



Introduction

The Australian Accounting Standards Board (AASB) is holding its next Research Forum in November 2019¹. Expressions of Interest (EOIs) are sought from academics to work with the AASB and members of its Academic Advisory Panel on research projects that will help the AASB meet its [strategic objectives](#) and enable academics to practically demonstrate the impact of their work.

The research projects are intended to produce evidence-based conclusions that will underpin the AASB’s thought leadership on financial reporting issues at international forums (ie, International Accounting Standards Board (IASB) and International Public Sector Accounting Standards Board (IPSASB) meetings) and determine approaches to Australian specific accounting and reporting standards.

The research projects

Research projects can be forward-looking, and can either address topics not yet on standard setters’ agendas, or provide input to issues currently being discussed and reviewed.

Research is required for all sectors (for-profit, not-for-profit public and private) and all entity sizes. Topics could include – but are not limited to – the following (see over for full description):

1. New areas of financial accounting and reporting
2. Advances in systems and recording transactions
3. The Australian Financial Reporting Framework
4. Current topics on standard setters’ agendas
5. Post implementation reviews of new or existing standards.

Submissions

Expressions of Interest should be a **maximum of two pages** and should address the following:

1	Project title
2	Names of researchers, institutions they represent
3	Summary of the proposed research – why is it important? (Maximum 200 words)
4	Research method(s)
5	Possible assistance required from the AASB (if relevant)
6	The relevance of possible conclusions from the research to inform the AASB’s standard setting and its strategic objectives.

Academics, either as a team or individually, are asked to submit an EOI to AASB Research Director [Christine Helliar](#) by **Friday 22 June, 2018**. Successful applicants will be announced in early July at the AFAANZ conference.

¹ The IASB will be holding its Research Forum in Sydney in November 2018.



Suggested topics

1. New areas of financial accounting and reporting

In 2017, the Australian Government's publication [Hidden in Plain Sight](#) outlined "the Australian Government's proposal to create a Modern Slavery in Supply Chains Reporting Requirement. This will require large corporations and other entities operating in Australia to publish annual statements outlining their actions to address this insidious crime".

1.1 If Australian entities were required to publicly report information on their supply **chains**, should it be:

- brought in to the focus of disclosure within Annual Reports or Financial Statements
- a separate report as envisaged now, or
- disclosed via alternative means such as through sustainability reports.

1.2 Looking further to the future:

- Are there other areas that governments may want entities to publicly report on, and should these be within the remit of accounting standard setters? For example, there are water accounting standards, should there be **food/hunger** accounting standards too?
- What about accounting and reporting for **natural resources/extractive activities/intangibles**? Are these better dealt with in financial statements or in supporting information such as Management Commentary?

1.3 Looking forward from a public sector perspective:

- How should we account for **inter- and intra-generational transfers and reporting**, for example the liability of the workers of tomorrow paying for the upkeep of the workers of today?
- With the increase in entities as **social enterprises, co-operatives and mutual entities**, how should they be treated for financial reporting purposes – are they for-profit or not-for-profit entities?

2. Advances in systems and recording transactions

Cryptocurrencies are currently a regular news item and the underpinning **blockchain** technology is facilitating the **Internet of Things** (IoT) revolution and enabling the use of **smart contracts** in business and consumer transactions.

2.1 With more and more business carried out online, new ways of doing business may have a fundamental impact on the way financial accounting and reporting is recorded and processed, with the related assurance issues as well.

- What would need to change, if anything, in the current suite of accounting and disclosure standards to facilitate a transition to a new global business and transaction model?

2.2 Aligned to this is the availability of software such as **XBRL** that tags data and is used extensively by some regulators across the globe as major users of financial information.

- Why are some regulators and other users such as investors not also requiring/requesting entities to use this technology?
- Is there something else that would enable users to more easily compare and analyse financial data and what would it look like?



- Are current **taxonomies** useful and should there be something else to replace them?

3. The Australian Financial Reporting Framework

The AASB sets standards based on IFRS for public interest entities, but under transaction neutrality it also adds in Aus paragraphs for public sector and not-for-profit entities. In addition, Australian-specific standards are set such as AASB 1053 (as noted in the Appendix).

3.1 The IASB's recently released revised **Conceptual Framework** will change the **reporting entity concept** in Australia.

- Coupled with the increasing complexity of business structures and organisations, is there a demand for general purpose financial statements with different tiers of reporting for different sectors, types of organisations and size? (eg, New Zealand has four tiers of financial reporting with some entities able to use a cash basis of accounting.)
- So what are the costs and benefits of having **more than one reporting framework** in a country? (eg, Japan allows several reporting frameworks.)
- What are the major **barriers** to having different tiers of reporting?
- What are the **costs of preparing** financial reports by preparers, including all adjusting closing entries and staff time in the final close? Can this be proxied by a multiple of the audit fee?
- Is the term **not-for-profit entity** or a **public benefit entity** well understood or is there confusion over what these mean?
- Do the benefits of using **fair-value** in the public sector outweigh the costs? (Under **GFS** market value is used)
- What has been the impact of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*? Have the benefits outweighed the costs?
- How do the market value and fair value differ? How should each be measured, value in use/ current replacement cost, highest and best use, and what about impairment?
- Is there too much **duplication of reporting** at both the individual entity level and at consolidated level and is this particularly a problem in the public sector with individual entities reporting and whole of government reporting?

4. Current standard setters' topics/post-implementation-reviews

4.1 The AASB, IASB and IPSASB currently have a number of ongoing projects for which research would be useful. For example:

- The disclosure and reporting required of different types of tax and effective tax rates under the **tax transparency code**
- **Long-term discount rates**
- **Dynamic risk management**
- Definition of a **social benefit** and the related accounting and reporting
- **Service performance** information and reporting
- **Exchange and non-exchange revenue and expenses**
- **Remuneration reporting**
- **Rate-regulated activities**
- **Disclosure**
- **Commodity loans and related transactions**
- **Goodwill and impairment**
- **Primary financial statements: improving the statement of performance; issues of aggregation and disaggregation**
- **Financial instruments with characteristics of equity**
- **Infrastructure and heritage assets**



4.2 Further, the following new standards have been issued in Australia recently with **post-implementation-reviews** to be undertaken in several years' time. Input into the costs, benefits and issues experienced by preparers and users would be timely.

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 17 *Insurance Contracts*

Appendix: Australian specific standards

Australian-specific standards for the public sector and not-for-profit sector are:

- AASB 1049 *Whole of Government and General Government Sector financial reporting*
- AASB 1056 *Superannuation Entities*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 1059 *Service Concession Arrangements: Grantors*

Visit [the AASB website](#) for further information on the AASB's Research Centre and [past AASB Research Forums](#).