



Project:	Research Centre	Meeting:	M194
Topic:	Research update	Agenda Item:	10.1
		Date:	20 February 2023
Contact(s):	Eric Lee elee@asb.gov.au	Project Priority:	N/A
		Decision-Making:	N/A
		Project Status:	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.
- 2 No decisions need to be made by the Board as part of this update.

Attachments

- Agenda Paper 10.2 [AASB-AUASB Research Report: Climate-related disclosures and assurance in the Annual Reports of ASX-listed companies \(December 2022\)](#) [supporting documents folder]
- Agenda Paper 10.3 [The Commonwealth Treasury: Token Mapping Consultation Paper \(February 2023\)](#) [supporting documents folder]
- Agenda Paper 10.4 [Singapore's Accounting and Corporate Regulatory Authority \(ACRA\): Proposed Intangibles Disclosure Framework \(November 2022\)](#) [supporting documents folder]
- Agenda Paper 10.5 [February 2023 UK Endorsement Board meeting Agenda Paper 9: \[draft\] Report: Intangibles qualitative research](#) [supporting documents folder]

Summary of key activities

AASB Research Report

- 3 A joint research report with the AUASB, [Climate-related disclosures and assurance in the Annual Reports of ASX-listed companies](#)¹ was published in December 2022 (authors: Jean You (University of New South Wales) and Professor Roger Simnett (Deakin University)). It provides information to inform the AASB and the AUASB about climate-related disclosures of a large sample that covers almost all listed companies in Australia for 2018-2021.

AASB Dialogue Series

- 4 A joint virtual dialogue series session with CPA Australia and CAANZ, *Is the growth of digital assets a pressing issue for accounting and corporate reporting?* was held on 8 February 2023 (Wednesday) 4-5.15 pm. 52 domestic and international stakeholders attended the session. Scientia Associate Professor Andrew Jackson (University of New South Wales) was the keynote speaker. The panel discussants were Anne Bean (AASB staff), Greg Valles (Valles

¹ https://asb.gov.au/media/xu5leeby/aasb-auasb_rr_climaterelateddisclosures_12-22.pdf

Accountants Pty Ltd), and Ram Subramanian (CPA Australia). The recording is available on the [AASB webpage](#).

- 5 The next virtual dialogue series session will be tentatively held in May 2023. It will be a joint session with the AUASB, and the session will focus on matters related to going concern disclosures.

Research projects

- 6 A summary of the research projects is provided in [Appendix A](#). Following are some key updates:

Digital assets

- 7 Staff are undertaking outreach activities in February and March to understand the prevalence of digital assets as well as any accounting or reporting concerns related to different types of digital assets. Preliminary findings will be shared in future meetings and at other conferences such as the upcoming International Forum of Accounting Standard Setters (IFASS) meeting in April 2023.

- 8 Staff note that the Commonwealth Treasury in February 2023 released its [Token Mapping Consultation Paper](#).² The purpose of the consultation is to understand the crypto ecosystem and its intersection with Australia's existing regulatory framework. The consultation period closes on 3 March 2023. Staff will be monitoring the consultation process and its outcomes, working in tandem with the research project.

Intangible assets

- 9 Staff are planning outreach activities on the intangible metrics research project in February-April 2023. Staff note that there are some recent international activities pertinent to the intangible assets project, such as:

- (a) Singapore's Accounting and Corporate Regulatory Authority (ACRA) and the Intellectual Property Office of Singapore (IPOS) in December 2022 launched a [public consultation for an Intangible Disclosure Framework](#)
- (b) UK Endorsement Board meeting on 23 February 2023 presents its [\[draft\] Report: Intangibles qualitative research](#)
- (c) International Valuation Standard Council (IVSC) and the World Intellectual Property Organization (WIPO) signed a Memorandum of Understanding to collaborate on issues related to the valuation of intellectual property and other intangible assets.³

As such, staff will keep monitoring further developments in this regard.

- 10 As part of the outreach activities, staff will have a [joint webinar](#)⁴ with the Financial Services Institute of Australasia (FINSIA) on 23 March 2023 (12.30-1.30 pm). Staff will share feedback and concerns heard about intangible assets and use the opportunity to gather feedback from FINSIA members.

Understandability of accounting standards

- 11 The research project on the understandability of accounting standards commenced in H2 2022. The objective of the study is to investigate the problems of understandability of IFRS Accounting Standards. The research team (Associate Professor Janice Loftus and Dr Sabine Schuhrer) have to date conducted interviews with 19 participants:

² <https://treasury.gov.au/sites/default/files/2023-02/c2023-341659-cp.pdf>

³ <https://www.ivsc.org/ivsc-and-world-intellectual-property-organisation-wipo-announce-collaboration-to-promote-intellectual-property-valuation/>

⁴ <https://www.finsia.com/events/unleashing-the-hidden-value-the-power-intangible-assets>

Country/region	Number of participants
United Kingdom	1
Pakistan	1
Europe	5
Malaysia	1
Hong Kong	2
Japan	1
Mexico	1
United States of America	1
Canada	1
New Zealand	3
Australia	2

- 12 The research team is currently recruiting interview participants from the regions of South America, Africa and Asia and other developing countries.

AASB 17 Insurance Contracts survey

- 13 A survey was conducted by the AASB 17 Transition Resource Group (TRG) and the Research Centre to gain insight into the policy decisions made by insurers during the implementation phase of AASB 17, particularly in regards to transition methods, recognition, measurement and disclosures. The survey yielded 21 responses, which are currently being analysed. The findings will be published in Q1-Q2 2023.

Other upcoming events

- 14 [Appendix B](#) provides a summary of the upcoming AASB Research Centre events.

Question to the Board

Do Board members have any comments or questions?

Appendix A: AASB Research Projects

Project	Staff comment	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Understandability of accounting standards (jointly with the University of Adelaide)	This project investigates the problems of the understandability of IFRS from the perspective of national standard setters.	Data collection	Draft report		
Common transactions of Tier-3 NFP entities	The objective of this project is to provide evidence that supports the NFP Financial Reporting Framework project. Staff are currently collecting data to conduct a preliminary analysis of tier-3 NFP entities' financial statements.	Draft report			
Intangibles reporting	Refer to agenda item 8.1 of December 2022 meeting. ⁵	Outreach (Stage 1: Intangible metrics)	Outreach/ Draft report (Stage 1: Intangible metrics)	Draft report (Stage 1: Intangible metrics)	Final report (Stage 1: Intangible metrics)
Going concern disclosures (jointly with the AUASB)			Project plan		
Joint research IASB, MASB and AASB: Making materiality judgements	The following projects are being undertaken: <ul style="list-style-type: none"> • The effectiveness of materiality judgements (Tom Frick, Professor Michael Davern and Associate Professor Brad Potter) • IFRS Practice Statement 2 (<i>Making Materiality Judgements</i>): Its 				Final reports

⁵ https://www.aasb.gov.au/media/kd5l4cqi/08-1_sp_intangibles_projectplan_m192_pp.pdf

	meaning and application in practice (Associate Professor Dr Noor Adwa Sulaiman and Dr Nahariah Jaffar)				
Digital assets (jointly with CPA Australia and Associate Professor Andrew Jackson from the University of New South Wales)	<p>The project will focus on the following questions, but not limited to:</p> <ul style="list-style-type: none"> (a) whether digital assets are prevalent in Australia (and other jurisdictions) and have a pervasive effect on the financial statements of entities; (b) types of cryptoassets and crytoliabilities; (c) reporting and accounting concerns; and (d) future directions. 	Outreach	Draft report		
Costs of capital	<p>The objective of the project is to examine and develop models that could potentially be used for determining the cost of capital and provide more informed decision-making during standard-setting processes.</p> <p>This project is undertaken by the following research teams:</p> <ul style="list-style-type: none"> (a) Associate Professor Andrew Jackson (University of New South 		Final reports		

	<p>Wales) and Professor Marlene Plumlee (University of Utah); and</p> <p>(b) Professor Dean Hanlon (RMIT) and Professor Cameron Truong (Monash University).</p>				
<p>Frequency, magnitude, nature and key audit matters for intangible assets in the financial statements of Australian listed companies</p>	<p>As part of the intangible assets project, research has been undertaken to understand the frequency, magnitude, nature and key audit matters for intangible assets in the financial statements of Australian listed companies.</p> <p>This research is primarily conducted by Professor Matthew Pinnuck (University of Melbourne) and Dr Mark Wallis (University of Queensland), with support from the AASB and AUASB staff.</p>	<p>Final report</p>			
<p><i>AASB 17 Insurance Contracts</i> survey</p>	<p>AASB 17 Transition Resource Group (TRG) and staff are conducting a survey to understand the policy choices made by insurers in relation to the transition approaches, recognition, measurement, and disclosures.</p> <p>The findings will contribute to the post-implementation review of AASB 17.</p>	<p>Draft report</p>			

Appendix B: Completed and tentative upcoming 2023 events

