

Auditing and Assurance Standards Board

Annual Report 2009-10

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LETTER OF TRANSMITTAL

4 October 2010

The Honourable Wayne Swan, MP
Deputy Prime Minister and Treasurer
Parliament House
Canberra ACT 2600

Dear Deputy Prime Minister

I have pleasure in presenting the annual report of the Auditing and Assurance Standards Board (AUASB) and the Office of the Auditing and Assurance Standards Board for the year ended 30 June 2010.

The report has been prepared in accordance with Part 12 Division 3 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act) and the *Financial Management and Accountability Act 1997* (FMA Act).

Section 236DG of the ASIC Act requires me to prepare a report of the operations of the AUASB and the Office of the AUASB during the year, and on the achievement of the objects of Part 12 of the ASIC Act relating to auditing standards. The report is required to be tabled in each House of the Parliament as soon as practicable.

Yours sincerely



Merran Kelsall
Chairman, Auditing and Assurance Standards Board
CEO, Office of the Auditing and Assurance Standards Board

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ABBREVIATIONS

The following abbreviations are used throughout this report:

AASB	Australian Accounting Standards Board
AICD	Australian Institute of Company Directors
ANAO	Australian National Audit Office
APRA	Australian Prudential Regulation Authority
ASA	Australian Auditing Standard
ASAE	Australian Standard on Assurance Engagements
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
ASRE	Australian Standard on Review Engagements
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AUASB	Auditing and Assurance Standards Board
AuASB	Auditing and Assurance Standards Board (to 30 June 2004)
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CDS	Commonwealth Disability Strategy
CLERP 9 Act	<i>Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004</i>
CPAA	CPA Australia
EC	European Commission
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FMO	Finance Minister's Orders
FRC	Financial Reporting Council
FRLI	Federal Register of Legislative Instruments
GST	Goods and Services Tax
IAASB	International Auditing and Assurance Standards Board
ICAA	The Institute of Chartered Accountants in Australia

ABBREVIATIONS (CONTINUED)

IFIAR	International Forum of Independent Audit Regulators
IOSCO	International Organization of Securities Commission
ISA	International Standard on Auditing
ISQC	International Standard on Quality Control
NGER Act	<i>National Greenhouse and Energy Reporting Act 2007</i>
NIA	National Institute of Accountants
NSS	National Standard Setters
OBPR	Office of Best Practice Regulation
OHSC	Occupational Health and Safety Committee
PCAOB	Public Company Accounting Oversight Board – United States
PSA	<i>Public Service Act 1999</i>
PSB	Professional Standards Board – New Zealand
RIS	Regulation Impact Statement
SBR	Standard Business Reporting
SMEs	Small and Medium Enterprises
TTAASAG	Trans-Tasman Accounting and Auditing Standards Advisory Group
WASB	Water Accounting Standards Board
XBRL	Extensible Business Reporting Language

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CHAIRMAN'S REVIEW

INTRODUCTION



This has been a year of achievement, completion and consolidation for the Auditing and Assurance Standards Board (AUASB).

The AUASB completed its three-year *Clarity* project, issuing 43 revised and redrafted standards in *Clarity* format; which constitutes the most significant change in auditing in Australia since the introduction of legally enforceable auditing standards in 2006. The new standards strengthen Australia's auditing and assurance framework and contribute to the integrity of financial systems, providing a solid basis for public confidence and stability in capital markets.

Beyond the *Clarity* project, the AUASB issued other standards, guidance and bulletins to assist audit and assurance practitioners in performing audit and assurance engagements. Notably, a new standard was issued to assist service auditors reporting on controls at a service organisation, the guidance statement on bank confirmations was significantly revised and re-issued and a number of other guidance statements were updated to align them with the *Clarity* standards.

In May 2010, the AUASB was honoured to host a visit by the Chairman of the International Auditing and Assurance Standards Board (IAASB), Professor Arnold Schilder, enhancing our already close relationship with the IAASB. During presentations to the AUASB, and other stakeholders, Professor Schilder provided valuable insights into the key issues facing the IAASB, its current priorities, future directions and the broader challenges facing the auditing profession.

In June 2010, the AUASB Executive Director, Richard Mifsud and I attended the National Standard Setters Meeting in Dublin, where delegates from 15 nations met to discuss international audit and assurance standard-setting issues. Attendance at this key global forum ensures that Australia remains at the forefront of important developments in auditing and assurance practice at the international level and has an opportunity to influence the IAASB strategic agenda .

FORMULATE AND MAINTAIN PRONOUNCEMENTS

Completion of the *Clarity* project

A major part of the work conducted by the AUASB during 2009-10 was the completion of the project to revise and redraft the entire suite of Australian Auditing Standards (ASAs) in *Clarity* format. Redrafting was completed in October 2009 and the *Clarity* ASAs became operative for engagements with reporting periods commencing on or after 1 January 2010.

The *Clarity* standards are written in a form that is clear and comprehensive, making it easier for auditors to understand and apply the standards. The Standards contain application clauses that clarify how they are to be applied. They are formatted to clearly separate legal requirements from explanatory material and to reduce duplication between standards. Additional guidance has been provided in some key areas, such as audit reporting. These changes are expected to contribute to an improvement in the quality of audit.

The Australian *Clarity* standards conform with the equivalent International Standards on Auditing (ISAs) issued by the IAASB, thereby promoting the consistent application of auditing standards globally.

The 43 *Clarity* standards, comprise:

- 38 standards that correspond with equivalent ISAs and International Standard on Quality Control (ISQC) 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*;
- one revised and three new standards that are unique to the Australian legislative and operating environment; and
- one redrafted standard on review engagements.

Around half of the 43 standards were significantly revised, while the remainder required redrafting in *Clarity* format only.

There are 40 *Clarity* standards that were made under section 336 of the *Corporations Act 2001* that are legally enforceable. The two standards that are not legally enforceable under the *Corporations Act*, but are nonetheless enforceable under professional codes of conduct, are:

- ASA 805 *Audits of Single Financial Statements*
- ASA 810 *Summary Financial Statements*

Consistent with the strategic direction from the Financial Reporting Council (FRC), the AUASB has, wherever possible, used the ISAs as the underlying standards for the Australian Auditing Standards, and in doing so, seeks to maintain conformity of its standards with those of the IAASB. Compliance with the AUASB's *Clarity* standards enables compliance with the equivalent ISA, where one exists.

It should be noted that, although we now have the *Clarity* standards, the pre-existing set of 35 legally enforceable Australian Auditing Standards remains in force and operative for engagements with reporting periods commencing prior to 1 January 2010.

Clarity implementation

The AUASB has undertaken considerable work to assist with the implementation of the *Clarity* standards, including participation in 11 public information sessions across Australia and the publication of an overview of key changes made to the standards.

The AUASB, together with the professional accounting bodies in Australia and ASIC, presented free public information sessions on the standards in Melbourne and Sydney in December 2009 and in Melbourne, Sydney, Adelaide, Brisbane, Perth, Canberra and Hobart in March 2010. The AUASB also participated in online information sessions with the professional bodies in May and June 2010. Feedback on all the information sessions was excellent.

Assurance and Guidance

The AUASB's work during the year included the release of new standards on assurance engagements, standards on review engagements and guidance statements to address specific industry and regulatory requirements. Additionally, the AUASB revised existing auditing and assurance pronouncements.

New standards were issued on :

- assurance reports on controls at a service organisation
- the review of a financial report for companies limited by guarantee, which permits certain companies limited by guarantee to elect to have their financial report reviewed, rather than audited. These changes will reduce the regulatory burden on small companies limited by guarantee.

New guidance was issued on :

- concise financial reports under the *Corporations Act 2001*
- the electronic publication of the Auditor's Report
- the Auditor's Report on a Remuneration Report Under Section 300A of the *Corporations Act 2001*
- special considerations in the audit of compliance plans of Managed Investment Schemes
- auditing mortgage schemes which are regulated by ASIC
- the audit implications of accounting for investments in associates
- the enquiry and confirmation methods for obtaining audit evidence regarding an entity's bank accounts and transactions, including revised bank confirmation request forms
- the prudential reporting requirements for auditors of a life company reporting in accordance with prudential reporting requirements specified by APRA

A new Bulletin was issued on:

- the upcoming introduction of Standard Business Reporting and the use of eXtensible Business Reporting Language (XBRL) in Australia and the potential implications for audit practitioners

A revised Framework was issued:

- for Assurance Engagements in April 2010, which defines and describes the elements and objectives of an assurance engagement and identifies engagements to which the AUASB Standards apply

The AUASB also completed the revision of other auditing and assurance standards and guidance statements based on amendments to regulations and accounting standards, changes to related ASAs, legal and international developments and changes in best practice.

Compliance

The AUASB undertook considerable work to ensure it complied with the Australian Government's Best Practice Regulation requirements, administered through the Office of Best Practice Regulation (OBPR).

CONTRIBUTIONS TO AND INFLUENCE OF INTERNATIONAL STANDARD SETTING

Visit by IAASB Chairman

The visit to Australia by the Chairman of the IAASB, Professor Arnold Schilder, in May 2010, provided an opportunity to reaffirm the AUASB's close ties with the IAASB. Professor Schilder addressed the AUASB and its staff, providing current information and insight into the international Board's agenda and work program. Professor Schilder presented at a number of other public and professional engagements on audit quality, innovation in auditing practice and the importance of audit in the wider community.

Submissions to the IAASB

The AUASB actively monitors IAASB activities and provides submissions on IAASB exposure drafts and requests for comments. Submissions were made on the following key issues:

- complex financial instruments
- assurance on a Greenhouse Gas Statement
- the use of the *Clarity* ISAs in Australia (ISA Implementation) Monitoring project
- IAASB strategy and work plan 2012-2014

Appointments to international taskforces

The following AUASB members have continued to participate as members of IAASB taskforces, which are working to revise IAASB standards:

- Ms D Azoor Hughes - Review Engagements and Compilation Engagements projects
- Mr D Simmonds - Pro Forma Information project

COMMUNICATE AND CONSULT WITH CONSTITUENTS

Speaking engagements

Senior AUASB staff members and I participated in various speaking engagements during the year, focusing on the implications of the auditing and assurance standards for the profession and the current and future direction of the AUASB. These engagements included CPA Australia's 'CPA Week', ICAA Audit Conference, the ICAA Business Forum, the NIA Public Practice Symposium, , the audit conferences of various audit firms and visiting international delegations hosted by CPA Australia.

I participated in two well-attended panel discussions, hosted by the Australian Institute of Company Directors in Melbourne and Hobart, on how directors can obtain a quality audit, along with representatives from ASIC, the professional accounting bodies, company directors and practitioners.

Consultative meeting

The annual Consultative Meeting with stakeholders was very successful in gaining valuable input from constituents on the AUASB's initiatives. The Consultative Meeting for 2009 was held in Melbourne on 7 December 2009 and the next meeting is scheduled for 30 November 2010.

Submissions

Submissions were made to various external organisations on matters of relevance to audit and assurance. These included responses to the following:

- the Australian Professional and Ethical Standards Board (APESB) on the proposed revision of the Code of Ethics for Professional Accountants
- the Australian Treasury on revised draft amendments to the *Corporations Act 2001*. Two submissions were made: one addressing proposed changes to reporting requirements for small companies limited by guarantee and the other addressing requirements for solicitors representation letters
- NSW Fair Trading on the proposed Co-operatives National Law
- the Productivity Commission on the Annual Review of Regulatory Burdens on Business [Business and Consumer Services]

Newsletter

The AUASB e-newsletter, *Independence*, is published regularly, advising constituents of the many AUASB activities that occur outside Board meetings. The *Meeting Highlights* reports the outcomes of each Board meeting. The *International Update* is published monthly and summarises the significant news and activities of various standard-setting bodies during the month.

Meetings with journalists

During the year, a number of media releases were distributed and interviews were conducted with journalists, resulting in positive media coverage of the AUASB and its activities.

THOUGHT LEADERSHIP AND RESPONDING TO EMERGING ISSUES

Audit quality

In March 2010, the Australian Treasury released a discussion paper, *Audit Quality in Australia – A Strategic Review*. That paper concluded that Australia's audit regime compares well in terms of international best practice and that its financial reporting system and audit regulation is both robust and stable. The paper raises a number of important audit-related issues and calls for comment from stakeholders. The AUASB responded to the discussion paper in June 2010.

Clearly there is widespread public interest in audit quality and the broadening debate is welcomed by the AUASB. Given the events of the global financial crisis, and the increasing uncertainty and complexity of financial reporting, high quality, independent auditing is more important than ever to the integrity of Australia's financial system and, therefore, to the Australian economy.

Future of audit research

In 2009, the Australian National Centre for Audit and Assurance Research (at the Australian National University), published a major research project report, *Future of Audit – Keeping Capital Markets Efficient*. The report makes observations that might enhance and support the efficiency of the capital market through the information provided by auditors.

The AUASB has considered the specific recommendations and, to the extent that the AUASB is identified as an interested stakeholder, the AUASB is formulating its position on the suggestions made, which will result in some additions to the AUASB work program.

Emerging issues

The AUASB staff and I liaised with relevant regulatory bodies during the year on various matters, including:

- the Department of Climate Change, regarding assurance on sustainability matters relating to National Greenhouse and Energy Reporting Scheme reports and audit requirements
- Treasury, regarding the Standard Business Reporting program, Audit Quality paper and Corporate Reporting Reform program
- APRA regarding audit requirements of various prudential standards for APRA-regulated entities
- ASIC in relation to its audit inspection regime and audit requirements of the *Corporations Act 2001* and various regulatory guides.

Water Accounting Standards Board

The Water Accounting Standards Board (WASB), an independent advisory board to the Australian Government's Bureau of Meteorology, is working with the water industry to develop consistent standards for water accounting. During the year, the AUASB engaged with the WASB to consider the next stage in the evolution of water accounting in Australia, namely, the need for an assurance standard for water accounting. The AUASB and WASB agreed to work jointly on the development of an assurance standard for water accounting reports. This work will commence in 2010-11.

Climate change

The AUASB continued to liaise with the Australian Government's Department of Climate Change and Energy Efficiency (DCC) regarding the development of audit requirements for reports prepared under the *National Greenhouse and Energy Reporting Act* (NGER Act) 2007.

In December 2009, the *National Greenhouse and Energy Reporting (Audit) Determination 2009* and the *National Greenhouse and Energy Reporting Amendment Regulations 2009* were made, providing requirements for the conduct of greenhouse and energy audits and the registration of greenhouse and energy auditors respectively.

During and subsequent to the issue of the Determination and Regulations, the AUASB advised the DCC on the development of related guidance for auditors in conducting greenhouse and energy audits. This guidance was still in draft form as at 30 June 2010.

Standard Business Reporting

The AUASB issued a Bulletin to assist practitioners understand the implications of the use by clients of Standard Business Reporting (SBR) and XBRL on their audit and assurance practices. SBR, which uses XBRL as its underlying technology, became available for use on a voluntary basis from 1 July 2010, and may be used by some entities for financial reporting from that date. At this stage, there is no requirement for the auditor to provide assurance in the context of an audit or review of a financial report prepared using XBRL. However practitioners may be engaged to provide other non-audit services relating to the use of SBR and XBRL. Practitioners need to consider the ethical requirements, including independence requirements, when accepting engagements to provide non-audit services.

OUTLOOK

The AUASB will monitor the implementation of the *Clarity* standards, with a view to determining whether the new standards, with their revised format, are being understood and applied consistently by auditors, and providing auditors with the tools to perform their work efficiently and effectively in an ever changing and increasingly more complex market place. Feedback on implementation will be shared with the IAASB.

The AUASB will continue to assist with the implementation of the *Clarity* standards by participating in presentations at seminars and conferences to be conducted by the major accounting bodies and publishing articles in relevant professional journals.

The AUASB will also continue to monitor any audit implications arising internationally and locally from the global financial crisis, with a view to preparing new guidance if appropriate. In 2010-11, the AUASB will:

- issue guidance material to update and supplement information contained in AUASB Bulletin *Auditing Considerations in an Uncertain Economic Environment* (issued April 2009) and joint AUASB/AICD publication *Going Concern Issues in Financial Reporting* (issued June 2009), both of which were issued prior to the introduction of the *Clarity* standards
- issue a new guidance statement on auditing complex financial instruments. This guidance statement will replace AGS 1030 *Auditing Derivative Financial Instruments* (October 1995) and will be issued in conformity with the revised International Auditing Practice Statement IAPS 1012 *Auditing Complex Financial Instruments*, which is currently being developed by the IAASB.

The AUASB will monitor the AASB Reduced Disclosure Regime project to determine the potential impact on audit practice. The proposed new accounting standards are expected to significantly reduce the disclosure burden of many entities preparing

general purpose financial reports in Australia and, consequently, there are likely to be direct impacts on the audit of certain entities.

The AUASB will also continue to issue new and revised auditing standards and guidance statements, which provide industry and situation guidance.

Other major projects in progress, or to be undertaken in the coming year, include:

Assurance standards on:

- proposed fundraisings
- comfort letter engagements
- greenhouse gas emissions
- water accounting reports
- effectiveness of control procedures

Guidance statements on:

- engagements to perform agreed-upon assurance procedures to report factual findings
- application of auditing standards to smaller entities
- engagements relating to the use of grant funds

The AUASB will also continue to liaise with the Department of Climate Change regarding assurance on sustainability matters relating to National Greenhouse and Energy Reporting Scheme reports.

Emerging issues will be monitored and responded to in a timely manner, including professional scepticism, quality of audit and the possibility of continuous audit.

During the year, I participated in meetings of the Trans-Tasman Accounting and Auditing Standards Advisory Group (TTAASAG), which brings together governmental and other stakeholders to work towards harmonisation of requirements and structures between Australia and New Zealand.

The AUASB looks forward to working even more closely with the New Zealand Professional Standards Board once structural changes for audit oversight, regulation and standard-setting have been made in New Zealand by 1 July 2011.

ACKNOWLEDGEMENTS

I would like to thank the members of the AUASB for their considerable contributions over the past year. I especially would like to thank Mr Clive Mottershead, who resigned on 31 March 2010, after serving for more than five years as a Board member.

Ms Dianne Azoor Hughes and Mr Clive Mottershead were re-appointed as members of the AUASB following expiration of their previous terms.

Particular thanks go to the FRC and its Chairman, Mr Jeffrey Lucy AM, for providing strategic oversight and support of AUASB activities.

I would like to thank Ms Caithlin Mc Cabe, member of IAASB, for continuing to update us on international activities and sourcing the views of the AUASB.

My thanks also go to our constituents, who respond to exposure drafts and make time to participate in consultative meetings and project advisory groups.

I would also like to express my appreciation to Richard Mifsud, Executive Director, and to the staff of the Office of the AUASB, which comprised Susan Fraser, Claire Grayston, Alan Marrone, Marina Michaelides, Ruth Oliquino, Howard Pratt, Christine Purtell and Patricia Wales, for their work in supporting the AUASB. Thanks are also extended to Michelle Frenkel, Litsa Pillios and the administrative staff of the AASB for administrative support services provided to the AUASB over the past year.



Merran H Kelsall
Chairman
4 October 2010

AUASB Overview



AUASB OVERVIEW

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; and
- (e) to advance and promote the main objects of Part 12 of the ASIC Act. [Section 224 (a)(a) 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:

- 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*; and
- 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).

MISSION OF THE AUASB

The mission of the AUASB is to develop, in the public interest, high-quality auditing and assurance standards and related guidance, as a means to enhance the relevance, reliability and timeliness of information provided to users of audit and assurance services.

Sound public-interest oriented auditing and assurance standards are necessary to reinforce the credibility of the auditing process for those who use audited financial information.

The AUASB contributes to public confidence in the financial reporting and corporate governance frameworks by issuing auditing standards, which are legally enforceable for audits and reviews of financial reports required under the *Corporations Act 2001*, other auditing and assurance pronouncements and related guidance.

The role of the AUASB also extends to liaison with other standard setters and participating in standard setting initiatives to develop a single set of auditing standards for worldwide use. Such involvement seeks to contribute ultimately to the quality of AUASB pronouncements.

PORTFOLIO OUTCOME AND OUTPUT STRUCTURE

AUASB Chairman: Merran Kelsall

Outcome 1: 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.

The key strategies to achieve Outcome 1 are:

- making auditing standards under section 336 of the *Corporations Act 2001* for use by Australian auditors who are undertaking audit engagements for the purpose of Corporations legislation, including facilitating and monitoring the implementation of the revised *Clarity* Australian Auditing standards;
- formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing and assurance engagements for purposes other than the purposes of the Corporations legislation;
- providing Australian participation in, and contribution to, the development of a single set of auditing standards for worldwide use ; and
- the AUASB continuing its role in the development of auditing and assurance standards guidance, identifying emerging auditing and assurance issues and contributing to and influencing the development of international auditing standards.

REPORT ON PERFORMANCE

This section outlines the outputs of the Board during 2009-10, as well as the progress made on the 2009-10 Work Program.

The AUASB operations are based on a three-year Corporate Plan and an Annual Business Plan. Outcomes against the business plan and work program are monitored monthly.

The Office of the AUASB had no significant changes in financial results from the previous year, or from the budgeted financial statements for the financial year as set out in the Portfolio Budget Statement/Portfolio Additional Estimate Statement.

Agency Resource Statement

	Actual Available Appropriations \$	Payments Made \$	Balance Remaining \$
Ordinary annual services			
Departmental			
Prior year departmental appropriation	930,108	-	930,108
Departmental appropriation	1,115,000	1,120,174	(5,174)
Section 31 relevant agency receipts	749,095	595,087	154,008
Total ordinary annual services	2,794,203	1,715,261	1,078,942
Departmental non-operating			
Equity injection	-	-	-
Total other services	-	-	-
Special accounts			
Opening balance	-	-	-
Appropriation receipts	594,000	594,000	-
Total special accounts	594,000	594,000	-
Total resourcing and payments	3,388,203	2,309,261	1,078,942

Agency Summary Resource Table by Outcomes

Office of the AUASB: Resources for outcomes 2009-10

	Budget \$	Actual Expenses \$	Variation \$
Outcome 1:			
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			
Output Group 1.1:			
AUASB			
Departmental expenses			
Ordinary annual services (Appropriation Bill No. 1)	1,115,000	1,115,000	-
Revenues from independent sources (section 31)	596,000	595,087	913
Special accounts	594,000	594,000	-
Expenses not requiring appropriation	17,000	19,000	(2,000)
Less revenue to be carried forward	159,000	187,470	(28,470)
Total for Outcome 1	2,163,000	2,135,617	27,383

OUTPUTS

Output Groups	2009-10 Target	Output to 30 June 2010
Formulate and maintain auditing standards that are legally enforceable under Section 336 of the <i>Corporations Act 2001</i>	Develop a set of revised and redrafted ASAs using <i>Clarity</i> versions of ISAs as the underlying standards	<p>In October 2009, the AUASB released 39 revised and redrafted auditing standards in <i>Clarity</i> format, applicable for reporting periods commencing on or after 1 January 2010 (refer Appendix B for detailed listing of ASAs issued)</p> <p>The suite of new standards included Auditing Standard ASQC 1 <i>Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements</i></p> <p>Revised versions of the following framework pronouncements, applicable to the <i>Clarity</i> standards, were also released:</p> <ul style="list-style-type: none"> • <i>Foreword to AUASB Pronouncements</i> • <i>AUASB Glossary</i> • <i>Framework for Assurance Engagements</i>

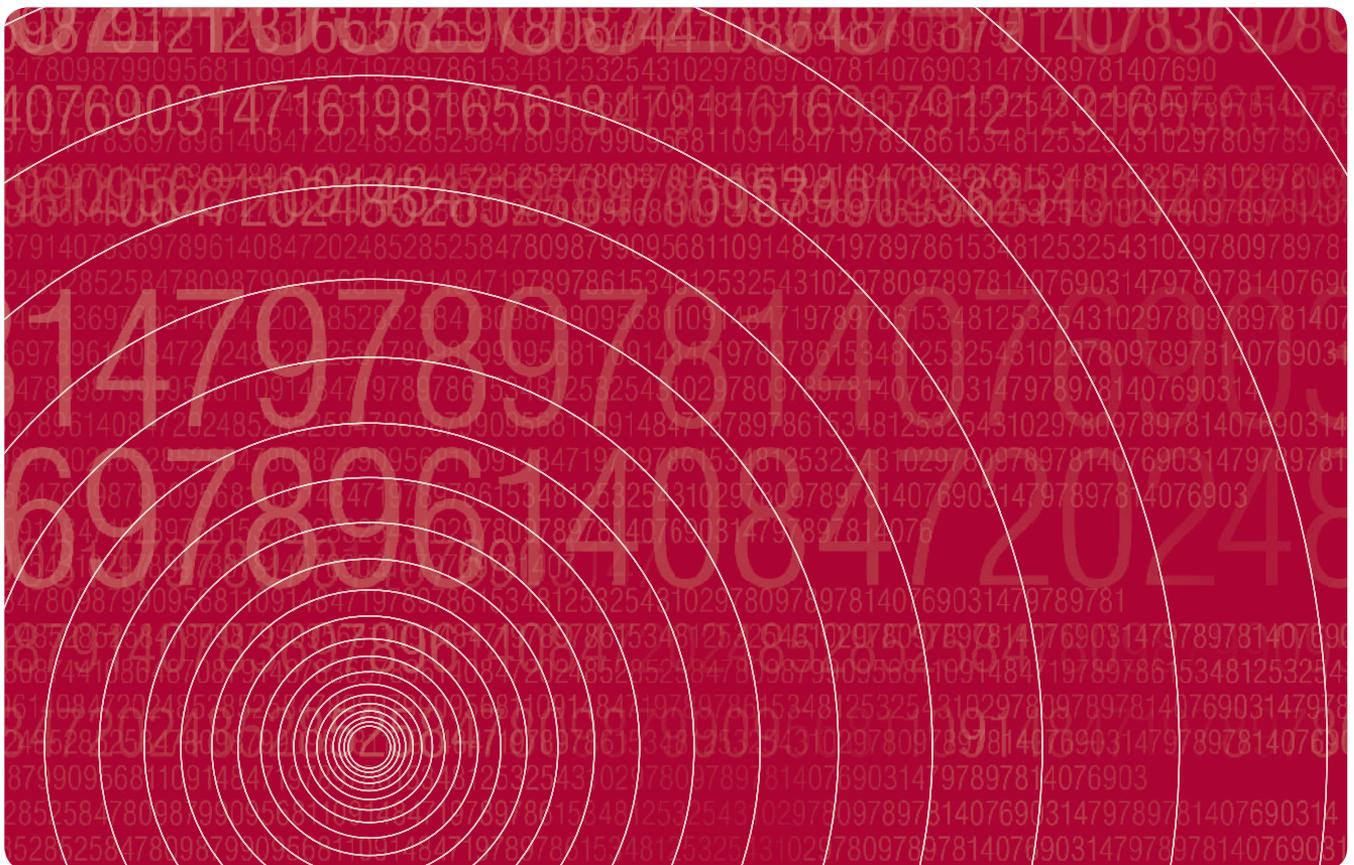
Output Groups	2009-10 Target	Output to 30 June 2010
Formulate and maintain other auditing and assurance standards and related guidance for purposes other than the purposes of the Corporations legislation	Issue revised auditing standards	<p>ASA 805 <i>Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i> (issued October 2009)</p> <p>ASA 810 <i>Engagements to Report on Summary Financial Statements</i> (issued October 2009)</p>
	Issue new standard on assurance engagements	<p>ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i>, operative for reporting periods commencing on or after 1 July 2010 (issued June 2010). The proposed standard was issued as an exposure draft on 21 April 2010 for public comment.</p> <p>Other projects in progress include:</p> <ul style="list-style-type: none"> • agreed-upon assurance procedures • fundraising and prospective information • internal controls • privity letters/ comfort letters
	Issue new standard on review engagements	<p>ASRE 2415 <i>Review of a Financial Report – Company Limited by Guarantee</i> ; operative for reporting periods ending on or after 30 June 2010 (issued June 2010). The proposed standard was issued as an exposure draft on 28 May 2010 for public comment.</p>
	Issue new and revised guidance statements on auditing and assurance matters	<p>New or revised guidance statements were issued on the following:</p> <ul style="list-style-type: none"> • concise financial reports under the <i>Corporations Act 2001</i> • electronic publication of the auditor's report • the auditor's report on a remuneration report under section 300A of the <i>Corporations Act 2001</i> • special considerations in the audit of compliance plans of managed investment schemes • auditing mortgage schemes • audit implications of accounting for investments in associates • bank confirmation requests • prudential reporting requirements for auditors of a life company

Output Groups	2009-10 Target	Output to 30 June 2010
Contribute to and influence the development of international auditing standards	Attend annual NSS meeting and selected IAASB meetings	The Chairman and Executive Director participated in the NSS meeting in June 2010
	International projects	AUASB members have been appointed to IAASB task forces on: <ul style="list-style-type: none"> • pro-forma information • review engagements and compilation engagements
	Monitor other IAASB projects	Updates on these projects were provided at all AUASB meetings IAASB agendas and outcomes were closely monitored during the year, including updates and discussions with IAASB member Ms C Mc Cabe The Chairman attended the March 2010 IAASB meeting as an observer
	Provide comment on IAASB exposure drafts	Prof. Arnold Schilder, IAASB Chairman, attended AUASB meeting in May 2010 to discuss IAASB agenda and work program
Liaise and engage with other national standard setters	Provide comment on IAASB exposure drafts	Formal submissions made on all IAASB exposure drafts, including: <ul style="list-style-type: none"> • complex financial instruments • assurance on a Greenhouse Gas statement • the use of <i>Clarity</i> ISAs in Australia • IAASB strategy and work plan 2012-2014
	Liaise and engage with other national standard setters	Ongoing liaison with other national auditing standards setters, including those from France, Germany, Canada, New Zealand, the USA and UK. International developments monitored and reported to the AUASB at each meeting

Output Groups	2009-10 Target	Output to 30 June 2010
	Participate in TTAASAG meetings	All TTAASAG meetings attended by the Chairman and opportunities explored for working towards closer co-operation between the PSB and the AUASB
	Track international developments on audit and assurance matters	The AUASB monitored international developments from the IAASB, other national standard setters and other international regulatory bodies including IOSCO, IRIAR, EC and the PCAOB The AUASB Chairman met with a Board member and staff of the US PCAOB in March An International Update on key developments, including IAASB matters, was provided to AUASB at all Board meetings and was published on the AUASB website
	Address public interest issues	Key issues of public interest were addressed including: <ul style="list-style-type: none"> • audit quality • SBR • NGER • water reporting
Communicate and consult with constituents	Publish the AUASB e-newsletter <i>Independence</i> Improve communication and consultation plans, including the stakeholder consultation meetings Liaise and engage with Australian regulatory bodies, professional bodies and other organisations Present at conferences and discussion groups on topics relating to the AUASB activities Conduct briefings to promote better understanding of AUASB standards and guidance Maintain the AUASB website Issue media releases Issue Bulletins on emerging issues Develop articles for publication in professional journals	The AUASB e-newsletter is published every six months Issues raised at the annual AUASB Consultative meeting, held December 2009, have been addressed in the 2010-11 Business Plan Attendance at meetings with stakeholders and other liaison specific to issue of legally enforceable standards The Chairman participated in meetings of the ASIC Standing Chairs Committee on Accounting and Auditing Presentations by the Chairman, Executive Director and senior staff members, at conferences held by the professional accounting bodies and various constituents Presentations at joint information sessions nationwide, with the professional accounting bodies and ASIC, on the <i>Clarity</i> standards The AUASB website is updated regularly Media releases were issued for new standards and guidance Bulletin on SBR and XBRL (issued June 2010) An article on the <i>Clarity</i> standards was written for CPA Australia's <i>In The Black</i>

Output Groups	2009-10 Target	Output to 30 June 2010
Thought leadership and responding to emerging issues	<p>Identify and respond on a timely basis to significant auditing and assurance issues of public interest</p> <p>Promote thought leadership, including research on emerging issues relevant to the AUASB</p> <p>Participate in the early stages of development of legislation to better define audit requirements</p> <p>Work with regulators in developing regulations, legislation and regulatory guides</p> <p>Identify and respond to issues relevant to specific industry groups</p>	<p>Public interest issues prioritised and addressed promptly</p> <p>Emerging issues relevant to the AUASB researched internally and addressed on a timely basis</p> <p>Assisted and provided technical advice to regulators and other standard-setters including:</p> <ul style="list-style-type: none"> • DCC on audit requirements under the National Greenhouse and Energy Reporting Scheme • WASB • APRA • a Treasury roundtable on Corporate Law Reform <p>Worked with:</p> <ul style="list-style-type: none"> • DCC, on audit requirements under the NGERS • WASB • APRA <p>Regular meetings with APRA and ASIC and periodic meetings with Treasury and other constituents on relevant auditing and assurance matters</p> <p>Made a submission to Treasury on the discussion paper <i>Audit Quality in Australia—A Strategic Review</i></p>

Management and Accountability



MANAGEMENT AND ACCOUNTABILITY

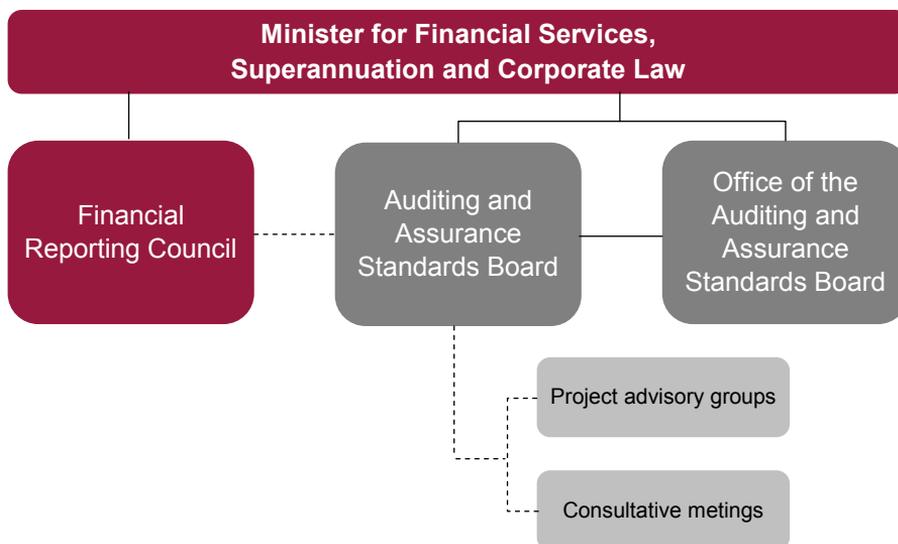
CORPORATE GOVERNANCE

The corporate governance practices of the AUASB and the Office of 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 Office of the AUASB periodically considers a range of issues, including:

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

ORGANISATIONAL STRUCTURE



The Chairman is appointed by the Minister for Financial Services, Superannuation and Corporate Law, while other Board members are appointed by the FRC.

Appointments may be made for a period of up to five years and retiring members are eligible for reappointment.

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

Minister for Financial Services, Superannuation and Corporate Law

The Minister for Financial Services, Superannuation and Corporate Law appoints the Chairman of the Auditing and Assurance Standards Board (AUASB). The Chairman 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 for Financial Services, Superannuation and Corporate Law, 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.

Auditing and Assurance Standards Board

The AUASB is an agency of the Australian Government 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 Chairman of the AUASB reports to the Minister for Financial Services, Superannuation and Corporate Law regarding the organisation's operations.

Office of the AUASB

The Office of the AUASB provides technical support and administrative services, information and advice to the AUASB. Responsible to the Minister for Financial Services, Superannuation and Corporate Law for the financial management of the Office of the AUASB, the Chairman of the AUASB is also the Chief Executive Officer of the Office of the AUASB.

Membership

The AUASB comprises an independent part-time Chairman (appointed by the Minister for Financial Services, Superannuation and Corporate Law) and 12 part-time members (appointed by the FRC).

The members during 2009-10 were:

Merran Kelsall, Chairman

Initially appointed Chairman by the Federal Treasurer 10 August 2004 until 9 August 2007, Merran Kelsall was reappointed from 10 August 2007 until 9 August 2010, and again until 9 August 2013.

Ms Kelsall has a portfolio of independent directorships and considerable directorship, audit committee and corporate governance experience.

Members

Jon Tyers, Deputy Chairman

Initially appointed 1 January 2005 until 31 December 2007, Jon Tyers was reappointed until 31 December 2010.

Mr Tyers is the Deputy Chairman of the AUASB and is General Manager, Internal Audit at Perpetual Limited in the Risk Group – Internal Audit.

Dianne Azoor Hughes

Initially appointed 1 January 2005 until 31 December 2006, Dianne Azoor Hughes was reappointed until 31 December 2009, and then again until 31 December 2012.

Ms Azoor Hughes is a partner of Pitcher Partners.

Mike Blake

Initially appointed 1 January 2006 until 31 December 2008, Mike Blake was reappointed until 31 December 2011.

Mr Blake is the Auditor-General of Tasmania.

Valerie Clifford

Valerie Clifford was appointed from 1 January 2008 until 31 December 2010.

Ms Clifford is a partner of PricewaterhouseCoopers.

John Gavens

John Gavens was appointed from 1 January 2008 until 31 December 2010.

Mr Gavens is a partner of WHK Horwath.

Chris Hall

Initially appointed 1 January 2006 until 31 December 2008, Chris Hall was reappointed until 31 December 2011.

Mr Hall is a national managing partner of KPMG in Risk and Regulation.

Elizabeth Johnstone

Initially appointed from 1 January 2006 until 31 December 2008, Elizabeth Johnstone was reappointed until 31 December 2011.

Ms Johnstone is a consultant with Blake Dawson.

Dr Christine Jubb

Initially appointed from 1 January 2005 until 31 December 2007, Dr Christine Jubb was reappointed until 31 December 2010.

Dr Jubb is a Research Fellow in the Australian National Centre for Audit and Assurance Research at the Australian National University.

Clive Mottershead

Initially appointed from 12 August 2004 until 30 June 2005, Clive Mottershead was reappointed until 30 June 2007, again until 31 December 2009, and again until 31 December 2012.

Mr Mottershead resigned from the Board on 31 March 2010.

Colin Murphy

Colin Murphy was appointed from 1 January 2009 until 31 December 2011.

Mr Murphy is the Auditor-General for Western Australia.

Greg Pound

Greg Pound was appointed from 1 January 2006 until 31 December 2008 and reappointed until 31 December 2011.

Mr Pound is an independent consultant on auditing and financial reporting matters.

David Simmonds

David Simmonds was appointed from 1 January 2006 until 31 December 2008 and reappointed until 31 December 2011. Mr Simmonds is a partner of Ernst & Young.

AUDIT COMMITTEE

The AUASB Chairman, as Chief Executive of the Office of the AUASB, has established an audit committee, with the functions and responsibilities required by the Finance Minister's Orders, in compliance with section 46 of the FMA Act.

During 2009-10, the Audit Committee membership was:

- Mr Stuart Alford, Chairman

- Ms Sue Tait
- Mr Kevin Stevenson, Chairman and CEO of the AASB

During the financial year, the Audit Committee:

- reviewed the AUASB 2009-10 financial statements and recommended that they be adopted by the Chairman of the AUASB; and
- reviewed a report from the ANAO, which stated that there were no matters arising from the 2009-10 audit that should be brought to the attention of management or the Audit Committee.

FRAUD

The Office of the AUASB adopted a new Fraud Control Plan in July 2010. Currently, the Office of the AUASB has adequate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet its needs and comply with the Commonwealth Fraud Control Guidelines (including the reporting aspects of those guidelines).

ETHICS

The staff of the Office of the AUASB are employed under individual employment contracts.

The AUASB has established a Code of Conduct that provides a guidance framework and principles for all staff undertaking their responsibility to the Office of the AUASB and Government, which include:

- respect for people;
- integrity and diligence;
- economy and efficiency; and
- managing conflicts of interest.

EXTERNAL SCRUTINY

The AUASB accounting records and financial statements are audited each year by the ANAO.

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

MANAGEMENT OF HUMAN RESOURCES

As at 30 June 2010, the Office of the AUASB had six full-time and four part-time staff based in Melbourne (three males and seven females), comprising:

- 1 Chairman;
- 1 Executive Director;
- 7 Technical Group staff; and
- 1 Executive Assistant.

Certain support services are provided by the administration staff of the AASB.

The Chairman is employed pursuant to a contract for services with the AUASB, with her salary and other entitlements linked to salary scales and other entitlements determined by the Commonwealth Remuneration Tribunal.

The nature and amount of the remuneration of the Executive Director has been determined by the Chairman, having regard to comparable market levels of remuneration.

The salaries and other entitlements of employees of the Office of the AUASB are linked to comparable market levels of remuneration. Employees of the Office of the AUASB do not receive performance bonuses.

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

Staff members attend seminars and training programs as required on topics related to the technical, policy or administrative work of the AUASB.

The AUASB has the capacity to employ staff under the *Public Service Act 1999* (PSA) as well as under the ASIC Act.

PURCHASING

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

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

CONSULTANTS

During the 2009-10 financial year, the AUASB did not engage any consultants as defined by the FMA Act.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

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

COMMONWEALTH DISABILITY STRATEGY

The AUASB employs staff with specialist skills and experience relevant to the work of the Board. The AUASB does not discriminate on the basis of disability and its office premises are accessible to persons with a disability.

FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Financial Services, Superannuation and Corporate Law

Scope

I have audited the accompanying financial statements of the Office of the Auditing and Assurance Standards Board for the year ended 30 June 2010, which comprise: the Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Asset Additions and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Responsibility of the Chief Executive for the Financial Statements

The Office of the Auditing and Assurance Standards Board's Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office of the Auditing and Assurance Standards Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the Office of the Auditing and Assurance Standards Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Office of the Auditing and Assurance Standards Board's Chief Executive, as well as evaluating the overall presentation of the financial statements.

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

Independence

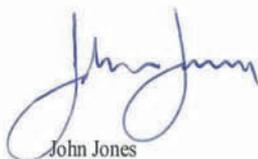
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Office of the Auditing and Assurance Standards Board:

- (a) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Office of the Auditing and Assurance Standards Board's financial position as at 30 June 2010 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Executive Director

Delegate of the Auditor-General

Canberra

9 September 2010

STATEMENT BY CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2010 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Merran Kelsall
Chief Executive Officer
8 September 2010



Litsa Pillios
Chief Financial Officer
8 September 2010

Statement of Comprehensive Income

for the period ended 30 June 2010

	Notes	2010 \$	2009 \$
EXPENSES			
Employee benefits	3A	1,351,363	1,302,360
Supplier expenses	3B	724,817	737,101
Depreciation and amortisation	3C	55,933	56,908
Finance costs	3D	3,505	3,324
Total expenses		2,135,618	2,099,693
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	364	5,273
Rental income	4B	28,723	27,395
Other revenue	4C	1,160,000	980,000
Total own-source revenue		1,189,087	1,012,668
GAINS			
Other gains	4D	19,000	17,500
Total gains		19,000	17,500
Total own-source income		1,208,087	1,030,168
Net cost of (contribution by) services		927,531	1,069,525
Revenue from Government	4E	1,115,000	1,119,000
Surplus attributable to the Australian Government		187,469	49,475
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		33,415	-
Actuarial gains/(losses) on defined benefit plans		24,000	(44,000)
Total other comprehensive income		57,415	(44,000)
Total comprehensive income		244,885	5,475
Total comprehensive income attributable to the Australian Government		244,885	5,475

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

Balance Sheet

as at 30 June 2010

	Notes	2010 \$	2009 \$
ASSETS			
Financial assets			
Cash and cash equivalents	5A	156,705	197,322
Trade and other receivables	5B	925,543	738,160
Total financial assets		1,082,248	935,482
Non-financial assets			
Property, plant and equipment	6A,C	300,105	318,440
Intangibles	6B,C	1,453	4,122
Other non-financial assets	6D	11,103	6,436
Total non-financial assets		312,661	328,998
Total assets		1,394,909	1,264,480
LIABILITIES			
Payables			
Suppliers	7A	41,288	48,508
Other payables	7B	287,141	335,618
Total payables		328,429	384,126
Provisions			
Employee provisions	8A	221,900	284,162
Other provisions	8B	67,680	64,175
Total provisions		289,580	348,337
Total liabilities		618,009	732,463
Net assets		776,900	532,016
EQUITY			
Asset revaluation reserve		33,415	-
Retained surplus		743,485	532,016
Total equity		776,900	532,016

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

Statement of Changes in Equity

for the period ended 30 June 2010

	Retained earnings		Asset revaluation reserve		Total equity	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
opening balance						
Balance carried forward from previous period	532,016	526,541	-	-	532,016	526,541
Adjusted opening balance	532,016	526,541	-	-	532,016	526,541
Comprehensive income						
Other comprehensive income						
Changes in asset revaluation reserves	-	-	33,415	-	33,415	-
Actuarial gains/(losses)	24,000	(44,000)	-	-	24,000	(44,000)
Surplus/(deficit) for the period	187,470	49,475	-	-	187,470	49,475
Total comprehensive income	211,470	5,475	33,415	-	244,885	5,475
of which:						
Attributable to the Australian Government	211,470	5,475	33,415	-	244,885	5,475
Transactions with owners						
Distributions to owners						
Returns of capital:						
Other	-	579,000	-	-	-	579,000
Contributions by owners						
Appropriation (equity injection)	-	579,000	-	-	-	579,000
Closing balance as at 30 June 2010	743,485	532,016	33,415	-	776,900	532,016
Closing balance attributable to the Australian Government	743,485	532,016	33,415	-	776,900	532,016

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

Cash Flow Statement

for the period ended 30 June 2010

	Notes	2010	2009
		\$	\$
OPERATING ACTIVITIES			
Cash received			
Appropriations		1,800,000	1,119,000
Goods and services		4,653	5,273
Net GST received		74,758	72,023
Other cash received		1,263,685	1,401,213
Total cash received		3,143,096	2,597,509
Cash used			
Employees		1,389,626	1,303,120
Suppliers		854,433	830,516
Net GST paid		63,688	96,213
Cash to Official Public Account		874,452	-
Total cash used		3,182,199	2,229,849
Net cash flows from (used by) operating activities	9	(39,103)	367,660
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		1,514	16,657
Total cash used		1,514	16,657
Net cash flows (used by) investing activities		(1,514)	(16,657)
FINANCING ACTIVITIES			
Cash used			
Transfer to the Official Public Account		-	732,786
Total cash used		-	732,786
Net cash flows (used by) financing activities		-	(732,786)
Net (decrease) in cash held		(40,617)	(381,783)
Cash and cash equivalents at the beginning of the reporting period		197,322	579,105
Cash and cash equivalents at the end of the reporting period	5A	156,705	197,322

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

Schedule of Commitments

as at 30 June 2010

	2010	2009
	\$	\$
BY TYPE		
Commitments receivable		
Sub-lease rental income ¹	202,019	230,824
GST recoverable on commitments	175,681	200,442
Total commitments receivable	377,700	431,266
Commitments payable		
Operating leases ²	1,932,487	2,204,861
Other commitments	20,203	23,082
Total commitments payable	1,952,690	2,227,943
Net commitments by type	1,574,990	1,796,677
BY MATURITY		
Commitments receivable		
One year or less	56,541	54,325
From one to five years	247,617	238,142
Over five years	73,542	138,799
Total commitments receivable	377,700	431,266
Operating lease commitments payable		
One year or less	291,984	280,716
From one to five years	1,266,559	1,218,380
Over five years	373,944	705,765
Total operating lease commitments payable	1,932,487	2,204,861
Other commitments		
One year or less	3,000	2,880
From one to five years	13,248	12,738
Over five years	3,955	7,464
Total other commitments	20,203	23,082
Net commitments by maturity	1,574,990	1,796,677

NB: Commitments are GST inclusive where relevant.

(1) Part of the leased area is sub-let and this represents the revenue from the sub-lease.

(2) Operating leases are effectively non-cancellable and comprise:

Nature of lease	General description of leasing arrangement
Lease for office accommodation	Lease payments are subject to increase of four per cent per annum as per lease agreement
Lease for photocopier	The lessor provides a photocopier for 42 months at a fixed instalment rate

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

Schedule of Contingencies

as at 30 June 2010

There are no known contingencies as at 30 June 2010.

(Nil contingencies as at 30 June 2009.)

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

Schedule of asset additions

as at 30 June 2010

The following non-financial non-current assets were added in 2009-10:

	Other property, plant & equipment \$	Intangibles \$	Other \$	Total \$
By purchase – appropriation ordinary annual services	1,514	-	-	1,514
Total additions	1,514	-	-	1,514

The following non-financial non-current assets were added in 2008-09:

	Other property, plant & equipment	Intangibles	Other	Total
By purchase – appropriation ordinary annual services	16,657			16,657
Total additions	16,657			16,657

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of significant accounting policies

1.1 Objectives

The Office of the AUASB is an Australian Government agency, which provides technical and administrative support to the AUASB. The Office of the AUASB is the financial entity and is governed by the FMA Act, whilst the AUASB is a statutory committee under the ASIC Act.

The objective of the AUASB is to develop, in the public interest, high quality auditing and assurance standards and related guidance as a means to enhance the relevance, reliability and timeliness of information provided to users of audit and assurance services.

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.

The key strategies to achieve this outcome are:

- to make auditing standards under section 336 of the *Corporations Act 2001* and related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of Corporations legislation, including facilitating and monitoring the implementation of the revised *Clarity* Australian Auditing standards
- to formulate auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing or assurance engagements for purposes other than the Corporations legislation
- to provide Australian participation in, and contribution to, the development of a single set of auditing standards for worldwide use
- to continue its role in the development of auditing and assurance standards and guidance, identifying emerging auditing and assurance issues and contributing to and influencing the development of international auditing standards

The continued existence of the AUASB, in its present form and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the AUASB's administration and programs.

1.2 Basis of preparation of the financial statements and notes

The financial statements and notes of the Office of the AUASB are required by section 49 of the FMA Act and are general purpose financial statements.

The financial statements and notes have been prepared in accordance with:

- FMO for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations issued by the AASB that apply for the reporting period.

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

The financial statements and notes are presented in Australian dollars.

Unless an alternative treatment is specifically required by an accounting standard or the FMO, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. Unrecognised liabilities and assets are reported in the schedule of commitments.

Unless an alternative treatment is specifically required by an accounting standard or the FMO, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 Changes in Australian Accounting Standards

(a) Adoption of new Australian Accounting Standards requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations issued by the AASB, that are applicable in the current period, have had a material financial effect on the Office of the AUASB.

(b) Future Australian Accounting Standard requirements

New standards, amendments to standards, and interpretations that are applicable to future periods have been issued by the AASB. It is estimated that adopting these pronouncements, when effective, will have no material impact on future reporting periods.

1.5 Revenue

(a) Revenue from government

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

Appropriations receivable are recognised at their nominal amounts.

(b) Other types of revenue

Revenues from contributions are recognised at nominal amounts when invoiced in accordance with agreed schedules of payment (annually or quarterly).

Revenue from the sale of goods is recognised when: the risks and rewards of ownership have been transferred to the buyer; the Office of the AUASB retains no managerial involvement nor effective control over the goods; the revenue and transaction costs incurred can be reliably measured; and it is probable that the economic benefits associated with the transaction will flow to the Office of the AUASB.

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

1.6 Gains

(a) Resources received free of charge

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

(b) Sale of Assets

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

1.7 Transactions with the government as owner

(a) Equity Injections

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

1.8 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within 12 months of balance date, are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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

(a) Leave

The liability for employee benefits includes provision for annual leave and long-service leave. No provision has been made for sick leave as all sick leave is non-vesting.

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

The liability for long-service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2010. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

(b) Superannuation

The Office of the AUASB sponsors the AASB Superannuation Plan.

The defined benefit plan requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in retained earnings.

The defined benefit liability recognised in the balance sheet represents the present value of the defined benefit obligation, net of the fair value of the plan assets.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

The Office of the AUASB has no finance leases.

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

1.10 Cash

Cash and cash equivalents include notes and coins held and any deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash is recognised at its nominal amount.

1.11 Financial assets

The Office of the AUASB's financial assets comprise 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

(a) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are measured at their nominal amounts.

(b) Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost: if there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the recoverable amount. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

1.12 Financial liabilities

The Office of the AUASB's financial liabilities comprise 'suppliers and other payables'.

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

(a) **Supplier and other payables**

Suppliers and other payables are recognised at their nominal amounts. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.13 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.14 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.15 Property, plant and equipment

(a) **Asset Recognition Threshold**

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$300, 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).

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

(b) Revaluations

Fair values for each class of asset are determined as shown below:

	2010	2009
Leasehold Improvements	Depreciated replacement cost	Depreciated replacement cost
Plant and Equipment	Depreciated replacement cost	Depreciated replacement cost

Following initial recognition at cost, property, plant and equipment is carried at fair value less accumulated depreciation. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis, where material. Any revaluation increment is credited to equity under the heading of asset revaluation reserve, except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the operating result. Revaluation decrements for a class of assets are recognised directly through operating result, except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation, as at the revaluation date, is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

(c) Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Office of the AUASB 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:

	2010	2009
Leasehold Improvements	Lease term — ten years	Lease term — ten years
Plant and Equipment	Three to ten years	Three to ten years

(d) Impairment

All assets were assessed for impairment at 30 June 2010. 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 to sell 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 Office of the AUASB was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.16 Intangibles

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

Software and licences are amortised on a straight-line basis over their anticipated useful life. The useful life of the Office of the AUASB's software and licences is three to five years (2008-09: three to five years).

All software assets were assessed for indications of impairment at 30 June 2010.

1.17 Taxation/competitive neutrality

The Office of the AUASB is exempt from all forms of taxation except fringe benefits tax and the GST.

Revenues, expenses and assets are recognised net of GST:

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

1.18 Insurance

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

1.19 Comparative figures

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

Note 2: Events after the balance sheet date

As at the date of this report, the Office of the AUASB has no reportable events after the balance sheet date.

Note 3: Expenses

	2010	2009
	\$	\$
Note 3A: Employee benefits		
Wages and salaries	1,189,906	1,178,116
Superannuation:		
Defined contribution plans	66,331	64,795
Defined benefit plans	39,045	49,907
Leave and other entitlements	56,081	9,542
Total employee benefits	1,351,363	1,302,360
Note 3B: Suppliers		
Goods and services are made up of:		
Provision of goods — related entities	—	—
Provision of goods — external parties	35,188	36,591
Rendering of services — related entities	266,592	211,765
Rendering of services — external parties	214,761	290,379
Total goods and services expenses	516,541	538,735
Note 3C: Depreciation and amortisation		
Depreciation:		
Property, plant and equipment	53,264	50,983
Total depreciation	53,264	50,983
Amortisation:		
Intangibles:		
Computer software	2,669	5,925
Total amortisation	2,669	5,925
Total depreciation and amortisation	55,933	56,908
Note 3D: Finance costs		
Unwinding of discount on leasehold restoration obligation (see Note 8B)	3,505	3,324
Total finance costs	3,505	3,324

Note 4: Income

	2010	2009
	\$	\$
REVENUE		
Note 4A: Sale of goods and rendering of services		
Provision of goods – related entities	-	-
Provision of goods – external parties	364	5,273
Rendering of services – related entities	-	-
Total sale of goods and rendering of services	364	5,273
Note 4B: Rental income		
Operating lease:		
Other	28,723	27,395
Total rental income	28,723	27,395
Note 4C: Other revenue		
Contributions from CPA Australia	198,000	300,000
Contributions from Institute of Chartered Accountants in Australia	198,000	300,000
Contributions from National Institute of Accountants	198,000	300,000
Contributions from Companies Unclaimed Monies Account	566,000	80,000
Total contributions	1,160,000	980,000
Total other revenue	1,160,000	980,000
GAINS		
Note 4D: Other gains		
Resources received free of charge in relation to audit services	19,000	17,500
Total other gains	19,000	17,500
REVENUE FROM GOVERNMENT		
Note 4E: Revenue from Government		
Appropriations:		
Departmental outputs	1,115,000	1,119,000
Total revenue from Governments	1,115,000	1,119,000

Note 5: Financial Assets

	2010	2009
	\$	\$
Note 5A: Cash and cash equivalents		
Cash on hand or on deposit	156,705	197,322
Total cash and cash equivalents	156,705	197,322
Note 5B: Trade and other receivables		
Goods and Services:		
Goods and services – related entities	274	211
Goods and services – external parties	-	-
Total receivables for goods and services	274	211
Appropriations receivable:		
For existing outputs	922,238	732,786
Total appropriations receivable	922,238	732,786
Other receivables		
GST receivable from the ATO	3,031	5,163
Total other receivables	3,031	5,163
Total trade and other receivables (gross)	925,543	738,160
Receivables are expected to be recovered in::		
No more than 12 months	346,543	159,160
More than 12 months	579,000	579,000
Total trade and other receivables (gross)	925,543	738,160
Receivables are aged as follows:		
Not overdue	925,543	738,160
Total receivables (gross)	925,543	738,160

Note 6: Non-Financial Assets

	2010	2009
	\$	\$
Note 6A: Infrastructure, plant and equipment		
Infrastructure, plant and equipment:		
— gross carrying value (at fair value)	394,361	488,932
— accumulated depreciation	(94,256)	(170,492)
Total infrastructure, plant and equipment	300,105	318,440

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. The revaluation was conducted by management.

A revaluation increment of \$33,415 for infrastructure, plant and equipment was recognised in the statement of comprehensive income and transferred to the asset revaluation reserve.

No indicators of impairment were found for infrastructure, plant and equipment.

	2010 \$	2009 \$
Note 6B: Intangibles		
Computer software at cost:		
Other computer software	21,809	21,809
Total Computer Software (gross)	21,809	21,809
Accumulated amortisation	(20,356)	(17,687)
Total intangibles (net)	1,453	4,122

No indicators of impairment were found for intangible assets.

Note 6C: Analysis of property, plant and equipment

Table A — Reconciliation of the opening and closing balances of infrastructure, plant and equipment and intangibles (2009-10)

	Infrastructure, plant and equipment \$	Computer software purchased \$
As at 1 July 2009		
Gross book value	488,932	21,809
Accumulated depreciation/amortisation and impairment	(170,492)	(17,687)
Net book value 1 July 2009	318,440	4,122
Additions:		
Revaluations and impairments recognised in other comprehensive income	33,415	-
By purchase	1,514	-
Depreciation/amortisation expense	(53,264)	(2,669)
Net book value 30 June 2010	300,105	1,453
Net book value as of 30 June 2010 represented by:		
Gross book value	394,361	21,809
Accumulated depreciation/amortisation and impairment	(94,256)	(20,356)
	300,105	1,453

Table B — Reconciliation of the opening and closing balances of infrastructure, plant and equipment and intangibles (2008-09)

	Other infrastructure, plant and equipment \$	Computer software purchased \$
As at 1 July 2008		
Gross book value	472,275	21,809
Accumulated depreciation/amortisation and impairment	(119,509)	(11,762)
Net book value 1 July 2008	352,766	10,047
Additions:		
By purchase	16,657	-
Depreciation/amortisation expense	(50,983)	(5,925)
Net book value 30 June 2009	318,440	4,122
Net book value as of 30 June 2009 represented by:		
Gross book value	488,932	21,809
Accumulated depreciation/amortisation and impairment	(170,492)	(17,687)
	318,440	4,122

Note 6D: Other non-financial assets

	2010 \$	2009 \$
Prepayments	11,103	6,436
Total other non-financial assets	11,103	6,436
Total other non-financial assets are expected to be recovered in:		
No more than 12 months	11,103	6,436
Total other non-financial assets	11,103	6,436

No indicators of impairment were found for other non-financial assets

Note 7: Payables

	2010	2009
	\$	\$
Note 7A: Suppliers		
Trade creditors and accruals	41,288	48,508
Total supplier payables	41,288	48,508
Supplier payables expected to be settled within 12 months:		
Related entities	18,946	23,801
External parties	22,342	24,707
Total supplier payables	41,288	48,508
Settlement is usually made net 30 days		
Note 7B: Other payables		
Lease incentive	261,416	304,388
Other	25,725	31,230
Total other payables	287,141	335,618
Other payables are represented by:		
No more than 12 months	68,697	74,202
More than 12 months	218,444	261,416
Total other payables	287,141	335,618

Note 8: Provisions

	2010	2009
Note 8A: Employee provisions	\$	\$
Annual leave	98,850	91,225
Long service leave	107,050	63,937
Superannuation [Note 8A (i)]	16,000	129,000
Total employee provisions	221,900	284,162
Employee provisions are represented by:		
No more than 12 months	98,850	91,225
More than 12 months	123,050	192,937
Total employee provisions	221,900	284,162

Note 8A (i): Superannuation provisions

The AUASB has one defined benefit fund, which requires contributions to be made to the separately administered fund. The defined benefit plan is only open to existing employees who have always been on the plan, and is not open to new employees.

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

Balance sheet and profit and loss impact

As at 30 June	2010	2009
	\$	\$
Defined Benefit Obligation [^]	482,000	432,000
(-) Fair value of AASB Plan assets	466,000	303,000
Deficit/(surplus)	16,000	129,000
(-) Unrecognised past service cost	-	-
(-) Unrecognised net (gains)/losses	-	-
(+) Adjustment for limitation of net asset	-	-
Net superannuation liability/(asset)	16,000	129,000
[^] includes contributions tax provision		

Financial year ending	2010	2009
	\$	\$
Service cost	26,000	36,000
Interest cost	21,000	23,000
Expected return on assets	(23,000)	(23,000)
Actuarial gains/(losses)	-	-
Past service cost	-	-
Movement in limitation on net asset	-	-
Effect of curtailments/settlements	-	-
Superannuation expense/(income)	24,000	36,000

Actuarial (gains)/losses recognised in the statement of comprehensive income

Financial year ending	2010	2009
	\$	\$
Actuarial (gains)/losses	(24,000)	44,000

Movement in net liability/(asset)

Financial year ending	2010	2009
	\$	\$
Net superannuation liability/(asset) at start of year	129,000	92,000
(+) Expense recognised in statement of comprehensive income	24,000	36,000
(+) Amount recognised in retained earnings	(24,000)	44,000
(-) Employer contributions	113,000	43,000
Net superannuation liability/(asset) at end of year	16,000	129,000

Estimate of expense for 2011

Financial year ending	2011
	\$
Service cost	27,000
Interest cost	23,000
Expected return on assets	(34,000)
Actuarial losses/(gains)	-
Past service cost	-
Movement in limitation on net asset	-
Effect of curtailments/settlements	^
Estimated superannuation expense/(income)	16,000
^ not known until end of year	

Estimate of net liability/(asset) at 30 June 2011

Financial year ending	2011
	\$
Net superannuation liability/(asset) at start of year	16,000
(+) Estimated expense recognised in statement of comprehensive income	16,000
(+) Estimated amount recognised in retained earnings	^
(-) Estimated employer contributions	24,000
Estimated net superannuation liability/(asset) at end of year	8,000
^ not known until end of year	

Reconciliation of the defined benefit obligation – para 120A(c)

Financial year ending	2010	2009
	\$	\$
Present value of DBO at start of year	432,000	407,000
(+) Current service cost	26,000	36,000
(+) Interest cost	21,000	23,000
(+) Contributions by AASB Plan members	15,000	15,000
(+) Actuarial (gains)/losses	5,000	(41,000)
(-) Benefits paid	-	-
(-) Taxes, premiums and expenses paid	17,000	8,000
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Past service cost	-	-
(+) Curtailments	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Present value of DBO at end of year	482,000	432,000

Reconciliation of the fair value of AASB plan assets – para 120A(e)

Financial year ending	2010	2009
	\$	\$
Fair value of AASB Plan assets at start of year	303,000	315,000
(+) Expected return on AASB Plan assets	23,000	23,000
(+) Actuarial (gains)/losses	29,000	(85,000)
(+) Employer Contributions	113,000	43,000
(+) Contributions by AASB Plan members	15,000	15,000
(-) Benefits paid	-	-
(-) Taxes, premiums and expenses paid	17,000	8,000
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
Fair value of AASB Plan assets at end of year	466,000	303,000

Reconciliation of the assets and liabilities recognised in the balance sheet – para 120A(f)

As at	2010	2009
	\$	\$
Defined Benefit Obligation ^	482,000	432,000
(-) Fair value of AASB Plan assets	466,000	303,000
Deficit/(surplus)	16,000	129,000
(-) Unrecognised past service cost	-	-
(-) Unrecognised net (gains)/losses	-	-
(+) Adjustment for limitation on net asset	-	-
Net superannuation liability/(asset)	16,000	129,000

^ includes contributions tax provision

Expense recognised in the statement of comprehensive income – para 120A(g)

Financial year ending	2010	2009
	\$	\$
Service cost	26,000	36,000
Interest cost	21,000	23,000
Expected return on assets	(23,000)	(23,000)
Actuarial losses/(gains)	-	-
Past service cost	-	-
Movement in limitation on net asset	-	-
Effect of curtailments/settlements	-	-
Superannuation expense/(income)	24,000	36,000

Amounts recognised in the statement of comprehensive income – para 120A(h)

Financial year ending	2010	2009
	\$	\$
Actuarial (gains)/losses	(24,000)	44,000
Adjustment for limitation on net asset	-	-

Cumulative amount recognised in the statement of comprehensive income – para 120A(i)

Financial year ending	2010	2009
	\$	\$
Cumulative amount of actuarial (gains)/losses	113,000	137,000

AASB Plan assets – para 120A(j)

As at 30 June	2010	2009
	%	%
Australian equities	45	50
International equities	25	27
Fixed income	15	10
Property	9	8
Alternatives/other	3	2
Cash	3	3
	100	100

Actual return on AASB Plan assets – para 120A(m)

Financial year ending	2010	2009
	\$	\$
Actual return on AASB Plan assets	52,000	(62,000)

Principal actuarial assumptions at the balance sheet date – para 120A(n)

As at 30 June	2010	2009
	%	%
Discount rate	4.8	5.1
Expected rate of return on AASB Plan assets	7.0	7.0
Expected salary increase rate	2.5	2.5

Historical information – para 120A(p)

Financial year ending 30 June	2010	2009	2008	2007	2006
	\$	\$	\$	\$	\$
Present value of DBO	482,000	432,000	407,000	367,000	295,000
Fair value of AASB Plan assets	466,000	303,000	315,000	341,000	250,000
Surplus/deficit in AASB Plan	16,000	129,000	92,000	26,000	45,000
Experience adjustments (gains)/losses:					
AASB Plan assets	(29,000)	85,000	106,000	(27,000)	(18,000)
Experience adjustments (gains)/losses:					
AASB Plan liabilities	(15,000)	(3,000)	14,000	71,000	9,000

Expected contributions – para 120A(q)

Financial year ending	2011 \$
Expected employer contributions	24,000

Summary of membership

As at	2010	2009
Number of active defined benefit members	1	1
Number of deferred members	-	-
Total annual salaries	265,000	257,000

Actuarial assumptions

As at	30 June 2010 %	30 June 2009 %	Comments
Discount rate	4.8	5.1	Based on 10-year Government bond rate, less allowance for investment tax
Crediting rate	4.8	5.1	Equals discount rate
Salary inflation	2.5	2.5	
Expected return on assets	7.0	7.0	Based on Plan's mix of asset classes
Contributions tax rate	15	15	
Method of recognising actuarial gains and losses	Immediate recognition of actuarial gains and losses through retained earnings		
Vested benefit minimum	None	None	Not required by AASB 119

Supplemental information:

Service cost

Financial year ending	2010 \$	2009 \$
1. Total service cost at beginning of year	34,000	41,000
2. Interest cost for year	2,000	2,000
3. Expected contributions tax and expenses	6,000	9,000
4. Expected employee contributions	15,000	15,000
5. Expected change in contributions tax provisions	(1,000)	(1,000)
6. Current service cost (1+2+3-4+5)	26,000	36,000

Interest cost

Financial year ending	2010	2009
	\$	\$
1. DBO at start of year [^]	413,000	393,000
2. Expected distributions	-	-
3. Average DBO over year (1 + 50% x 2)	413,000	393,000
4. Discount rate	5.1%	5.9%
5. Interest cost (3 x 4)	21,000	23,000

[^] before contributions tax provision

Expected return on AASB Plan assets

Financial year ending	2010	2009
	\$	\$
1. Fair value of AASB Plan assets at start of year	303,000	315,000
2. Expected employer contributions	43,000	42,000
3. Expected employee contributions	15,000	15,000
4. Expected distributions during year	-	-
5. Expected expenses, tax and insurance premiums	6,000	9,000
6. Average expected fair value of assets (1+50% (2+3-4-5))	329,000	339,000
7. Expected rate of return on AASB Plan assets	7.0%	6.8%
8. Expected return on AASB Plan assets (6x7)	23,000	23,000

Actuarial (gains)/losses (recognised in retained earnings)

Financial year ending	2010	2009
	\$	\$
1. Actuarial (gain)/loss on assets - experience	(29,000)	85,000
2. Actuarial (gain)/loss on DBO [^] - experience	(15,000)	(3,000)
3. Actuarial (gain)/loss on DBO [^] - change in assumptions	20,000	(38,000)
4. Total actuarial (gain)/loss (1+2+3)	(24,000)	44,000

[^] includes movement of contributions tax provision

Calculation of total defined benefit obligation

Financial year ending	2010	2009
	\$	\$
1. Defined benefit obligation [^]	480,000	413,000
2. Fair value of AASB Plan assets	(466,000)	(303,000)
3. (Deficit)/surplus (1+2)	14,000	110,000
4. Provision for contributions tax (3x15%/85%)	2,000	19,000
5. Total defined benefit obligation (1+4)	482,000	432,000

[^] before contributions tax provision

Expected change in contributions tax provision

Financial year ending	2010	2009
	\$	\$
1. Expected defined benefit obligation at end of current year	479,000	459,000
2. Expected assets at end of current year	(378,000)	(386,000)
3. Expected provision at end of current year [(1+2)*15%/85%]	18,000	13,000
4. Actual provision at end of prior year	19,000	14,000
5. Expected change in tax provision (3-4)	(1,000)	(1,000)

Note 8B: Other provisions

	2010	2009
	\$	\$
Leasehold restoration obligations	67,680	64,175
Total other provisions	67,680	64,175

Other provisions are represented by:

More than 12 months	67,680	64,175
Total other provisions	67,680	64,175

	Provision for restoration 2010	Provision for restoration 2009
Carrying amount 1 July	64,175	60,851
Unwinding of discount	3,505	3,324
Closing balance 30 June	67,680	64,175

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

Note 9: Cash flow reconciliation

	2010	2009
	\$	\$
Reconciliation of cash and cash equivalents as per Balance Sheet to cash flow statement		
Cash equivalents as per:		
Cash Flow Statement	156,705	197,322
Balance Sheet	156,705	197,322
Difference	-	-
Reconciliation of operating result to net cash from operating activities:		
Net cost of services	(927,531)	49,475
Add revenue from Government	1,115,000	-
Other movement in retained surplus — superannuation actuarial gains and losses	24,000	(44,000)
Adjustments for non-cash items		
Depreciation/amortisation	55,933	56,908
Lease incentive	(42,972)	(42,972)
Net write down of non-financial assets	3,505	-
Unwinding of discount	-	3,324
Changes in assets/liabilities		
(Increase)/decrease in net receivables	(187,383)	280,105
(Increase)/decrease in prepayments	(4,667)	(1,508)
Increase/(decrease) in superannuation provision	(113,000)	37,000
Increase/(decrease) in employee provisions	50,737	5,205
Increase/(decrease) in supplier payables	(7,220)	21,580
Increase/(decrease) in other payables	(5,505)	2,543
Net cash from/(used by) operating activities	(39,103)	367,660

Note 10: Executive remuneration

Note 10A: Actual remuneration paid to senior executive

	2010	2009
The number of senior executives who received:		
Less than \$145,000	1	1
\$285,000 to \$299,999	1	1
Total	2	2

Total expense recognised in relation to senior executive employment:

	2010	2009
	\$	\$
Short-term employee benefits:		
Salary	383,564	366,024
Changes in annual leave provisions	(10,956)	(11,094)
Total short-term employee benefits	372,608	354,930
Long-term employee benefits		
Superannuation (post-employment benefits)	54,041	52,079
Changes in long-service leave provisions	9,569	8,897
Total long-term employee benefits	63,610	60,976
Total	436,218	415,906

Note 10B: Actual remuneration paid to senior executives

Average annualised remuneration packages for substantive senior executives

As at 30 June 2010			As at 30 June 2009			
	No. senior executives	Base salary (including annual leave) \$	Total remuneration package \$	No. senior executives	Base salary (including annual leave) \$	Total remuneration package \$
Less than \$145,000	1	126,728	136,497	1	114,224	130,714
\$285,000 to \$299,999	1	256,836	299,721	1	251,800	285,192

Non-salary elements available to senior executives includes superannuation and long-service leave entitlements.

Note 11: Remuneration of auditors

	2010	2009
	\$	\$
Remuneration to the ANAO for auditing the financial statements for the reporting period		
The fair value of the services provided was:	19,000	17,500

No other services were provided by the ANAO.

Note 12: Financial instruments

	2010	2009
	\$	\$
Note 12A: Categories of financial assets		
Financial assets		
Held-to-maturity financial assets		
Cash and cash equivalents	156,705	197,322
Trade receivables	274	210
Total held-to-maturity financial assets	156,979	197,532
Other financial assets		
Appropriations receivable (for existing outputs)	922,238	732,786
Total other financial assets	922,238	732,786
Carrying amount of financial assets	1,079,217	930,318
Financial liabilities		
At amortised cost		
Trade creditors	41,288	48,508
Carrying amount of financial liabilities	41,288	48,508

Note 12B: Fair value of financial instruments**Financial Assets**

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

Financial Liabilities

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

Note 12C: Credit risk

The Office of the AUASB's maximum exposure to credit risk, at reporting date, in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in the balance sheet.

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

Note 12D: Liquidity risk

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

Note 12E: Market risk

The Office of the AUASB holds basic financial instruments that do not expose the AUASB to certain market risks. The Office of the AUASB is not exposed to 'currency risk' or 'other price risk'.

Note 13: Appropriations

Acquittal of authority to draw cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Departmental Outputs	
	2010	2009
	\$	\$
Balance brought forward from previous period (Appropriations Acts)	935,254	-
Appropriation Act:		
<i>Appropriation Act</i> (No. 1,3 & 5) 2009-10 as passed	1,126,000	-
Appropriation reduced (<i>Appropriation Act</i> sections 10,11&12)	(11,000)	-
<i>Appropriation Act</i> (No. 3) 2008-09 as passed	-	41,000
<i>Appropriation Act</i> (No. 4) 2008-09 as passed	-	578,805
FMA Act:		
Appropriations to take account of recoverable GST (<i>FMA Act</i> section 30A)	71,560	73,289
Relevant agency receipts (<i>FMA Act</i> section 31)	1,251,692	1,107,408
Appropriation transferred from the Department of the Treasury (<i>FMA Act</i> section 32)	-	1,078,000
Total appropriation available for payments	3,373,506	2,878,502
Cash payments made during the year (GST inclusive)	2,291,533	1,943,284
Balance of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations and as represented by:	1,081,973	935,254
Cash at bank and on hand	156,704	197,322
Departmental appropriations receivable	922,238	732,786
Net GST payable (to)/from ATO	3,031	5,146
Total as at 30 June 2010	1,081,973	935,254

Note 14: Special accounts**Office of the Auditing and Assurance Standards Board Special Account**

Legal Authority:	Minister for Finance and Deregulation. Determination under subsection 20(1) of the FMA Act 1997. Special Account established 2008.
Appropriation:	FMA Act 1997, section 20
Purpose:	The purpose of this Special Account is to enable the Office of the AUASB to manage moneys received primarily from the professional accounting bodies.

	2010	2009
	\$	\$
Balance carried from previous period	-	-
Appropriation for reporting period (Departmental)	594,000	900,000
Total increase	594,000	900,000
Payments made	594,000	900,000
Total decrease	594,000	900,000
Balance carried to next period (excluding investment balances) and represented by:	-	-
Cash — transferred to the Official Public Account	-	-
Cash — held by the agency	-	-
Total balance carried to the next period	-	-

Office of the Auditing and Assurance Standards Board Services for Other Entities and Trust Moneys Special Account

Legal Authority:	Minister for Finance and Deregulation. Determination under subsection 20(1) of the FMA Act 1997. Special Account established 2008.
Appropriation:	FMA Act 1997, section 20
Purpose:	The purpose of this Special Account is to enable the Office of the AUASB to manage moneys held on trust or otherwise for the benefit of a person other than the Commonwealth.

No transactions occurred in this account

Note 15: Reporting of outcomes

The Office of the AUASB has used management estimates to determine the attribution of its shared items. The basis of attribution in the below table is consistent with the basis used for the Budget.

Note 15A: Net Cost of Outcome Delivery

	Outcome 1	
	2010	2009
	\$	\$
Expenses		
Departmental	2,135,618	2,099,693
Total expenses	2,135,618	2,099,693
Costs recovered from provision of goods and services to the non-government sector:		
Departmental	364	5,273
Total costs recovered	364	5,273

Note 15A: Net Cost of Outcome Delivery (cont.)

	2010	2009
	\$	\$
Other external income		
Departmental	613,723	124,895
Total other external income	613,723	124,895
Net cost/(contribution) of outcome	1,521,531	1,969,525

Note 15B: Major classes of departmental income and expenses by output groups and outputs

Outcome 1	Output Group 1.1						Outcome 1 Total	
	Output 1.1.1		Output 1.1.2		Output 1.1.3		2010	2009
	2010	2009	2010	2009	2010	2009		
	\$	\$	\$	\$	\$	\$	\$	\$
Departmental expenses								
Employee benefits	450,455	434,120	450,454	434,120	450,454	434,120	1,351,363	1,302,360
Suppliers	241,606	245,701	241,606	245,700	241,605	245,700	724,817	737,101
Depreciation and amortisation	18,645	18,970	18,644	18,969	18,644	18,969	55,933	56,908
Finance costs	1,169	1,108	1,168	1,108	1,168	1,108	3,505	3,324
Total departmental expenses	711,875	699,899	711,872	699,897	711,871	699,897	2,135,618	2,099,693
Funded by:								
Departmental income								
Revenue from Government	371,667	373,000	371,667	373,000	371,666	373,000	1,115,000	1,119,000
Sale of goods and rendering of services	122	1,757	121	1,758	121	1,758	364	5,273
Rental income	9,575	9,131	9,574	9,132	9,574	9,132	28,723	27,395
Other revenue	386,667	326,666	386,667	326,667	386,667	326,667	1,160,000	980,000
Other gains	6,334	5,834	6,333	5,833	6,333	5,833	19,000	17,500
Total departmental income	774,365	716,388	774,362	716,390	774,361	716,390	2,323,088	2,149,168

Note 15C: Major classes of departmental assets and liabilities by outcomes

	Outcome 1	
	2010	2009
	\$	\$
Departmental assets		
Financial assets	1,082,248	935,482
Non-financial assets	279,246	328,998
Total departmental assets	1,361,494	1,264,480
Departmental liabilities		
Payables	328,429	384,126
Provisions	289,580	348,337
Total departmental liabilities	618,009	732,463

Other Mandatory Information



OTHER MANDATORY INFORMATION

OCCUPATIONAL HEALTH AND SAFETY

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

The function of the OHSC is to provide the mechanism for continuing consultation between management and staff on OHS matters. All employees, and Board members, when attending meetings, are covered under Comcare and Comcover. No accidents or dangerous occurrences, or relevant investigations, took place during the 2009-10 financial year.

FREEDOM OF INFORMATION

The AUASB maintains a website, www.auasb.gov.au, which describes its organisation and functions and on which its pronouncements, discussion papers, exposure drafts, submissions (unless marked private and confidential), pronouncements, reports and annual reports are publicly available. The website also provides contact details of AUASB officers.

No matter, involving freedom of information, arose during the 2009-10 financial year.

ADVERTISING AND MARKET RESEARCH

The AUASB did not carry out any advertising or market research during the 2009-10 financial year.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE REPORTING

The AUASB seeks to use the minimum resources necessary to perform its functions.

DISCRETIONARY GRANTS

The AUASB did not administer any discretionary grant programs in the 2009-10 financial year.

Appendices



APPENDIX A

ATTENDANCE AT MEETINGS

The AUASB met seven times during 2009-10 for a total of 12 meeting days. Member attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Apologies (days)
M Kelsall (Chairman)	12	12	0
J Tyers (Deputy Chairman)	12	8	4
D Azoor Hughes	12	11	1
M Blake	12	10	2
V Clifford	12	11	1
J Gavens	12	10	2
C Hall	12	10	2
E Johnstone	12	9	3
C Jubb	12	12	0
C Mottershead*	9	8	1
C Murphy	12	12	0
G Pound	12	12	0
D Simmonds	12	11	1

* Mr Mottershead resigned 31 March 2010.

APPENDIX B

PRONOUNCEMENTS (30 JUNE 2010)

The following pronouncements have been issued by the AUASB.

Foreword, glossary and framework

Title	Reissued
Foreword to AUASB pronouncements	23 Dec 2009
AUASB glossary	27 Oct 2009
Framework for assurance engagements	19 Apr 2010

Clarity Auditing Standards — issued as legislative instruments

The AUASB has made the following *Clarity Auditing Standards*, pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003* and are operative for financial reporting periods commencing on or after 1 January 2010.

Standard	Title	Issued
ASA 101	<i>Preamble to Australian Auditing Standards</i>	27 Oct 2009
ASA 102	<i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i>	27 Oct 2009
ASQC 1	<i>Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements</i>	27 Oct 2009
ASA 200	<i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards</i>	27 Oct 2009
ASA 210	<i>Agreeing the Terms of Audit Engagements</i>	27 Oct 2009
ASA 220	<i>Quality Control for an Audit of a Financial Report and Other Historical Financial Information</i>	27 Oct 2009
ASA 230	<i>Audit Documentation</i>	27 Oct 2009
ASA 240	<i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report</i>	27 Oct 2009

Standard	Title	Issued
ASA 250	<i>Consideration of Laws and Regulations in an Audit of a Financial Report</i>	27 Oct 2009
ASA 260	<i>Communication with Those Charged with Governance</i>	27 Oct 2009
ASA 265	<i>Communicating Deficiencies in Internal Control to Those Charged with Governance and Management</i>	27 Oct 2009
ASA 300	<i>Planning an Audit of a Financial Report</i>	27 Oct 2009
ASA 315	<i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i>	27 Oct 2009
ASA 320	<i>Materiality in Planning and Performing an Audit</i>	27 Oct 2009
ASA 330	<i>The Auditor's Responses to Assessed Risks</i>	27 Oct 2009
ASA 402	<i>Audit Considerations Relating to an Entity Using a Service Organisation</i>	27 Oct 2009
ASA 450	<i>Evaluation of Misstatements Identified during the Audit</i>	27 Oct 2009
ASA 500	<i>Audit Evidence</i>	27 Oct 2009
ASA 501	<i>Audit Evidence—Specific Considerations for Inventory and Segment Information</i>	27 Oct 2009
ASA 502	<i>Audit Evidence—Specific Considerations for Litigation and Claims</i>	27 Oct 2009
ASA 505	<i>External Confirmations</i>	27 Oct 2009
ASA 510	<i>Initial Audit Engagements—Opening Balances</i>	27 Oct 2009
ASA 520	<i>Analytical Procedures</i>	27 Oct 2009
ASA 530	<i>Audit Sampling</i>	27 Oct 2009
ASA 540	<i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures</i>	27 Oct 2009
ASA 550	<i>Related Parties</i>	27 Oct 2009
ASA 560	<i>Subsequent Events</i>	27 Oct 2009
ASA 570	<i>Going Concern</i>	27 Oct 2009
ASA 580	<i>Written Representations</i>	27 Oct 2009
ASA 600	<i>Special Considerations – Audits of a Group Financial Report (including the Work of Component Auditors)</i>	27 Oct 2009
ASA 610	<i>Using the Work of Internal Auditors</i>	27 Oct 2009
ASA 620	<i>Using the Work of an Auditor's Expert</i>	27 Oct 2009
ASA 700	<i>Forming an Opinion and Reporting on a Financial Report</i>	27 Oct 2009
ASA 705	<i>Modifications to the Opinion in the Independent Auditor's Report</i>	27 Oct 2009
ASA 706	<i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i>	27 Oct 2009
ASA 710	<i>Comparative Information – Corresponding Figures and Comparative Financial Reports</i>	27 Oct 2009
ASA 720	<i>The Auditor's Responsibility in Relation to Other Information in Documents Containing an Audited Financial Report</i>	27 Oct 2009
ASA 800	<i>Special Considerations - Audits of Financial Reports Prepared in accordance with Special Purpose Frameworks</i>	27 Oct 2009

Clarity Auditing Standards — issued as non-legislative instruments

The following Auditing Standards are non-legislative instruments and are operative for financial reporting periods commencing on or after 1 January 2010.

Number	Title	Issued
ASA 805	<i>Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>	27 Oct 2009
ASA 810	<i>Engagements to Report on Summary Financial Statements</i>	27 Oct 2009

Auditing Standards — issued as legislative instruments

The AUASB made the following Auditing Standards pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003* and are operative for financial reporting periods commencing on or after 1 January 2006.

Standard	Title	Issued
ASA 100	<i>Preamble to AUASB Standards</i>	28 Apr 2006
ASA 200	<i>Objective and General Principles Governing an Audit of a Financial Report</i>	28 Apr 2006
ASA 210	<i>Terms of Audit Engagements</i>	28 Apr 2006
ASA 220	<i>Quality Control for Audits of Historical Financial Information</i>	28 Apr 2006
ASA 230	<i>Audit Documentation</i>	28 Apr 2006
ASA 240	<i>The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report</i>	28 Apr 2006
ASA 250	<i>Consideration of Laws and Regulations in an Audit of a Financial Report</i>	28 Apr 2006
ASA 260	<i>Communication of Audit Matters with Those Charged with Governance</i>	28 Apr 2006
ASA 300	<i>Planning an Audit of a Financial Report</i>	28 Apr 2006
ASA 315	<i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>	28 Apr 2006
ASA 320	<i>Materiality and Audit Adjustments</i>	28 Apr 2006
ASA 330	<i>The Auditor's Procedures in Response to Assessed Risks</i>	28 Apr 2006
ASA 402	<i>Audit Considerations Relating to Entities Using Service Organisations</i>	28 Apr 2006
ASA 500	<i>Audit Evidence</i>	28 Apr 2006
ASA 501	<i>Existence and Valuation of Inventory</i>	28 Apr 2006
ASA 505	<i>External Confirmations</i>	28 Apr 2006
ASA 508	<i>Enquiry Regarding Litigation and Claims</i>	28 Apr 2006
ASA 510	<i>Initial Engagements — Opening Balances</i>	28 Apr 2006
ASA 520	<i>Analytical Procedures</i>	28 Apr 2006
ASA 530	<i>Audit Sampling and Other Means of Testing</i>	28 Apr 2006
ASA 540	<i>Audit of Accounting Estimates</i>	28 Apr 2006
ASA 545	<i>Auditing Fair Value Measurements and Disclosures</i>	28 Apr 2006

Standard	Title	Issued
ASA 550	<i>Related Parties</i>	28 Apr 2006 [Re-issued 9 Oct. 2006]
ASA 560	<i>Subsequent Events</i>	28 Apr 2006
ASA 570	<i>Going Concern</i>	28 Apr 2006
ASA 580	<i>Management Representations</i>	28 Apr 2006
ASA 600	<i>Using the Work of Another Auditor</i>	28 Apr 2006
ASA 610	<i>Considering the Work of Internal Audit</i>	28 Apr 2006
ASA 620	<i>Using the Work of an Expert</i>	28 Apr 2006
ASA 700	<i>The Auditor's Report on a General Purpose Financial Report</i>	27 Jun 2007
ASA 701	<i>Modifications to the Auditor's Report</i>	27 Jun 2006
ASA 710	<i>Comparatives</i>	27 Jun 2007
ASA 720	<i>Other Information in Documents Containing Audited Financial Reports</i>	28 Apr 2006
ASA 800	<i>The Auditor's Report on Special Purpose Audit Engagements</i>	27 Jun 2007
ASRE 2410	<i>Review of an Interim Financial Report Performed by the Independent Auditor of the Entity</i>	21 Aug 2008
ASA 2007-1	<i>Amendments to Australian Auditing Standards</i>	27 Jun 2007
ASA 2008-1	<i>Amendments to Australian Auditing Standards</i>	21 Aug 2008

Compiled Auditing Standards

Following the issue of ASAs 2007-1 and 2008-1 *Amendments to Australian Auditing Standards*, the AUASB has prepared the following compiled versions of affected Auditing Standards. These compiled versions incorporate the amendments contained in ASA 2007-1 and ASA 2008-1.

Standard	Title	Issued
Compiled ASA 200	<i>Objective and General Principles Governing an Audit of a Financial Report</i>	27 Jun 2007
Compiled ASA 210	<i>Terms of Audit Engagements</i>	27 Jun 2007
Compiled ASA 510	<i>Initial Engagements — Opening Balances</i>	27 Jun 2007
Compiled ASA 570	<i>Going Concern</i>	27 Jun 2007
Compiled ASA 700	<i>The Auditor's Report on a General Purpose Financial Report</i>	27 Jun 2007
Compiled ASA 701	<i>Modifications to the Auditor's Report</i>	27 Jun 2007
Compiled ASA 710	<i>Comparatives</i>	27 June 2007
Compiled ASA 800	<i>The Auditor's Report on Special Purpose Audit Engagements</i>	27 Jun 2007
Compiled ASRE 2410	<i>Review of an Interim Financial Report Performed by the Independent Auditor of the Entity</i>	27 Jun 2007
Compiled ASRE 2410	<i>Review of an Interim Financial Report Performed by the Independent Auditor of the Entity</i>	21 Aug 2008

Standards on Assurance Engagements

The following Standards on Assurance Engagements were issued or reissued by the AUASB.

Standard	Title	Issued
ASAE 3000	<i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>	9 Jul 2007
ASAE 3100	<i>Compliance Engagements</i>	9 Sep 2008
ASAE 3402	<i>Assurance Reports on Controls at a Service Organisation</i>	29 Jun 2010
ASAE 3500	<i>Performance Engagements</i>	30 Oct 2008

Standards on Review Engagements

The following Standards on Review Engagements were issued or reissued by the AUASB.

Standard	Title	Issued
ASRE 2400	<i>Review of a Financial Report Performed by an Assurance Practitioner Who is not the Auditor of the Entity</i>	21 Aug 2008
ASRE 2405	<i>Review of Historical Financial Information Other than a Financial Report</i>	21 Aug 2008
ASRE 2415	<i>Review of a Financial Report – Company Limited by Guarantee</i>	30 Jun 2010

Explanatory Guide to Review Engagements

The following Explanatory Guide to Review Engagements was issued by the AUASB.

Title	Issued
<i>Explanatory Guide to Review Engagements</i>	Apr 2008

Auditing Standards — Other

The following Auditing Standards (AUSs), issued by the former Auditing and Assurance Standards Board (AuASB) of the Australian Accounting Research Foundation, remain current:

Standard	Title	Issued (Reissued)
AUS 804	<i>The Audit of Prospective Financial Information</i>	Jul 2002
AUS 810	<i>Special Purpose Reports on the Effectiveness of Control Procedures</i>	Jul 2002 Reissued as GS 007, Oct 2007
AUS 904	<i>Engagements to Perform Agreed-upon Procedures</i>	Jul 2002

Auditing and Assurance Guidance Statements

The following Auditing and Assurance Guidance Statements were issued or reissued by the AUASB.

Guidance	Title	Issued (Reissued)
GS 001	<i>Concise Financial Reports Under the Corporations Act 2001</i>	Mar 2010
GS 002	<i>Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees</i>	Jul 2007
GS 003	<i>Audit and Review Requirements for Australian Financial Services Licensees under the Corporations Act 2001</i>	Oct 2007
GS 004	<i>Audit Implications of Prudential Reporting Requirements for General Insurers</i>	Oct 2007
GS 005	<i>Using the Work of an Actuary</i>	Oct 2007
GS 006	<i>Electronic Publication of the Auditor's Report</i>	Mar 2010
GS 007	<i>Audit Implications of the Use of Service Organisations for Investment Management Services</i>	Mar 2008
GS 008	<i>The Auditor's Report on a Remuneration Report Under Section 300A of the Corporations Act 2001</i>	Mar 2010
GS 009	<i>Auditing Self Managed Superannuation Funds</i>	Oct 2008
GS 010	<i>Responding to Questions at an Annual General Meeting</i>	Mar 2009
GS 011	<i>Third Party Access to Audit Working Papers</i>	Apr 2009
GS 012	<i>Prudential Reporting Requirements for Authorised Deposit-taking Institutions</i>	Jun 2009
GS 013	<i>Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes</i>	Aug 2009
GS 014	<i>Auditing Mortgage Schemes</i>	Aug 2009
GS 015	<i>Audit Implications of Accounting for Investments in Associates</i>	Nov 2009
GS 016	<i>Bank Confirmation Requests</i>	Jun 2010
GS 017	<i>Prudential Reporting Requirements for Auditors of a Life Company</i>	Jun 2010

The following Auditing and Assurance Guidance Statements were issued by the former Auditing and Assurance Standards Board (AuASB) of the Australian Accounting Research Foundation and remain current. The AUASB is progressively reviewing these Auditing and Assurance Guidance Statements.

Guidance	Title	Issued
AGS 1014	<i>Privity Letter Requests</i>	Jul 2002
AGS 1030	<i>Auditing Derivative Financial Instruments</i>	Jul 2002
AGS 1036	<i>The Consideration of Environmental Matters in the Audit of a Financial Report</i>	Jul 2002
AGS 1040	<i>Franchising Code of Conduct</i>	Nov 2002
AGS 1054	<i>Auditing Revenue of Charitable Entities</i>	Jul 2002
AGS 1062	<i>Reporting in Connection with Proposed Fundraisings</i>	Aug 2002

Bulletins

The following Bulletins were issued by the AUASB.

Title	Issued
<i>Auditing Small and Medium Sized Entities (SMEs)</i>	Sep 2007
<i>Auditing Considerations in an Uncertain Economic Environment</i>	Apr 2009
<i>Standard Business Reporting and XBRL: Information for Audit and Assurance Practitioners</i>	Jun 2010

