



Australian Government  
Australian Accounting Standards Board

# Memorandum

<b>Subject:</b>	Research Update	<b>Meeting:</b>	AASB August 2016 (M153)
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		<b>Date:</b>	16 August 2016
		<b>Project status:</b>	Report to Board

## Objective of this paper

1. Report to Board on significant Research Centre and related activities since the June 2016 meeting and note the draft work program (Board-only agenda paper 5.2), which is subject to deliberations on agenda consultation (agenda item 8).

## 2016 Accounting & Finance Association of Australia and New Zealand (AFAANZ) Conference

2. Staff and Ann Tarca (Chair of the AASB's Academic Advisory Panel) attended the 2016 AFAANZ Conference and the Accounting Standards Special Interest Group (SIG) at the Gold Coast from 3-5 July 2016. The main objective was to continue to engage with academics and make them aware of research opportunities in connection with the AASB, IASB and IPSASB work programs. In that regard, staff and Ann:
  - (a) presented jointly with the NZASB at the SIG meeting about the Australian and New Zealand standard setters' response to current challenges facing financial reporting;
  - (b) presented at the SIG meeting on the work of AASB's Academic Advisory Panel;
  - (c) presented at the Conference on the theme 'IASB Conceptual Framework: Fit or Purpose?';
  - (d) discussed potential AASB research projects with a number academics; and
  - (e) conducted the July 2016 AASB Academic Advisory Panel meeting.

## Submission to Australian Research Council (ARC)

3. As mentioned in the June 2016 Board meeting, the ARC released a consultation paper *Engagement and Impact Assessment Consultation Paper* on 2 May 2016. The consultation paper requests feedback from all stakeholders, including the higher education research sector, industry and other end-users or beneficiaries of university research on assessing engagement and the impact of research. The Office of the AASB

submitted a comment letter to the ARC on 23 June 2016 (included in August 2016 Board papers). The key messages were:

- (a) both empirical and normative research by Australian academics on projects relevant to the AASB, IASB and IPSASB has the potential to impact on policy areas and therefore have a positive impact on financial reporting domestically and internationally and benefit the Australian economy; and
- (b) evidence of that engagement can readily be found because the decision-making on accounting standards in Australia and internationally is largely conducted in public, with publicly-available board papers and reports on meeting activities and decisions.

### **Academic Advisory Panel**

4. The Panel met on 3 July 2016 and discussed:
  - (a) arrangements for the November 2016 AASB Research Forum;
  - (b) publication of a literature review of IFRS adoption in Australia;
  - (c) progress on the Panel's strategies; and
  - (d) succession planning for Panel membership.

### **AASB Research Forum**

5. The Academic Advisory Panel and staff are organising the 2016 AASB Academic Research Forum, a one-day event, to be held in Sydney on 24 November 2016. The University of Technology Sydney (UTS) has agreed to host the forum and confirmed the event will be held at Dr. Chau Chak Wing Building at UTS which seats 100 people. IASB Board member, Sue Lloyd, has confirmed her participation in the Forum.
6. At the July 2016 AASB Academic Advisory Panel meeting, the members decided to proceed with three panel sessions instead of four to allow more time for each session to be productive. The three sessions relate to: (1) the for-profit financial reporting framework; (2) the not-for-profit financial reporting framework; and (3) financial instruments with characteristics of equity. The other session about improving the interpretation of accounting standards will not be discussed in the Forum (but could be included in a 2017 Forum).
7. Publicity for the Forum has commenced through the upcoming events section of the AASB's website.

**IFRS Review** -- Please see agenda item 9

### **Joint Research with KASB on 'terms of likelihood'**

8. AASB Research Report No.2 [KASB Research Report No.39] *Accounting Judgments on Terms of Likelihood in IFRS: Korea and Australia* was published in July 2016.

9. A further presentation will be conducted jointly with our KASB colleagues at the September 2016 IFASS meeting.
10. Although the findings are about the clarity of the IFRS themselves, they are directed at having IFRS lead to better, more consistent financial information. Accordingly, the findings in the Report are consistent with a theme the IASB is developing about improving the communications value of financial information.

### **Visiting Academic Fellows**

11. A senior academic is scheduled to be a Visiting Fellow at the AASB around October/November 2016, working mainly on issues connected with the Australian Financial Reporting Framework.
12. Arrangements are being made for another senior academic to visit the AASB in mid-2017, working mainly on Conceptual Framework-related issues.

### **Work program**

13. The AASB is yet to formally deliberate on the agenda consultation feedback, however a draft AASB research work program is attached to indicate the impact of recent events. Those events include the completion of projects, the further development of projects, and the IASB's complete overhaul of its work program priorities and format following from its agenda consultation. The changes include:
  - ~ reclassifying some items from research to standard setting, including:
    - \* Conceptual Framework; and
    - \* Post-employment benefits (now a narrow scope amendment)
  - ~ reducing the number of classifications of IASB research projects;
  - ~ lower priority (from 'M' to 'L') allocated to the Goodwill and Impairment project, based on IASB's re-prioritising;
  - ~ deletion of the following projects, based on IASB's re-prioritising:
    - \* Income Taxes;
    - \* Pollutant Pricing Mechanisms;
    - \* Provisions and Contingencies;
    - \* Equity Method of Accounting;
    - \* Extractive Activities, Intangible Assets and R&D Activities;
    - \* Foreign Currency Translation; and
    - \* High Inflation.
  - ~ addition of the following post-implementation reviews:
    - \* IFRS 13 *Fair Value Measurement*; and

- \* IFRSs 10 to 12 relating to consolidated financial statements and joint arrangements; and
- ~ publication of AASB Research Report No.2 *Accounting Judgments on Terms of Likelihood in IFRS: Korea and Australia*.