



Project:	Research Centre	Meeting:	3 July 2025 (M213)
Topic:	Research updates	Agenda Item:	9.1
		Date:	17 June 2025
Contact(s):	Eric Lee elee@asb.gov.au	Project Priority:	N/A
		Decision-Making:	N/A
		Project Status:	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.

Structure

- 2 This paper is structured as follows:
 - (a) Background (paragraph [3](#));
 - (b) Key Projects Updates:
 - (i) Cash Flows Statement and Related Matters (paragraphs [4-8](#));
 - (ii) IASB's Upcoming Agenda Consultation (paragraphs [9-13](#));
 - (iii) NFP Public Sector Entities Climate-related Financial Disclosures (paragraphs [14-17](#));
 - (iv) Intangible Assets (paragraphs [18-20](#));
 - (c) Updates on Post-implementation Review Projects (paragraph [21](#));
 - (d) AASB Research Report (paragraphs [22-24](#));
 - (e) AASB SSRN Working Papers (paragraph [25](#));
 - (f) 2025 AASB Research Forum (paragraph [26](#));
 - (g) AASB Dialogue Series (paragraphs [27-28](#)); and
 - (h) Other International Engagements (paragraphs [29-31](#)).

Background

- 3 This paper provides an overview of research activities that have taken place since the Board received updates in the March 2025 meeting. Alongside the research-related work in other pertinent agenda papers concerning standard-setting work, this paper provides a summary of activities recently completed or scheduled for the near future.

Key Projects Updates

Cash Flows Statement and Related Matters

- 4 In March 2025, the International Accounting Standards Board (IASB) commenced its research project on the statement of cash flows and related matters. As part of its deliberations, it

referenced and considered national standard-setters' work on cash flow information, including the AASB's research project, [Statement of Cash Flows and Related Matters – Australian Listed Entities](#)¹, which is based on a desktop review of fifty listed Australian companies.²

- 5 Consequently, in May 2025, after considering stakeholder feedback and the available evidence, the IASB decided to assess potential ways to improve:
 - (a) the disaggregation of cash flow information in the financial statements;
 - (b) the reporting of information about non-cash transactions in the financial statements;
 - (c) the transparency of information communicated about cash flow measures not specified in IFRS Accounting Standards;
 - (d) the consistent application of requirements to classify cash flows as operating, investing or financing; and
 - (e) the consistent application of the definition of 'cash equivalents'.
- 6 In addition, the IASB decided it will not:
 - (a) aim to redefine the operating, investing and financing categories;
 - (b) aim to align the classification of cash flows in the statement of cash flows with the classification of related income and expenses in the statement of profit or loss, which is set out in IFRS 18 *Presentation and Disclosure in Financial Statements*;
 - (c) define 'growth and maintenance capital expenditures';
 - (d) define the measures 'free cash flows' or 'net debt';
 - (e) expand the definition of 'cash and cash equivalents';
 - (f) develop new requirements for cash flow information by segment;
 - (g) develop specific requirements for offsetting cash flows;
 - (h) develop alternatives to a statement of cash flows; or
 - (i) amend the requirement in IAS 7 *Statement of Cash Flows* for an entity to present operating activities using the direct or the indirect method.
- 7 The IASB also decided it will approach the statement of cash flows for financial institutions by considering:
 - (a) improvements to the statement of cash flows generally before deciding how any changes might apply to the requirements for financial institutions;
 - (b) exemptions for financial institutions from some or all of the requirements for presenting a statement of cash flows; and
 - (c) any presentation or supplementary disclosure requirements specific to financial institutions that might enhance the usefulness of information about cash flows for such entities.
- 8 Staff is drafting the second phase of the AASB's cash flow research project: interviews conducted with preparers, auditors and users. As the scope of the IASB's work has narrowed, staff will focus on those matters that the IASB has decided to focus on with the research report from the second phase. If necessary, further interviews may be conducted. Staff will continue

¹ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5142379

² <https://www.ifrs.org/content/dam/ifrs/meetings/2025/march/iasb/ap20b-national-standard-setter-outreach-research.pdf>

to monitor the research project's progress and provide relevant evidence, including stakeholder perspectives, to the IASB's work where appropriate.

IASB's Upcoming Agenda Consultation

- 9 In March 2025, the IASB commenced work on its next agenda consultation to shape its technical strategy and work plan from 2027. As part of this process, the IASB will seek feedback from stakeholders on:
 - (a) the strategic direction and balance of its activities;
 - (b) the criteria for assessing potential projects to be added to its work plan; and
 - (c) the financial statement matters to be prioritised.
- 10 The IASB expects to publish its formal consultation document through a request for information in the fourth quarter of 2025.
- 11 The AASB also follows a due process for agenda consultation, conducted at least once every five years, to gather stakeholder feedback on its domestic work program (as outlined in section 7.2.2 of the [AASB Due Process Framework for Setting Standards](#)³). The previous agenda consultation, held in 2022, shaped the work plan for 2022–2026.
- 12 Past experience has shown that when outreach is conducted for the IASB's agenda consultation, stakeholders often provide feedback on domestic matters as well. Given this, staff propose conducting the domestic agenda consultation in parallel with the IASB's consultation.
- 13 Staff will present a draft agenda consultation invitation for comment at the August meeting for consideration.

Not-for-Profit (NFP) Public Sector Entities Climate-related Financial Disclosures

- 14 At its November 2024 meeting⁴, the Board asked staff to undertake research to investigate:
 - (a) the information needs of users of climate-related financial information of NFP public sector entities; and
 - (b) the guidance that might be needed to assist NFP public sector entities in applying AASB S2 *Climate-related Disclosures*.
- 15 As part of a tender process launched in May 2024, the Board has engaged an external research team to research climate-related disclosures in the public sector. The research teams are expected to provide their final research reports in May-June 2025. Upon submission, staff will review the findings.
- 16 Staff have also commenced targeted outreach and interviews to gather further evidence and feedback. As noted in the March 2025 meeting⁵, staff are gathering evidence on the following for future Board deliberations:
 - (a) Q3 2025:
 - (i) The climate-related disclosure requirements established by state, territory, and Commonwealth governments, including any relevant guidance issued by authorised bodies such as Treasury or Finance Departments;

³ https://www.aasb.gov.au/admin/file/content102/c3/AASB_Due_Process_Framework_09-19.pdf

⁴ https://www.aasb.gov.au/media/4t4lsxvt/approvedaasbminutesm210_7nov24.pdf

⁵ https://www.aasb.gov.au/media/vv2nhlat/08-1_sp_researchupdate_m211_pp.pdf

- (ii) The types of government entities subject to mandatory climate-related disclosures, along with the respective timelines for implementation; and
 - (iii) Whether any aspects of AASB S2 have been applied, modified, or omitted in the climate-related reporting requirements established by governments applicable to respective NFP public sector entities, and the rationale for such modifications or omissions.
- (b) H2 2025: Staff will consult with those NFP public sector entities that are required to prepare mandatory climate reports for the year ending 30 June 2025 to gain insights into their implementation experiences and challenges.
- 17 As part of the research project, staff also monitor the progress of the International Public Sector Accounting Standards Board's SRS Exposure Draft 1 *Climate-related Disclosures* project.⁶

Intangible Assets

- 18 In May 2025, the IASB decided that the objectives of the intangible assets project are:
 - (a) to improve the usefulness of information entities provide about intangible items in their financial statements; and
 - (b) to update IAS 38 Intangible Assets, in particular to make it more suitable for newer types of intangible items and new ways of using them.
- 19 Staff have previously published research/staff reports on intangible assets and presented various related topics at international standard-setter meetings, which the IASB has considered.⁷ Staff will continue monitoring the IASB's intangible assets project scope to determine whether further research is needed to support its development.
- 20 Additionally, staff anticipate receiving feedback on domestic intangible assets—such as specific public sector intangible asset issues—as part of the agenda consultation.

Updates on Post-implementation Review (PIR) Projects

- 21 The table below provides a summary of updates on key PIR projects:

Post-implementation Review Projects	Status
ITC 51 <i>Post-implementation Review of Not-for-Profit Topics</i>	Following the Board's deliberation and decisions, after considering feedback received and staff recommendations from the March ⁸ and May ⁹ 2025 meetings, staff are drafting a feedback statement to conclude the PIR and it is expected to be published in Q3 2025.

⁶ <https://www.ipsasb.org/publications/ipsasb-srs-exposure-draft-1-climate-related-disclosures>

⁷ For example, [AASB Staff Paper: Intangible Assets: Reducing the Financial Statements Information Gap through Improved Disclosures](#); [AASB Research Report No. 20 Crypto assets – Australian stakeholders' perspectives](#); and [AASB-AUASB Joint Research Report: Australian Listed Entities: Recognised intangible assets and key audit matters](#).

⁸ https://www.aasb.gov.au/media/eh2dslzi/aasbapprovedminutesm211_6-7mar25.pdf

⁹ https://www.aasb.gov.au/media/lapha1kt/239_actionalert.pdf

Post-implementation Review Projects	Status
IFRS 16 and AASB 16 Leases	These reviews aim to evaluate the standards' effectiveness in practice, assessing whether they have met their intended objectives and identifying areas for potential clarification or improvement. The IFRS 16 PIR will be conducted by the IASB, while the AASB 16 PIR will be overseen by the AASB to collect feedback on domestic-specific issues. The PIR is expected to be conducted in Q3-Q4 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	An Invitation to Comment (ITC) consultation document will be issued for stakeholder feedback in Q3 2025.
AASB 1059 Service Concession Arrangements: Grantor	ITC 49 <i>Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantors</i> was issued in September 2022, with comments due by 28 February 2023. Due to resourcing constraints and the reprioritisation of the AASB's work plan, the PIR was temporarily suspended. Staff have now resumed work in preparation for the Board's deliberation in Q4 2025.
Public Sector PIR including AASB 1050 Administered Items, AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, AASB 1004 Contributions and Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.	Staff plan to recommence the PIR in the first quarter of 2026. However, given that the upcoming AASB Agenda Consultation will be conducted in Q4 2025, staff will use this consultation as an opportunity to gather feedback on the PIR's priorities before proceeding with further work
IFRS 9 / AASB 9 Financial Instruments – Hedge Accounting	The IASB has added IFRS 9, specifically on hedge accounting, to its forthcoming PIR projects list. ¹⁰
IFRS 17 / AASB 17 Insurance Contracts	The IASB has not yet decided when the PIR will be conducted.

AASB Research Report

- 22 In May 2025, the AASB Research Centre published a research report titled, *Addressing Key Accounting Challenges*, developed in collaboration with the Malaysian Accounting Standards Board (MASB) and CPA Australia. This joint report, based on a collaborative survey conducted in January 2025 and a review of published financial statements, provides valuable insights into stakeholder perspectives on accounting issues that warrant attention and prioritisation. The

¹⁰ <https://www.ifrs.org/projects/post-implementation-reviews/#5>

findings will serve as a meaningful contribution to the IASB as it prepares for its forthcoming Fourth Agenda Consultation.

23 The research is divided into two main sections:

- (a) **Part A: IASB Agenda Priorities** – Summarising stakeholder feedback on critical areas for IASB’s consideration, this section highlights key topics such as enhancing operating segment reporting, introducing standardised pollutant pricing disclosures, and re-examining high-priority areas, including the development of a cryptocurrency accounting standard and going concern disclosures. Stakeholders also identified areas for improvement, such as discount rates, contingent consideration, and government grants, citing inconsistencies and the need for clearer guidance. There is a strong call for better connectivity between the IASB and the ISSB to align financial and sustainability reporting.
- (b) **Part B: Segment Reporting Analysis** – Presenting a comparative analysis of segment disclosures by the top 50 listed entities on the Australian Securities Exchange (ASX) and Bursa Malaysia (BM), this section finds that IFRS 8 Operating Segments are largely well-applied, aligning with internal reporting structures. The report recommends greater clarity in Chief Operating Decision Maker (CODM) identification and clearer segmentation bases to enhance

24 The results were shared with international standards-setters in the following meetings:

- (a) March 2025 International Forum Accounting Standard Setters (IFASS) meeting;
- (b) May 2025 IFRS Emerging Economies Group (EEG) meeting; and
- (c) CPA Australia Reporting and Assurance Centre of Excellence meeting in May 2025.

AASB SSRN Working Papers

25 The AASB Research Centre has recently accepted two working papers to the AASB SSRN Working Paper Series:

- (a) [25-04: Materiality Revisted – Preparer and Auditng Conceptualizations in Financial and Sustainability Contexts](#). This paper enhances the understanding of materiality by examining its concept, application, implications, and transposition from financial reporting and audit to sustainability reporting and assurance. It analyses and compares contemporary conceptualisations of materiality in standards, incorporating insights from interviews with preparers and auditors. The findings indicate that multidisciplinary teams facilitate the transposition between traditional accounting and sustainability reporting and remain an ongoing process. By simultaneously considering materiality across financial reporting, sustainability reporting, financial audit, and sustainability assurance—rather than focusing on one or two domains—the study offers both theoretical and empirical contributions to prior literature. Theoretically, it identifies and compares key attributes of materiality while providing empirical evidence on transposition. Additionally, it offers preparers and auditors/assurers valuable insights into the challenges and processes involved in implementing materiality. The findings may also support standard setters in developing materiality guideline; and
- (b) [25-05: Connectivity and Boundaries of Climate-related Disclosures in Annual Reports](#). The purpose of this paper is to enhance conceptual understanding and practical operationalisation of boundaries (i.e., what is included and not included in annual report sections) and connectivity (i.e., the attribute enabling a holistic and coherent set of information within and across different annual report sections) in climate-related disclosures in annual reports. The operationalisation of boundaries and connectivity in climate-related disclosures is analysed in the annual reports of 80 large, listed companies across five climate-sensitive industries and four IFRS jurisdictions (Australia, Canada, the

EU, and the UK) in 2022 and 2017. Boundary and connectivity guidance from contemporary sustainability and financial accounting standard setters is compared. Additionally, multidisciplinary stakeholder perspectives on boundary and connectivity concepts are provided through 20 semi-structured interviews in Australia and the EU. While all sampled companies referred to climate-related matters in the 'front end' (i.e., outside of the financial statements) of annual reports in 2022 (94% in 2017), only 71% disclosed within their financial statements (25% in 2017). Connectivity mechanisms to enhance links between financial statements and sustainability statements for climate-related disclosures were identified, relating to the reporting process (6 mechanisms), reports (21 mechanisms), and standard setting (4 mechanisms). Interviewees indicated an increase in reporting process connectivity mechanisms over the last five years, but most sampled reports reflected an early level of connectivity in disclosures. Standard setters are providing increased guidance on connectivity mechanism

2025 AASB Research Forum

- 26 The 2025 AASB Research Forum, themed '*Accounting and Reporting in the Digital Era*', will take place in Melbourne on 17 November 2025. The University of Melbourne will serve as the university partner for this event. Key topics will include digital reporting, intangible assets and cyber risk disclosures. The forum is currently in the planning stage and further details will be provided in due course.

AASB Dialogue Series

- 27 On 15 April 2025, 152 domestic and international stakeholders attended the AASB Dialogue Series session on cash flow statements. The session began with a presentation of findings from the AASB's cash flow research project by Dr Hang Tran, followed by a panel discussion featuring Professor Millicent Chang (University of Wollongong), Nick Barlow (IFRS Foundation), Ram Subramanian (CPA Australia), Rebekah Morgan (Elanor Investors Group), and Ken Liow (Realm Investment House).
- 28 The next AASB Dialogue Series virtual session is scheduled for 16 July 2025, from 4:00 to 5:15 pm (AEDT). It will present findings on segment reporting from the research report *Addressing Key Accounting Challenges*, developed in collaboration with the Malaysian Accounting Standards Board (MASB) and CPA Australia, followed by a panel discussion.

Other International Engagement

2025 Financial Accounting Standards Board (FASB) Research Symposium

- 29 In April 2025, staff were invited to attend and participate in the 2025 *Emerging Financial Reporting Issues Research Symposium*. Hosted by the Financial Accounting Standards Board and the Chookaszian Accounting Research Center at the University of Chicago Booth School of Business, the symposium featured discussions on selected research papers covering broad topics related to cash flow information. These papers are relevant to ongoing IASB and FASB projects on cash flows and related matters. The AASB Chair participated in a panel, sharing insights and research findings from the AASB's Cash Flow research project.

2025 American Accounting Association Conference

- 30 As part of the AASB's strategy to enhance international influence, a submission to host a panel discussion at the 2025 American Accounting Association Conference in August 2025 has been successfully accepted. The panel will provide national standard-setters' insights on the IASB's agenda consultation. At the conference, findings from the research report *Addressing Key Accounting Challenges* will also be shared.

- 31 The panel will consist of Katharine Christopoulos (Director of the Canadian Accounting Standards Board), Yasunobu Kawanishi (Chair of the Accounting Standards Board of Japan and Chair of the Sustainability Standards Board of Japan), and Dr. Han Yi (Chair of the Korea Accounting Standards Board and Chair of the Korea Sustainability Standards Board). The AASB Research Director, Dr. Eric Lee, will chair the discussion.

Question to the Board:

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