

Australia's Adoption of International Financial Reporting Standards (IFRS) - Advantages and Drawbacks Over the Years

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Part I- Project Objectives

- Gather and organize a collection of viewpoints and theories of Australia's accounting system.
- Gain an understanding of the Australian tax structure when it comes to corporate and personal taxes.
- Gain an understanding of the political nature of setting accounting standards and tax regulations and the need to create standards and regulations that meet various users' needs.
- Use our time in Australia to speak with academics and professionals who have an intimate knowledge of Australian accounting standards, and other countries accounting standards, and analyze past and current perceptions.
- Evaluate the implications of Australia's adoption of IFRS and corporate entities ability to adopt various accounting standards.
- Apply the knowledge gained from this trip to further academic work and future professional careers.

Part II- Description

Having a set of global accounting standards that create harmonization around the world have been contested since the 1970s. The International Accounting Standards Board (IASB) is the global regulatory body current charged with creating global accounting standards which can then be adopted by domestic regulatory accounting bodies. The IASB consists of 15 members from multiple countries, including the United States.

The standards set by the IASB are known as International Financial Reporting Standards (IFRS). Approximately 120 nations and reporting jurisdictions permit or require IFRS for domestic listed companies, although approximately 90 countries have fully conformed to IFRS.

The Australian Accounting Standards Board (AASB) is responsible for developing, issuing, and maintaining accounting standards according to the Australian law. The AASB adopted IFRS in 2005 while still carving out some domestic rules. The adoption of IFRS by the AASB continues to be heavily debated due to constant changes with global business transactions and Australia utilizing a "one size fits all" accounting system model.

The Australian tax system varies significantly from the US tax system given that individuals are taxed at progressive rates from 0% to 45%. Corporations are taxed at a flat rate of 30%.

Travel will allow the group to appropriately debate these systems compared to the U.S. systems given the fact that the U.S. used a domestic accounting system, not IFRS, and the U.S. tax code is substantially different from Australia's tax system.

Anticipated Itinerary - Meetings/events have been scheduled as tentative with appropriate individuals and will be confirmed if funds are granted.

Friday (5-12) -
Depart Columbus (CMH) for Melbourne (MEL)

Sunday (5-14) -

Morning/afternoon - Arrive in Melbourne (MEL) and travel to hotel

Afternoon/evening - Visit and tour downtown Melbourne

Monday (5-15) -

Morning - Visit and meet with management at BDO (public accounting firm)

Afternoon - Visit and meet with management at KPMG (public accounting firm)

Evening - Visit and tour Melbourne's Shrine of Remembrance

Tuesday (5-16) -

Morning - Visit and meet with officials at CPA Australia (professional licensing organization)

Afternoon - Visit and meet with Bryant and Bryant Chartered Accountants (public accounting firm)

Evening - Visit and meet with OWU alumna Carol Webb (corporate)

Wednesday (5-17) -

Morning - Visit and meet with officials at Australian Accounting Standards Board (government)

Afternoon - Visit and meet with officials at Australian Taxation Office (government)

Evening - Visit and tour Melbourne Museum and Royal Exhibition Building

Thursday (5-18) -

Morning - Visit and meet with officials at Institute of Chartered Accountants Australia (professional licensing organization)

Afternoon - Visit and meet with management at Grant Thornton Australia Ltd. (public accounting firm)

Evening - Visit and tour National Gallery of Victoria

Friday (5-19) -

Morning - Visit and meet with management at Ernst & Young (public accounting firm)

Afternoon - Visit and meet with OWU alumnus Danny Kong (corporate)

Saturday (5-20) -

Morning - Visit and tour Old Treasury Building

Afternoon - Visit location or museum or cultural significance

Sunday (5-21) -

Depart Melbourne (MEL) and arrive in Columbus (CMH)

Part III - Evaluation, Assessment and Sharing

Students involved will read academic articles and regulatory standards based on differences between the U.S., Australia, and other countries. Articles and resources will be chosen with the assistance of Prof. Breidenbach.

Upon return to OWU, the group will present to various classes, along with the campus community, since accounting standards of countries outside the U.S. are an underrepresented topic in U.S. academics. Success will be measured by the ability to apply theoretical knowledge and gain an appreciation for the political and cultural pressures that effect setting standards.

We plan to complete interviews with publishers of periodicals (i.e. Columbus Dispatch, Business First, etc.) and present to accounting organizations that are interested in other countries accounting standards and our travels.

Part IV – Personal Statement (Prof. Justin Breidenbach)

I believe I am uniquely suited to add to, and benefit from, this experience. My studies, professional experience, and interest in the topics of public accounting allows me to debate the merits of various accounting standard systems and understand the political and cultural pressures that are present when developing accounting standards. This experience would provide me with practical material and examples that could be utilized in the future teaching in various accounting courses.

Accounting information and financial statements have primarily been generated based on principles and rules surrounding the economic and political environment of the country where a business entity is headquartered. In the United States, accounting information and financial statements are generated based on U.S. Generally Accepted Accounting Principles (US GAAP). However, many countries are revising accounting standards in order to meet the unique needs of their individual economy or to move closer to converging with accounting standards of other countries (ie. International Financial Reporting Standards).

This trip will assist me in better understanding the political and cultural differences that are present when it comes to a country that has adopted IFRS and moves through the “growing pains” of adopting standards that are created outside of the country’s border. Australia provides a unique opportunity given that IFRS was adopted in 2005 and the country moved away from their domestic standards.

Since that time the country has carved out domestic rules, which goes against the theory of having a global set of accounting standards. There has also been debate on whether the change to IFRS provides more value for users of financial information compared to traditional domestic standards.

I have become educated on many of the technical differences between US GAAP, IFRS, and other countries generally accepted accounting principles. I have completed certificate programs in IFRS, studied IFRS, and also completed audits where US GAAP or IFRS was the reporting standard.

I’ve had the opportunity to travel to London where the UK utilizes IFRS. London is unique given that the standard setting body for IFRS is headquartered in London. This brings much debate on whether IFRS is international or domestic for the UK and whether standard setters are looking out for global or domestic interests. Also, I recently traveled to Ireland to study the adoption of IFRS. Ireland adopted IFRS effective for 2015, and I got to experience the early stages of adoption.

Australia provides a new and outstanding opportunity to see the entire picture as it relates to IFRS. Australia has had time to adjust to IFRS and is now truly dealing with the “growing pains” of changing accounting systems. This trip would allow me to see and complete the entire life cycle as it relates to IFRS and its adoption across the globe.

In the end, this experience will allow me to travel with a new group of students and introduce them to IFRS while also bringing debate on accounting regulation into the classroom.

Theory-to-Practice Grant Proposal - Budget

Note: Expenses in Australian Dollar (AUD) have been converted to United States Dollars (USD) based on conversion rate of 1 AUD = .77 USD

	BUDGET				Total
	Prof. Justin Breidenbach	Ms. Erin Cannon	Ms. Caitlin Magejo		
Flights - Roundtrip - CMH to MEL - May 12-22, 2017 (incl fees, taxes, baggage)	\$ 2,000	\$ 2,000	\$ 2,000	\$ 6,000	
Hotel - May 14-21 (7 nights incl fees and taxes)*	1,100	550	550	2,200	
Food & Meals					
Breakfast (est. 10 AUD per day @ 9 days)	70	70	70	210	
Lunch (est. 15 AUD per day @ 9 days)	104	104	104	312	
Dinner (est. 30 AUD per day @ 9 days)	208	208	208	624	
Transportation (est. myki public transportation pass, taxi service)	125	125	125	375	
Museums, Galleries, and Cultural Attractions	120	120	120	360	
Accident/Evacuation Insurance (per Theory-to-Practice Grant requirements)	20	20	20	60	
Misc. (unbudgeted expenses)	50	50	50	150	
Total	\$ 3,797	\$ 3,247	\$ 3,247	\$ 10,291	

*Rooms for students based on sharing room. Total hotel rate has been allocated to individual students.