



<b>Project:</b>	<b>Research Centre</b>	<b>Meeting:</b>	6-7 March 2025 (M211)
<b>Topic:</b>	<b>Research updates</b>	<b>Agenda Item:</b>	8.1
		<b>Date:</b>	19 February 2025
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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 key AASB Research Centre activities.

### Structure

- 2 This paper is structured as follows:
  - (a) Background (paragraph [3](#));
  - (b) 2024 AASB Research Forum (paragraphs [4-6](#));
  - (c) 2025 AASB Research Forum (paragraph [7](#));
  - (d) AASB SSRN Working Paper(s) (paragraph [8](#));
  - (e) AASB Research Report (paragraph [9](#));
  - (f) Research Project(s) (paragraphs [10-21](#)); and
  - (g) [Appendix: AASB Research Projects to Support Work Plan](#).

### Background

- 3 This paper provides an overview of research activities that have taken place since the Board received updates in the November 2024 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.

### 2024 AASB Research Forum

- 4 The 2024 AASB Research Forum, 'Accounting and Reporting in Changing Times', was held in Sydney on 6 November 2024. A total of 446 participants registered for the event and 301 participants from Australia and other countries to discuss the latest developments in accounting research and practices. Tables 1, 2 and 3 below provide further statistics:

**Table 1 Participants Breakdown**

Category	Registered	Attended
In-person participants	156	118
Virtual participants	290	183
<b>Total</b>	<b>446</b>	<b>301</b>

**Table 2 Session Breakdown**

Sessions	In-person	Virtual
Keynote speaker and session 1: Conceptual Framework	131	230
Session 2: How do firms estimate recoverable amounts for goodwill impairment testing? An empirical investigation	130	205
Session 3: Is Australia ready for 'nature' disclosures? Current practice and perspectives	146	265
Session 4: IASB perspective/ Twenty Years of IFRS in Australia: Reflections and Forecasts	139	240
Networking drinks	135	N/A

**Table 3 Countries of Participants**

Country	Participants (%)
Australia	71%
Philippines	6%
New Zealand	2%
South Korea	2%
United Kingdom	2%
Others (India, Japan, Nepal, Andorra, Austria, Brazil, Cambodia, Hong Kong, Kenya, Lesotho, Pakistan, Saudi Arabia, Singapore and the United States)	17%

5 Feedback received from the attendance (39 responses) is generally favourable. A summary of the feedback received is as follows:

- Overall research forum experience rating: 4.5/5
- 64% of participants rated research presentations as highly satisfactory
- 79% of participants rated panel discussions as highly satisfactory
- 100% affirmed that the Research Forum has met their expectations.
- The top three factors that attracted participants to attend the Forum are:

- Relevance of research topic to their professions (89%)
  - Expertise of panellists (64%)
  - Professional development (56%).
- 6 The following are the top recommendations provided from the feedback received:
- (a) **Invite speakers and panellists from diverse backgrounds and stakeholder groups to provide a more inclusive perspective.** Staff agree with the recommendations. To ensure inclusive panel discussions, staff generally consider inviting members from diverse backgrounds. This includes various users of corporate reports, preparers, auditors, professional bodies, academics, and regulators. Staff also consider whether the panel represents perspectives from for-profit and not-for-profit (NFP) private and public sector entities. Gender balance is also considered.
  - (b) **Allocate a dedicated session for Q&A to allow attendees to submit their questions and panellists to address them thoughtfully, strengthening a more profound discussion and enriching the Forum content.** Staff consider the feedback an essential element for better engagement with the audience. The Forum allowed attendees to submit questions from the start of each session, giving the panellists sufficient time to consider their responses. However, staff acknowledge that many attendees were unaware they could submit questions throughout the sessions. Therefore, in the future, staff will ensure the audience is reminded during the sessions that they can submit questions.
  - (c) **Strengthen partnerships with universities, industry groups and regulatory bodies to reach a broader audience and maximise engagement and awareness from diverse sectors.** Staff agree with this recommendation. Each year, the research forum rotates university partnerships, as these collaborations are essential to reinforce and signal the significance of academic research in standard-setting. Staff also consider that inviting panel members from diverse groups is one of the ways to strengthen partnerships with a wide range of stakeholders.
  - (d) **Consider launching an earlier marketing campaign to maximise outreach across multiple channels, such as email campaigns, webinars and industry partnerships, to build awareness and drive engagement for the annual AASB Research Forum.** Staff agree with these recommendations and plan to advertise the 2025 AASB Research Forum at least six months before the event.

## 2025 AASB Research Forum

- 7 Staff has commenced planning the 2025 AASB Research Forum. The Forum will be held in Melbourne in November or December 2025. The University of Melbourne has agreed to be the university partner. Further information will be provided in future meetings.

## AASB SSRN Working Paper(s)

- 8 The AASB Research Centre has recently accepted two working papers to the AASB SSRN Working Paper Series:
- (e) [\*\*\*25-01: Twenty Years of Mandatory IFRS in Australia: Evidence, Gaps and Future Insights.\*\*\*](#) 2025 marks twenty years since Australia's full-scale adoption of International Financial Reporting Standards (IFRS). When reviewing empirical evidence on post-adoption reporting characteristics, the paper identifies two difficulties in establishing the extent to which the switch to IFRS has been beneficial. These are the reliability of measuring the expected costs and benefits and the difficulty in establishing causal links between IFRS adoption and

identifiable costs and benefits. The paper concludes that the research to date provides relatively little direct evidence of the extent to which mandatory adoption of IFRS achieved its stated objectives and offers suggestions as to where research gaps exist. However, the paper also indicates that the researchers look forward and identify emerging concerns about Australia's commitment to IFRS where standards increasingly address management transparency, as distinct from advancing comparability of recognition and measurement. Finally, the paper highlights the difference between policy-based evidence and evidence-based policy, concluding that the latter has been largely absent in the decision to mandatorily adopt IFRS; and

- (f) **25-02: Disclosures of Carbon Credits in Australia**. The paper contributes to understanding the complexity of carbon credit disclosures and the recognition landscape in Australia. Carbon accounting and disclosure of carbon credits are subject to complex political and technical factors. Through detailing various policy initiatives and market mechanisms that have evolved in Australia, the paper highlights the need to create coherent links between the acquisition and use of carbon offsets financial statements and sustainability reports. A review of the reporting practices of 100 ASX entities highlights the increasing importance of carbon offsets and credits in corporate disclosures, reflecting their growing prominence in climate-related strategies and reporting frameworks aligned with the agenda of global standard setters. However, standardisation of disclosure, which enhances alignment between financial and non-financial reporting, could better meet the needs of stakeholders by providing a cohesive narrative that integrates sustainability-related considerations into the broader corporate decision-making process. Importantly, there is a lack of specificity around the 'use' of carbon credits, an ambiguity that could be particularly problematic given the growing demand for transparency in carbon markets. The paper further identifies and highlights future research opportunities and calls for more research to inform the IASB's decision-making process regarding pollutant pricing mechanisms.
- (g) **25-03: Statement of Cash Flows and Related Matters – Australian Listed Entities**. In response to feedback received from the 2022 International Accounting Standards Board (IASB) Third Agenda Consultation, standard setters have been actively considering and suggesting ways to enhance cash flow statements and related matters to better meet the needs of financial statement users. This research report provides findings from an analysis of the annual reports of the top 50 entities listed on the Australian Securities Exchange (ASX) in 2023. Key findings drawn from this examination show that most Australian entities in the sample adopted both direct and indirect presentation of cash flows from operating activities. There was a variation in the starting point used for the indirect method but net profit/loss after tax was prevalent. Nearly half of the sample did not disaggregate the amounts of cash and cash equivalents. Further, many entities considered three months to be the threshold of short-term maturity, which aligns with the suggestion in IAS 7. In terms of the classification of operating, investing and financing activities, there was inconsistency in the classification of cash flow items, particularly cash receipts and payments related to interest and dividends. There was also limited disclosure of tax in the investing and financing sections of sample entities' cash flow statements. Regarding the voluntary disclosures encouraged by IAS 7, while almost all entities reported undrawn borrowings, there was little disclosure of segmental cash flows and cash flows representing growth and maintenance of operating capacities. Free cash flow was commonly disclosed although its measurement and location within the annual report varied across the sample. These findings provide additional evidence that there is diversity in practice on how cash flow statements and related information are disclosed. The findings support and recommend that IAS 7 be revised and improved so that more consistent and useful information about cash flows will meet user needs.

## **AASB Research Report**

- 9 The AASB Research Centre published a research report in February 2025 titled, [Understanding the Impact of Accounting Standards on the Cost of Capital](#)<sup>1</sup>, which explores potential models for determining the cost of capital and applies a subset of these estimates to investigate the association between the cost of capital and accounting standard-setting in Australia.

### **Research Project(s)**

#### ***NFP Public Sector Entities Climate-related Financial Disclosures***

- 10 At its November 2024 meeting, 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
  - (h) the guidance that might be needed to assist NFP public sector entities in applying AASB S2 *Climate-related Disclosures*.
- 11 It is important to note that, 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.
- 12 To further progress this work, 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;
      - (i) The types of government entities subject to mandatory climate-related disclosures, along with the respective timelines for implementation; and
      - (ii) 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.
    - (j) 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.

#### ***AASB Research Projects to Support Work Plan***

- 13 In May 2024, the Board launched a tender process to bring multiple opportunities to the market's attention to support the AASB Work Plan. Over 90 submissions through the tender process were received. After thoroughly reviewing all submissions, 25 research teams were commissioned to work on 12 research projects (see Appendix for details).
- 14 As multiple research teams are working on each research project in most cases, to ensure the best outcomes for the AASB and the research teams, staff have tried to minimise duplication of effort and overlapping research where possible. For example, staff have endeavoured to ensure:

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1 D. Hanlon and C. Truong (2025), *Understanding the Impact of Accounting Standards on the Cost of Capital*. AASB Research Report 23 (February 2025).

- (a) research teams are using different research methodologies and addressing different research questions;
  - (b) research teams are targeting different stakeholders to reduce stakeholder 'fatigue' and reduce the risk that the AASB and research teams appear 'disorganised' by targeting the same stakeholders about the same projects; and
  - (k) research teams focus on different 'sectors' (e.g., different levels of government, for-profit entities, not-for-profit entities, etc.).
- 15 Each research team has agreed on milestones in their contracts, and staff also liaise with the research teams periodically to ensure the delivery of the research projects remains on track.

***AASB, MASB and CPA Australia Joint Project: Influencing the IASB's Priorities***

- 16 In January 2025, AASB, Malaysian Accounting Standards Board (MASB) and CPA Australia commenced a joint project to undertake a survey gathering feedback from stakeholders about IASB's prioritisation and future work.
- 17 The aim of the project is to influence the IASB's upcoming agenda consultation (expected in H2 2025) by providing input on stakeholders' preliminary views.
- 18 The survey received 168 responses. 64 responses are deleted from the survey as they were incomplete. As such, there is a total of 104 responses, of which 31 are from organisations and 73 are from individuals.
- 19 Respondents include:
- Preparers (44.2%);
  - Auditors (26%);
  - Advisors (24%);
  - Users (20%);
  - Academics (6.6%); and
  - Regulators (4.8%).

Please note that some respondents identified themselves with more than one role.

- 20 Most of the respondents are from Malaysia (51%) and Australia (33.6%). Other jurisdictions represented include Brazil, China, Hong Kong, India, Japan, Korea, New Zealand, Singapore, Sri Lanka, the UK and the US. One respondent described their focus as worldwide.
- 21 Staff are currently analysing the survey findings. The results will be shared at the upcoming March 2025 International Forum of Accounting Standard Setters (IFASS) meeting. A research report will also be published in May 2025.

**Question to the Board:**

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



Appendix: AASB Research Projects to Support Work Plan

Research Team/s <sup>2</sup>	Project Title	Objective and Summary
<ol style="list-style-type: none"><li>1. Monash University</li><li>2. Swinburne University</li><li>3. University of Western Sydney</li></ol>	Service Performance Reporting Research Project	<p>Research teams have been asked to:</p> <ul style="list-style-type: none"><li>• investigate the NZ experience with SPR, including assuring SPR information. Research teams will use their findings to form a view of the suitability of NZ Standard in Australia.</li><li>• investigate current SPR practice in the Australian NFP private sector and identify best practices.</li><li>• recommend possible next steps for SPR reporting in Australia based on the work they have undertaken.</li></ul> <p>The objective of this research is to inform the Board’s current SPR project and possible future consultation documents.</p>
<ol style="list-style-type: none"><li>1. Auckland University of Technology</li><li>2. Swinburne University</li><li>3. University of Western Sydney</li></ol>	Literature Review on Service Performance Reporting	<p>Research teams have been asked to update AASB Research Report 14 <i>Literature Review: Service Performance Reporting for Not-for-Profits</i> (February 2020) for new research. Research teams are also expected to recommend possible next steps for SPR reporting in Australia based on the updated literature they identify.</p> <p>The objective of this research is to inform the Board’s current SPR project and provide updated literature on the topic.</p>

2 This column lists the research teams that the AASB have contracted with. Staff note in some cases, other universities are involved in research projects via sub-contracting and similar arrangements.

Research Team/s <sup>2</sup>	Project Title	Objective and Summary
1. Swinburne University	Benchmarking Report on Public Sector Service Performance Reporting in Australia	<p>For each level of government in each jurisdiction, the research team has been asked:</p> <ul style="list-style-type: none"> <li>• to understand what the requirements are.</li> <li>• to understand what entities are currently doing, i.e. how they are implementing the requirements.</li> <li>• if possible to provide information about whether/how useful the existing SPR information is.</li> </ul> <p>The objective of this research is to inform the Board’s current SPR project and possible future next steps for the public sector.</p>
1. Swinburne University	Public Sector Financial Reporting Framework Research Project	<p>Researchers have been asked to conduct a comprehensive review of the Australian public sector financial reporting framework. This project was intended to be broader than just SPR and look at the financial reporting framework as a whole.</p> <p>The research team will focus on SPR, reporting of administered items and budgetary information.</p> <p>The objective of this research is to better understand the reporting practices of all levels of government, including, for example, the use of the recognition and measurement requirements in AAS when preparing budgetary information.</p>



Research Team/s <sup>2</sup>	Project Title	Objective and Summary
<ol style="list-style-type: none"> <li>1. University of Melbourne</li> <li>2. University of Otago</li> </ol>	Connectivity of non-financial and financial information in public sector reporting	<p>This is a broad project, and research teams were able to look at the link between financial and any ‘type’ of non-financial information. Both teams are looking at climate-related disclosures.</p> <p>The objective of this research is to better understand the reporting practices of public sector entities, the linkage between financial and non-financial information, and how non-financial information affects reported information.</p>
<ol style="list-style-type: none"> <li>1. University of Melbourne</li> <li>2. University of Otago</li> <li>3. University of Western Sydney</li> </ol>	Connectivity of non-financial and financial information in not-for-profit private sector reporting	<p>As mentioned above, this is a broad project and research teams were able to look at the link between financial and non-financial information. Two teams are looking at climate-related disclosures. One team is looking at SPR.</p> <p>The objective of this research is consistent with the above. However, it focuses on the NFP private sector.</p>
<ol style="list-style-type: none"> <li>1. University of Melbourne</li> <li>2. University of New South Wales</li> </ol>	Lodgement of Tier-1 and Tier-2 financial statements by non-listed entities	<p>Research teams have been asked to understand the reporting practices of non-listed entities, including the preparation of Tier 1 financial statements and the use of AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>.</p> <p>This research will inform the AASB 1060 Post-implementation Review and will also inform the AASB’s consideration of IFRS 19 <i>Subsidiaries without Public Accountability</i>.</p> <p>One research team will focus on the for-profit private sector, and the other will focus on NFP charities.</p>

Research Team/s <sup>2</sup>	Project Title	Objective and Summary
<ol style="list-style-type: none"> <li>1. The University of Queensland</li> <li>2. University of Technology Sydney</li> </ol>	Corporate Behaviour and Climate-related Financial Disclosures: Phase 1 and 2	<p>This is a long-term research project that will be completed in two phases by research teams.</p> <p>In the first phase, research teams will establish a baseline understanding of the current corporate reporting of climate-related disclosures. The second phase will consider the baseline and understand changes in corporate behaviour and evolving trends, with a view to providing recommendations. The research will also consider the literature on the topic.</p> <p>The objective of this research is to understand the effectiveness of corporate climate reporting, including any effect on corporate behaviour and corporate governance.</p>
<ol style="list-style-type: none"> <li>1. The University of Queensland</li> </ol>	Valuation and Financial Reporting	<p>The research team is looking at current valuation practices in Australia adopted by for-profit entities when valuing goodwill and other intangible assets. The research also examines disclosure practices.</p> <p>The objective of this research is to inform the Board's future work on intangible assets.</p>
<ol style="list-style-type: none"> <li>1. Deakin University</li> <li>2. The University of Melbourne</li> <li>3. University of Technology Sydney</li> </ol>	Compliance of Mandatory and Voluntary Climate Disclosure Regime	<p>The research teams have been asked to investigate current climate disclosure practices. This includes a review of voluntary and mandatory regimes and the extent of compliance or otherwise with them by Australian entities.</p> <p>The objective of this research is to understand which frameworks entities are currently complying with and understand the interoperability with AASB S2 <i>Climate-related Disclosures</i> for each of the reporting frameworks identified.</p>

Research Team/s <sup>2</sup>	Project Title	Objective and Summary
<ol style="list-style-type: none"> <li>1. Swinburne University</li> <li>2. The University of New South Wales</li> <li>3. University of Otago</li> </ol>	Investor Perspective: Navigating Financial and Non-financial Information	<p>The research teams have been asked to investigate how investors navigate financial and non-financial information for decision-making.</p> <p>The objective of this research is to understand what information investors find useful and how it affects their decision-making. For example, if the information is presented graphically versus in narrative form or if the information is within the financial statements versus in another document.</p>
<ol style="list-style-type: none"> <li>1. Deakin University, Monash University and RMIT University</li> </ol>	Research on Intangibles	<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>