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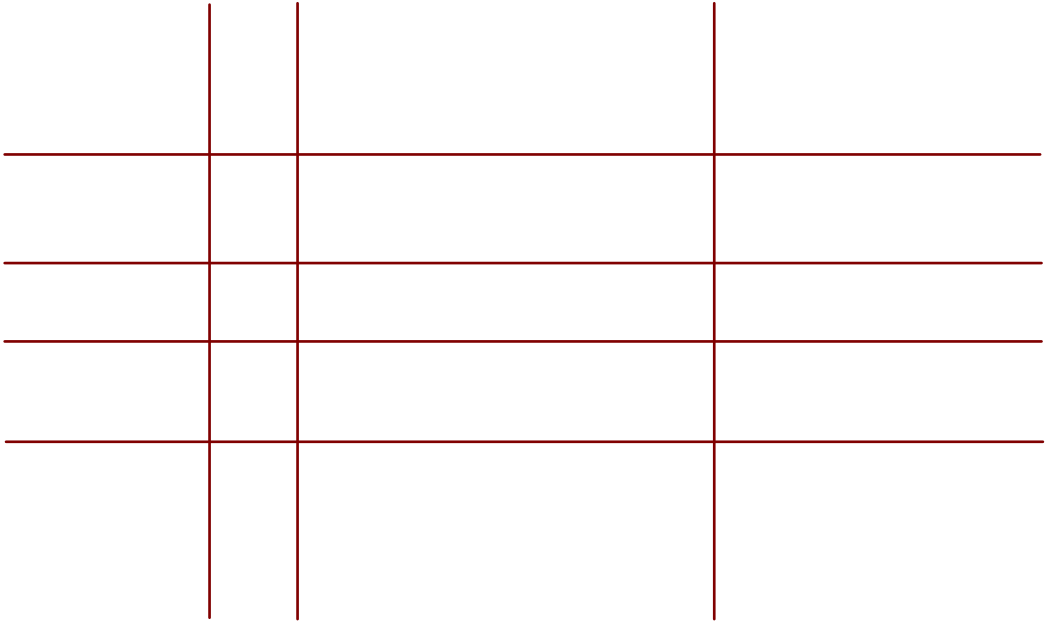
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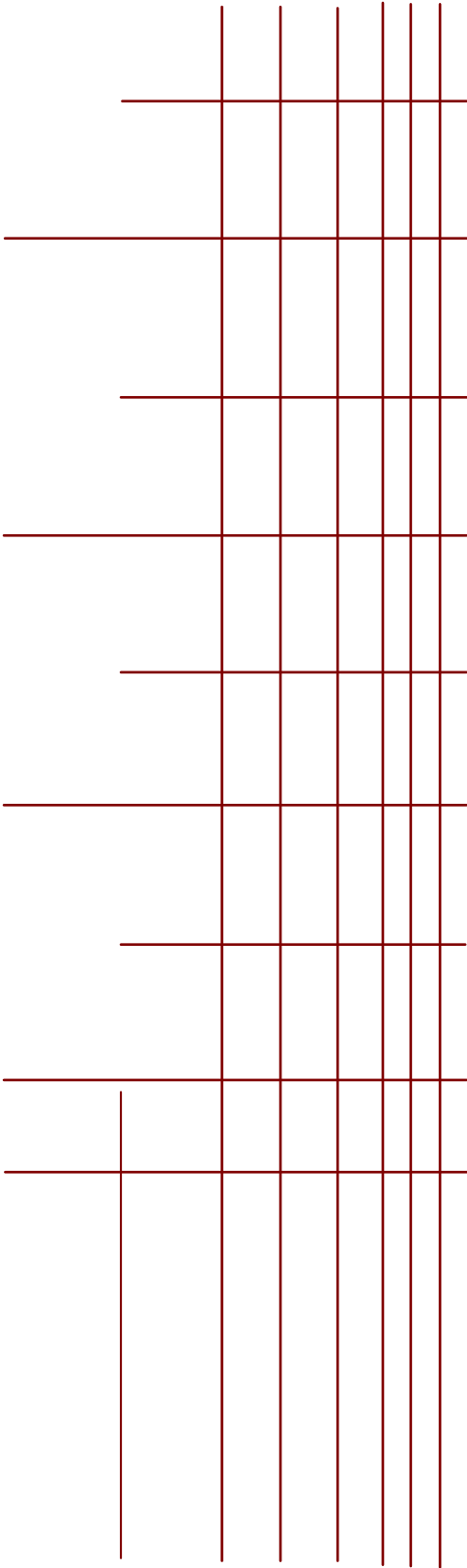
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FRC Nominations Committee

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

Members	Number of meetings			Apologies
	Eligible to attend	Attended	Represented by alternate	
M Ullmer (Chair)	1	1		
K Alfredson	1	1		
D Challen	1	1		
R Nottle	1	0	1(a)	1
P Prior	1	1		

Notes:

(a) Informal alternate attended with agreement of the Chair.

Mr Robert Wylie attended 1 meeting on an informal basis.

AASB Audit Committee

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

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

Appendix D: Attendance at meetings

Australian Accounting Standards Board

The AASB met 13 times during the financial year for a total of 20 meeting days. Members' attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Apologies (days)
K Alfredson	20	20	0
P A Batten	10	9	1
W Cameron	20	19	1
G W J Carter	20	20	0
N Conn	20	15	5
B T Curran	20	20	0
J Downes	8	7	1
K Leo	10	9	1
S Lloyd	10	10	0
G Peirson	10	10	0
R Picker	20	18	2
K Stevenson	6	3	3
G C Ward	20	14	6

Urgent Issues Group (UIG)

The UIG met 8 times during the financial year. Members' attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Alternate attended	Apologies (days)
K Alfredson	8	6	0	2
J Beecher	8	4	4	4
J Downes	5	4	0	1
C Feeney	8	7	1	1
D Greenall	8	8	0	0
C Hall	2	2	0	0
P Hancock	2	2	0	0
K Leo	5	5	0	0
M Lunn	8	8	0	0
S McClintock	8	5	0	3
A McHugh	8	8	0	0
B Morris	8	4	0	4
B Porter	8	8	0	0
K Reilly	8	5	3	3
B Rix	7	6	0	1
E Rofe	8	7	1	1
G Steel	2	2	0	0
M West	6	3	2	3
R Williams	8	8	0	0

PROGRESS MADE ON 2001-02 WORK PROGRAM

Highest priorities

FRC approved plan	Output to 30 June 2002
New and revised standards under the international harmonisation program on:	
Provisions, contingent liabilities and contingent assets (finalisation of standard)	AASB 1044 issued October 2001.
Impairment of assets (including consideration of responses to Exposure Draft ED 99 issued December 1999)	Responses did not support ED 99 proposals. ED 104, reflecting requirements of IAS 36 adjusted to include requirements relating to not-for-profit entities, issued March 2002.
Investment property (issue of exposure draft)	Exposure Draft ED 103 reflecting IAS 40 issued December 2001. Comment period closed 31 March 2002. Twenty-nine responses were received.
Other new and revised standards:	
Revaluation of Non-Current Assets (limited amendments arising from Exposure Draft ED 101)	Revised AASB 1041 issued July 2001.
Public Infrastructure Disclosures (including consideration of responses to Exposure Draft ED 100)	Project is being progressed in association with HOTARAC – PPPI Sub-committee. An AASB project manager appointed to that Sub-committee. Sub-committee is considering recognition as well as disclosure.
Related Parties and Director and Executive Disclosures (issue of exposure draft and finalisation of revised standards)	ED 106 'Director, Executive and Related Party Disclosures' issued in May 2002 for comment by 30 September 2002. ED 106 relates solely to Corporations Act entities.
The preparation of an issues paper dealing with the recognition and measurement of intangible assets, including goodwill. The objective is to obtain input from constituents on key issues. An exposure draft will be issued in conjunction with the IASB's first phase project on Business Combinations. This project includes issues relating to acquired intangible assets.	Staff paper placed on web-site prior to the AASB December meeting. Field-testing of FASB approach conducted with seven companies in conjunction with G100. Results of field testing provided to IASB. IASB Business Combinations (Phase I) project is being closely monitored. IASB tentative decisions are being routinely considered by Board. AASB's tentative views communicated to IASB. An Australian exposure draft will be issued in conjunction with IASB exposure draft on Business Combinations, Intangible Assets and Impairment of Assets via a 'wrap-around'. Timetable is dependent on IASB, but is anticipated to be 4 th quarter 2002.

Highest priorities (continued)

FRC approved plan	Output to 30 June 2002
<p>Reconciliation of government general purpose financial reporting with government financial statistics. The objective is to determine whether or not such a reconciliation should form part of general purpose financial reports and if so, whether such inclusion is presently feasible.</p>	<p>Project is being advanced in association with a HOTARAC Sub-committee. A Board member has been appointed to act as the Board's representative on the Sub-committee. An AASB senior project Manager is providing technical support. HOTARAC's recommendations are scheduled to be submitted to AASB by 3rd quarter 2002.</p>
<p>Study of the reporting issues relating to dual-listed entities and consideration of an exposure draft.</p>	<p>Issues paper presented to the December meeting of the AASB and recommendations approved. An 'international' version provided to the IASB staff. The IASB has now included accounting for such entities in its Business Combinations Phase II project.</p>
<p>Study of responses to the Invitation to Comment on the Joint Working Group Draft Standard on <i>Accounting for Financial Instruments and Similar Items</i>, in conjunction with other national standard setters and the International Accounting Standards Board. As an immediate measure the Board will issue an exposure draft based on the International Standard IAS 39 <i>Financial Instruments: Recognition and Measurement</i>, in conjunction with the IASB's priority project on improvements to that standard.</p>	<p>No action by AASB. AASB has received a summary of global responses prepared by the CICA (on behalf of the IASB). There are 30 Australian responses.</p> <p>In June 2002, the AASB issued an Invitation to Comment on the IASB's proposed improvements IAS 32 <i>Financial Instruments: Disclosure and Presentation</i> and IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. Comments are due by mid-September 2002 to enable the AASB to have the benefit of Australian constituents' views in making its own comments on the IASB's ED to improve IAS 32 and IAS 39 by mid-October.</p>

Other projects

FRC approved plan	Output to 30 June 2002
<p>IASB Convergence and Standards Improvement Projects. The Board's intention is to take a lead role on a limited number of appropriately prioritised IASB projects, as well as a supporting or monitoring role on others. The AASB will need to keep abreast of the work of the IASB on an ongoing basis in view of its harmonisation policy. To assist in this project, AASB staff will publish a 'Convergence Handbook' comparing AASB standards with International Standards.</p>	<p>Share-based payments:</p> <p>Letter issued to subscribers concerning the IASB's project on Share-based payments and the re-opening of the G4+1 Proposals for comment until 15 December 2001. IASB has posted responses in IASB website. AASB is monitoring IASB progress.</p> <p>Preface to International Financial Reporting Standards — IASB Exposure Draft:</p> <p>IASB exposure draft placed on web-site with a request that Australian respondents send copies of responses to both the IASB and AASB. AASB submitted a response to the IASB, after considering Australian responses.</p> <p>'The Australian Convergence Handbook' published February 2002.</p> <p>Input provided to UK ASB on case studies relating to 'control' consolidation model for IASB's Business Combination Phase II project.</p>

Appendix E: Progress made on 2001-02 work program

Other projects (continued)

FRC approved plan	Output to 30 June 2002
Post-employment benefits. Consideration of issues as an IASB convergence project.	<p>Participated in meetings of 'revaluation' standard-setters relating to revaluation of non-current assets. The September 2001 meeting was held in connection with the IASB meeting of chairmen of liaison standard-setters. A further meeting was held in Auckland in March 2002.</p> <p>In May 2002, the AASB issued an Invitation to Comment on proposed improvements to 12 existing IASB standards. Comments are due by mid-August 2002 to enable the AASB to have the benefit of Australian constituents' views in making its own comments on the IASB's ED to improve various IASs by mid-September.</p>
Finalising a report on the issues relating to the valuation and accounting for land under roads. The objective is to provide input to the Board to assist its deliberations on whether to retain the requirements of AAS 27 <i>Financial Reporting by Local Governments</i> , AAS 29 <i>Financial Reporting by Government Departments</i> , and AAS 31 <i>Financial Reporting by Governments</i> which presently require the recognition of land under roads, following the expiration of transitional provisions in 31 December 2002.	<p>The AASB and the IASB have agreed to jointly conduct a review of the requirements in IAS 19 <i>Employee Benefits</i> relating to defined benefit plans.</p> <p>Report placed on web-site prior to November AASB meeting. The AASB consulted further with entities that have already recognised land under roads concerning, inter alia, measurement methods adopted and the costs and benefits such entities attribute to the recognition of land under roads. The AASB has agreed that the option to recognise or not recognise land under roads be extended until there is greater international convergence on the recognition and measurement of land under roads by public sector entities. A Standard formalising this decision will be issued in the 3rd quarter of 2002.</p>
Review and updating of Accounting Standards AAS 27 <i>Financial Reporting by Local Governments</i> , AAS 29 <i>Financial Reporting by Government Departments</i> and AAS 31 <i>Financial Reporting by Governments</i> .	<p>HOTARAC's broad recommendations concerning AAS 29 and AAS 31 have been received. Issues paper is in process of preparation by AASB staff for consideration by AASB. Further HOTARAC papers are expected on specific issues.</p> <p>The AASB considered papers on AAS 27 and agreed to propose a slimmed-down version of AAS 27, removing material dealt with adequately in other Standards.</p>
Superannuation plans (revision and updating of AAS 25 <i>Financial Reporting by Superannuation Plans</i>) and managed investment schemes. AAS 25 is in need of revision and updating. Managed investment schemes are being considered in conjunction with superannuation plans given the interrelationship between superannuation plans and managed investments.	<p>The ICAA Superannuation Working Party presented its recommendations to the AASB at its December meeting. AASB requested AASB staff to prepare a key issues paper to assist in its deliberations on the Working Party's recommendations.</p> <p>AASB staff are to prepare a paper on issues relating to managed investment schemes.</p>
Not-for-Profit entities. A contractor has submitted an incomplete discussion paper identifying major issues in financial reporting by not-for-profit entities, including matters that may be dealt with in an accounting standard. The Board will examine the report and the desirability of issuing an accounting standard on the topic.	<p>No progress. The project has been transferred to the 2002-2003 work program.</p>

Other projects (continued)

FRC approved plan	Output to 30 June 2002
Review of Accounting Standard AASB 1015 <i>Acquisition of Assets</i> in view of the Senate's disallowance of paragraphs 6.3 and 6.4.	The AASB has resolved to align its work program on this issue with that of the IASB. The IASB intends to consider restructuring of controlled entities in its Business Combinations Phase II project.

Unplanned work

Review of issues arising out of first time implementation of 'Trilogy' Accounting Standards (AASB 1018/AAS 1 'Statement of Financial Performance'; AASB 1040, AAS 36 'Statement of Financial Position'; and AASB 1034, AAS 37 'Financial Report Presentation and Disclosures').	The AASB requested submissions on issues in September 2001. The AASB considered the submissions received and in April 2002 issued ED 105 proposing amendments to address certain issues raised. AASB 1018 was reissued in June 2002. Proposed changes to the other Trilogy Standards have been deferred and will be addressed as part of the 2002-2003 International Convergence and Harmonisation program.
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AASB WORK PROGRAM 2002-03

The AASB's standard setting work program for the year to 30 June 2003 has been approved by the FRC.

CONTINUING PROJECTS

Project	AASB proposed actions
<i>Outstanding AASB exposure drafts</i>	
ED 103 Investment Property (comment period closed 31 March 2002)	Issue new Standard
ED 104 Impairment of Assets (comment period has been extended to align with proposed Business Combinations ED comment period deadline)	Issue new Standard
ED 106 Director, Executive and Related Party Disclosures (comment period closes 30 September 2002)	Issue amended Standards
<i>Outstanding invitations to comment</i>	
Proposed Improvements to IASs and their Impact on Australian Standards. Proposals relate to:	
IAS 1 Presentation of Financial Statements	Review responses to Invitation to Comment
IAS 2 Inventories	Make AASB submissions to IASB on proposals
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Monitor responses to IASB Exposure Draft
IAS 10 Events after Balance Date	Monitor IASB deliberations and outcomes and make further submissions to IASB if considered appropriate
IAS 16 Property, Plant and Equipment	Identify remaining IASB/AASB non-conformities and consider appropriate actions to remove non-conformities
IAS 17 Leases	Issue AASB Standards incorporating amended IASs (timing may extend beyond 30 June 2003)
IAS 21 The Effects of Changes in Foreign Exchange Rates	
IAS 24 Related Party Disclosures	
IAS 27 Consolidated Financial Statements and Accounting for Investments in Subsidiaries	
IAS 28 Accounting for Investments in Associates	
IAS 33 Earnings per Share	
IAS 40 Investment Property	

CONTINUING PROJECTS (CONTINUED)

Project	AASB proposed actions
<i>Outstanding invitations to comment</i>	
IAS 32 Financial Instruments: Disclosures and Presentation	
IAS 39 Financial Instruments: Measurement and Recognition	
<i>Other international convergence and harmonisation projects</i>	
Business Combinations Phase I incorporating goodwill and other intangibles	<p>Issue AASB exposure drafts comprising IASB exposure draft and wrap-around identifying the impact the proposals would have on existing Australian Standards.</p> <p>Review responses to AASB exposure draft.</p> <p>Make AASB submission to IASB on proposals.</p> <p>Monitor IASB developments.</p>
Share-based payments	<p>Monitor IASB deliberations and outcomes.</p> <p>Issue exposure draft in conjunction with IASB.</p>
Post-employment benefits	<p>Take joint role in association with IASB to improve IAS 19 as a convergence project in relation to Post-employment Benefits: Defined Benefit Plans.</p> <p>Prepare issues papers and present to IASB and AASB.</p> <p>Prepare IASB and AASB exposure drafts for consideration by Boards.</p> <p>Issue AASB Exposure Draft.</p>
<i>Public sector specific projects</i>	
Public Infrastructure Recognition, Measurement and Disclosures	<p>Consider issues and recommendations in report of HOTARAC Private Provision of Public Infrastructure Sub-Committee.</p> <p>Consider possible relevance of IASB project on Derecognition.</p> <p>Issue Exposure Draft.</p>

Appendix F: AASB work program 2002-2003

Project	AASB proposed actions
GPFR/GFS Comparison	Consider forthcoming report and recommendations on Harmonisation of Public Sector Financial Reporting Requirements working party Issue Exposure Draft (if considered a justifiable option)
Land Under Roads	Issue amendments to AAS 27, AAS 29 and AAS 31
Review of AAS 27 Financial Reporting by Local Governments	Consider issues raised in submissions requested from key constituents Issue exposure draft of amendments
Review of AAS 29 Financial Reporting by Government Departments	Consider issues raised in existing and forthcoming HOTARAC reports Issue exposure draft of amendments
Review of AAS 31 Financial Reporting by Governments	Consider issues raised in existing and forthcoming HOTARAC reports Issue exposure draft of amendments
<i>Other national projects</i>	
Review of AAS 25 Financial Reporting by Superannuation Plans	Consider issues paper Issue exposure draft of amendments
Managed Investment Schemes	Consider issues relating to Managed Investment Schemes and determine whether an industry specific standard is an appropriate justifiable option
Not-for-Profit Entities	Consider issues relating to Not-for-profit entities (especially public fund raising charities) and determine whether a specific standard is a justifiable option

NEW PROJECTS — INTERNATIONAL CONVERGENCE AND HARMONISATION

Project	AASB proposed actions
<i>International accounting standards board</i>	
Reporting performance	Participate via monitoring and other processes in accordance with PS 4 'International Convergence and Harmonisation Policy'
Business Combinations, Application of the Purchase Method	
Consolidation Policy and special purpose entities	
Revaluations (including fair value/deprival value comparison) (convergence topic)	
First-Time Application of International Financial Reporting Standards	
Activities of Financial Institutions: Disclosures and Presentation	
Insurance Contracts	
Concepts — revenue, liabilities and equity	
Other Convergence projects, as decided by IASB	
<i>IFAC public sector committee</i>	
Budgetary Reporting	Participate via monitoring and other processes in accordance with PS 4 'International Convergence and Harmonisation Policy'
Non-Reciprocal Revenue	
Social Policy Obligations	

Research project

Co-sponsorship of a research study into the current practices in the major financial centres concerning the appropriateness of the Australian statutory requirement to present a full parent entity financial report with a group's consolidated financial report in the entity's annual financial report. Issues to be examined include the existence or otherwise of legislation that controls such practices, the relevance of parent entity financial reports, including their usefulness to financial analysts, investors and other users of annual financial reports, and the available alternatives.

AASB AND UIG PRONOUNCEMENTS TO 30 JUNE 2002

STATEMENTS OF ACCOUNTING CONCEPTS

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

Policy statements

No	Title	Issued (re-issued#)
PS 1	The development of statements of accounting concepts and accounting standards	7/93
PS 2	The AASB Consultative Group	# 6/01
PS 3	AASB Project Advisory Panels	# 6/01
PS 4	International convergence and harmonisation policy	# 4/02
PS 5	The nature and purpose of statements of accounting concepts	# 7/01

AASB and AAS-series accounting standards

AASB series	AAS series	Title	Issued (re-issued#)
1001	6	Accounting policies	# 3/99
1002	8	Events occurring after reporting date	# 10/97
1004	15	Revenue	# 6/98
1005	—	Segment reporting	#8/00
1006	19	Interests in joint ventures	# 12/98
1008	17	Leases	# 10/98
1009	11	Construction contracts	# 12/97
1010	10	Recoverable amount of non-current assets	# 12/99
1011	13	Accounting for research and development costs	5/87
1012	—	Foreign currency translation	#11/00
1013	18	Accounting for goodwill	# 6/96
1014	23	Set-off and extinguishment of debt	# 12/96
1015	21	Acquisitions of assets	# 11/99
1016		Accounting for investments in associates	# 8/98
	14	Accounting for investments in associates	5/97
1016A	—	Amendments to accounting standard AASB 1016	10/98
1017		Related party disclosures	# 2/97
	22	Related party disclosures	5/93
1018	—	Statement of financial performance	# 6/02
1019	2	Inventories	# 3/98
1020	3	Income taxes	# 12/99
1020A	—	Amendments to accounting standard AASB 1020 and Australian accounting standard AAS 3	# 6/02
1021	4	Depreciation	# 8/97
1022	7	Accounting for the extractive industries	10/89
1023	26	Financial reporting of general insurance activities	# 11/96
1024	24	Consolidated accounts	# 5/92
1025	—	Application of the reporting entity concept and other amendments	7/91

AASB and AAS-series accounting standards (continued)

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

+ The AASB policy is to amalgamate the two series of standards and issue a single series of AASB standards.

ACCOUNTING INTERPRETATIONS

No	Title	Issued
AI 1	Amortisation of identifiable intangible assets	6/99

UIG ABSTRACTS

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

UIG ABSTRACTS (CONTINUED)

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