



# 2025 Applied Research Forum

## Accounting and Reporting in the Digital Era





Australian Government  
The Treasury

Australian  
Centre for  
Evaluation

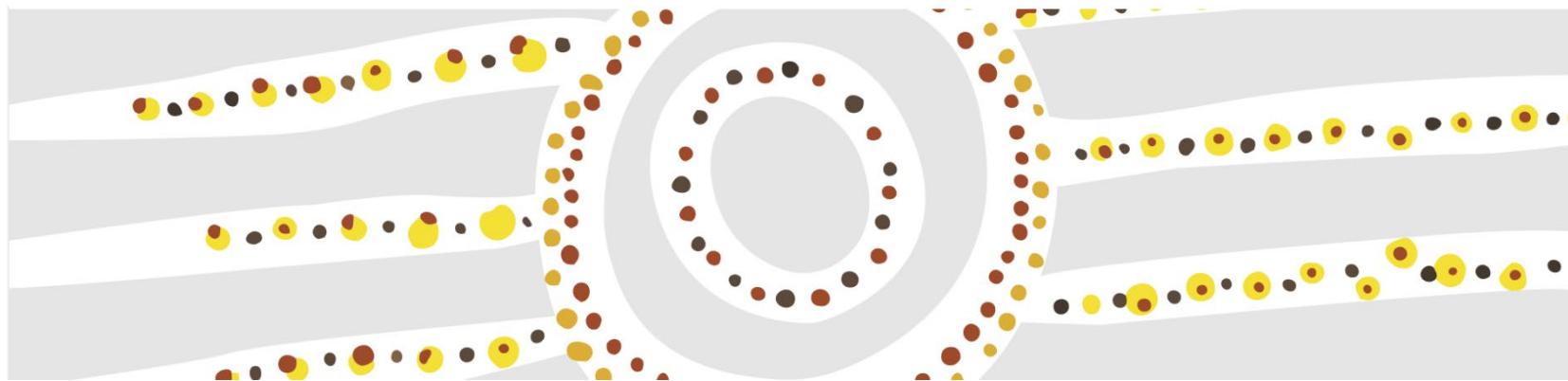
ace

# Evidence in policy-making: the role of impact evaluation

Harry Greenwell | A/g Managing Director  
November 2025

[evaluation.treasury.gov.au](http://evaluation.treasury.gov.au)

# Acknowledgment of Country



# Introducing the Australian Centre for Evaluation

# The ACE up your sleeve?

**Our mission:** to improve the volume, quality, and use of evaluation evidence in the Australian government

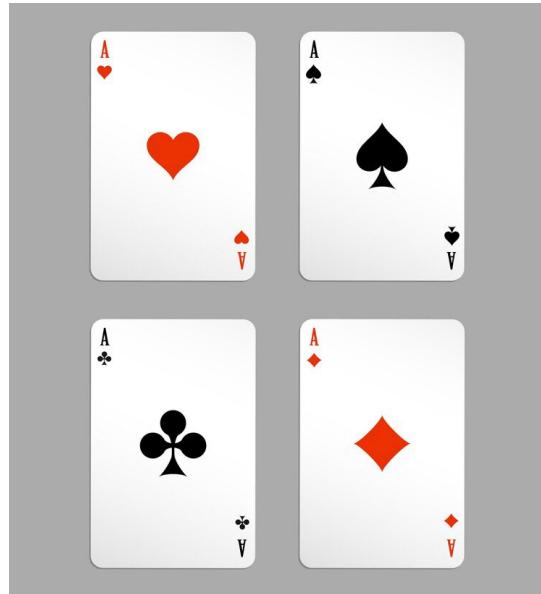


Image: Freepik.com

# ACE's four key areas of focus

- 1 Evaluation **leadership and promotion**, through the Commonwealth Evaluation Policy and Toolkit
- 2 Champion high-quality **impact evaluations**
- 3 Oversee **evaluation capability** uplift across the APS
- 4 Strengthen **evaluation planning and use**



impact  
evaluation  
plan  
outcomes  
value  
tracking  
measures  
planning

# A preview

# A preview

- Policy evaluation is just one element of applying evidence to policy-making
- Evaluations can help answer many questions
- A critical question: Did it work? And if so, by how much?
- Answering this question is hard!

**Policy evaluation: one part  
of evidence in policy-making**

“Evaluation is the *systematic* and objective assessment of the design, implementation or results of a government program or activity for the purposes of continuous improvement, accountability and decision-making.”

**For more, see the ACE’s Evaluation Toolkit:** <https://evaluation.treasury.gov.au/toolkit/commonwealth-evaluation-toolkit>

# Different types of evaluation

## Process evaluation

- What can be learned from how the intervention was delivered?

# Different types of evaluation

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## Impact evaluation

- What difference has an intervention made?

# Different types of evaluation

## Process evaluation

- What can be learned from how the intervention was delivered?

## Impact evaluation

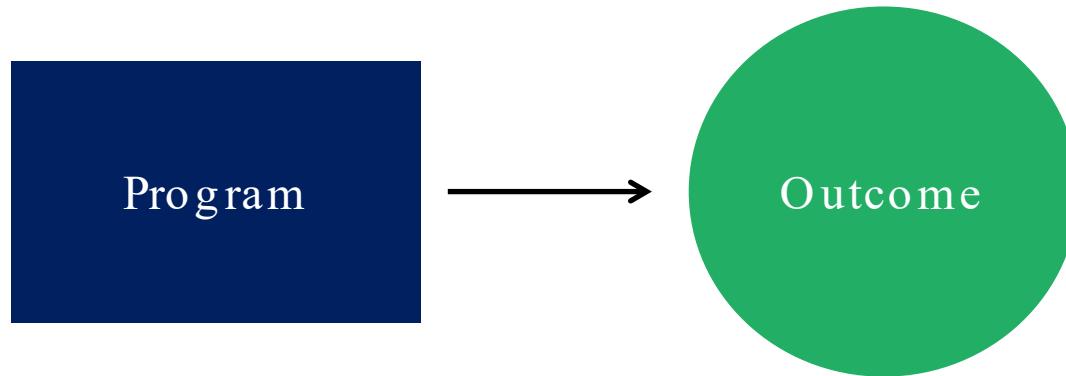
- What difference has an intervention made?

## Economic evaluation

- Is this intervention a good use of resources?

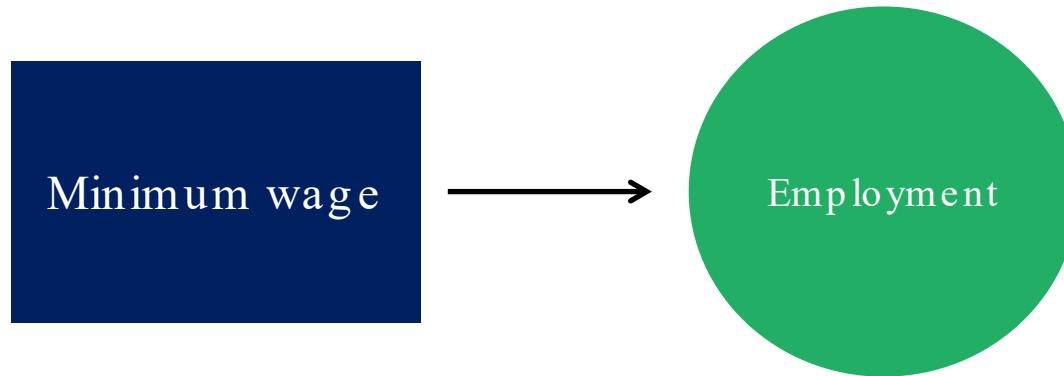
# Does it work? The promise and perils of *impact* evaluation

# Questions about impact



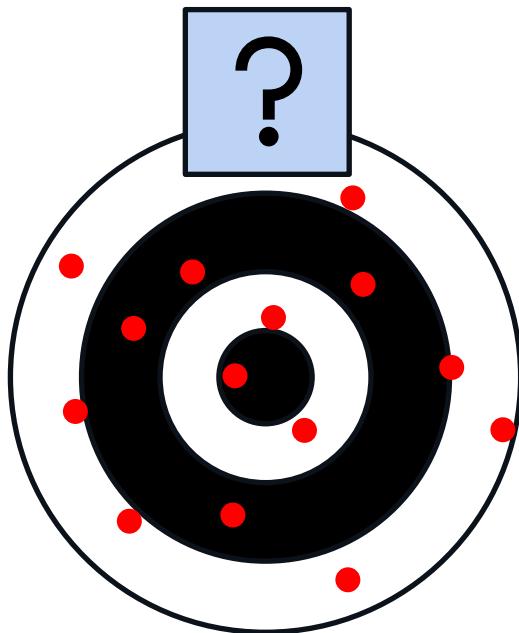
What is the effect of a policy on an outcome?

# Questions about impact: minimum wage

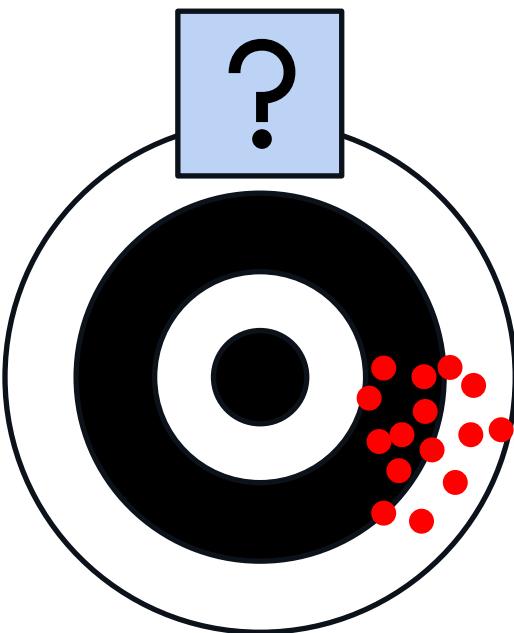


What is the effect of an increase in minimum wage on employment?

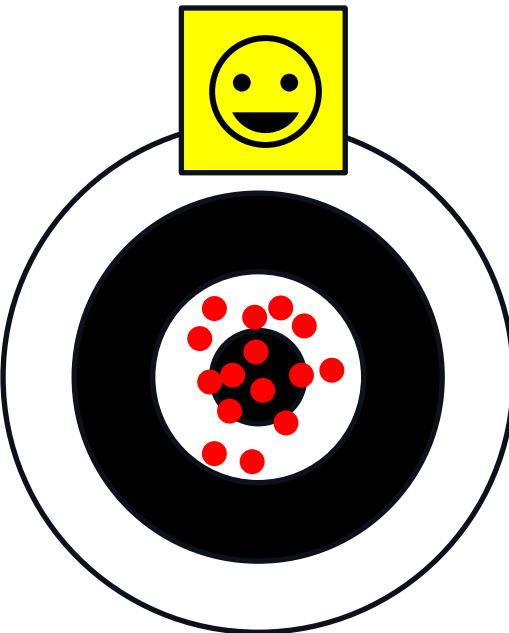
# What does a 'good' impact evaluation look like?



Accurate but imprecise

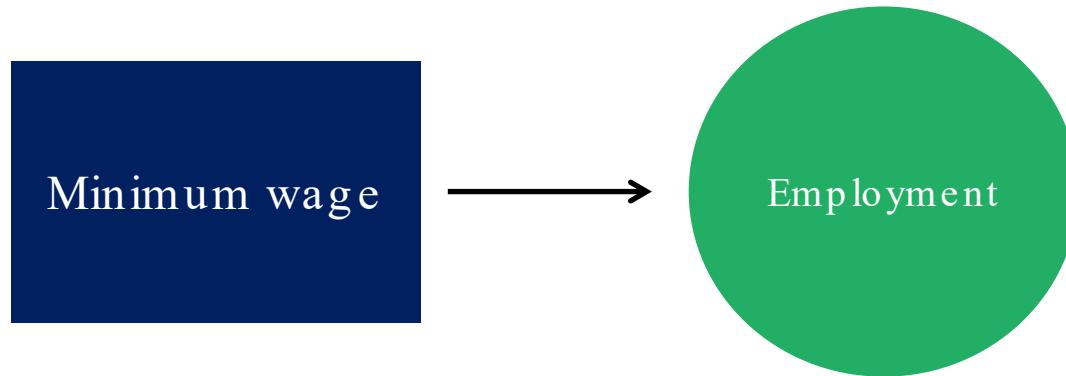


Precise but inaccurate



Accurate and precise

# Questions about impact: minimum wage



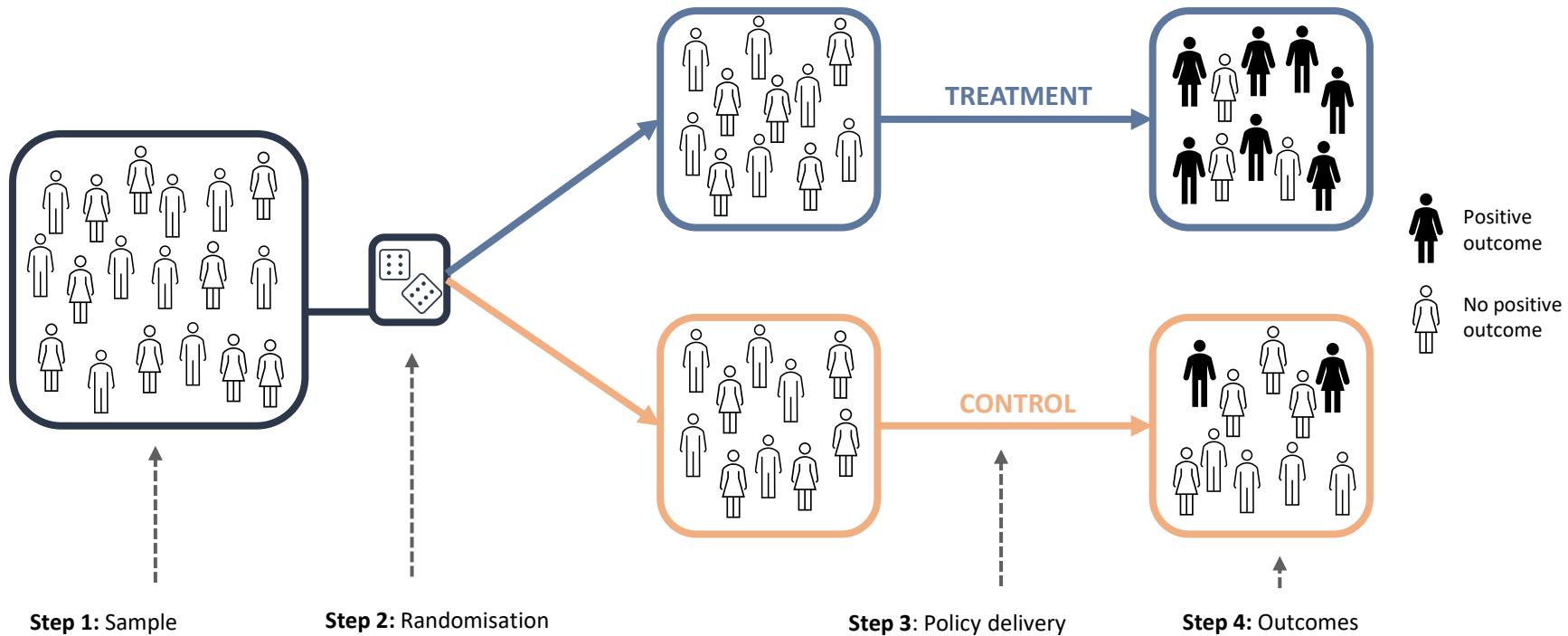
What is the effect of an increase in minimum wage on employment?

# How to answer this impact question?

- Want to know *what would have happened* in the absence of the policy: the ‘counterfactual’.
- While it may be possible to find a ‘comparison’ group, the risk is that it may be systematically different
- The goal of these types of impact evaluation is to find a *credible* counterfactual.



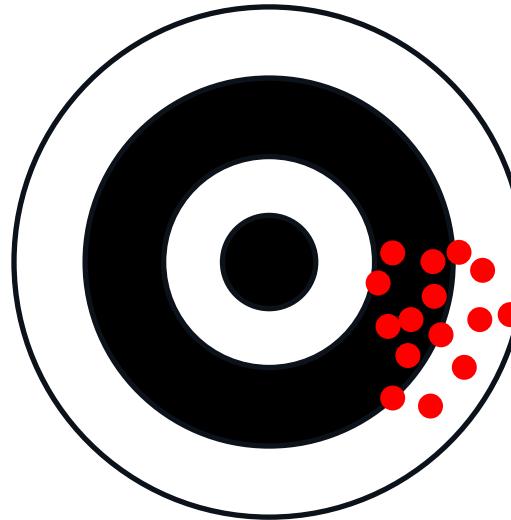
# The intuition of a randomised trial



# Well-designed randomised trials: the risk of 'bias'

Bias can re-emerge post-randomisation.

- Attrition in outcome data
- 'Spillovers' from treatment to control
- Evaluation-driven effects

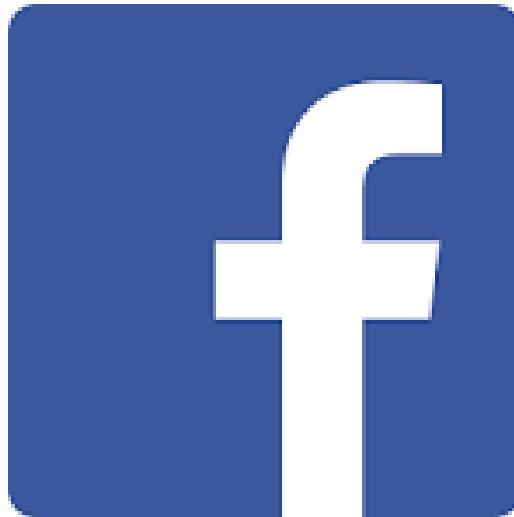


# What if a randomised trial isn't feasible? The appeal of big data and fancy statistics



# Facebook ad experiments

- 15 ad campaigns run on Facebook in 2015
- Each campaign reached between 2 million and 140 million users
- Outcome: purchases on advertiser's web site



# Facebook ad experiments

## Ad Auction

1. 
2. 
3. 
4. 



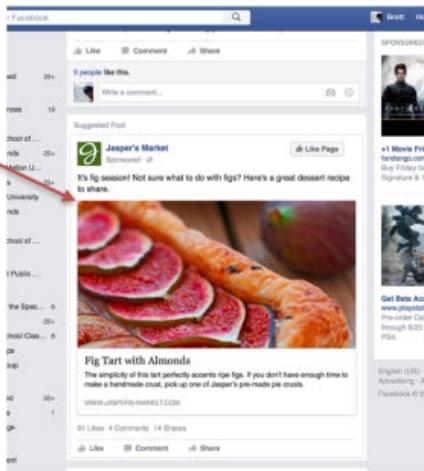
## Test

Gordon et al 2018 'A comparison of approaches to advertising measurement: evidence from big field experiments at Facebook', Figure 3.  
[https://www.kellogg.northwestern.edu/faculty/gordon\\_b/files/fb\\_comparison.pdf](https://www.kellogg.northwestern.edu/faculty/gordon_b/files/fb_comparison.pdf)

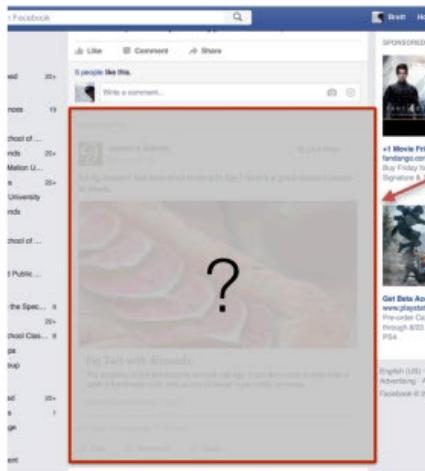
# Facebook ad experiments

## Ad Auction

1. 
2. 
3. 
4. 



Test



Control

## Ad Auction

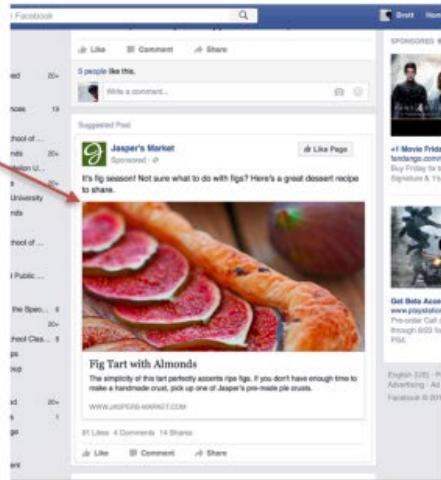
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# Facebook ad experiments

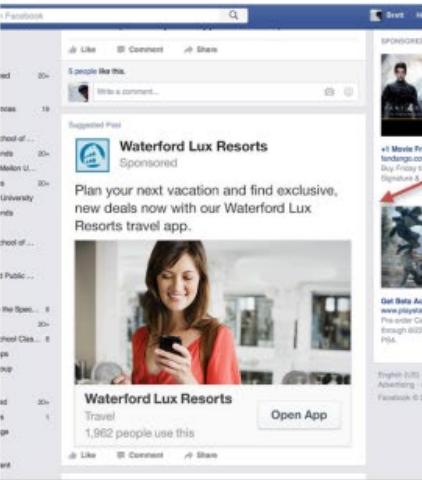
## Ad Auction

1. 
2. 
3. 
4. 



A Facebook post from 'Brett' on the 'Brett' page. The post shows a sponsored post from 'Jasper's Market' with the caption: 'It's fig season! Not sure what to do with figs? Here's a great dessert recipe to share.' Below the post is a photo of a fig tart with almonds. The post has 5 likes, 19 comments, and 14 shares. The post is from 'Jasper's Market' and was shared on Facebook on 2015-09-15.

Test



A Facebook post from 'Brett' on the 'Brett' page. The post shows a sponsored post from 'Waterford Luxe Resorts' with the caption: 'Plan your next vacation and find exclusive, new deals now with our Waterford Luxe Resorts travel app.' Below the post is a photo of a woman holding a smartphone. The post has 6 likes, 19 comments, and 14 shares. The post is from 'Waterford Luxe Resorts' and was shared on Facebook on 2015-09-15.

Control

## Ad Auction

1. 
2. 
3. 
4. 

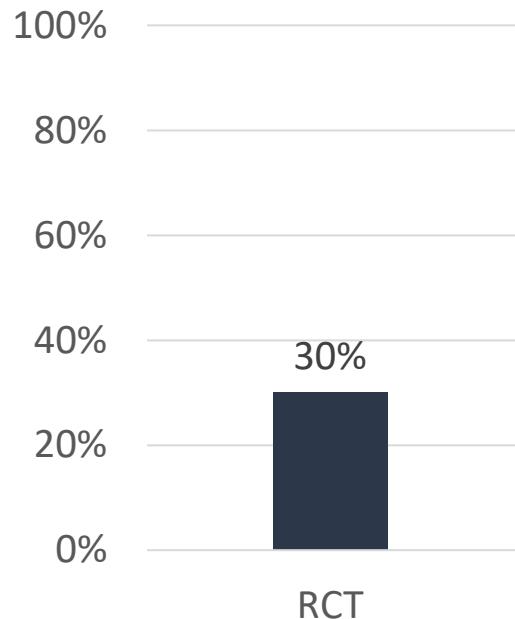
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# Facebook ads: non-experimental evaluation

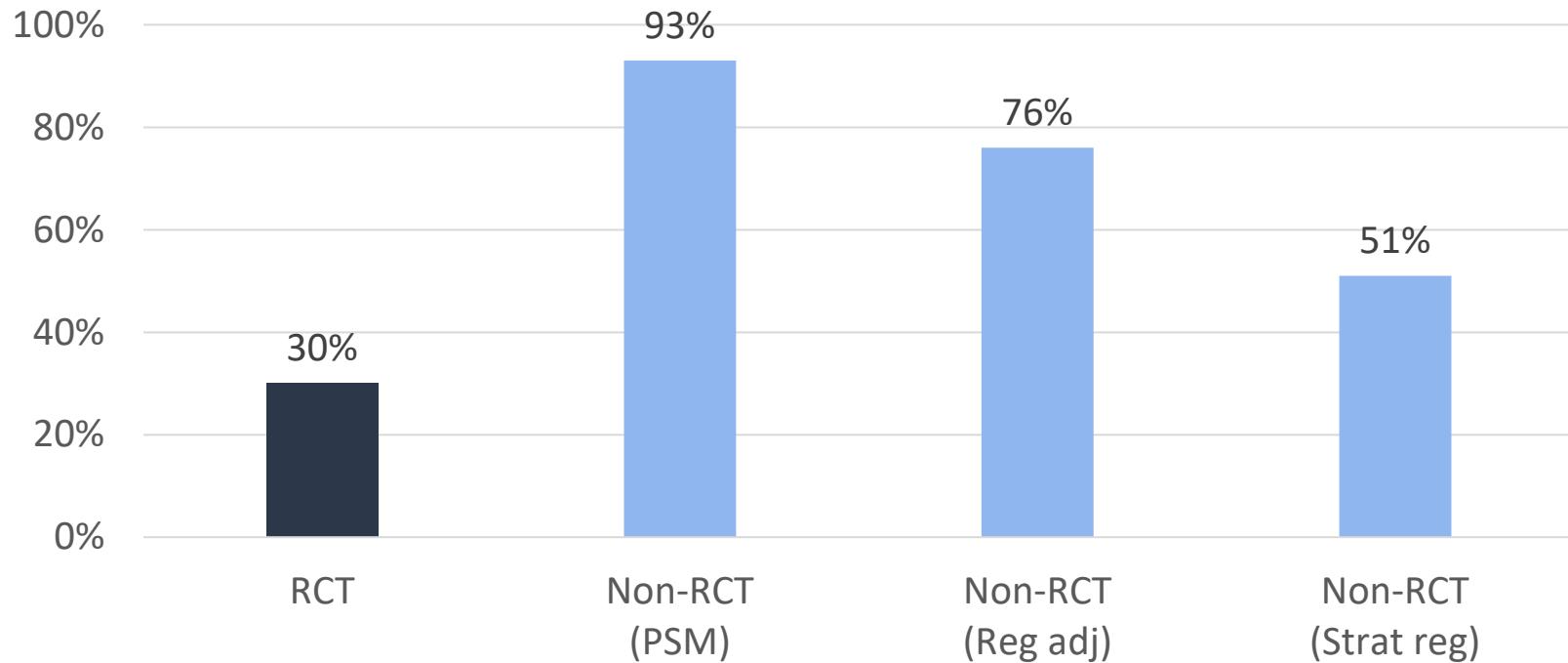
- Comparison group: *untreated* members of the treatment group
- Confounding? Rich dataset of covariates:
  - Facebook data on demographics, user activity, etc
  - Linked to Census data using zip code
- Methods: regression, matching, and more



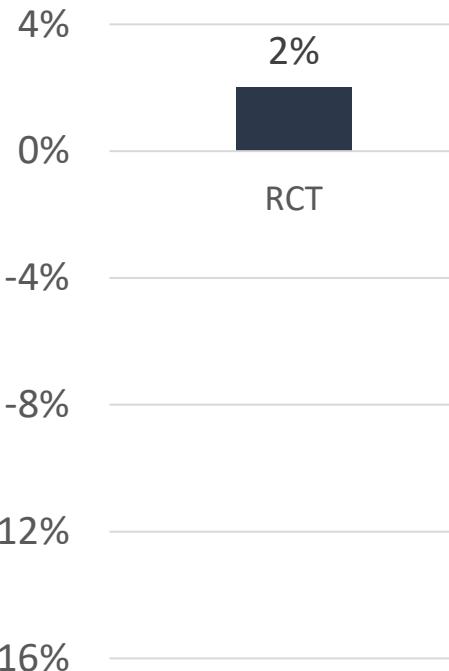
# Do Facebook ads work? Campaign #1



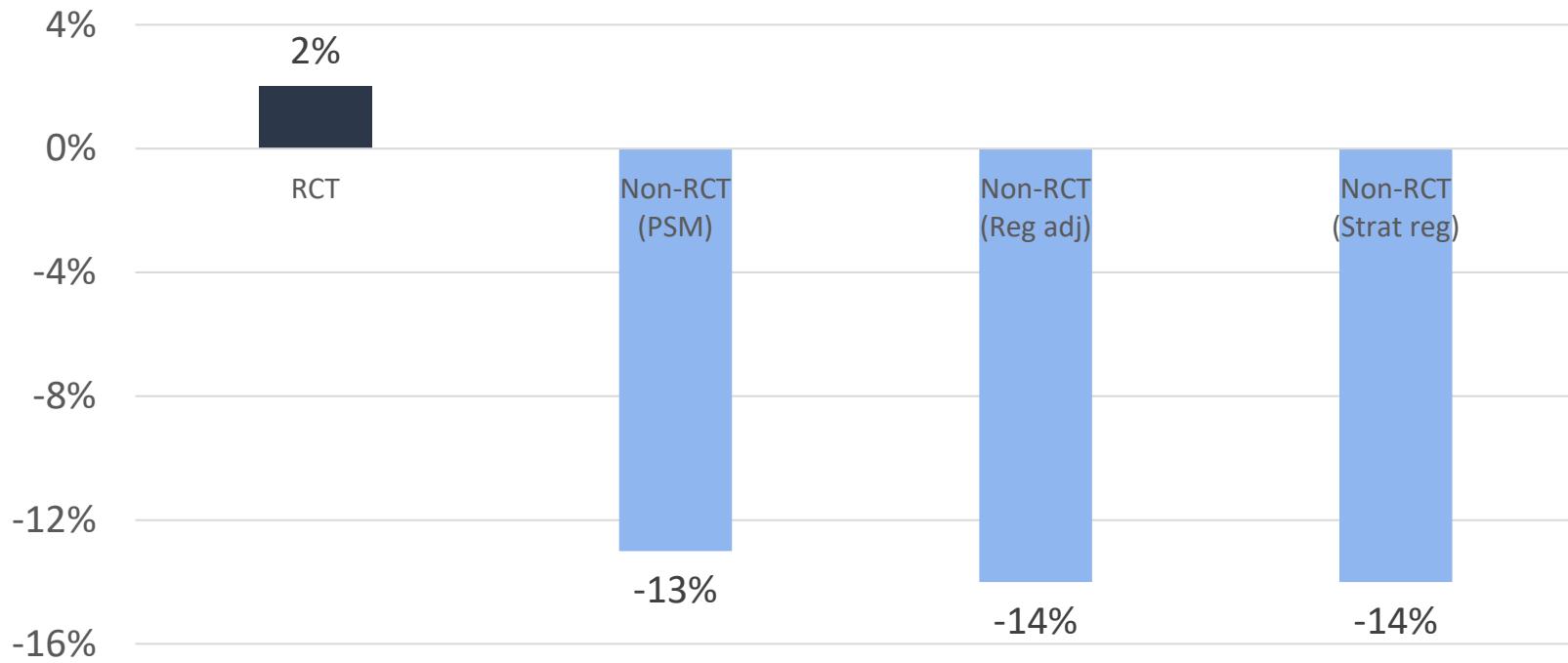
# Do Facebook ads work? Campaign #1



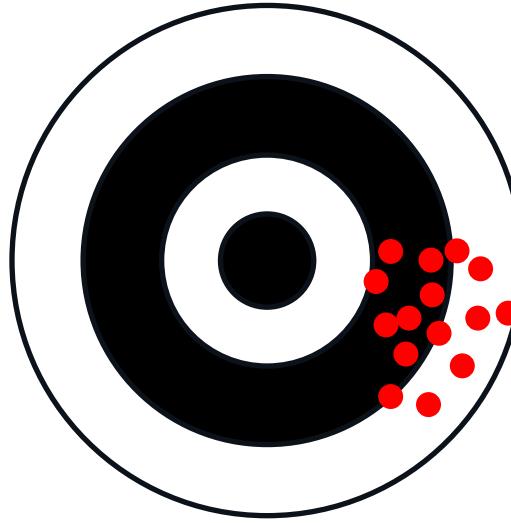
# Do Facebook ads work? Campaign #2



# Do Facebook ads work? Campaign #2



# Don't be seduced by big data and fancy statistics



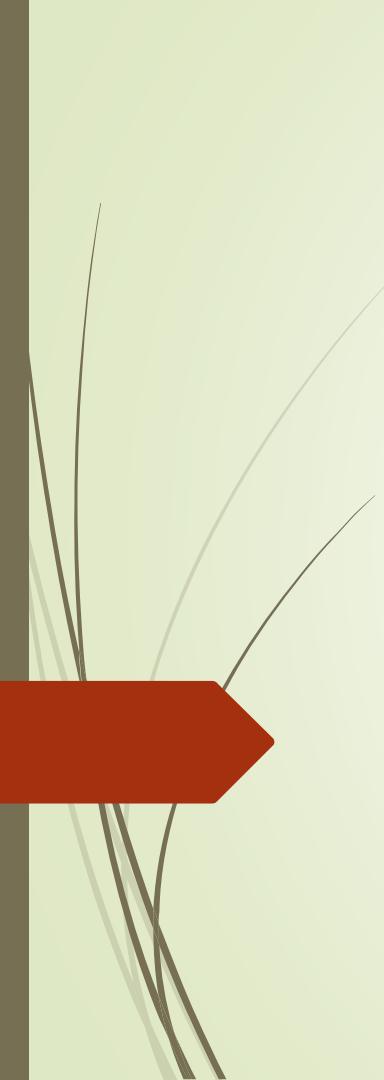
# Implications for evidence in policy-making

- Policy evaluation is just one element of applying evidence to policy-making
- Evaluations can help answer many questions
- A critical question: Did it work? And if so, by how much?
- Answering this question is hard!
- Don't let the perfect be the enemy of the good but avoid being badly misled
- The solution lies in careful evaluation planning and a perspective of 'constructive scepticism'

## Contact details and more information

Contact us: [evaluation@treasury.gov.au](mailto:evaluation@treasury.gov.au)

More information: [evaluation.treasury.gov.au](http://evaluation.treasury.gov.au)



AASB Research Forum 2025  
Melbourne, Australia

# The illusion of evidence: Is accounting standard setting really informed?

Ann Tarca  
Professor Emeritus University of Western Australia  
IASB member 2017-2025



# Introduction

- ▶ What is role of accounting standard setters?
- ▶ Approach to standard setting - working with stakeholders
- ▶ Examples of evidence-informed standard setting
- ▶ Does IASB use information effectively?



# Role of accounting standard setters

- ▶ IASB - Develop high quality, understandable, enforceable, and globally accepted standards.
- ▶ Follow specific due process.
- ▶ Engagement with stakeholders provides information that feeds into the standard setting process.



# Consultation with stakeholders

- ▶ At all stages - agenda setting, project selection and scheduling, scoping projects, development of consultation documents, responding to feedback, decision making, reviewing standards.
- ▶ Global - Advisory Council, ASAFA, CMAC, GPF, ITCG, EEG; via project specific activities and meetings including consultation documents.
- ▶ Transparent - meetings, documents are public and accessible. Board members and staff are approachable.



# Examples of use of evidence

- ▶ Primary Financial Statements IFRS 18
- ▶ Detailed proposals in an ED - stakeholders considered their implications.
- ▶ Proposals/feedback/changes.
- ▶ By function/by nature presentation and disclosure; Location of share of profit from JVA; Unusual items; MPMs in single note in FS.
  
- ▶ Extractive Activities IFRS 6
- ▶ Diversity in accounting policy choice; inconsistent and lack of disclosure.
- ▶ Evidence collected did not support new requirements for recognition or disclosure.



# Examples of use of evidence

- ▶ Business Combinations - Goodwill, Disclosure and Impairment
- ▶ New requirements for entities' disclosure of post-acquisition performance.
- ▶ Feedback re commercial sensitivity and litigation risk of proposed disclosures.
- ▶ Further consultation; field testing of possible disclosures.



# Effective use of information - inputs

- ▶ Requests for information are -
- ▶ Clear, understandable, relevant.
- ▶ Standard setters are clear about the problem to be addressed and what is required of stakeholders.
  
- ▶ Information provided is -
- ▶ Accurate, sufficient, relevant.
- ▶ Stakeholders provide unbiased information from a range of countries, industries and companies.



# Effective use of information - outputs

- ▶ What would effective use of information look like?
- ▶ The production of high quality, understandable, enforceable, and globally accepted standards.
- ▶ Do IFRS Standards meet these tests?
- ▶ Judgement call.
- ▶ Post-implementation reviews gather information about application of new Standards.
- ▶ Even when there is positive feedback there can be some alternative views.
- ▶ Issues not addressed; preferred positions not reflected in the Standard.



# Conclusion

- ▶ The process of standard setting clearly requires the use of information.
- ▶ IASB and national standard setters have thorough processes for collecting information.
- ▶ Standard setters are motivated to make effective use of information.
- ▶ Critical analysis of standards setters' work is an essential part of process.
- ▶ Academic research reviews various aspects of IFRS - opportunities for more evaluation.

# AASB Research Forum Service Performance Reporting Research Projects

Dr Ushi Ghoorah

Western Sydney University

19 November 2025



- Ushi Ghoorah



- David Gilchrist
- Phil Hancock
- Nikki Schonfeldt



- Mona Nikidehaghani



- Vien Chu



- Craig Furneaux
- Yuyu Zhang



- Cherrie Yang

# Team

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## Research Projects

1

Service Performance  
Reporting for Private  
Sector Not-for-profits  
- An Updated  
Literature Review

2

Service Performance  
Reporting-Insights  
from Domestic and  
International  
Experience

3

Connectivity of Non-  
Financial Information  
and Financial  
Information-A NFP  
Private Sector Study

# Project 1: An Updated Literature Review

- Systematic Literature on SPR
- Approach tailored to the Australian context
- Key themes, emerging trends and implementation challenges
- Focus:
  - AASB Research report 14
  - 2019 to 2024



# Regulatory Environment

- Australia
  - Fragmented and duplicated reporting
  - Some elements of SPR
  - No single regulator
- Regulatory developments & SPR practices in selected jurisdictions
  - New Zealand
  - United Kingdom
  - USA & Canada
  - South Africa

# Project 1 – Research Method

Google Scholar

2 stage process

Criteria

- **Stage 1:** Studies that would best inform the development of a service performance reporting standard in Australia
- **Stage 2:** Assurance of NFP service performance reporting

- **Inclusion:** peer-reviewed journal articles, conference proceedings, or industry reports
- **Exclusion:** outside timeframe, not on private NFPs, not in English.

# Project 1 - Sample

	Country context	Australia	United Kingdom	New Zealand	Others	Multiple country contexts	None
Sources	Peer-reviewed papers	2		4	1	3	4
	Conference Proceedings						
	Industry reports		1	1			
	Others					1	1
Total		2	1	5	1	4	5

# Project 1 - Findings

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## Themes

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Performance reporting, outputs, outcomes and impact

---

Performance measures in the NFP sector

---

Regulatory Approach

---

Challenges in implementing reporting standards in the NFP sector

---

Information needs and public benefits

---

Assurance of SPR

---

# Project 1 – Conclusion

## Key takeaways

- Learning from international experience
- Challenges in the Australian context
- The role of assurance
- Emerging regulatory models

# Project 2: Insights from Domestic and International Experience

## Aims

- Current best practices of SPR by NFPs
- Feasibility and challenges of assurance
- Lessons from international jurisdictions
- Suitability of a reporting framework for the diverse Australian NFP landscape.

# Project 2 - Research Method

## Multi-method approach

- Brief stakeholder survey
- Content analysis
  - 1,545 annual reports – 309 NFPs across 6 countries
  - 5-level performance reporting maturity framework
- Focus group interviews
  - 85 participants – 8 stakeholder groups

## Interview transcripts

- Hybrid thematic method

# Project 2 – Findings | Survey

## Enhancing Accountability through Contextual Disclosures

What they have achieved, how they will use the donation to achieve their missions, and whether they are spending too much on administration and advertising. - Donor

## Conceptual Ambiguity and Measurement Challenges

There is also a risk that reporting becomes overly focused on quantitative indicators at the expense of qualitative insights, which are equally important in understanding service quality and community impact. - Preparer

## Practical and Financial Burdens of Implementation

The process of data collection shouldn't drive service delivery - it must be designed with the client's dignity in mind. - Peak Body

## Access, Power, and Adaptive Decision-Making

I have tried to do that, but I think it might not be easy. - Donor

# Project 2 – Findings | Focus Group Interview

## Enhancing Accountability Through Contextual Disclosures

- It's an opportunity for the charity to tell its story... very good for funders and donors. - Regulator (New Zealand)

## Conceptual Ambiguity and Measurement Challenges

- ..they become boilerplate. And yeah, so every year, year after year, they report similar information. - Donor (New Zealand)

## Practical and Financial Burdens of Implementation

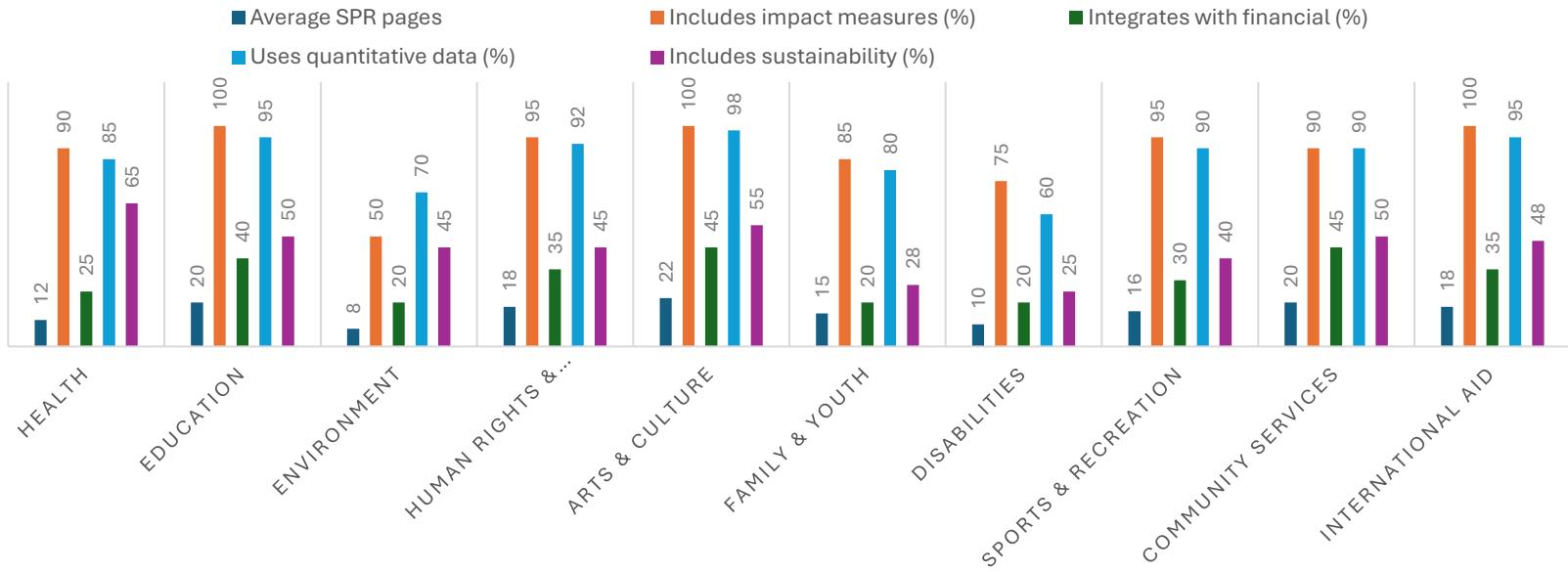
- Let's just please not do it for the sake of putting something in there, let's make sure that stakeholders will actually get something... some benefit out of it. - Philanthropist

## Assurance Tensions

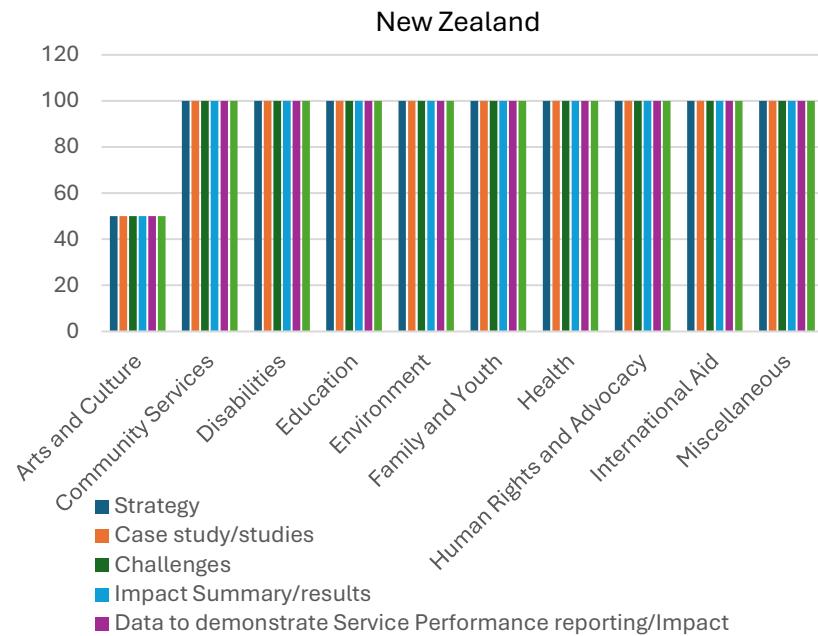
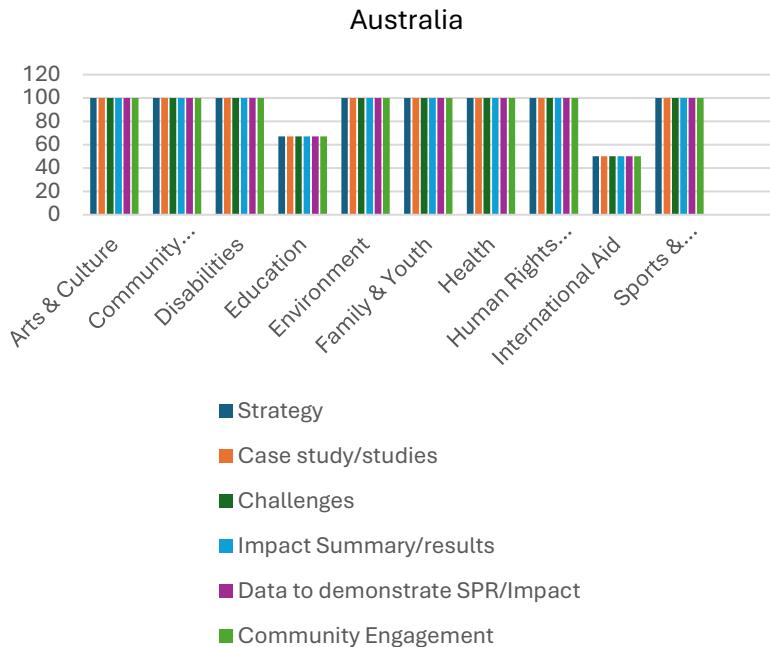
- Auditors won't want to verify whether 135 or 142 meals were served - that's not practical. It should be separate from the financial statements.- Regulator

# Project 2 – Findings | Disclosures

## AUSTRALIA

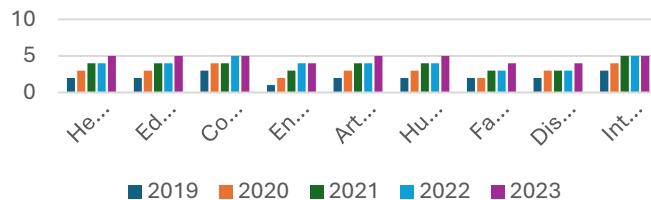


# Project 2 – Findings | Elements

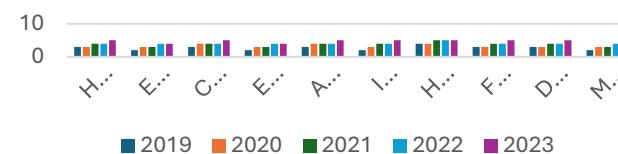


# Project 2 – Findings | SPR maturity

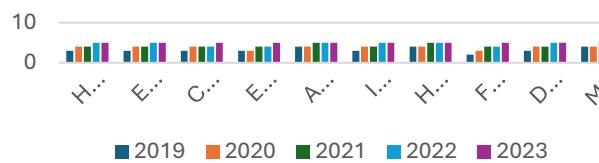
Australia



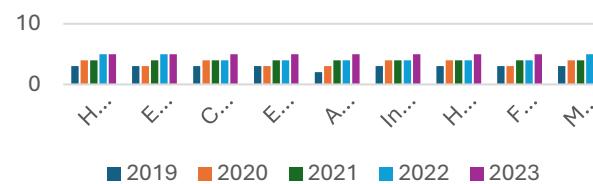
New Zealand



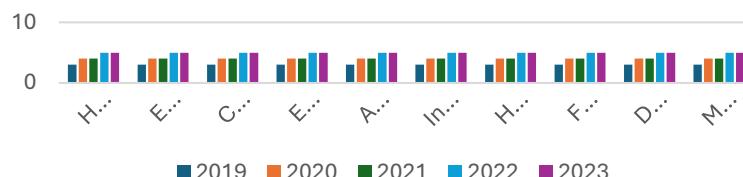
UK



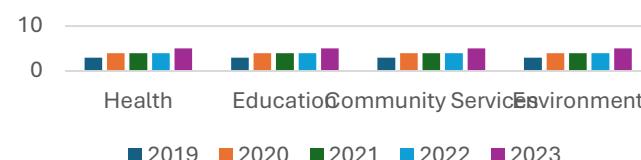
Canada



USA



South Africa



# Discussion & Take Away

Suitability of a National Framework	Sectorial variations in reporting maturity, resourcing, and data capabilities
Assurance Feasibility and Credibility	Traditional audit models & qualitative, narrative, and outcome-focused nature of SPR.
Lessons from International Jurisdictions	Context, sector capacity, and regulatory design
Identifying and Supporting Best Practice	Sampled Australian NFPs demonstrated strong practice in performance-related reporting Gaps remain - strategic framing of disclosures and the integration of financial and performance narratives

# Project 3: Connectivity between financial and non-financial diclosures

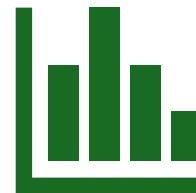
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## Focus:

Private NFPs

Service Performance Disclosures



## Builds on Project 2

Structured literature review, annual reports, stakeholder survey & focus group interview

# Project 3 – Research Method

Data	Quantity	Analytical Method
Literature	67	Nvivo
Annual reports	1,545 (309 reports, 5 years & 6 countries)	Leximancer
Survey	66 responses: <ul style="list-style-type: none"><li>6 auditors, 27 preparers, 12 donors, 7 professional bodies, 5 peak bodies, 9 regulators.</li></ul>	<ul style="list-style-type: none"><li>Hybrid Thematic</li></ul>
Focus Groups	74 interviewees: <ul style="list-style-type: none"><li>12 donors &amp; philanthropists, 8 professional bodies &amp; directors, 27 preparers, 9 auditors, 13 regulators, 5 peak bodies</li></ul>	<ul style="list-style-type: none"><li>Hybrid Thematic</li></ul>

# Project 3 – Findings | Literature Review

## Themes

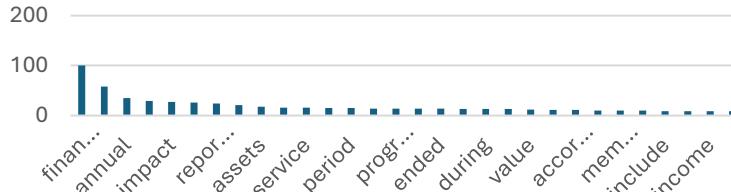
- Accountability for Performance in NFPs
- Donor Trust, Motivation and Fundraising
- NFP Financial Reporting Frameworks and Standards
- NFP Performance Measurement
- Stakeholder Involvement and User Needs
- Sustainability Reporting in NFPs

## Challenges:

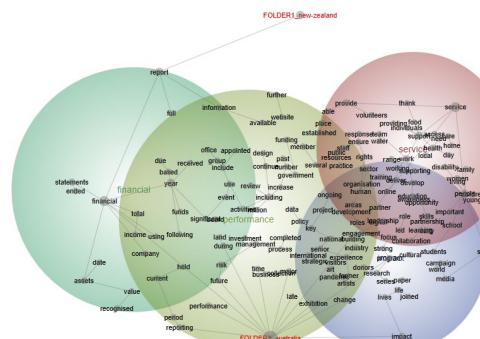
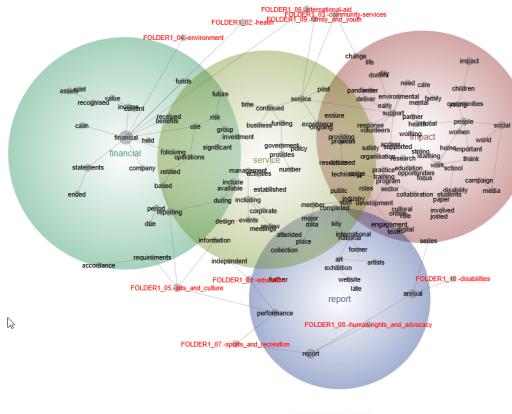
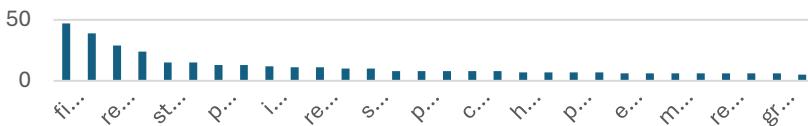
- Inadequacy of sector-neutral standards
- Limited stakeholder responsiveness
- Inconsistent donor expectations
- Underdevelopment of sustainability and impact reporting

# Project 3 – Findings | Annual Reports

Theme Prominence - Australia

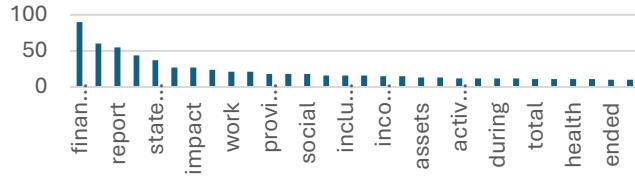


Theme Prominence – Australia & New Zealand

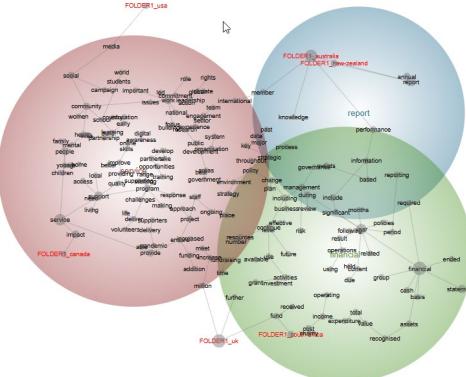
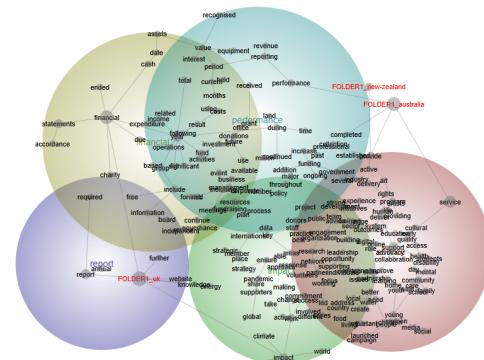
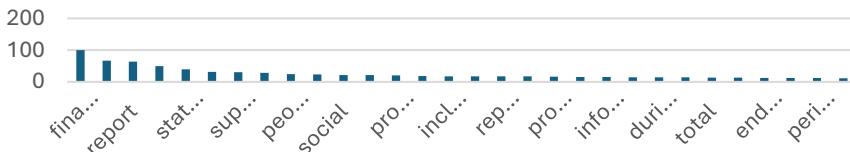


# Project 3 – Findings | Annual Reports

## Theme Prominence - CANZUK



## Theme Prominence – Expanded cross-country analysis



# Project 3 – Findings | Survey

## Selected responses

### Individual donors

- “Search media and find any other information that can be taken as reliable and is publicly available.”

### Preparers

- “.....reporting becomes overly focused on quantitative indicators at the expense of qualitative insights.....”

# Project 3 – Findings | Focus Groups

## Donor Expectations and the Need for Integrated Reporting

• "I think there's a risk of it reducing it to numbers that don't really tell an accurate story." -Preparer

## Accessibility, Audience Needs, and Strategic Use of SPR

• "If you've just got screens of narrative or things that aren't presented in a particularly appealing way... people probably won't read it." - Director (New Zealand)

## Navigating Placement: Balancing Visibility, Credibility, and Assurance

• "It should be connected but not buried in financials. A separate but linked section works best." - Regulator

## Practical Barriers and System-level Implications

• "Once it's separate from your financial reporting, there's no audit. So, anyone can tell anything." - Professional Body Representative

# Discussion & Take Away

## Integration is not yet happening in practice

Financial information dominates

Performance, outcomes, and impact language are fragmented and inconsistent.

## Placement and credibility matter

SPR being linked to but not buried inside financial statements.

Reporting outside audited sections raises credibility and assurance concerns.

## User needs are diverse and not well met

Donors, funders and regulators require different types of information.

Current reporting is often quantitative-heavy, difficult to interpret, and not audience-responsive.

## Proportionality is essential

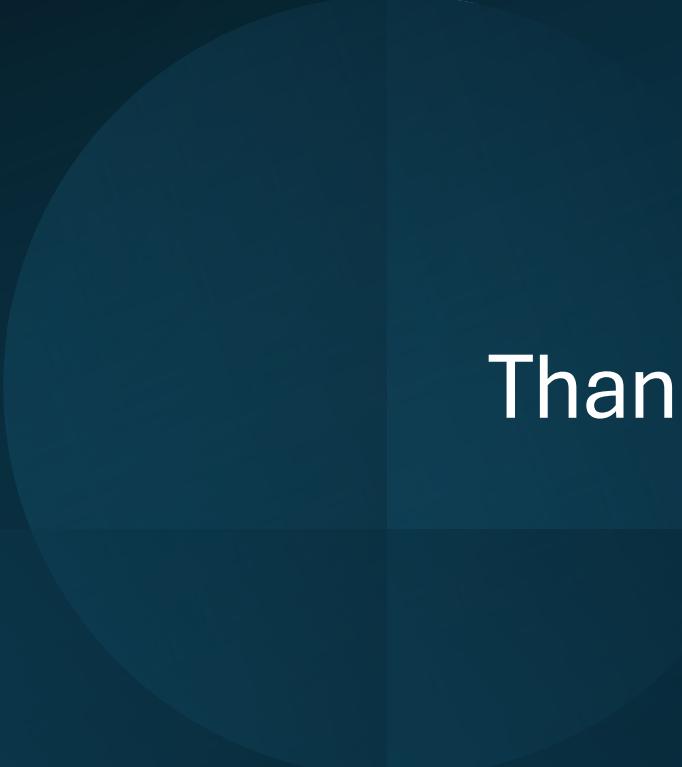
Smaller organisations lack reporting capacity.

A tiered and flexible framework is needed to avoid shifting effort from service delivery to compliance.

# Overall observation

Improving service performance reporting in Australia is not just a technical challenge but a design challenge which requires:

- Integration of financial and non-financial information,
- credible assurance pathways, and
- a scalable framework that reflects sector capacity.



Thank you

# SERVICE PERFORMANCE REPORTING (SPR):

Insights from Australia and  
New Zealand

Prof Matthew Hall – Monash University

**Dr Richard Pucci – Monash University**

Dr Sarah Adams - Australian National University

**Dr Annemarie Conrath-Hargreaves – Monash University**

Prof Ralph Kober – Monash University

Assoc Prof Paul Thambar – Monash University

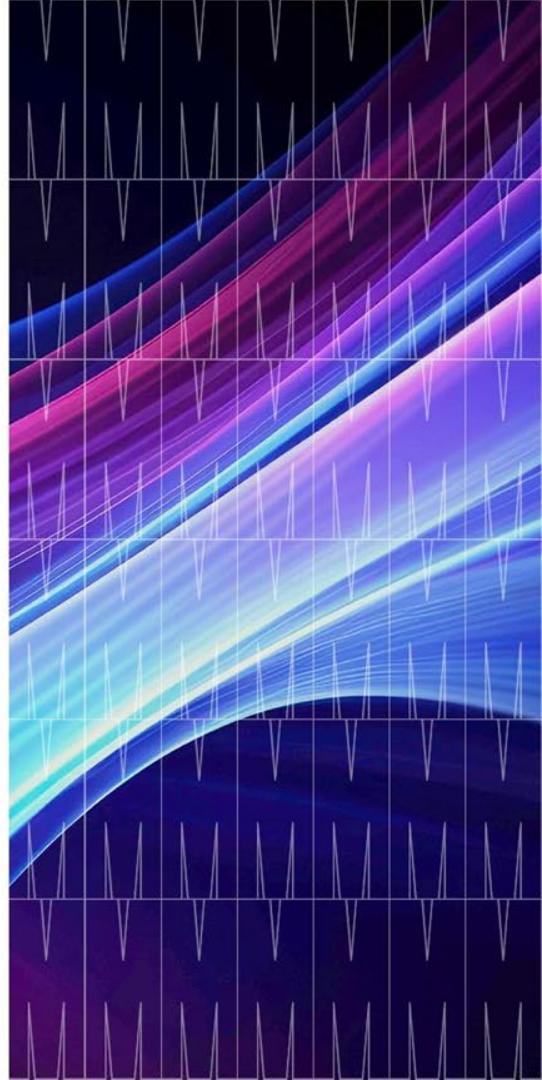
Dr Tirukumar Thiagarajah – Monash University

Assoc Prof Leona Wiegmann - ESCP Paris



# Primary Objectives

- Examine the **current state of SPR** in New Zealand and Australia
- Evaluate the **costs, benefits, and challenges** associated with the preparation and assurance of SPR
- Assess the **potential impact of introducing a mandatory SPR standard for *private* NFPs in Australia**



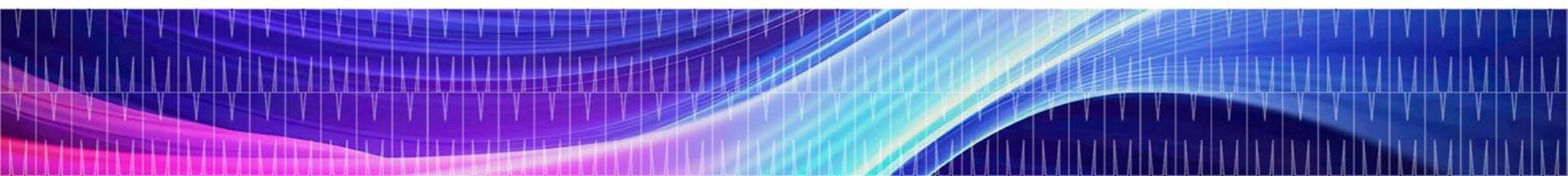
# Key Research Questions

## New Zealand

- What does SPR look like in New Zealand today?
- What have been the costs and benefits of implementing PBE FRS 48?
- What has worked well, what hasn't, and what should have been different (if anything)?

## Australia

- What does SPR look like in Australia today?
- What benefits and costs might arise from a mandatory SPR standard in Australia?
- Would PBE FRS 48 provide a good basis for SPR reporting by *private* NFPs in Australia?



# Background Service Performance Reporting (SPR)

## New Zealand

### **PBE FRS 48 *Service Performance***

#### ***Reporting Standard* (by NZ ASB):**

- Flexible, proportionate and principles-based approach
- Tentatively adopted by AASB as primary reference point

## Australia

- No single, uniform regulatory framework
- Many NFPs engage in voluntary reporting

### ***ED 270 *Reporting Service Performance Information****

Exposure Draft issued by the AASB in 2015;  
proposed standard not adopted

# Methodology

## Document Analysis (2022-2024)

## Interviews (53 participants)

## Data Analysis

- **New Zealand:** 58 SSP statements from 26 private NFP entities
- **Australia:** 25 annual/impact reports from 14 private NFP entities

- **New Zealand:** 15 interviews
- **Australia:** 38 interviews, incorporating a vignette

- **Thematic content analysis** to identify patterns
- **Inductive coding approach** to allow themes to emerge from the data

# Key Findings

# Broad support for PBE FRS 48 in NZ

## Using SPR

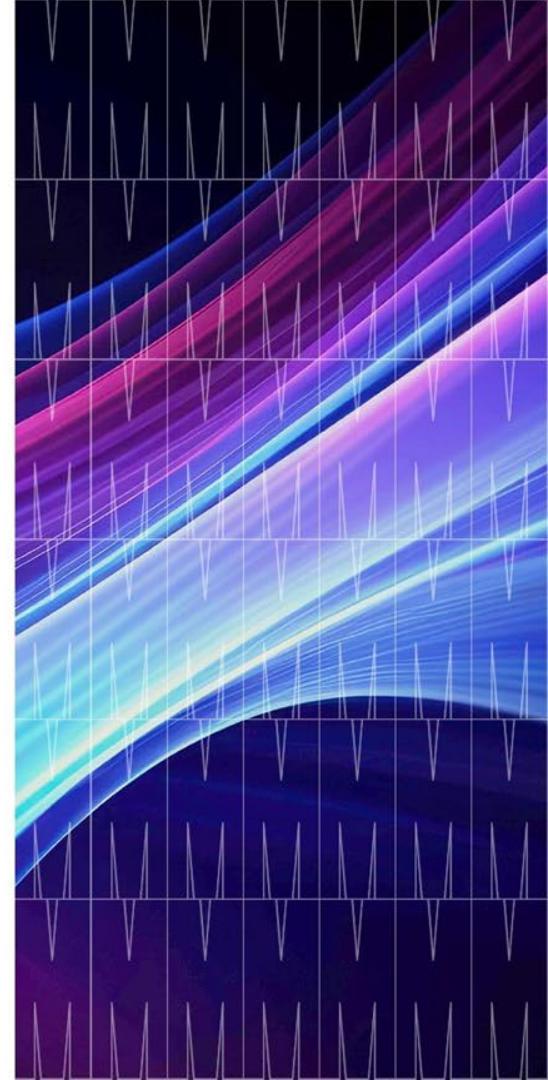
- **SPR information:** Seen as positive
- **Users:** Unclear; funders need extra reporting
- **SSP's role:** Impact on decisions questioned

## Preparing SPR

- **Principles-based approach:** Valued for flexibility
- **Two styles:**
  - **Compliance-focused:** Brief; output-driven
  - **Strategic:** Detailed; outcomes & testimonials

## Auditing SPR

- **Audit requirement:** Generally supported despite challenges
- **Cost:** Key concern; some simplify reports to reduce fees
- **Verification issues:** Auditors may exclude outcomes/testimonials



# Vignette

- Fictional private NFP '**Empower Children AUS**'
- Based on statements of service performance (SSPs) from NZ and AASB discussions



## STATEMENT OF SERVICE PERFORMANCE

### Objective

To empower children facing challenging family circumstances by fostering resilience, confidence, and a sense of belonging through transformative experiences in nature.

### Description of the Entity's Outputs

Services	Measures	2024 Target	2024 Actual	2023 Actual
Day trips	Number of day trips organized	24	27	20
	Number of children participated	170	180	160
Mentorship	Number of children matched with mentors	160	145	150
	Number of volunteer mentors	70	75	65

### Description of the Entity's Outcomes

Measures	2024 Target	2024 Actual	2023 Actual
% of children demonstrating improved peer relationships	90%	87%	91%
% of children showing improved self-confidence	90%	93%	88%

### Highlights

- Empower Children AUS engaged 75 volunteer mentors in the year to 31 December 2024. This allowed Empower Children AUS to match mentors with 145 children.
- 180 children have received support in the year to 31 December 2024. The children come from across the Melbourne Metropolitan area, with plans to expand the Programme to the regional areas in 2025.
- Empower Children AUS has continued to leverage partnerships with local nature reserves to create enriching environments for activities, increasing the number of partnerships from 3 to 5 in the year to 31 December 2024.

### Testimonial

"Before joining Empower, I felt alone and unsure of myself. The trips and mentorship taught me how to face challenges, both in nature and in life, and gave me a sense of belonging I never thought I'd find. Now, I'm more confident, and I know I'm not alone."

Trevor (Child Participant)

November 2024



“

# Mixed views and capacity gaps in AUS

## Using SPR

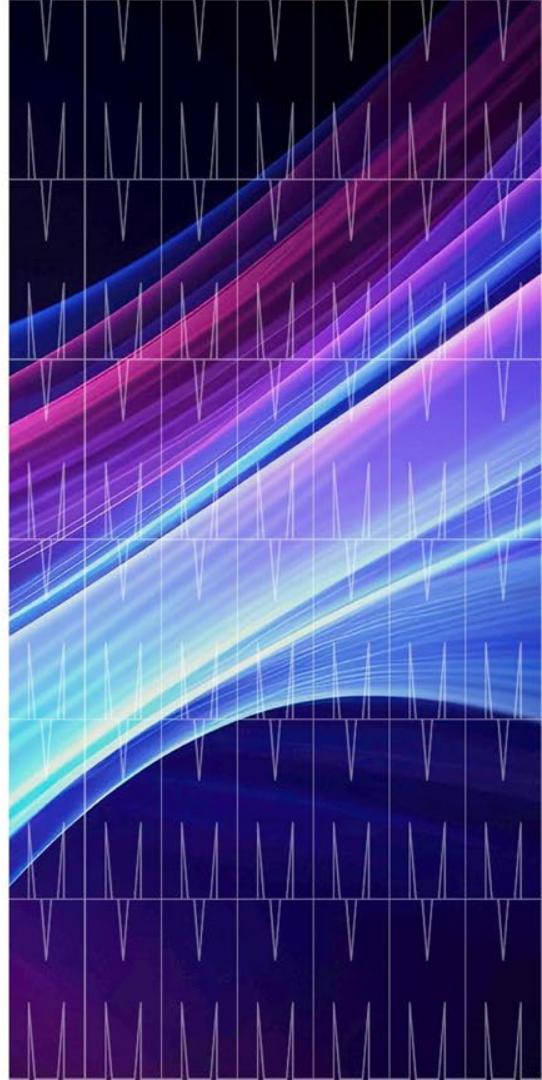
- **Users:** Unclear – regulators often act as proxies
- **Value:** Internal reflection for boards and staff; accountability focus
- **Perceived benefit:** Mixed – limited external decision-usefulness

## Preparing SPR

- **Current practice:** Voluntary and varied; maturity differs widely
- **Capability:** Large NFPs equipped; smaller NFPs face resource gaps
- **Future focus:** Flexibility over comparability

## Auditing SPR

- **Current state:** Rare – audits centre on grant funding, not outputs
- **Cost-benefit:** Credibility valued but outweighed by resource strain
- **Feasibility:** Outcomes/testimonials hard to assure – limited scope preferred



# Key Recommendations: Standard for Large NFPs

1. Any mandatory SPR standard should **establish a minimal or baseline set of service performance disclosure requirements** for private NFPs
2. **New Zealand's PBE FRS 48 is suitable for adoption or adaptation** for Australian private NFPs
3. A mandatory SPR standard (similar to PBE FRS 48) should **apply exclusively to 'Large' private NFP entities (ACNC)** => 'Small' and 'Medium' private NFP entities to be exempt
4. Defer any **mandatory external assurance requirement until after a post-implementation review**
5. Any mandated external assurance to take form of a **limited assurance engagement** (and only apply to 'Large' [ACNC] private NFP entities)

# Thank You

## Contact

Richard Pucci: [richard.pucci@monash.edu](mailto:richard.pucci@monash.edu)

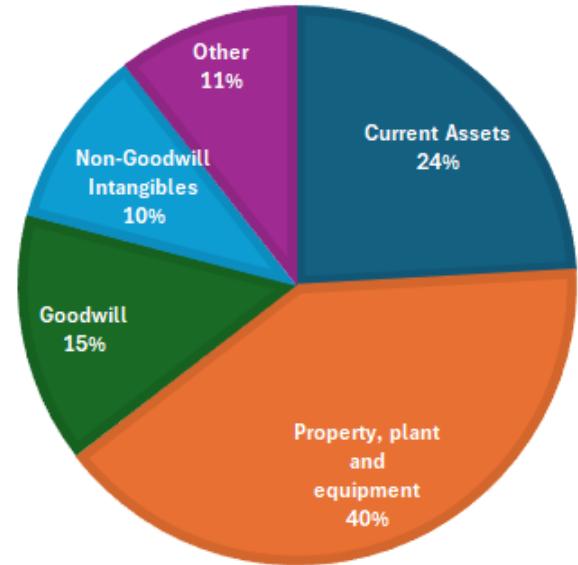
Annemarie Conrath: [annemarie.conrath-hargreaves@monash.edu](mailto:annemarie.conrath-hargreaves@monash.edu)

# Valuation of Non-Goodwill Intangibles by Firms and Investors

Mark Wallis, The University of Queensland  
Matt Pinnuck, The University of Melbourne

# Motivation

- About 10% of the Total Assets of non-financial/non-mining Australian firms in 2024 consisted of Non-Goodwill intangible assets
- Intangibles are recognised in two main ways:
  - Fair value in business combinations (AASB 3)
  - Historical cost through capitalised internal expenditure (AASB 138)



2024 break-down of total assets for non-financial/non-mining companies (source: Compustat Global)

- Firms often recognise substantial intangibles in business combinations that are difficult to value, e.g. brands, customer relationships/contracts/lists
- IFRS does not require disclosure of how firms determined the fair value of identifiable intangibles
  - No disclosure requirements in IFRS 3/AASB 3
  - If similar assets were carried at fair value in other circumstances (e.g. revaluation model under AASB 138), disclosure of valuation techniques and inputs would be required under AASB 13
- Yet this information would seem to be useful to investors, especially for major business combinations

- Post-Implementation Review of IFRS 3:
  - Feedback from preparers, auditors and regulators: intangibles, such as brand names and customer relationships, are difficult to measure at fair value
  - Possible responses:
    - Consider whether some intangibles should be subsumed within goodwill, rather than separately recognised
    - Provide additional guidance on identification and valuation of intangibles

# RQ1: What do firms disclose about valuation?

- Do Australian firms **voluntarily** disclose how they determined the fair values of identifiable intangibles in major business combinations? If they disclose, what do they disclose? What valuation methods do they use?
- There appears to be no academic research on this issue

# RQ1: What do firms disclose about valuation?

- AASB 13 provides little guidance for valuing intangibles
- International Valuation Standards (IVS) provide more guidance and might be used as an alternative
- IVS 210 describes the following income method approaches for valuing intangibles:
  - Multi-period excess earnings model (MPEEM)
  - Relief-from-royalty
  - With-and-without method
  - Greenfield method
  - Distributor method
- We might expect to see firms disclosing the use of these methods

# RQ2: How do investors value intangibles?

- How do investors perceive the value of recognised intangibles?
- Do they place different values on different types of intangibles?
- Very limited prior research using the US setting
- King et al. (2024, *Review of Accounting Studies*):
  - Investors perceive all types of identifiable intangibles as valuable
  - They perceive 'organically replaced' intangibles, e.g. brands, as being similar in value to goodwill
  - They perceive 'strategically important' intangibles and 'wasting intangibles' as very valuable

# Method: Sample

- Australian incorporated and ASX listed firms
- 2018-2024
- $\geq \$100m$  total assets at the end of at least one financial year during the sample period
- $\geq 5\%$  non-goodwill intangibles/total assets at the end of at least one financial year during the sample period
  - (Exploration and evaluation assets are *not* considered intangibles for this study)
- Firm must have disclosed a break-down of intangibles by class
- 1,643 firm-years
- Sample captures 84.8% of total non-goodwill intangibles carried by Australian firms

RQ1: What do firms disclose about the valuation of identifiable intangibles?

# Method: Sub-Sample of Business Combinations

- We select a sub-sample of the 1,643 firms for in-depth analysis
- We selected firms that acquired substantial non-goodwill intangibles through business combinations ( $\geq 10\%$  of opening total assets) in one year = 146 firm-years
- We examined whether/how firms disclosed how they valued acquired identifiable intangibles

# Results: How do firms value intangibles?

Valuation Method	Frequency
Income approach: relief-from-royalty	28
Income approach: MPEEM	22
Income approach: with and without	2
Income approach: no details or generic DCF	4
Cost to replicate/replace	13

- Firms provided disclosures about intangibles valuation methods in only **35 of 146** major business combinations
- Relief-from-royalty was often used for brand names
- Multi-period excess earnings model was often used for customer contracts/relationships
- Cost to replicate was often used for software
- Most firms simply named the valuation method used, not the major valuation assumptions (e.g. assumed royalty rate)

# Example of Detailed Disclosure

The valuation methodologies of each of the identifiable intangible assets are set out as follows:

- Brand – Relief from Royalty method
- Software – Relief from Royalty method
- Customer contracts and relationships – Multi-period excess earnings method

The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimates are based on:

- An assumed discount rate of 21%
- A royalty rate of 15%
- An attrition rate of 5%
- Useful lives of between 5 and 10 years

- Catapult Group's acquisition of SGB Sports Limited

# Comparison to the USA

- We collected business combination disclosures for 15 large acquisitions by US firms
- 12 of 15 provided disclosures of the methods used to value each material class of identifiable intangible acquired
- Some described key valuation inputs, although none provided quantitative information

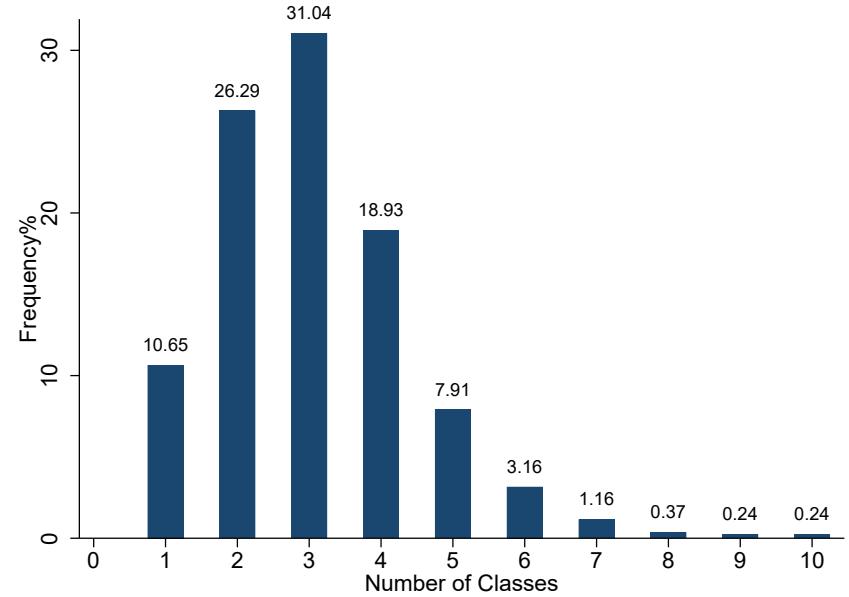
RQ2: How do investors perceive the value of different types of intangibles?

# Method: Categorisation of Intangibles

- We categorise intangible using keyword searches on their class name:
  - Brands/trademarks
  - Customer-related intangibles
  - Software/websites
  - Development costs (not including software development)
  - Intellectual property and patents
  - Licences
- This is imperfect because some firms combine dissimilar intangibles into one class, e.g. 'Technology, trademarks and customer contracts at cost'

# Descriptive Statistics

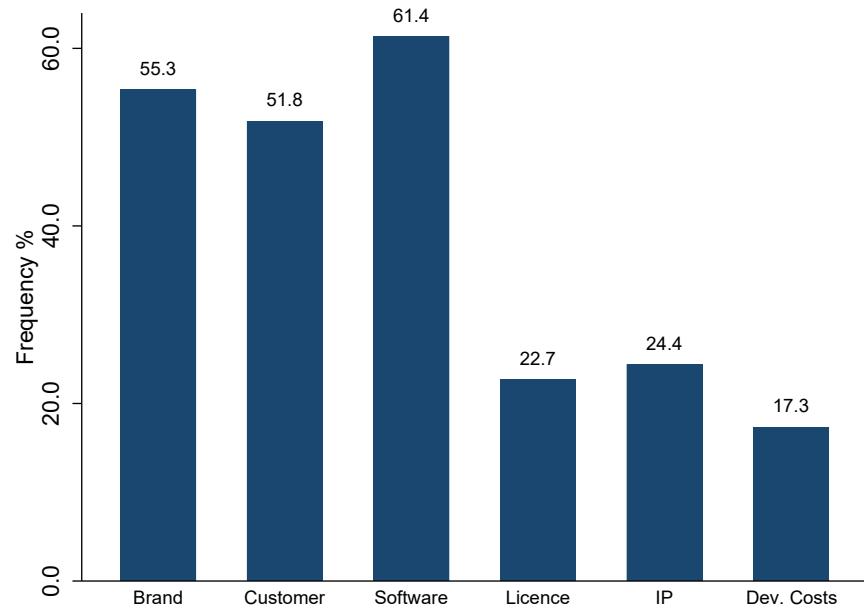
- 95% of firms reported 1-5 different non-goodwill intangible classes



Frequency of classes of non-goodwill intangibles

# Descriptive Statistics

- Majority of sample firms had brands, customer-related intangibles and software assets on the Balance Sheet
- Other types of intangibles are less common



Percentage of sample firms  
reporting different types of  
intangibles

# Value Relevance of Intangibles

- We assess how investor perceive the value of different types of intangibles using value relevance regression
- Basic value relevance regression:

$$SharePrice_{i,t} = \beta_0 + \beta_1 EarningsPerShare_{i,t} + \beta_2 BVEquityPerShare_{i,t} + \varepsilon_{i,t}$$

- Unpacking book value of equity per share:

$$SharePrice_{i,t} = \beta_0 + \beta_1 EarningsPerShare_{i,t} + \beta_2 BVEquityExcludingIntangiblesPerShare_{i,t} + \beta_3 GoodwillPerShare_{i,t} + \beta_4 BrandsPerShare + \dots + \varepsilon_{i,t}$$

- We exclude firms with a share price > \$35 (5% of firms), because they strongly influence the results
- We include year fixed effects in both models

# Value Relevance of Intangibles

- Brand-related intangibles are valued by the market
- However, their valuation is not significantly different than the valuation of Goodwill
- Customer-related intangibles are not value relevant on average
- Software and Development costs are valued highly. These are normally internally-developed and measured at amortised historical cost

(All variables per share:)	Dependent variable: <i>Share Price</i>	
<i>Earnings</i>	4.45 (4.01)***	4.57 (4.83)***
<i>BVEquity</i>	1.35 (10.73)***	
<i>BVEquityExcludingIntangibles</i>		0.82 (3.90)***
<i>Goodwill</i>		1.49 (5.48)***
<i>Brands</i>		1.99 (1.99)**
<i>Customer-related</i>		0.26 (0.16)
<i>Software</i>		9.70 (4.70)***
<i>Development costs</i>		7.90 (1.87)*
<i>Intellectual property</i>		-0.06 (0.02)
<i>Licences</i>		0.70 (0.89)
Constant	1.86 (5.81)***	1.41 (4.74)***
N	1,551	1,551
R <sup>2</sup>	0.56	0.62

# Value Relevance of Intangibles

- Value relevance regressions are sensitive to design choices
- The results are generally robust to empirical changes:
  - Different coefficient on earnings for firms that reported a loss
  - Splitting customer-related intangibles into customer relationships and customer contracts
  - Excluding Development costs, Licences and IP intangibles, which are less-common intangibles, as separate variables
  - Removing more firms with extreme share prices

# Conclusions

# Putting it All Together

- Firms rarely disclose how they value non-goodwill intangibles acquired in business combinations, even where the acquired assets are highly material
- Disclosure might be viable
  - Some firms voluntarily disclosed valuation methods and (rarely) key valuation inputs
  - Disclosure appears to be more common in the US
- The market views:
  - Goodwill and Brand names (which are usually indefinite life intangibles) as indistinguishable
  - Customer-related intangibles with suspicion
  - Internally-developed intangibles as being very valuable
- But would the market view Brand names and Customer assets differently if there was more disclosure of how they are valued?

# My Thoughts

- Should firms be required to disclose how they valued material identifiable intangibles in business combinations, similar to fair value disclosures under AASB 13?
  - E.g. valuation method/s used; key assumption/s; use of an independent valuation expert?
- Should there be more guidance in AASB 13 on valuing intangibles, perhaps similar to IVS?
- Or should we simply recognise fewer identifiable intangibles and more goodwill? E.g. should Brands be simply subsumed within Goodwill?

# Thank you



# Connectivity in Reporting:

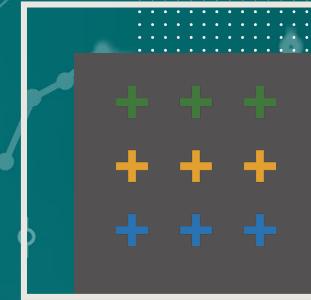
## Climate-Related Disclosures and Public Sector & Not-For-Profit Entities

Prof. Michael Davern, FCPA

Nikole Gyles, FCA, FCPA

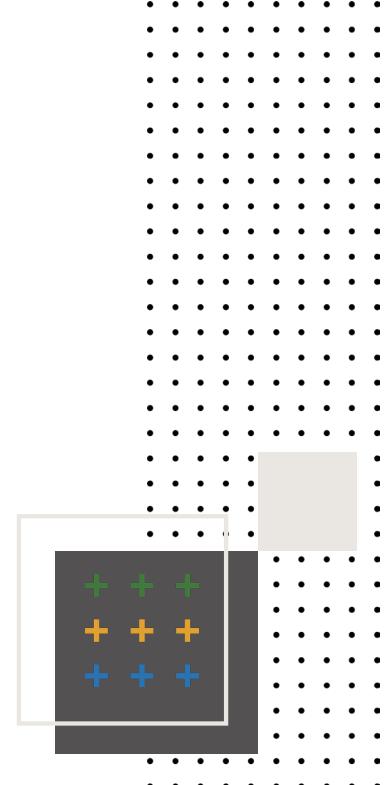
Prof. Naomi Soderstrom

Jade (Shizhe) Chen, Arnold Liu & Abigail Xu



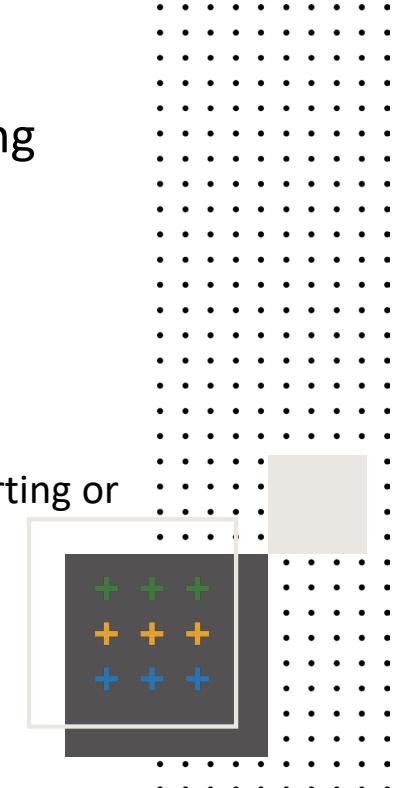
# Connectivity: What & Why?

- **What:** “Connected Information” vs. “Connectivity = Holistic, Coherent Reporting”
  - Using consistent data, assumptions and measures
  - Point in time and across time
  - Opportunities and Risks
  - Explanatory
- **Why:** Enhanced Usefulness
  - For whom: Multiple stakeholders
  - Transparency and Accountability
  - Purpose-aligned reporting
  - Intangible and longer-term outcomes (Daff & Parker, 2020)
- **In Application:** ?? This is Our Research Question ??



# Research Approach

- **Mixed Approach:**
  - To what extent is connectivity evidenced in current reporting practices?
    - Quantitative analysis of reports and connectivity
    - Federal public sector entities (164 annual reports)
    - Not-for-profit entities (120 annual reports)
  - How do entities view connectivity?
    - Qualitative interviews with stakeholders employed in financial reporting or governance roles.
      - ❖ Primarily state and local public sector entities (11)
      - ❖ Not-for-profit entities (6)
    - Perspectives and challenges with climate-related disclosures and connectivity

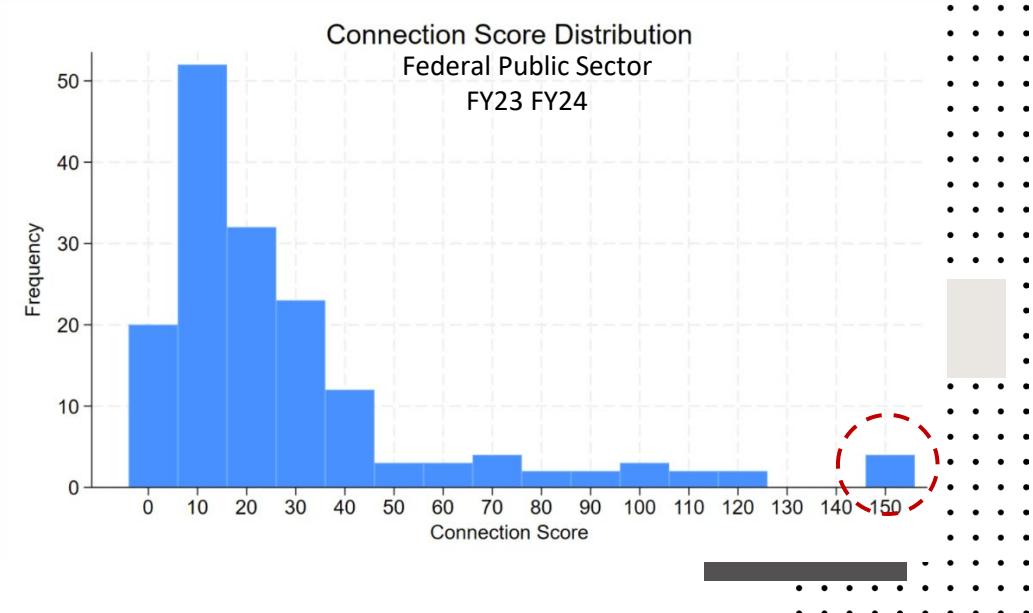


# Evidence of Connectivity:

## Federal Public Sector

- **Required disclosure:** Climate risks & opportunities (FY26-27 early adoption encouraged)
- **Data:** 164 annual reports, scored climate disclosure excerpts for connectivity (the extent to which each disclosure is linked to financial information)

	Mean	Std. Dev.	Min.	Max.
# Excerpts	10.95	15.52	1.00	102.00
Excerpt Score	2.93	1.404	0.00	5.00
Entity Score	32.09	47.64	1.00	405

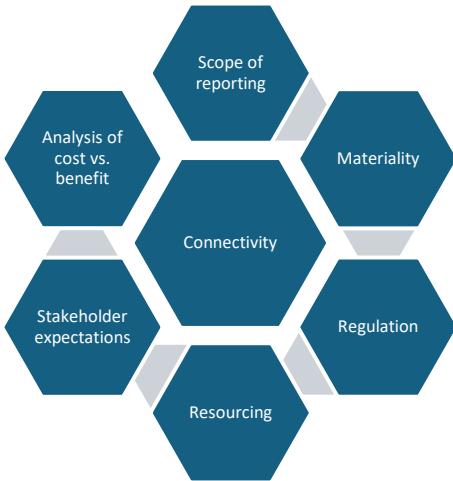


## Not for Profits

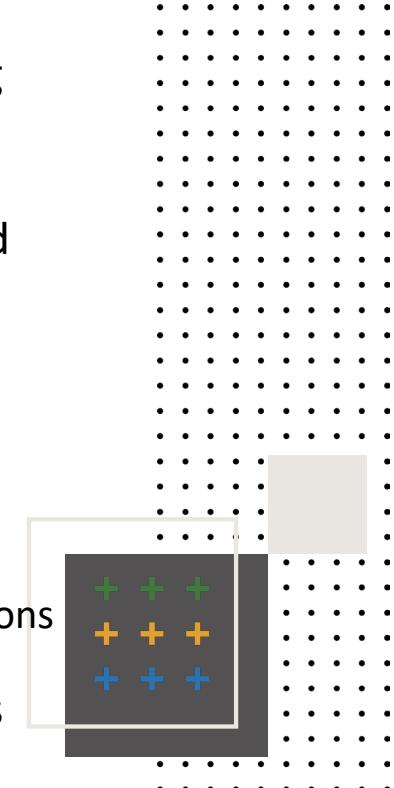
- Random sample of 120 annual reports
- Only 3 mentioned climate
- **No evidence of connectivity**



# Connectivity: Storytelling & Risk Management



- **Scope:** Broader sustainability & service reporting not just climate
- **Materiality:** Crucial, complex, and contextualised to the purpose
- **Regulatory burden:** Why mandate? *Behaviour change!*
  - *Public Sector:* behaviour change by ministerial directive
  - *NFPs:* Purpose-driven stakeholder (donor)expectations
- **Cost/benefit:** problematic – resource constraints

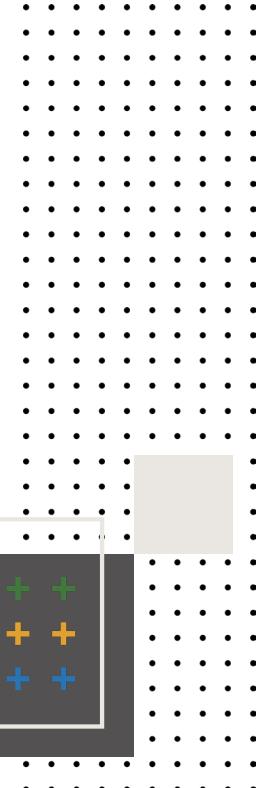




# Policy Implications

## Develop Guidance: *Connectivity as “Storytelling”*

- Provide tailored connectivity guidance for public sector risk management
- Create NFP-specific materiality guidance acknowledging mission diversity
- Deliver education materials for diverse stakeholder groups

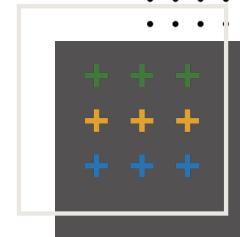


## Adopt a Tiered/Sector-tailored Approach: *Connectivity as Connected Information.*

- Establish requirements based on organisational (finance team) capacity
- Align regulations with sector specific stakeholder needs
- Fast-track AASB BC84 commitment implementation

## Prioritise Service Performance Reporting: *Connectivity as “Storytelling”*

- Explore service performance reporting vis-à-vis for climate disclosures
- Develop holistic, coherent, and purpose-relevant reporting connectivity
- Support broader stakeholder engagement through connectivity





## Conceptualising Connectivity:

*... connectivity is, is risk management and the impact on going concern in the future, you know, sustainability of... entities or the sector (PS12)*

*... a good balance of both financial and non-financial information; some of it will link back to the financial statements, where those links happen... Explain it. That's connectivity. Where they don't, don't force the issue (PS8)*

*...[i]t's about the narrative for the reader and surely it's more useful if you do if you are helping them by connecting the dots and saying how these things are joined (NFP10)*

*If you, if you've got all the narrative disclosures in your sustainability report, but it's not quantified as impacts on your financial statement... that's basically marketing 101, right? (NFP4)*

## Challenges:

*... in the public sector ... we have much, much broader spectrum of users (PS13)*

*...do they have the capability to understand the disclosure? (NFP6)*

*...there needs to be clarity on the objective of the reporting, who the users are and what their needs are (PS13)*

*...the value proposition for NFPs more broadly, is social impact measurement. (NFP4)*

*...having one word materiality that applies to 99 different kinds of concepts, depending on how you view it (NFP4)*

*... the tricky part about sector neutrality ... (NFP5)*





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# Closing Remarks



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# Thank you



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