



<b>Project:</b>	Research Centre	<b>Meeting:</b>	M181
<b>Topic:</b>	Research update	<b>Agenda Item:</b>	7.0
		<b>Date:</b>	25 May 2021

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**Project Priority:**  
**Decision-Making:**  
**Project Status:** Report to Board

### Objective of this paper

- 1 The objective of this agenda item is to report to the Board on significant AASB Research Centre related activities. No action is required from the Board on the matters tabled in this update.

### AASB Research Forum 2021

- 2 AASB is organising the 2021 AASB Research Forum in partnership with the University of New South Wales (UNSW) on Monday 29 November. Subject to COVID-19 restrictions across the nation, the forum will allow in-person attendance at the UNSW Sydney CBD campus, as well as online.
- 3 As noted previously, three Research Teams were selected to present at the Research Forum.

Research title	Research team
Does the presence of significant judgement complexity about OCI items impact the decisions of non-professional and professional investors? The case of 'Other Comprehensive Income'	Troy Yao (QUT) Tyge Kummer (QUT) Majella Percy (Griffith) Jenny Stewart (Griffith)
An evaluation of the impacts of the adoption of AASB 15 Revenue from Contracts with Customers	Le Ma Sebastian Onie Helen Spiropoulos Peter Wells (All UTS)
Decision Usefulness: A re-examination of the information needs of non-profit GPFR users	Craig Furneaux (QUT) David Gilchrist (UWA)

- 4 Meetings with the three teams continued in April and May to discuss progress. Two have sought the required university ethics approval needed before data can be collected. Both are progressing other parts of their projects. The design of the third research project means data can be collected without ethics approval.

- 5 Each presentation will be supplemented by a facilitated panel discussion. Invitations to panellists have been issued.
- 6 Staff will provide a verbal update on further developments at the Board meeting.

### Academic Advisory Panel

- 7 The Panel met on the 29<sup>th</sup> April. Discussion included evidence-informed standard setting and cost-benefit analysis.

### Research reports

- 8 One research report was completed in Q2 2021 and published on the AASB website.

Research report	Author(s)	Publication date
<a href="#"><i>Financial Reporting by Non-Corporate or Small Entities</i></a>	Sue Wright (University of Technology, Sydney), Karen Handley (University of Newcastle), Karen Handley (University of Newcastle)	April 2021

- 9 This research report presents an overview of the academic literature on financial reporting by noncorporate and small entities. It has the overall objective of answering key questions about the coverage of their reports, their user and stakeholder needs, and their compliance and regulatory oversight.
- 10 This report covers reporting by public sector entities, private sector small and medium-sized entities (SMEs), not-for-profit entities including charities, and non-government organisations in a number of jurisdictions, primarily the UK, Europe, New Zealand, the US and Australia. The search for each type of entity's financial reporting was conducted over papers published in a wide range of national and international academic journals in the thirty-year period between 1990 and 2019. This search produced an initial list of over 400 papers, which was reduced by the authors to about 80 papers, based on the relevance of each paper to the purposes of this report. Finally, the relevant papers were classified by type of entity, by country and by research question.
- 11 Notwithstanding the wide search of the academic literature performed, the literature does not directly address the reporting requirements for these sectors, nor does it offer a lot of guidance regarding regulation.
- 12 The report notes:
  - (a) some consensus in the academic literature about the mismatch between the needs of users and the information that is reported;
  - (b) the importance of both financial and non-financial information;
  - (c) there is little research on the question of whether general purpose financial reports are required by users and resource providers in these sectors;
  - (d) performance information is also sought, although defining performance is an open question; and
  - (e) the literature highlights breaches in compliance and misrepresentation in the financial reporting in this sector.

### Joint research with MASB on transition requirements and practical expedients

- 13 The purpose of the project is to identify any relevant lessons that might inform the application of other new and revised IFRS Standards, including the types of choices that should be made available to entities adopting a Standard to:
- (a) facilitate the initial adoption of the Standard without undue cost or effort;
  - (b) facilitate the ongoing application of the Standard without undue cost or effort;
  - (c) not disadvantage users of the financial statements.
- 14 The research has the potential to help guide the IASB's thinking on future transition arrangements and ongoing practical expedients that can be required or permitted in future IFRS Standards without compromising the principles-based nature of those IFRS and without jeopardising users' needs.
- 15 Staff expect multiple outputs from the project, including:
- (a) presentations at international standard setting forums such as the Asian-Oceania Standard Setters Group, the International Forum of Standard Setters and World Standard Setters; and
  - (b) publication of a joint research paper.
- 16 AASB staff have conducted interviews with a small number of ASX-300 preparers. As a guide, staff expect to interview 20 preparers, 5 users and 5 auditors.
- 17 Staff will provide a verbal update at the Board meeting. If Board members can assist directly or indirectly, we would appreciate receiving your expressions of assistance out of session.

**Question to the Board**

1. Does the Board have any comments or suggestions regarding the research update?