



<b>Project:</b>	<b>Research Centre</b>	<b>Meeting:</b>	AASB June 2026 (M221)
<b>Topic:</b>	<b>Research updates</b>	<b>Agenda Item:</b>	10.1
		<b>Date:</b>	2 June 2026
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		<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 recent key AASB Research Centre activities. It provides an overview of research activities conducted since the Board received updates at the February 2026 meeting.

### Structure

- 2 This paper is structured as follows:
  - (a) Monitoring and Research Activities Relevant to Board Priorities:
    - (i) Public Sector Climate Research (paragraphs [3-6](#))
    - (ii) Cash Flows Statement and Related Matters (paragraphs [7-9](#));
    - (iii) Intangible Assets (paragraphs [10-12](#));
    - (iv) Post-implementation Review (paragraph [13](#));
  - (b) Commissioned and Published Research:
    - (i) Commissioned Research (paragraphs [14-17](#))
    - (ii) AASB SSRN Working Papers (paragraphs [18-20](#));
  - (c) Stakeholder Engagement and Knowledge-Sharing Activities:
    - (i) AASB Dialogue Series (paragraph [21](#));
    - (ii) AASB Research Fellowship (paragraph [22](#))
    - (iii) AFAANZ FP SIG session (paragraphs [23-24](#));
    - (iv) AFAANZ NFP SIG session (paragraph [25](#)); and
    - (v) 2026 AASB Research Forum (paragraph [26](#)).



## Monitoring and Research Activities Relevant to Board Priorities

### Public Sector Climate Research

- 3 This research aims to gather evidence to inform the AASB regarding:
  - (a) current climate-related disclosure practices and requirements for not-for-profit (NFP) public sector entities across Australian jurisdictions; and
  - (b) users of climate-related information in the public sector and their information needs.
- 4 As part of the research, staff have to date conducted interviews and targeted outreach with 54 individuals:

Interviewees		Individual interviews	Group interviews	Total No of individuals
Preparers	Accounting/Policy units within Departments of Treasury or Finance	2	3	21
	Treasury Corporation/ Financing authorities	1	3	7
	Departments of Climate or equivalent	3	2	8
Users	Parliamentary Budget Officers/ Independent fiscal institution	3	0	3
	Holders of sovereign bonds or intermediaries	0	2	8
	Audit	1	0	1
Other	Consultants involved with public sector climate-related disclosures	3	1	6
	Total	12	12	54

- 5 Key findings include:
  - (a) Some form of climate-related information (including information not specifically required by AASB S2 *Climate-related Disclosures*) has been provided by many Commonwealth and State governments in recent years. Since the release of AASB S2, apart from entities required to prepare sustainability reports under section 292A of the Corporations Act 2001, the Commonwealth and New South Wales (NSW) governments have issued climate disclosure policies or frameworks requiring certain departments or agencies meeting specified criteria and threshold to prepare sustainability reports using AASB S2 as a base, with some modifications and additional guidance provided; and
  - (b) Identifying users in the public sector is generally challenging because the primary users are difficult to define. This reflects the broader public accountability objective of public sector reporting, unlike the for-profit sector where primary users are more clearly identified as investors and other resource providers. However, most interviewees emphasised the importance of public sector entities reporting climate-related information, including climate-related risks and opportunities, as broader society increasingly demands such information for decision-making purposes. One notable example raised by interviewees was that sovereign bond investors consider such information relevant when comparing jurisdictions for investment decision-making purposes.



- 6 Many preparers who responded also identified practical challenges associated with preparing climate-related information and noted areas where further guidance may be helpful. As these matters are outside the scope of the research project, the feedback has been shared with the standard-setting team for future consideration and potential discussion with the Board.

**Cash Flows Statement and Related Matters**

- 7 The IASB has continued to progress its Statement of Cash Flows and Related Matters project. Although the project has now moved into the standard-setting phase, the AASB research team has remained actively engaged with the standard-setting team to gather evidence and inform the IASB of Australian stakeholders’ views on specific matters.
- 8 As part of this process, in March 2026, the research team sought feedback from the AASB User Advisory Committee (UAC) on selected issues being considered by the IASB.<sup>1</sup> Feedback received was shared with the IASB and provided to the Asian-Oceanian Standard-Setters Group (AOSSG), which was subsequently discussed at the Accounting Standards Advisory Forum (ASAF) meeting.
- 9 The table below presents a high-level summary of the recent IASB discussions on the Cash Flow Statement and related matters project in H1 2026:

IASB Updates	Summaries
<a href="#">IASB Update January 2026</a>	The IASB officially escalated the project from a research project to a standard-setting project. An Exposure Draft is expected to be released in 2027.
<a href="#">IASB Update April 2026</a>	The IASB discussed how it could improve consistent application of the definition of the cash equivalents: <ul style="list-style-type: none"> <li>• <u>Clarification in the definition of cash equivalents</u>: The IASB tentatively decided to propose including, in the definition of cash equivalents, the requirement for cash equivalents to be held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.</li> <li>• <u>Application guidance regarding maturity threshold</u>: The IASB did not make any decisions about clarifying the application guidance related to an investment with a maturity of three months or less. The IASB intends to explore alternative solutions.</li> </ul>
<a href="#">IASB Update May 2026</a>	The IASB discussed on the matters regarding improving the disaggregation of cash flow information, the disclosure of changes in liabilities arising from financing activities and net debt disclosures: <ul style="list-style-type: none"> <li>• <u>Improving disaggregation of cash flow by strengthening its connectedness</u>: The IASB tentatively decided: <ul style="list-style-type: none"> <li>○ to add application guidance on aggregating and disaggregating line items in the statement of cash flows that requires an entity to base the disaggregation of cash flow line items on how related assets and liabilities are disaggregated in the statement of financial position and explain any differences in disaggregation between both statements;</li> </ul> </li> </ul>

1 The matters discussed with the UAC were based on issues considered at the IASB Capital Markets Advisory Committee (CMAC) March 2026 meeting: [AP2A: Non-cash transactions, and other non-cash changes](#); [AP2B: Classification—Cash flows from derivatives and receipts of government grants](#); and [AP2C: Changes in liabilities from financing activities](#).



IASB Updates	Summaries
	<ul style="list-style-type: none"> <li>○ to add application guidance on labelling and describing line items that requires an entity to use similar labels for items with similar characteristics and different labels for items with different characteristics; and</li> <li>○ to add application guidance specifying that if the information in a note relates to more than one primary financial statement, an entity would be required to cross-refer to that note in each related primary financial statement.</li> <li>● <u>Changes in liabilities arising from financing activities</u>: The IASB tentatively decided:           <ul style="list-style-type: none"> <li>○ to clarify the disclosure objective in paragraph 44A of IAS 7, referring to the ability of users to link information disclosed about changes in liabilities arising from financing activities to both the balance sheet and the statement of cash flows;</li> <li>○ to propose requiring an entity to satisfy the disclosure objective by providing a reconciliation between opening and closing balances of financing liabilities and disaggregating balances based on line items in the balance sheet and relevant note disclosures; and</li> <li>○ not to propose requiring an entity that discloses changes in liabilities arising from financing activities to disclose information about changes in additional assets and liabilities (for example, cash and cash equivalents).</li> </ul> </li> <li>● <u>Net debt</u>: The IASB tentatively decided not to explore developing additional requirements for an entity to disclose information about its net debt.</li> </ul>

**Intangible Assets**

- 10 In February 2026, Professor Yannis Tsalavoutas (University of Glasgow) and Dr Fanis Tsoligkas (University of Bath) commenced their AASB research fellowship program. As part of the fellowship activities, a collaborative research project has commenced with the Malaysian Accounting Standards Board (MASB) examining how entities communicate intangible asset-related information in financial reports, including management commentary and narrative reporting, and identifying examples of current reporting practices and disclosures.
- 11 The project aims to provide insights into how entities currently communicate information relating to intangible assets beyond amounts recognised on the balance sheet, including information potentially considered relevant by investors and other users. The project is currently at an early stage, with pilot studies and preliminary analysis underway.
- 12 Staff are monitoring the IASB’s progress on its intangible assets project. The table below presents a high-level summary of the recent IASB discussions related to the intangible assets project in H1 2026:

IASB Updates	Summaries
<a href="#">IASB Update January 2026</a>	The IASB discussed: <ul style="list-style-type: none"> <li>● selection of test cases for the workstream that explores potential changes to some aspects of the definition of ‘intangible asset’ and recognition requirements for intangible assets; and</li> </ul>



IASB Updates	Summaries
	<ul style="list-style-type: none"> <li>identification of principles and topics to explore further for the selected test cases.</li> </ul> <p>The IASB was not asked to make any decisions.</p>
<a href="#">IASB Update May 2026</a>	<p>The IASB discussed its research on user needs for information about recognised and unrecognised intangible assets and associated expenditure, including:</p> <ul style="list-style-type: none"> <li>a summary of feedback and other research findings; and</li> <li>possible implications of the feedback and research findings on the direction of the project.</li> </ul>

### Post-implementation Review

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

Post-implementation Review Projects	Status
<a href="#">ITC 55 Post-implementation Review of AASB 16 Leases (Not-for-profit and public sector)</a>	<p>At the <a href="#">May 2026</a> meeting, the Board considered a summary of the feedback received from not-for-profit (NFP) and public sector stakeholders in response to Sections 1 and 2 of Invitation to Comment ITC 55 <i>Post-implementation Review of AASB 16 Leases</i>. The Board acknowledged the feedback received, including concerns about the cost, complexity and judgements involved in applying AASB 16, as well as sector-specific challenges faced by those stakeholders. The Board noted that, although many of the concerns raised by NFP and public sector stakeholders appear similar to those identified by for-profit private sector entities, the effect of those concerns on NFP and public sector entities may differ.</p> <p>The Board directed staff to continue monitoring the IASB’s Post-implementation Review (PIR) of IFRS 16 <i>Leases</i>. Once the IASB has concluded its PIR, the Board will revisit the feedback received from NFP and public sector stakeholders and consider whether any further action is required in relation to AASB 16.</p>
<a href="#">ITC 56 Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2</a>	<p>ITC 56 was issued in September 2025. Comments to the AASB were due by 22 January 2026. At the March 2026 meeting (M219), the Board deliberated and considered the feedback received along with the evidence gathered during the PIR process. Staff are preparing the Feedback Statement.</p>
<a href="#">ITC 49 Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantor</a>	<p>In November 2025, the Board completed Step 4 of the PIR process: Consideration of feedback and evidence to determine next steps.</p> <p>The Board decided to undertake standard-setting work as a high-priority project to consider developing amendments to AASB 1059 to address stakeholder concerns.</p>
<b>Post-implementation Review of IFRS 9—Hedge Accounting</b>	<p>A Request for Information is expected to be issued by the IASB in Q4 2026.</p>



Post-implementation Review Projects	Status
<b>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.</b>	Discussed as part of the AASB Agenda Consultation agenda papers.

## Commissioned and Published Research

### Commissioned Research

- 14 In May 2024, the Board launched a tender process to bring multiple opportunities to the market's attention to support the AASB Work Plan. The tender process and allocation of projects were presented in [Agenda Paper 8.1](#) of the AASB March 2025 meeting (M211).
- 15 The commissioned research program continued to generate outputs supporting the Board's strategic priorities and research agenda. During the period, commissioned research contributed to research publications, Board projects, stakeholder engagement activities and external outreach relating to topics including service performance reporting and connectivity of financial and non-financial information.
- 16 Key outputs and progress during the period included:
  - (a) publication of AASB SSRN Working Paper Series related to service performance reporting and connectivity of financial and non-financial information;
  - (b) research findings being referenced in board papers supporting the:
    - (i) Service Performance Reporting project; and
    - (ii) the post-implementation review (PIR) of AASB 1060 and AASB 2020-2;
  - (c) presentations delivered at the 2025 AASB Applied Research Forum and 2025 CPA Australia ASEAN Academic Forum;
  - (d) research relating to sustainability reporting and assurance being cited in [CPA's Australia's submission](#) to the Accounting and Financial Reporting Council (Hong Kong); and
  - (e) ongoing research examining valuation practices, investor user of financial and non-financial information, climate disclosure practices and intangibles reporting.



17 Additional recent research outputs are summarised in the table below.

Project Title and Description	Research Team/s and Recent Outputs
<p><b>13. Corporate Behaviour and Climate-related Financial Disclosures: Phase 1 and 2</b></p> <p>Two-phase research project to establish a baseline of corporate climate reporting and analysing behavioural changes and trends to assess effectiveness, governance impacts and provide evidence-based recommendations informed by literature over time.</p>	<p><b>University of Technology Sydney</b></p> <p><i>Publications:</i> Paper <a href="#">Stakeholder responses to the introduction of AASB S2 – A qualitative analysis</a> (available on the University of Sydney website)</p>
<p><b>16. Investor Perspective: Navigating Financial and Non-financial Information</b></p> <p>Research project to investigate how investors navigate financial and non-financial information for decision-making to understand what information investors find useful and how it affects their decision-making.</p>	<p><b>The University of New South Wales</b></p> <p><i>Publications:</i> Chen, W, Humphreys KA and KT Trotman, <a href="#">The Effect of the Level of Sustainability Assurance on Investor Judgements</a>, <i>Accounting and Finance</i>, 2026 (66:1), 904-916.</p> <p><i>Presentations:</i> Presentation at E-ledgers Workshop, UNSW, 18 May 2026: “Understanding and Evaluating Climate Change Disclosures and Judgments” at UNSW Climate Accounting, Reporting and Assurance (CARA) Dialogues, Sydney, 26 May 2026.</p> <p><i>Other:</i> A two-page summary of Humphreys and Trotman (2025) AASB findings included in AGSM Unit 5 notes of MBA materials for the subject ‘Accounting and Financial Management’</p>
<p><b>17. Research on Intangibles</b></p> <p>The research team is investigating how Australian listed companies disclose information about their human capital, including how companies identify and disclose human capital risks and opportunities, the frameworks used, the qualitative and quantitative nature of these disclosures, and differences across sectors.</p>	<p><b>Deakin University, Monash University and RMIT University</b></p> <p><i>Presentations:</i> CPA Australia ASEAN Academic Forum 2025, Jakarta, Indonesia (September 2025)</p> <p>AASB Dialogue Series: Human Capital Reporting: Evidence, Insights, and Gaps (December 2025)</p>



### **AASB SSRN Working Papers**

- 18 The AASB Research Centre has recently accepted one working paper to the AASB SSRN Working Paper Series: [26-04: Do superannuation funds adequately disclose the risks associated with estimating the fair value of unlisted investments?](#) (authored by Professor Neil Fargher (ANU)). The paper examines disclosure practices relating to the valuation of unlisted investments by industry superannuation funds, including governance, valuation frequency, use of independent valuers, sensitivity analysis and audit-related disclosures.
- 19 The research is particularly relevant given the increased regulatory focus on valuation and disclosures relating to unlisted assets by superannuation funds, including recent ASIC and APRA reviews following the introduction of financial reporting lodgement requirements for registrable superannuation entities (RSEs). ASIC has recently highlighted concerns relating to:
- (a) Valuations provided by external fund managers;
  - (b) Fair value disclosures;
  - (c) Disclosures about expenses;
  - (d) Audit evidence about investment valuations; and
  - (e) Materiality levels for audits.<sup>2</sup>
- 20 The findings may assist the Board in understanding current disclosure practices and practical challenges associated with fair value reporting for unlisted investments, including broader issues relating to transparency, comparability, governance and user information needs. The research may also be relevant to broader discussions related to fair value disclosures, auditability and investor confidence in financial reporting.

### **Stakeholder Engagement and Knowledge-Sharing Activities**

#### **AASB Dialogue Series**

- 21 The AASB Research Centre held 2 Dialogue Series sessions since February 2026:
- (a) On March 2026, 325 domestic and international stakeholders registered and 116 attended the AASB Dialogue Series session on Fair Value: *Perspectives on Measurement and Reporting*. Dr Cecilia Hu (Deakin University) presented research examining fair value measurement relating to contingent consideration in business combinations and highlighted how fair value remeasurement may affect reported earnings and disclosure transparency.  
  
The presentation was followed by a panel discussion comprising David Hardidge, Rebekah Morgan (Elanor Investor Group), James Moulton (UniSuper and IVSC) and Ram Subramanian (CPA Australia), which explored broader fair value practices across business combinations, valuation and real estate industry contexts.  
  
Key discussion themes included:
    - significant estimation uncertainty and professional judgement associated with Level 3 fair value measurements;

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<sup>2</sup> See [Accounting for your super: ASIC's review into the financial reporting and audit of super funds](#) (September 2025)



- limitations in current disclosure practices relating to valuation assumptions, probabilities and ranges of estimates;
- the interaction between accounting standards and valuation methodologies;
- challenges associated with reliance on market evidence during periods of economic disruption;
- the increasing use of probabilistic modelling, scenario analysis and AI-assisted valuation approaches; and
- the importance of investor understanding of valuation limitations and uncertainties.

(b) On 27 May 2026, 306 domestic and international stakeholders registered and 130 attended the AASB Dialogue Series on Research & Development (R&D) Reporting. Professors Yannis Tsalavoutas (University of Glasgow) and Fanis Tsoligkas (University of Bath) presented research on how companies report R&D under IFRS (IAS 38) to assess how capitalisation, disclosure, and institutional factors influence reporting practices and outcomes.

The expert panel, Amir Ghandar (CA ANZ), Jeffrey Hales (ISSB), Moana Overton (AASB, Deloitte), Ram Subramanian (CPA Australia) and Rachel Waterhouse (Australian Shareholders' Association), explored how R&D is recognised and disclosed, why it matters to investors and how it informs real-world decisions.

Key discussion points included:

- observations that current accounting standards may not fully reflect today's economic environment, particularly when applied to modern innovations such as AI and evolving forms of intangible assets;
- a debate on capitalisation versus expensing, emphasising that practical judgement remains necessary, despite ongoing challenges in determining clear boundaries;
- perspectives on investor information needs, who place significant value on transparency and context, with emphasis not only on accounting treatment but also on understanding how R&D activities contribute to long-term value creation through narrative, strategy, and performance indicators;
- reporting gaps for intangibles and R&D, which may result in insufficient information to meet user needs; and
- proposals that near-term improvements are likely to come from enhanced disclosure and broader reporting approaches, including better disaggregation, industry-relevant metrics.

### ***AASB Research Fellowship***

22 In addition to Professor Yannis Tsalavoutas (University of Glasgow) and Dr Fanis Tsoligkas (University of Bath), as mentioned above, Dr Jayanthi Kumarasiri (RMIT University) also commenced the AASB Research Fellowship Program in February 2026. Dr Kumarasiri will undertake research relating to sustainability reporting, including a literature review on users and user needs relating to climate-related information.



### ***AFAANZ Financial Reporting Special Interest Group***

- 23 On 16 March 2026, staff presented at the AFAANZ Financial Reporting Special Interest Group, attracting 35 academics to attend. AASB staff provided updates on AASB domestic projects, pronouncements and insights in practice surrounding disclosure about uncertainties in financial statement.
- 24 A post-event survey indicates that 100% respondents found the session very useful or extremely helpful. Some most useful aspects highlighted in the survey include:
- (a) The update of regulatory developments;
  - (b) Illustrative examples to interpret recent changes to accounting standards;
  - (c) Discussion of materiality assumptions, aggregation or disaggregation of items in financial statements; and
  - (d) Effective polling to engage and interact with audiences throughout the session.

### ***AFAANZ Not-for-Profit Special Interest Group***

- 25 On 15 April 2026, AASB staff presented at the AFAANZ Not-for-Profit Special Interest Group, attracting 18 academics to attend or view. AASB staff provided an overview of how research can inform AASB evidence-based standard setting in the NFP private and public sector and outlined current AASB NFP research priorities.

### ***2026 AASB Research Forum***

- 26 2026 AASB Research Forum is scheduled to be held on 26 and 27 October in Sydney. Staff will provide more information in future meetings.

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

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