



<b>Project:</b>	Research Centre	<b>Meeting:</b>	June 2024 (M203)
<b>Topic:</b>	Research and post-implementation review updates	<b>Agenda Item:</b>	9.1
		<b>Date:</b>	21 May 2024
<b>Contact(s):</b>	Eric Lee <a href="mailto:elee@asb.gov.au">elee@asb.gov.au</a>	<b>Project Priority:</b>	N/A
		<b>Decision-Making:</b>	N/A
		<b>Project Status:</b>	Report to Board

## Objectives of this paper

- 1 The objective of this agenda item is to provide the Board with **updates** on the key AASB Research Centre activities, including post-implementation review projects.

## Attachments

- Agenda Paper 9.2 AASB Research Centre SSRN Working Paper No. 24-02 *The Cost of Auditing Service Performance Information* [supporting documents folder]
- Agenda Paper 9.3 AASB Research Centre SSRN Working Paper No. 24-03 *Using Turnover Size to Determine Charities' Reporting Requirements: Should Turnover Size Metrics Drive Reporting Regimes?* [supporting documents folder]

## Structure

- 1 This paper is structured as follows:
  - (a) [Background \(paragraphs 2\)](#)
  - (b) [Research project\(s\) \(paragraphs 3–6\)](#)
  - (c) [Post-implementation Review \(PIR\) Project\(s\) \(paragraphs 7–10\)](#)
  - (d) [AASB Dialogues Series Session\(s\) \(paragraphs 11–18\)](#)
  - (e) [AASB SSRN Working Paper\(s\) \(paragraph 19\)](#)
  - (f) [Other activities \(paragraphs 20–21\)](#)

## Background

- 2 This paper provides an overview of activities that have taken place since the Board received updates in the March 2024 meeting. Alongside the research-related work in other pertinent agenda papers concerning stand-setting work, this paper provides a summary of activities recently completed or scheduled for the near future.

## Research project(s)

### Statement of Cash Flows and Other Related Information

- 3 The AASB Research Centre has commenced its research project on the statement of cash flows and other related cash flow information.
- 4 There are two stages of this research project:
  - (a) Stage 1: Gather data from annual reports to understand the diversity in practices. Staff have gathered data from 50 top ASX entities' annual reports and will start analysing the data.
  - (b) Stage 2: Outreach and interviews will be conducted in Q2 2024 to obtain stakeholders' perspectives and challenges related to cash flow reporting.
- 5 A research report is expected to be published in Q3–Q4 2024.
- 6 It is anticipated that the IASB will define the scope of its statement of cash flows research project in H2 2024. The findings from the AASB research project will inform and contribute to the scoping process of the IASB.

## Post-implementation Review (PIR) Project(s)

### ***ITC 54 Post-implementation Review of AASB 1056 Superannuation Entities and Interpretation 1019 The Superannuation Contributions Surcharge***

- 7 A Feedback Statement is finalised to conclude the PIR. The Feedback Statement will be published on the AASB website in May 2024.

### ***ITC 50 Post-implementation Review – Income of Not-for-Profit Entities***

- 8 Agenda Paper 8.1 provides a summary of the Board's considerations, feedback received, staff analyses and recommendations for the next steps. Subject to the Board's approval, a Feedback Statement will be published in Q3 2024 to conclude the PIR.

### ***ITC 51 Post-implementation Review of Not-for-Profit Topics – Control, Structured Entities, Related Party Disclosures and Basis of Preparation of Special Purpose Financial Statements***

- 9 As noted in the March 2024 meeting, the PIR will analyse comments received for ITC 51 in Q2 2024. The Board is expected to deliberate on staff analyses and recommendations in Q4 2024–Q1 2025.

### ***AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and AASB 2022-2 Amendments to Australian Accounting Standards – Extending Transition Relief under AASB 1***

- 10 The PIR will start gathering preliminary feedback from stakeholders to develop an ITC. The Board will be expected to deliberate the preliminary feedback in Q4 2024.

## AASB Dialogue Series Session(s)

- 11 The AASB Dialogue Series Sessions provide a platform for stakeholders to share perspectives on specific topics. A session typically features presentations from leading experts and panel discussions. Recordings of past sessions are available on the AASB webpage.<sup>1</sup>
- 12 The following is a summary of the dialogue series session held in March and May 2024, and some information about the upcoming June 2024 session.

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1 <https://www.aasb.gov.au/research-resources/research-centre/aasb-dialogue-series/>

### March 2024 AASB Dialogue Series Session

- 13 The March 2024 AASB Dialogue Series, titled '*Boundary and connectivity of reporting*', is scheduled for 25<sup>th</sup> March 2024 (Monday), from 4 pm to 5.15 pm AEDT. 141 people attended the session.
- 14 Jade (Shizhe) Chen (University of Melbourne) presented research findings from her recently completed Honours dissertation. The research examines whether varying report location (i.e. connectivity) and nature of presentation (quantitative versus qualitative) of reported sustainability information will impact the relevance of sustainability information as perceived by investors. The panel discussion featured:
- Rebekah Morgan (GPT)
  - Anne Waters (AUASB)
  - Dr. Lydie Bayne (UWA Business School)
  - Siva Sivanantham (Department of Treasury and Finance, Victoria)
  - Lou Capparelli (UniSuper Management Pty Ltd).

### May 2024 AASB Dialogue Series Session

- 15 The May 2024 AASB Dialogue Series, titled '*Financial Reporting on Climate-related Commitments*', was held on 3<sup>rd</sup> May 2024 (Friday), from 12 pm to 1.15 pm AEDT. 269 people attended the webinar.
- 16 Dr. Claire Horner (CSIRO) and Dr. Sue Ogilvy (Farming for the Future program) shared insights from their paper titled "*Accounting and Accountability for No Net Loss of Biodiversity*", which appears in the AASB SSRN Working Paper Series. Lachlan Vogt (Algorithm) also provided valuable insights on how emissions can be measured using technology. This was followed by a panel discussion where the panellists offered their perspectives. The panel discussion featured:
- Karen McWilliams (CA ANZ)
  - Alison George (Australian Ethical Investment)
  - Patrick Viljoen (CPA Australia).

### Upcoming June 2024 AASB Dialogue Series Session

- 17 The upcoming session of the AASB Dialogue Series, titled '*Valuation in Financial Reporting: Art or Science?*', is scheduled for 27<sup>th</sup> June 2024 (Thursday), from 4 pm to 5.15 pm AEDT.
- 18 The session will feature board members and staff of the International Valuation Standards Council (IVSC). Professor Michael Davern (University of Melbourne) will present research work related to the topic of valuation.

### AASB SSRN Working Paper(s)

- 19 The AASB Research Centre has recently accepted two working papers to the AASB SSRN Working Paper Series:
- (a) 24-02: *The Cost of Auditing Service Performance Information* (authored by Professor Tom Scott and Dr Xikai Chen): The findings contribute to the AASB Service Performance Reporting Project. Using a sample of large New Zealand not-for-profit (charities) newly required to report and have assured statements of service performance following accounting and auditing standards, the research finds an increase in audit fees of 14.5%, although there is no change in audit or filing lag. There is no difference based on the auditing standard used, the audit firm or whether an 'other matter' is expressed in the audit report. Overall, the results suggest mandating the reporting and assurance of non-financial information should be viewed as having greater costs than adopting International Financial Reporting

Standards. Further, research is needed to understand whether the benefits of such disclosures would outweigh the costs; and

- (b) 24-03: *Using Turnover Size to Determine Charities' Reporting Requirements: Should Turnover Size Metrics Drive Reporting Regimes?* (authored by: Han Wen, Professor David Gilchrist, Dr Prerana Agrawal and Dr Lyndie Bayne) The findings contribute to the AASB Tier-3 NFP Reporting Framework Project. The research interviewed eight experienced charities' financial report preparers to understand the utility of charity financial reports under current regulatory obligations. This paper contributes to the literature in four important ways. It demonstrates that the newly modified ACNC reporting thresholds are not likely to be appropriate, and that revenue is seen to be an appropriate measure to drive reporting requirements (ie. to set the threshold boundaries), the paper explains why charities might report more fully than the regulatory regime requires and it extends the knowledge surrounding the information needs of stakeholders.

### **Other activities**

#### **American Accounting Association (AAA) Annual Meeting**

- 20 Jointly with the Canadian Accounting Standards Board, a submission to host a panel session, *What are National Accounting Standard-setters Up to?* at the AAA Annual Meeting in August 2024 has been accepted.
- 21 The session will provide insights and perspectives on various key projects that national standards setters are working on. The objective of this initiative is to encourage international academics to consider researching domestic accounting and reporting issues. This also provides opportunities for collaborations between national standard-setters.

#### **Question to the Board:**

Do Board members have any comments or questions about the research update?