



Subject:	Research Update	Meeting:	AASB meeting 150
Contact(s):	Angus Thomson athomson@aaasb.gov.au (03) 9617 7618	Agenda item:	19.0
		Date:	8 February 2016
		Project status:	Report to Board

Objective of this paper

1. Report to Board on significant Research Centre and related activities since the December 2015 meeting and note the updated work program – please see attached agenda paper 19.1 or go to the [website version](#).

Australian Financial Reporting Framework

2. The AASB conducted Roundtables with key constituents from the not-for-profit public sector (20 January) and the not-for-profit private sector (21 January) to discuss issues relating to the entities that should report and the types of financial reporting they should be required to do. Please refer to agenda item 9 for more detail.

IFRS Review

3. The information-gathering phase of the literature review being prepared in collaboration with Dr Nicholas Pawsey (La Trobe University) has been completed and write-up of the findings is well advanced. The literature review will be used as one of the sources of lines of enquiry that we plan to pursue in outreach. Please refer to agenda item 18 for more detail.
4. Staff have commenced arranging outreach on the impact of IFRS adoption in Australia, including through G100, FINSIA and universities in five states. Most of the outreach is planned for late April, May and June.

Joint research with KASB on ‘terms of likelihood’

5. As noted previously, the AASB and KASB are working jointly on a project examining the manner in which Australian and Korean preparers and auditors of financial statements interpret particular terms in IFRS, such as ‘probably’ and ‘virtually certain’.
6. The links to the survey instruments used to gather information for the research were closed on 31 December 2015. Survey responses were received from 197 Australians (77 auditors and 120 preparers) and 464 Koreans (185 auditors and 59 preparers for Korean version; 139 auditors and 81 preparers for English version) responded to the survey in Korean to date¹.

¹ In Australia, the survey instrument was only available in English. In Korea, the survey instrument was made available in English and in Korean.

7. The preliminary results were presented at the November 2015 AOSSG meeting and December 2015 ASAF meeting. The following points are an edited extract from the official IASB notes of the discussion at the December 2015 ASAF meeting.
 - * Although the research identifies differences in the interpretation of terms, what is important is the application of the Standards to provide comparable outcomes.
 - * Translation issues require careful management and the Board should not underestimate the frequency with which translation issues arise. ASAF members made a number of suggestions on how the Board might address translation issues in drafting the Standards. An IASB member suggested that the IASB could explore potential translation issues at the Exposure Draft stage.
 - * One ASAF member asked whether it might be useful to define a range for each term of likelihood. Others considered that before setting quantitative thresholds, the number of terms used to depict likelihood should be reduced. It was noted that fewer terms would assist management when they are making judgements.
 - * It was suggested that as part of ASAF members' responses to the 2015 Agenda Consultation, thought should be given to how the IASB could address the matters raised. [The AASB's submission on the IASB's agenda consultation includes reference to addressing issues raised in the 'terms of likelihood' research.]
8. The report on the results of the research (in more final form) will be presented at the International Forum of Accounting Standard Setters (IFASS) meeting in April 2016. We expect to publish a final report in May.

Academic Advisory Panel

10. The Panel next meets on 1 April. The agenda includes harnessing the Panel members' networks to help identify relevant research on: the project areas in the AASB's work plan; and ASAF agenda items (especially Australian research). The Panel will also discuss identifying academics to present at AASB meetings; building relationships with editors of journals to promote AASB research activities; identifying candidates for the AASB academic-in-residence program; and the AASB's possible role in education.
11. Staff have been working through Panel members to arrange outreach with university staff and honours and higher degree students to: promote the idea of collaborating with the AASB; and to gather feedback on IFRS adoption in Australia from a higher learning perspective.
12. The Chair has written to all the (Accounting and Finance) Heads of Departments at Australia's Universities to help build their understanding of the AASB's and Panel's work and encourage them to support their staff in collaborating with the AASB – please see attached agenda paper 19.2.

Research work program

13. The main changes to the work program (agenda paper 19.1) since late last year are:
 - * the Definition of a Business project has moved to the standard-setting agenda (consistent with IASB agenda); and
 - * completion of the post-implementation review of AASB 2010-6, which added financial asset transfer disclosures to AASB 7 *Financial Instruments: Disclosures* – the review identified that the amendments had achieved their objective and there is no need to revisit them at this stage.