(145,050)</b>	<b>(22,000)</b>	<b>(123,050)</b>
<b>FINANCING ACTIVITIES</b>						
<b>Cash received</b>						
Contributed equity	51,000	51,000	0	21,000	22,000	(1,000)
Principal payments of lease liabilities	(211,334)	(211,000)	(334)	0	0	0
<b>Net cash from/ (used by) financing activities</b>	<b>(160,334)</b>	<b>(160,000)</b>	<b>(334)</b>	<b>21,000</b>	<b>22,000</b>	<b>(1,000)</b>
<b>Net increase (decrease) in cash held</b>	<b>(2,126,099)</b>	<b>0</b>	<b>(2,126,099)</b>	<b>(1,031,537)</b>	<b>(800,000)</b>	<b>(231,537)</b>
Cash and cash equivalents at the beginning of the reporting period	2,183,117	2,183,000	117	1,072,740	1,073,000	(260)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>57,018</b>	<b>2,183,000</b>	<b>(2,125,982)</b>	<b>41,203</b>	<b>273,000</b>	<b>(231,797)</b>

# Appendices

## APPENDIX A

### AASB AND AUASB LEGISLATIVE REQUIREMENTS

#### AASB

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

- (a) to facilitate the development of accounting standards that require the provision of financial information that:
1. allows users to make and evaluate decisions about allocating scarce resources
  2. assists directors to discharge their obligations in relation to financial reporting
  3. is relevant to assessing performance, financial position, financing and investment
  4. is relevant and reliable
  5. facilitates comparability
  6. is readily understandable.
- (b) to facilitate the Australian economy by:
1. reducing the cost of capital
  2. enabling Australian entities to compete effectively overseas
  3. having accounting standards that are clearly stated and easy to understand.

(c) to maintain investor confidence in the Australian economy (including its capital markets).

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

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

## AUASB

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

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

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

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

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

Other relevant objectives of Part 12 are summarised below:

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

## APPENDIX B

### ATTENDANCE AT AASB AND AUASB MEETINGS

#### AASB MEMBER ATTENDANCE

The AASB met six times via video conference during 2020-21 for a total of eleven meeting days. In addition to preparation for these meetings, which requires consideration of detailed technical papers, members considered and voted on accounting standards and other pronouncements out of session and also attended or made presentations at seminars and other meetings related to their role as a Board member. Consequently, the time committed by members is substantially more than the meeting days attended.

AASB Member attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Apologies (days)
K Kendall (Chair)	11	11	0
M Blake (Vice-Chair)*	4	4	0
P Gibson	11	11	0
J Grant	11	9	2
K Liow*	4	4	0
C Ridley*	4	4	0
P Rogers	11	11	0
S Taylor*	4	4	0
A White	11	11	0
D Holland	11	11	0
T Langley	7	7	0
D Hanlon	7	7	0
C Cordery	7	7	0
C Spencer	7	7	0

\* Board retirements during 2020-21 period

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

## AUASB MEMBER ATTENDANCE

The AUASB held seven meetings during 2020-21 for a total of eleven meeting days. Member attendance is shown in the table below:

<b>Members</b>	<b>Number of days eligible to attend</b>	<b>Number of days attended</b>	<b>Apologies (days)</b>
William Edge (Chair)	6	6	0
R Simnett (ex- Chair)	5	5	0
R Buchanan	11	11	0
G Bird	11	10	1
J Cain	11	11	0
J Crisp	11	10	1
K Hankin	11	11	0
N Harding	11	11	0
R Piltz	11	11	0
A Porter	11	11	0
C Ralph	11	10	1
J Reid*	9	9	0

\* Board retirements during 2020-21 period

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

## APPENDIX C

### OTHER INFORMATION

#### EXTERNAL SCRUTINY

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

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

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

#### PURCHASING

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

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

#### PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

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

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

#### CONSULTANTS

Reportable consultancy contracts 2020-21	AASB		AUASB	
	Number	Expenditure \$	Number	Expenditure \$
New contracts entered into during the reporting period	4	100,928	1	13,750
Ongoing contracts entered into during a previous reporting period	1	13,025	0	0
<b>Total</b>	<b>5</b>	<b>113,953</b>	<b>1</b>	<b>13,750</b>

<b>AASB</b>		
<b>Organisations receiving a share of reportable consultancy contract expenditure 2020-21</b>	<b>Expenditure \$</b>	<b>Proportion of 2020-21 total spend (%)</b>
Gadens Lawyers	37,953	33.3%
Langfield-Smith Consulting	31,900	28.0%
Hays	31,075	27.3%
TalentCode	13,025	11.4%
<b>Total of the Largest Shares</b>	<b>113,953</b>	<b>100%</b>

<b>AUASB</b>		
<b>Organisations receiving a share of reportable consultancy contract expenditure 2020-21</b>	<b>Expenditure \$</b>	<b>Proportion of 2020-21 total spend (%)</b>
Orima Research	13,750	100%
<b>Total of the Largest Shares</b>	<b>13,750</b>	<b>100%</b>

AASB -During 2020-21, four new reportable consultancy contracts were entered into involving total actual expenditure of \$100,928. In addition, one ongoing reportable consultancy contract was active during the period, involving total actual expenditure of \$13,025.

AUASB - During 2020-21, one new reportable consultancy contracts were entered into involving total actual expenditure of \$13,750. There were no active ongoing reportable consultancy contracts during the period.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.

## NON-CONSULTANCY CONTRACTS

<b>Reportable non-consultancy contract 2020-21</b>	<b>AASB</b>		<b>AUASB</b>	
	<b>Number</b>	<b>Expenditure \$</b>	<b>Number</b>	<b>Expenditure \$</b>
New contracts entered into during the reporting period	12	267,557	5	266,952
Ongoing contracts entered into during a previous reporting period	6	113,746	0	0
<b>Total</b>	<b>18</b>	<b>381,304</b>	<b>5</b>	<b>266,952</b>

	<b>AASB</b>	
<b>Organisations receiving a share of reportable non-consultancy contract expenditure 2020-21</b>	<b>Expenditure \$</b>	<b>Proportion of 2020-21 total spend (%)</b>
AvePoint Au	55,722	14.6%
Headline PR	55,770	14.6%
The Alchemy Collective	54,450	14.3%
Data#3	48,941	12.8%
KPMG	38,150	10.0%
Torque Software	28,516	7.5%
Yart	21,120	5.5%
<b>Total of the Largest Shares</b>	<b>302,669</b>	<b>79%</b>
	<b>AUASB</b>	
EY	206,382	77%
Department of Finance	44,377	17%
International Federation of Accountants	16,193	6%
<b>Total of the Largest Shares</b>	<b>266,952</b>	<b>100%</b>

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the reportable non-consultancy contracts' value is available on the AusTender website.

## EXEMPT CONTRACTS

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

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

## ADVERTISING AND MARKET RESEARCH

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

## **FREEDOM OF INFORMATION**

### *Information Publication Scheme*

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

## **DISABILITY REPORTING**

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007-2008, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*. Those reports are available at [www.apsc.gov.au](http://www.apsc.gov.au). From 2010-2011, departments and agencies are no longer required to report on those functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy 2010-2020 which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports became available in 2014 and can be found at [www.dss.gov.au](http://www.dss.gov.au).

## **OCCUPATIONAL HEALTH AND SAFETY**

The AASB and AUASB have less than 50 employees and are therefore not required to establish an Occupational Health and Safety Committee (OHSC) under section 34 of the *Occupational Health and Safety Act 2001*. A delegate from our business observes our landlord's OHSC Committee that meets quarterly

All employees, and Board members, when attending meetings, are covered under Comcare and Comcover. No accidents or dangerous occurrences, or relevant investigations, took place during the 2020-21 financial year.

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

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

The nature of the AASB and AUASB's activities limits the impact of their operations on the environment, however, they are mindful of their responsibilities to minimise negative impacts. Accordingly, the AASB and AUASB have in place policies and procedures designed to minimise

environmental impacts by complying with government policies relating to waste, energy and travel.

The principal environmental impact minimisation activities employed are:

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

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

## APPENDIX D

### AGENCY RESOURCE STATEMENT AND RESOURCES FOR OUTCOMES

The changes in financial results from the previous year are discussed in the Chair's Review. Explanations of variances from the budgeted financial statements for the financial year as set out in the Portfolio Budget Statement/Portfolio Additional Estimate Statement, and their implications are set out in note 11 and 11A to the financial statements.

#### Agency summary resource table by outcomes

Office of the AASB: Resources for outcomes 2020-21

	Budget \$	Actual Expenses \$	Variation \$
<b>Outcome 1:</b>			
The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions			
Output Group 1.1:			
AASB			
<b>Departmental expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	3,373,000	3,015,113	357,887
Revenues from independent sources (section 74)	1,136,000	1,133,735	2,265
Expenses not requiring appropriation	364,000	399,080	(35,080)
Total for Outcome 1	4,873,000	4,547,928	325,072
Average Staffing Level (number)	22	18	4

Appendix D: Agency Resource Statement and Resources for Outcomes

The changes in financial results from the previous year are discussed in the Chair's Review. Explanations of variances from the budgeted financial statements for the financial year as set out in the Portfolio Budget Statement/Portfolio Additional Estimate Statement, and their implications are set out in note 11 and 11a to the financial statements.

**Agency summary resource table by outcomes**

Office of the AUASB: Resources for outcomes 2020-21

	Budget \$	Actual Expenses \$	Variation \$
<b>Outcome 1:</b>			
The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements			
<b>Output Group 1.1:</b>			
AUASB			
<b>Departmental expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	2,386,000	2,296,321	86,679
Revenues from independent sources (PGPA Act - section 74)	0	0	0
Expenses not requiring appropriation	116,000	101,107	14,893
Less revenue to be carried forward	0	0	0
<b>Total for Outcome 1</b>	<b>2,502,000</b>	<b>2,397,428</b>	<b>104,572</b>
<b>Average Staffing level (number)</b>	<b>8</b>	<b>8</b>	<b>0</b>

## APPENDIX E

### LIST OF REQUIREMENTS

Description	Requirement	AASB Page	AUASB Page
<b>Letter of transmittal</b>			
A copy of the letter of transmittal signed and dated by accountable authority on the date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	iii	iii
<b>Aids to access</b>			
Table of contents	Mandatory	iv	iv
Alphabetical index	Mandatory	127	127
Glossary of abbreviations and acronyms	Mandatory	v	v
List of requirements	Mandatory	120	120
Details of contact officer	Mandatory	vii	vii
Entity's website address	Mandatory	vii	vii
Electronic address of report	Mandatory	vii	vii
<b>Review by accountable authority</b>			
A review by the accountable authority of the entity	Mandatory	11	33
<b>Overview of the entity</b>			
A description of the role and functions of the entity	Mandatory	16	39
A description of the organisational structure of the entity	Mandatory	57	60
A description of the outcomes and Programs administered by the entity	Mandatory	19	42
A description of the purposes of the entity as included in the corporate plan	Mandatory	16	39
Name of the accountable authority or each member of the accountable authority	Mandatory	16	39
Position title of the accountable authority of each member of the accountable authority	Mandatory	16	39

Appendix E: List of Requirements

<b>Description</b>	<b>Requirement</b>	<b>AASB Page</b>	<b>AUASB Page</b>
Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	58	61
Where outcome and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	If applicable, Mandatory	100	100
<b>Report on the performance of the entity</b>			
<b>Annual performance statements</b>			
Annual performance statement in accordance with program 39(1)(b) of the Act and section 16F of the Rule	Mandatory	16	39
<b>Report on financial performance</b>			
A discussion and analysis of the entity's financial performance	Mandatory	15	37
A table summarising the total resources and total payments of the entity	Mandatory	118	119
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results	If applicable, Mandatory	15	37
<b>Management and accountability</b>			
<b>Corporate governance</b>			
Information on compliance with section 10 (fraud systems)	Mandatory	64	64
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	64	64
A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	64	64

Australian Accounting Standards Board and Auditing and Assurance Standards Board Annual Reports 2020-21

<b>Description</b>	<b>Requirement</b>	<b>AASB Page</b>	<b>AUASB Page</b>
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	64	64
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	64	64
A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance	If applicable, Mandatory	n/a	n/a
<b>Audit Committee</b>			
A direct electronic address of the charter determining the functions of the entity's audit committee	Mandatory	64	64
The name of each member of the entity's audit committee	Mandatory	63	63
The qualifications, knowledge, skills or experience of each member of the entity's audit committee	Mandatory	63	63
Information about the attendance of each member of the entity's audit committee at committee meetings	Mandatory	63	63
The remuneration of each member of the entity's audit committee	Mandatory	63	63
<b>External scrutiny</b>			
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	113	113
Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, Mandatory	n/a	n/a
Information on any reports on operations of the entity by the Auditor-General, (other than report under section 43 of the Act), a Parliamentary Committee or the Commonwealth Ombudsman	If applicable, Mandatory	n/a	n/a
Information on any capability reviews on the entity that were released during the period	If applicable, Mandatory	n/a	n/a
<b>Management of human resources</b>			
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	66	67

Appendix E: List of Requirements

Description	Requirement	AASB Page	AUASB Page
<p>Statistics on the entity's employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> <li>• statistics on full-time employees</li> <li>• statistics on part-time employees</li> <li>• statistics on gender</li> <li>• statistics on staff location</li> </ul>	Mandatory	66	67
<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> <li>• statistics on staffing classification level</li> <li>• statistics on full-time employees</li> <li>• statistics on part-time employees</li> <li>• statistics on gender</li> <li>• statistics on staff location</li> <li>• statistics on employees who identify as Indigenous.</li> </ul>	Mandatory	66	67
<p>Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>.</p>	Mandatory	66	67
<p>Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c)</p>	Mandatory	66	67
<p>The salary ranges available for APS employees by classification level</p>	Mandatory	66	67
<p>A description of non-salary benefits provided to employees</p>	Mandatory	69	69
<p>Information on the number of employees at each classification level who received performance pay</p>	If applicable, Mandatory	n/a	n/a
<p>Information on aggregate amounts of performance pay at each classification level</p>	If applicable, Mandatory	n/a	n/a
<p>Information on the average amount of performance payment, and range of such payments, at each classification level</p>	If applicable, Mandatory	n/a	n/a
<p>Information on aggregate amount of performance payments</p>	If applicable, Mandatory	n/a	n/a
<b>Assets management</b>			
<p>An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities</p>	If applicable, mandatory	n/a	n/a

Description	Requirement	AASB Page	AUASB Page
<b>Purchasing</b>			
An assessment of entity performance against the <i>Commonwealth Procurement Rules</i>	Mandatory	113	113
<b>Consultants</b>			
A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	113	113
A statement that “ <i>During 2020-21, [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]</i> ”.	Mandatory	113	113
A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	113	113
A statement that “ <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website</i> ”.	Mandatory	113	113
A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	114	114
A statement that “ <i>Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website</i> ”	Mandatory	114	114

Appendix E: List of Requirements

Description	Requirement	AASB Page	AUASB Page
Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory	114	114
<b>Australian National Audit Office Access Clauses</b>			
If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	n/a	n/a
<b>Exempt contracts</b>			
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	113	113
<b>Small business</b>			
A statement that <i>"AASB-AUSB supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website"</i>	Mandatory	113	113
An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	113	113
If the entity is considered by the Department administered by the Finance Minister as material in nature – a statement that <i>AASB recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."</i>	If applicable, Mandatory	n/a	n/a
<b>Financial statements</b>			
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory	71	71

Description	Requirement	AASB Page	AUASB Page
<b>Executive Remuneration</b>			
Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule	Mandatory	95	96
<b>Other mandatory information</b>			
If the entity conducted advertising campaigns, a statement that <i>“During 2020-21, the AASB conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available on [entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”</i>	If applicable, Mandatory	n/a	n/a
If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, Mandatory	115	115
A statement that <i>“Information on grants awarded to AASB during 2020-21 is available at [entity’s website]</i>	If applicable, Mandatory	n/a	n/a
Outline of mechanisms of disability reporting including reference to website for further information	Mandatory	116	116
Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	116	116
Correction of material errors in previous annual report	If applicable, Mandatory	n/a	n/a
Information required by other legislation	Mandatory	113	113

# APPENDIX F

## INDEX

### A

AASB Chair's review, 11

AASB Performance Statement, 16

AUASB Chair's review, 33

Audit committee, 63

*Australian Securities and Investments Commission Act 2001 (ASIC Act)*, 69, 110

### C

Cash flow, 80

Contact details, vii

### F

Financial Reporting Council (FRC), 57, 60, 61

### G

Governance arrangements, 63

Guidance, 110

### I

Independent Auditor's Reports, 72

Information publication scheme, 116

International accounting standards (IASs), 58

International Auditing Standards (ISAs), 60

### M

Membership, 58, 61

### N

New Zealand Auditing and Assurance Standards Board (NZAuSB), 61