

AASB Research Forum 2020

Call for academic expressions of interest
Submissions due 26 July 2019

TODAY'S RESEARCH | TOMORROW'S IMPACT



Australian Government

Australian Accounting Standards Board

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overview

What is the AASB Research Forum?

The AASB Research Forum is an annual event where timely and topical academic research, in relation to financial reporting, is presented before an audience of key industry stakeholders. The forum usually consists of three presenting academic research teams, a panel of industry executives who provide live feedback and discussions, and questions from the audience.

The Research Forum is one of the AASB's premier annual events for sharing ideas and views on emerging financial reporting topics, and is a fantastic networking opportunity.



What impact will conducting research for the Research Forum have?

The 2019 AASB Research Forum has received 180 ticket registrations so far, illustrating the industry's interest in thought-provoking academic research as it relates to financial reporting standards and practices. The AASB endeavours to deliver timely, engaging topics that are relevant for stakeholders, and by extension, spark dialogue about the way we develop standards and how they might be improved.

With the 2019 AASB Research Forum's proceedings underway, we are now calling for Expressions of Interest from academics who wish to undertake research that will produce actionable insights for the AASB's consideration, in the creation—or amendment—of accounting standards. This research is to be presented at the 2020 AASB Research Forum.

Your findings have the power to impact tomorrow's decisions for the greater benefit of the international and Australian accounting industry and economy.

The AASB encourages academics to make practical recommendations for standard-setters, and encourages them to be bold in their recommendations. Academics will help inform the AASB about the future of financial reporting, and the areas where they believe standard-setting activities are needed.

Should your application to participate in the AASB Research Forum be successful, your research findings will receive the following avenues of exposure:

- Members of the International Accounting Standards Board (IASB) attend and participate in the AASB Research Forum – as a result, previous AASB Research Forum presenters have been asked to present their findings at key international standard-setting meetings, including the Accounting Standards Advisory Forum
- Academics will have their work exposed to a huge network of key industry executives, including up to 200 in the live audience, and thousands more through the AASB's engaged database, social network, and industry partnerships
- Research findings may be taken into consideration by the IASB and AASB for future standard-setting projects, therefore your academic research can have real-world outcomes for the greater benefit of the Australian and international accounting industries
- Authors from previous Research Forums have also benefited from our publication relationship with the Accounting and Finance journal (AFAANZ)

More information about previous forums can be found on the AASB website.



Who is the audience I'm preparing my research for?

Your audience consists of a wide-range of academics and executives from the for-profit and not-for-profit sectors, the majority of whom will be impacted by your research findings. These include users, preparers, auditors, and regulators of financial statements, as well as Australian and international accounting standard-setters.

What topics can I choose from?

Research projects can be forward-looking, and can either address topics not yet on standard setters' agendas, or provide input to issues currently being discussed and reviewed. Research is required for all sectors (for-profit, not-for-profit public and private), and all entity sizes.

The Appendix to this document presents five areas of particular interest to the AASB. Topics could include – but are not limited to – the following (see the Appendix for full description):

- New areas of financial reporting and external reporting beyond financial reporting
- Behavioural aspects of decision making on financial reporting and standard-setting
- Technological advances in systems and recording financial transactions
- The Australian Financial Reporting Framework
- Current standard setters' topics/post-implementation reviews of standards



submissions

How to submit your Expression of Interest

Expressions of Interest must be relevant to stakeholders in the for-profit and not-for-profit (either public or private) sectors. Please limit expressions of interest to 1,000 words total, and adhere to the following format:

1. Paper title

2. Names of researchers and the institutions they represent

3. Synopsis:

- Why the research is important
- The research that will be undertaken, including:
 - Research aims
 - Proposed research questions
 - Methodology
- Possible assistance from the AASB (if required)
- The relevance of possible conclusions from the research to inform the AASB's standard setting activities and its strategic objectives

Should you be successful in your application, further details about the research paper's requirements, including reviews and discussions about your topic's related literature, data collection, research findings, and the real-world implications for accounting practitioners and industry stakeholders which must be addressed, in order for the AASB to have actionable insights, will follow.

Expressions of Interest should be submitted no later than **5.00pm, Friday 26 July, 2019** to **Damian Paull, AASB-AUASB National Director**, at research@aab.gov.au

Research topics suggested by the AASB

This appendix outlines possible research questions and topics that the AASB considers relevant to its current and possible future standard-setting work program. Applicants are not limited to the suggestions, but are encouraged to consider and build upon them.

appendix

1. New areas of financial reporting and external reporting beyond financial reporting

1.1 External reporting beyond financial reporting:

- Are there other areas that users and governments may want entities to publicly report? For example:
 - do users need non-financial information, such as about emerging risks (e.g. climate change) or forward-looking information on future net cash inflows, to enable economic decision making?
 - what are common voluntary disclosures made by entities? For example, are entities providing climate-related disclosures without being required by standards or other regulations (such as ASIC Regulatory Guides)? If so, why do entities provide voluntary disclosure? Is voluntary disclosure indicative of user needs?
 - how should external reporting beyond financial reporting be mandated and enforced to be effective for users? Should there be a framework/standards? Should it be a voluntary or mandatory requirement, and if mandatory, for which types of entities? Who should regulate the information?
 - the AASB has completed a literature review on remuneration reporting. What should the AASB's next steps be? What do users need from remuneration reporting? What is current practice in other countries, and is it effective for users?

1.2 Improvements to, and new areas of, financial reporting:

- What about accounting and reporting for natural resources/extractive activities/intangibles? Are these better dealt with in financial statements or in supporting information such as Management Commentary?
- Are entities obtaining/performing valuations on assets/liabilities that do not meet the recognition criteria in accounting standards, such as internally-generated intangible assets? Are entities voluntarily disclosing such valuations in the market? If so, why, and do users find this information useful?
- With the increase in entities such as social enterprises, co-operatives and mutual entities, how should they be treated for financial reporting purposes – are they for-profit or not-for-profit entities?

1.3 Looking forward from a public sector perspective:

- How should we account for inter and intra-generational transfers and reporting, for example, the liability of the workers of tomorrow paying for the upkeep of the workers of today?



appendix

2. Behavioural aspects of decision making in financial reporting and standard-setting

2.1 How are financial statements used for economic decision-making:

- Are financial statements and disclosures presented and written in a way that is understandable and useful? If we were to start again, what would be different?
- Why do users make adjustments to financial statements? Can standard-setters improve the reliability of financial reporting (for example, in improving fair value measurements), or will adjustments by users always be inherent in the decision-making process?

2.2 Primary financial statements

- The IASB is undertaking a project to improve the structure and content of primary financial statements, with a focus on the statement(s) of financial performance:
 - do we need both a statement of profit and loss and a statement of other comprehensive income (OCI)? Do users understand what is presented in OCI, and why those items are in OCI? Is OCI useful to their decision making?
 - the statement of profit and loss presents historical information – do we need another statement to present forward-looking projections and forecasts?
 - what are the minimum line items that users need to make decisions? Should standard-setters prescribe minimum line items, or should this be an entity-level decision?
- What impact, if any, could technology have on the conclusions of the Primary Financial Statements project? For example, would some of the issues become redundant if XBRL were mandated?

2.3 Understandability and structure of accounting standards

- Are accounting standards written and presented in a manner that is understandable and logical for preparers and auditors to understand? If not, what are suggestions to improve the way accounting standards are written and presented? How could this improve financial reporting?
- The United States Financial Accounting Standards Board (FASB) revised the structure of their standards, what (if any) benefit was there from doing this?

2.4 Costs/benefits in standard-setting

- How can standard setters more accurately measure the impact of changes in standards to economies, with particular regard to the cost vs benefit equation?



appendix

3. Technological advances in systems and recording transactions

Crypto-currencies are currently a regular news item, and the underpinning blockchain technology is facilitating the Internet of Things (IoT) revolution, by enabling the use of smart contracts in business and consumer transactions.

3.1 With more and more business carried out online, new ways of doing business may have a fundamental impact on the way financial accounting and reporting is recorded and processed, with the related assurance issues as well.

- What would need to change, if anything, in the current suite of accounting and disclosure standards to facilitate a transition to a new global business and transaction model?

3.2 Aligned to this is the availability of software such as XBRL that tags data and is used extensively by some regulators across the globe as major users of financial information.

- Why are some regulators not requiring use of this technology? Why are users such as investors not requesting entities to use this technology?
- Are there any Australian entities voluntarily reporting to Australian regulators (e.g. ASIC) voluntarily? If not, why do Australian entities not see the benefit in voluntary adoption of XBRL?
- Is there something else that would enable users to more easily compare and analyse financial data, and what would it look like?
- Are current taxonomies useful, or should there be something else to replace them?



appendix

4. The Australian Financial Reporting Framework

- Coupled with the increasing complexity of business structures and organisations, is there a demand for general purpose financial statements with different tiers of reporting, particularly in the not-for-profit sector? (E.g., New Zealand has four tiers of financial reporting with some entities able to use a cash basis of accounting)
- So what are the costs and benefits of having more than one reporting framework in a country? Does this affect comparability and usefulness? (E.g., Japan allows several reporting frameworks)
- What is the cost of preparing financial reports by preparers, including all adjusting closing entries and staff time in the final close? Is this a multiple of the audit fee?
- Do the benefits of using fair-value in the public sector outweigh the costs? (Under GFS market value is used)
- What has been the impact of AASB 1049 Whole of Government and General Government Sector Financial Reporting? Have the benefits outweighed the costs?
- In the public sector, how does the market value or fair value differ, how should it be measured, value in use/current replacement cost, highest and best use, and what about impairment?
- In the public sector, is there too much duplication of reporting at individual entity level, consolidated level and whole of government accounts?
- What are user needs for NFP entities? How do user needs differ between the NFP/FP sectors, and why?



appendix

5. Current standard setters' topics/post-implementation-reviews

5.1 The AASB, IASB and IPSASB currently have a number of ongoing projects for which research would be useful. For example:

- The disclosure and reporting required of different types of tax and effective tax rates under the tax transparency code
- Management commentary
- Long-term discount rates
- Dynamic risk management
- Definition of a social benefit and the related accounting and reporting
- Service performance information and reporting
- Exchange and non-exchange revenue and expenses
- Social benefits
- Remuneration reporting
- Disclosure
- Commodity loans and related transactions
- Subsequent accounting for business combinations and goodwill
- Impairment of assets
- Primary financial statements
- Financial instruments with characteristics of equity
- Infrastructure and heritage assets
- Provisions
- Variable and contingent consideration
- Equity method

See more on the [AASB Work Program](#), [IASB Work Plan](#), [IASB Research Pipeline](#) and [IPSASB Work Plan](#).



appendix

5.2 Further, the following new IFRS Standards have been issued in Australia recently with post-implementation-reviews to be undertaken by the IASB in several years' time. Input into the dollar impact of adopting the new standards, how users have benefited from the new standards, and issues experienced by preparers and users would be timely.

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 17 Insurance Contracts

5.3 Australian-specific standards have also been issued recently, and the AASB would value the same information as above in relation to costs, benefits and challenges. Imminent domestic post-implementation reviews are:

- AASB 1049 Whole of Government and General Government Sector financial reporting
- AASB 1056 Superannuation Entities

5.4 The AASB will also conduct domestic post-implementation reviews in the future for:

- AASB 1058 Income of Not-for-Profit Entities
- AASB 1059 Service Concession Arrangements: Grantors

Visit [the AASB website](#) for further information