



Accounting Foundation

Annual Report 2019



Accounting Foundation Annual Report 2019

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1. Accounting Foundation

On August 2, 1982 the Senate approved the constitution of the Accounting Foundation within the University of Sydney on the recommendation of an inaugural meeting held on 26 July 1982. The Accounting Foundation is governed by The Accounting Foundation Rules which came into effect on 1 June 2016.

The objectives of the foundation are to: increase the resources of the University, by fundraising or otherwise securing gifts, grants, the provision of services or other non-financial contributions, and, assist the Senate and Vice-Chancellor in promoting the objective of the University in relation to research, education and scholarship in the fields of accounting and finance in both Australian and internationally, through the University of Sydney Business School.

The foundation is authorised, for the purposes of and consistently with its objectives, to:

- (1) seek to acquire resources by gift, bequest or devise to the University, subject to prior written approval of each acquisition, in accordance with the [Administrative Delegations](#), and relevant University policies and procedures;
- (2) encourage philanthropy and other charitable activity in support of its objectives;
- (3) recommend to the University Officer (Foundations) purposes for which it may seek to acquire resources;
- (4) arrange sponsorships and or partnerships with external organisations provided that approval is given in accordance with the *Administrative Delegations*;
- (5) provide advice to the University of Sydney Business School about the application of any resources;
- (6) provide opportunities for admitting members to the foundation and members' participation in its activities, in accordance with the Accounting Foundation - Rules; and
- (7) arrange or conduct activities, such as lectures, seminars, conferences, publications or other activities, consistent with the object of the University and subject to the approval of the University Officer (Foundations).

2. Council of the Accounting Foundation during the year ending 31 December 2019

PAUL BRUNNER BCA (Hons) (Vic. NZ) CPA (US), CA, President

Paul is a partner of PricewaterhouseCoopers (PwC), specialising in the provision of capital markets and accounting advisory services to major financial institutions and publicly listed clients. He has gained extensive international experience working with clients undertaking cross border debt, equity, securitisation and M&A transactions. Paul is also involved with the development of international accounting standards as a member of PwC's Corporate Reporting Task Force, which develops the firm's global response and thought leadership with respect to exposure drafts of new IFRS standards and other developments in financial reporting.

TIM AMAN, BA (Accg & Finance); Grad Cert (Commercial Law); MBusiness (Accg); CPA, New York State, USA; Member (AICPA, CAANZ, Kampuchea Institute of Certified Public Accountants and Auditors)

Tim is a partner at BDO, and, Global Head of Fintech and the National Financial Services leader. Tim provides audit and assurance services to the financial services industry, including wealth management, funds management, superannuation, retail and investment banking, leasing and insurance clients. Prior to BDO, Tim was a partner at KPMG and before that, a managing partner for a big four firm in Vietnam and Cambodia.

Tim was elected as member of the Council at the AGM.

MELISSA BONEVSKA, Combined BA and BCom, HRM, Marketing, Art History and Theory, and History (Syd)

Melissa is Development Manager, University Foundations of the University of Sydney. She is the representative of the Vice Principal (Advancement) and is an ex-officio member of the Council.

PAUL BULL BEc FCA CISA

Paul is a senior audit and assurance partner at BDO East Coast Partnership (formerly PKF East Coast Practice). He has been a partner of BDO and antecedent firms since 1988. He is past member of the PKF International board, Chairman of the PKF Asia Pacific firms, PKF Australia Chairman and Managing Partner of the PKF Sydney practice. He was also a member of the Accounting Practices Group (the forerunner to the Urgent Issues Group) reviewing accounting and reporting practices in Australia.

Paul stepped down as member of the Council at the AGM.

MARIA CADIZ DYBALL BSc Bus Admin & Accountancy, Philippines; MCom (Hons), PhD, UNSW

Maria is an Associate Professor in the Discipline of Accounting University of Sydney Business School. She researches management control systems, not-for-profit accountability and accounting professionalization. Maria also serves as Board Member of the Accounting and Finance Association of Australia and New Zealand, and, Research Panel Member of the Certified Institute of Managements Accountants Australasia Core of Excellence.

STEWART JONES BCA (Hons) PhD FCPA

Stewart is Professor and Head of the Discipline of Accounting University of Sydney Business School. From 2008-09 he was Co-Editor of *Abacus* with Graeme Dean. He became Editor-In Chief in 2009.

MARTIN MCGRATH BEc (Syd) FCA F Fin

Martin has been a partner in KPMG since 1995. He is currently the Partner in Charge of KPMG's Department of Professional Practice, the technical area of the audit division responsible for technical accounting matters, complex audit matters and producing thought leadership material. He is also the Lead Audit Partner for two significant financial institutions.

RENAY ROBINSON BBus, CA

Renay is a Partner of Ernst & Young in the Assurance practice. Renay has extensive audit experience and is responsible for the provision of services to a number of large listed and multi-location institutions in the property, retail, manufacturing and distributions sectors.

GREGORY WHITWELL BEc(Hons), Monash; PhD, Melbourne

Professor Gregory Whitwell became Dean of the University of Sydney Business School in June 2014. Prior to joining the University of Sydney, he was a Professor of Marketing and Senior Deputy Dean of the Australian School of Business (ASB) at the University of New South Wales (UNSW). Serving as its de facto chief operating officer from 2011, he was responsible for the execution of ASB strategy, requiring the alignment of academic staffing, education programs and research activities with the school's strategic priorities. In this role, he was also responsible for leading ASB-wide initiatives and reviews.

The Council met five times in 2019.

| Council members | | | Meetings held while a member | Meetings attended |
|-----------------|---------|--------------|------------------------------|-------------------|
| Mr | Paul | Brunner | 5 | 5 |
| Professor | Gregory | Whitwell | 5 | 3 |
| Ms | Melissa | Bonevska | 5 | 0 |
| Mr | Tim | Aman | 5 | 5 |
| Mr | Paul | Bull | 1 | 1 |
| Mr | Martin | McGrath | 5 | 4 |
| Ms | Renay | Robinson | 5 | 4 |
| Assoc Prof | Maria | Cadiz Dyball | 5 | 5 |
| Professor | Stewart | Jones | 5 | 5 |

The Chancellor and Vice-Chancellor are ex officio members but are non-voting.

Under the Rules of the Accounting Foundation membership of the Council is limited to a maximum of 18 members (including ex officio members).

Members of the Council at the end of the year 2019 were:

| Council members | | |
|-----------------|---------|--------------|
| Mr | Paul | Brunner |
| Professor | Gregory | Whitwell |
| Ms | Melissa | Bonevska |
| Mr | Tim | Aman |
| Mr | Martin | McGrath |
| Ms | Renay | Robinson |
| Assoc Professor | Maria | Cadiz Dyball |
| Professor | Stewart | Jones |

3. President's Report

This 2019 annual report describes the Foundation's strategy, progress in achieving its objectives and financial performance.

Accountants in all fields have a role to play in helping the community meet challenges as wide-ranging as climate change, digital disruption, the measurement of intangible assets, diversity and inclusion in the workforce, and (mis)conduct in financial services. Research and education have a critical role to play in these emerging areas through providing a robust analysis of the issues, helping identify the opportunities and the threats, but also by sharing that knowledge and encouraging debate and action to address them. These debates also help academia identify new research questions and opportunities to collaborate.

Several avenues for such activities are supported by the Foundation including the Pacioli Lecture series, Abacus Journal, engaged research grants, scholarships, and student prizes. Our support is often financial but may include non-financial support. Specific initiatives are described in this report and on the Foundation.

The financial position of the Accounting Foundation continues to be sound with net assets of \$4.0m as of 31 December 2019, which are invested in the University's short and medium/long-term investment portfolio. Income and unrealised gains from the portfolio, together with royalty income from the ABACUS journal, and Pacioli Society fees, amounted to \$351k. This was more than adequate to fund the Foundation's activities, while generating a net surplus of \$202k for the 2019 financial year.

This is my final report as President. At the 2020 AGM I, together with fellow Council members Professor Stewart Jones, Martin McGrath and Renay Robinson will retire as required under the Accounting Foundation Rules (2016). I wish to thank Stewart, Martin and Renay for their service and the entire Council for their support. In addition, on behalf of the Council I would like to express my sincere appreciation to Associate Professor Maria Cadiz Dyball and Nichole Orth, for driving the Foundation's program of initiatives and activities.

Paul Brunner
President 2019

4. Academic Director's Report

2019 was another year that The University of Sydney Accounting Foundation sought to further address an objective to promote research, education and scholarship in accounting and finance through the University of Sydney Business School.

In cooperation with the University of Sydney Business School, the Accounting Foundation launched The Accounting Foundation and University of Sydney Business School HDR Scholarship, a primary scholarship for domestic candidates undertaking a PhD in the Discipline of Accounting. This scholarship replaced the PhD Top Up Scholarship.

In its second year, the Engaged Research Scheme helps realize an important aspiration in the Business School's *Business Not as Usual* positioning of a School that contributes to business, government and community through its engaged research. There were four research projects funded tackling contemporary issues impacting accounting practices and the profession: Extended External Reporting, Intangibles under AASB138, LGBTI diversity and Climate Measurement Standards.

The Foundation continued to host and support long-standing activities. We had three Pacioli Society Lecture meetings, providing a platform for academe and industry to come together to thoughtfully and robustly engage with topics including the Role of Accounting in a World of Digital Disruption, The Banking Royal Commission, and, Climate Science and Business Risk. We continued to support accounting research through the international research journal, *Abacus*, and the Discipline of Accounting Research Seminars. The Accounting Foundation Student Prize was awarded to high performing students in the capstone unit of the Master of Professional Accounting, ACCT6120 Corporate Governance and Accountability.

While another busy year, I have been supported by the Council of the Accounting Foundation, specially its President, Mr. Paul Brunner, the Dean of the University of Sydney Business School Professor Greg Whitwell, and, the Head of the Discipline of Accounting Professor Stewart Jones. Mr. Paul Brunner was very generous with his time, ideas, insights and advice as I navigated through another year as Academic Director. I also would like to recognize the support of Mr. Vibo Chandrasekera and the Finance team of the Business School in ensuring that the financial accounts of the Accounting Foundation are in order. In implementing an idea to have a primary Higher Degree Research (HDR) scholarship for the Discipline of Accounting, I was fortunate to have seamlessly worked with Mr. Ben Breeds, the University of Sydney Business School HDR Training Coordinator, and, the Associate Dean (Research) Professor Susan Thorp.

I would also like to warmly acknowledge the professional and collegial support of Ms. Nichole Orth who has provided efficient assistance with the growing activities of the Foundation.

Associate Professor Maria Cadiz Dyball
Academic Director for 2019

5. Engaged Research Scheme

The Engaged Research Scheme of the Accounting Foundation helps realise an important aspiration in the University of Sydney Business School's *Business Not as Usual* positioning of a School that contributes to business, government and community through its engaged research. Engaged research is a collaborative process of generating new knowledge with an external partner (business, community, or government).

Launched in 2018, the Scheme provides funds over an 18-month period for multidisciplinary, cross-faculty and cross-institution collaborative projects to assist accounting staff to commence or continue with engaged research projects.

2019 Projects

| Building Trust Through Transparency: The Role of Extended External Reporting (EER) and the Use of Credibility-Enhancing Mechanisms on EER | |
|--|---|
| Researchers: | Professor Wai Fong Chua; Dr Shan Zhou; Professor Roger Simnet (UNSW Sydney) |
| Period: | 10 July 2019 to 10 January 2021 |
| Funding: | \$20,000 |
| <p>Using large sample archival method, this project studies the economic consequences associated with EER and the use of credibility-enhancing mechanisms on EER. EER encapsulates many different forms of reporting, including, but not limited to, integrated reporting, sustainability reporting and other reporting by entities about environmental, social and governance (ESG) matters. With EER on the agendas of standard setters from around the world as a vehicle for corporations to build trust, this project helps to inform debates on how to make corporate reports more transparent and relevant to the users of information.</p> | |

| Exploring LGBTI Diversity and Inclusion Initiatives in the Accounting Profession | |
|--|--|
| Researchers: | Dr Matthew Egan and Dr Barbara Voss (University of Canberra) |
| Period: | 10 July 2019 to 10 January 2021 |
| Funding: | \$10,233 |
| <p>This research engages with management and staff within all of the 'big 4' accounting firms in Australia, to provide insight into the developing focus on LGBTI diversity and inclusion. Access is secured, and we are progressing with semi-structured interviewing. Our interviews are uncovering the nature of related initiatives, perceptions of values, challenges, and opportunities. Research within this under-explored field will have value for both academia and practice. While several papers provide insight into diversity focused on gender and culture, exploration of diversity focused on sexuality, particularly within the accounting profession, is limited. A number of unique challenges impact in both accounting, and for that 'pillar' of diversity, including ongoing significant attrition rates among younger staff, and leadership domination by 'white' males. All of our contacts have told us that benchmarking is important, and so they are keen to receive a report from us, that overviews developments across all 4 firms.</p> | |

| The Climate Measurement Standards Initiative | |
|---|--|
| Researchers: | Dr Tanya Fielder and Professor Wai Fong Chua |
| Period: | 10 July 2019 to 10 January 2021 |
| Funding: | \$13,012 |
| <p>This research aims to understand how climate science and the measurement of financial risk interact. It will address this aim through a qualitative study, in which the researchers observe representatives from the banking, insurance, accounting, regulatory and climate science communities, as they develop a technical standard for the measurement of climate physical risk. Climate risks are increasingly understood as financially significant. A recent study (Kompas, Pham, & Che, 2018), for example, valued global long-term losses of 4 degrees warming (our current trajectory) in 2100, at \$US23+ trillion/year. This research seeks to generate the knowledge needed to measure such losses at the entity-level. It is accordingly of significance to industry, regulators and academics.</p> | |

| Recognition vs. Disclosure: Post IFRS Treatment of Intangibles Under AASB138 | |
|--|--|
| Researchers: | Professor Baljit Sidhu and Dr Shawn Ho |
| Period: | 10 July 2019 to 10 January 2021 |
| Funding: | \$17,839 |
| <p>The post-IFRS accounting standard on Intangible Assets (AASB 138) is considerably more restrictive than pre-IFRS Australian GAAP. AASB 138 only permits revaluations of intangibles when fair value can be measured with reference to an active market, while the pre-IFRS standard only required the best available market evidence of value that could be exchanged at arms-length. This requirement is also more restrictive than that for tangible assets. The AASB Staff is of the view that revaluations of intangibles were likely more commonplace pre- compared to post-IFRS. Given revaluations are argued to be in the interest of informing the market, then the question arises as to how entities now manage the value communication challenge. This project will investigate whether entities which revalued intangibles pre-IFRS, voluntarily provide fair value information in other ways post-IFRS. And if they do, how credible this disclosure is viewed by the market.</p> | |

6. Pacioli Society

The Pacioli Society was established in 1968 on the initiative of Professor R J Chambers. It is the only society of its type in Australasia. The aim was to provide a forum on matters related to accounting, business and finance, and to foster the expression of both academic and professional views on topical issues based on informed opinion and debate.

For more than 45 years the Society and *Abacus* have been important facets of the Accounting Discipline's interaction with both academe and the profession. Accounting discipline staff have administered the society and the journal's operations and maintained a healthy membership of practitioners and academics.

The Pacioli Society operates under the auspices of the Accounting Foundation and provides a valuable forum between academics from Sydney and other universities and the business community.

A number of meetings are held each year. Attendees are given opportunities to ask questions and to voice their own opinions about the topic.

Membership is limited and is by invitation. A subscription to *Abacus* is included in the cost of the annual Pacioli Society membership fee. Details of the Society's activities can be accessed at: http://sydney.edu.au/business/AF/pacioli_society

The Pacioli Society held three successful meetings during 2019, on a range of interesting topics.

Pacioli Dinner Series

| Date | Speaker | Topic |
|---------------------------|--|---|
| 5 th March | Janelle Hopkins Group CFO, Australia Post | <i>The Changing Role of Accounting and Finance in a World of Digital Disruption</i> |
| 16 th May | Professor Clinton Free Academic Director, Executive Education, The University of Sydney Business School | <i>The Banking Royal Commission: Drivers, Outcomes and Future Directions</i> |
| 5 th September | Professor Andy Pitman Director, ARC Centre of Excellence for Climate Extremes, UNSW | <i>The Emerging Role of Climate Science in the Measurement of Business Risk</i> |



Professor Andy Pitman, presenting on 5th September 2019

7. Accounting Foundation Research Seminars

In 2019 the Foundation supported the following research seminars in the Discipline of Accounting.

| | |
|---------------------------------------|--|
| 27th November 2019 | |
| Speaker: | Professor Gilad Livne |
| Affiliation: | University of Exeter Business School, UK |
| Title: | Audit Committee Competencies and Audit Effort: Evidence from Materiality and Audit Risk Areas |
| 30th October 2019 | |
| Speaker: | Professor Paolo Quattrone |
| Affiliation: | University of Edinburgh Business School |
| Title: | Inquiries into the mystery of value: Accounting for the 'common good' at the Istituto per la Ricostruzione Industriale (IRI) (1948-1973) |
| 23rd October 2019 | |
| Speaker: | Professor Steve Salterio |
| Affiliation: | Queens University, Canada |
| Title: | Evidence-Informed Audit Standard Setting: Exploring Evidence Use and Knowledge Transfer in Development of the Group Audit Standard |
| 2nd October 2019 | |
| Speaker: | Professor Vic Naiker |
| Affiliation: | The University of Melbourne |
| Title: | Audit Office Labor Market Proximity and Audit Quality |
| 18th September 2019 | |
| Speaker: | Associate Professor Lukas Goretzki |
| Affiliation: | Stockholm School of Economics |
| Title: | The Construction of Forecast(er) Credibility: Exploring Forecast Review Meetings of BU Controllers and their Functional Superiors |
| 4th September 2019 | |
| Speaker: | Associate Professor Brad Potter |
| Affiliation: | The University of Melbourne |
| Title: | The shifting and permeable boundaries of auditing: Evidence from early Australian examination papers |
| 21st August 2019 | |
| Speaker: | Professor Deren Xie |
| Affiliation: | Tsinghua University, Beijing, China |
| Title: | Do Auditors Respond to the Financial Risk of Controlling Shareholders? |
| 31st July 2019 | |
| Speaker: | Professor Shiva Rajgopal |
| Affiliation: | Columbia Business School, USA |
| Title: | Foreign Currency: Accounting, Communication and Management of Risks |
| 3rd July 2019 | |
| Speaker: | Professor Jee-Hae Lim |
| Affiliation: | University of Hawaii at Manoa |
| Title: | The Impact of Information Security Breaches on Stock Return Synchronicity |
| 26th June 2019 | |
| Speaker: | Professor Niamh Brennan |
| Affiliation: | University College Dublin |
| Title: | Accountability from the Front-line: Insights from Life-and-death, High-consequence Healthcare Settings |

| | |
|-----------------------------------|---|
| 12th June 2019 | |
| Speaker: | Associate Professor Chan Li |
| Affiliation: | University of Pittsburgh |
| Title: | Internal Control Audits and Firm Operational Efficiency |
| 15th May 2019 | |
| Speaker: | Dr Paul Thambar |
| Affiliation: | Monash University |
| Title: | The Role of Boundary Objects, Accounting and Management Controls in Managing Multiple and Inter-dependent Risks |
| 1st May 2019 | |
| Speaker: | Associate Professor James Hazelton |
| Affiliation: | Macquarie University |
| Title: | The Sustainable Development Goals: Accounting for Utopia? |
| 17th April 2019 | |
| Speaker: | Dr Amy Zang |
| Affiliation: | Hong Kong University of Science and Technology |
| Title: | An Unintended Benefit of the Risk Factor Mandate of 2005 |
| 27th March 2019 | |
| Speaker: | Professor Greg Clinch |
| Affiliation: | University of Melbourne |
| Title: | Information in Mandatory and Voluntary Earnings Announcement Date Forecasts |
| 20th March 2019 | |
| Speaker: | Dr Buhui Qiu |
| Affiliation: | University of Sydney |
| Title: | Inter-industry Labor Mobility and Corporate Performance Disclosures |
| 13th March 2019 | |
| Speaker: | Professor Rajendra P. Srivastava |
| Affiliation: | University of Kansas, USA |
| Title: | Have They Changed the Way of Committing Fraud? An Analysis of Schemes of Financial Statement Fraud pre and post SOX |
| 6th March 2019 | |
| Speaker: | Professor Sarah Zechman |
| Affiliation: | University of Colorado, USA |
| Title: | Why Can't I Trade? Exchange Discretion in Calling Halts. |

8. Abacus



The journal *Abacus* is the flagship asset of the Accounting Foundation. It was launched in 1965 by the Sydney University Press with Professor Raymond John Chambers as founding editor. For 50 years, *Abacus* has been recognised as a significant international journal devoted to the publication of scholarly papers in accounting finance and business studies. The Journal has a reputation for breadth, innovation and rigour of its research publications. It is noted also for eclectic research publications, in terms of subject matter and methods employed. However, above all else *Abacus* aims to provide a vehicle for the expression of independent and critical thought on contemporary international issues in accounting, finance and business. *Abacus* reports current research; critically evaluates current developments in theory and practice; analyses the effects of the regulatory framework of accounting, finance and business; and explores alternatives to, and explanations of, past and current practices.

In 1989, under the editorship of Professor M C Wells, the Accounting Foundation became the publisher of the journal in conjunction with Basil Blackwell, Oxford. In 2007 the Scientific, Medical and Technical publishing business of John Wiley & Sons and Blackwell merged as Wiley-Blackwell and they now publish *Abacus*.

The journal is the fourth oldest international accounting academic journal. Since Professor Stewart Jones became Editor-in-Chief in 2010, the journal has been ranked among the top international accounting journals. Professor Stewart Jones is the fifth editor of *Abacus* since the journal was founded — the others being Raymond Chambers, Murray Wells, and Graeme Dean and the late Frank Clarke. Topic editors were appointed early in 2010 and Graeme Dean joined Murray Wells as a Consulting Editor.

The latest information available shows that in 2018 the *Abacus* Impact Factor was 2.200, ranking the journal 28 of 103 in the Business, Finance subject category. The total number of *Abacus* article downloads shows a steady trend, 126,748 in 2017 and 116,496 in 2018. In 2019 there were 129,726 downloads, an increase of 11.4% from 2018. Current *Abacus* content was available in 6,673 institutions and is now available in 7,939 institutions in the developing world via philanthropic initiatives.

Abacus is currently receiving more than 250 online submissions per annum since it moved to electronic delivery around seven years ago. Over the past 24 months, the submissions have been overwhelmingly international and this is borne out in the readership statistics which show that 82% of recent article downloads originated from outside of Australia.

The content of the four issues published in 2019 is set out below:

| Issue and Author | Title |
|--|--|
| March 2019 Volume 55, Issue 1 | |
| Stewart Jones | International Accounting Standards Board/ <i>Abacus</i> Research Forum 2018 (pages 1-5) |
| Andrea Ribeiro, Yaowen Shan, Stephen Taylor | Non-GAAP Earnings and the Earnings Quality Trade-off (pages 6-41) |
| Sidney J. Gray, Niclas Hellman, Mariya N. Ivanova | Extractive Industries Reporting: A Review of Accounting Challenges and the Research Literature (pages 42-91) |
| Tami Dinh, Baljit K. Sidhu, Chuan Yu | Accounting for Intangibles: Can Capitalization of R&D Improve Investment Efficiency? (pages 92-127) |
| Dean Katselas, Baljit K. Sidhu, Tom Smith, Chuan Yu | Independently Certified Industry-specific Disclosures to the Capital Market: The JORC Code in the Australian Mining Industry (pages 128-179) |
| Yuanyuan Guo, Siqi Lu, Joshua Ronen, Jianfang Ye | Equity Financial Assets: A Tool for Earnings Management—A Case Study of a Chinese Corporation (pages 180-204) |
| Amitav Saha, Richard D. Morris, Helen Kang | Disclosure Overload? An Empirical Analysis of International Financial Reporting Standards Disclosure Requirements (pages 205-236) |
| Michael Davern, Nikole Gyles, Dean Hanlon, Matthew Pinnuck | Is Financial Reporting Still Useful? Australian Evidence (pages 237-272) |
| June 2019 Volume 55 Issue 2 | |
| Timothy C.G. Fisher, Ilanit Gavious, Jocelyn Martel | Earnings Management in Chapter 11 Bankruptcy (pages 273-305) |
| Domenico Campa, Tongyu Cao, Ray Donnelly | Asset Disposal as a Method of Real Earnings Management: Evidence from the UK (pages 306-332) |
| Yizhe Dong, Martien Lubberink, Diandian MA, Mark Tippett | Earnings Momentum, Adaptation Value, and Nonlinearities in the Valuation of Chinese Equity Stocks (pages 333-361) |
| Mohan Fonseka, Theja Rajapakse, Gao-Liang Tian | The Effects of Environmental Information Disclosure and Energy Types on the Cost of Equity: Evidence from the Energy Industry in China (pages 362-410) |
| Wen He, Andrew B. Jackson, Kevin Liang | Inconsistent Signals, Earnings Announcements, and Market Uncertainty (pages 411-435) |

| September 2019 Volume 55 Issue 3 | |
|---|---|
| Noel Hyndman, Donal McKillop | Accounting for the Public Sector at a Time of Crisis (pages 437-451) |
| Juan Du, Irvine Lapsley | The Reform of UK Universities: A Management Dream, An Academic Nightmare? (pages 452-482) |
| Annemarie Conrath-Hargreaves, Sonja Wüstemann | Managing Multiple Institutional Logics and the Use of Accounting: Insights from a German Higher Education Institution (pages 483-510) |
| Margaret Greenwood, Ruijia Zhan | Audit Adjustments and Public Sector Audit Quality (pages 511-534) |
| Mark Hellowell, Anne Stafford, Pamela Stapleton | Austerity and Hospitals in Deficit: Is PPP Termination the Answer? (pages 535-556) |
| David Heald, Iain Wright | The UK's Exit Charge from the EU: Insights from Modes of Accounting (pages 557-581) |
| Noel Hyndman, Mariannunziata Liguori, Renate E. Meyer, Tobias Polzer, Johann Seiwald, Ileana Steccolini | Justifying Public Sector Accounting Change from the Inside: Ex-post Reflections from Three Countries (pages 582-609) |
| Xuegang Cui, Pingli Li, Mahmoud Al-Sayed, Sean S. Zhou | China's Healthcare Costing in Times of Crisis: Conflicts, Interactions, and Hidden Agendas (pages 610-633) |
| | Call for Papers and Participants 'Accounting, Auditing and Corporate Governance in China' (pages 634-637) |
| December 2019 Volume 55, Issue 4 | |
| Minjung Kang, Ho-Young Lee, Vivek Mande, Yong-Sang Woo | Audit Firm Attributes and Auditor Litigation Risk (pages 639-675) |
| A. Rashad Abdel-khalik | Failing Faithful Representations of Financial Statements: Issues in Reporting Financial Instruments (pages 676-708) |
| Cynthia W. Cai, Martina K. Linnenluecke, Mauricio Marrone, Abhay K. Singh | Machine Learning and Expert Judgement: Analyzing Emerging Topics in Accounting and Finance Research in the Asia-Pacific (pages 709-733) |
| Michael De Martinis, Keith Houghton | The Business Risk Audit Approach and Audit Production Efficiency (pages 734-782) |
| Jenny Chu | Accruals, Investment, and Future Performance (pages 783-809) |
| Martina K. Linnenluecke, Tom Smith | A Primer on Global Environmental Change (pages 810-824) |

9. Research Scholarships

Doctoral Scholarships

In prior years the Foundation has provided scholarships for a single year. The intent was to enable candidates to accelerate completion of their dissertation work, via research assistance and/or teaching relief. In 2006 the Foundation's Council resolved to suspend offering of these Doctoral scholarships in light of the availability of alternative forms of support from other sources within the Faculty.



In 2014 it was however resolved to support a 'top-up' scholarship for PhD students who already hold other scholarships to assist them complete their PhD. There was a maximum of two top-up scholarships at any one time. Since then, in 2015 a top up scholarship was awarded to Mr Shawn Ho.

This year the Accounting Foundation in partnership with the University of Sydney Business School launched a primary higher degree research (HDR) scholarship, The Accounting Foundation and University of Sydney Business School HDR Scholarship, for domestic candidates. This is in response to highly competitive market of primary HDR scholarships in the University and the Business School and replaces the PhD top-up scholarships. The duration of the PhD scholarship is for three years with a possible six-month extension. The agreement between the Accounting Foundation and the Business School is for a period of three years, at which time it must be reviewed and renewed by the agreement of both parties.

Honours Scholarships

R J Chambers Scholarships

In 2019 the Foundation and the Discipline of Accounting funded three scholarships for undergraduates completing their Honours (4th year) in accounting. Information on their honours projects and amount of scholarships are as follows:

| Student | Project Title | Supervisors | Amount |
|------------|---|--|----------|
| Rayson FOO | Influence of artificial intelligence on audit process- an exploratory study | Assoc Professor Ravi Seethamraju and Dr Angela Hecimovic | \$10,000 |
| Shan HUANG | Integrated Reporting: Audit Fees and Audit IQuality | Dr. Ava Wu and Dr Shan Zhou | \$10,000 |
| Jingyi LIU | The Dynamics of Social Enterprise Accountability: Drivers, Forms and Mechanisms | Dr. Roel Boomsma and Professor Wai Fong Chua | \$10,000 |

In addition the Foundation offers a scholarship, the Robert R Sterling Distinguished Scholarship in Accounting in the field of financial accounting, directed to a study pertaining to the empirical foundations of measurement in accounting and the usefulness of accounting measurements for financial decision making. The scholarship of \$10,000 per year was made possible by a generous donation from Robert Sterling matched by a donation from The University of Sydney Business School. The following student received the benefit of this donation in 2019.

Muchen YU

What motivates Australian companies to voluntarily disclose carbon information?

Professor Stewart Jones and Assoc Professor Geoffrey Frost

10. Student Prizes

The Accounting Foundation Student Prize was launched in 2018, with the encouragement of the Dean of the Business School, Professor Greg Whitwell, who sits in the Council of the Accounting Foundation as University Officer.

In 2019, the Student Prize was awarded to groups of students who meritoriously recognized the new world of corporate governance, particularly its rules and challenges in implementation. These students were enrolled in the capstone unit, ACCT6120 Corporate Governance and Accountability of the Master of Professional Accounting. They presented insightful analyses of the governance practices of Hong Kong Stock Exchange listed companies, and, thoughtful recommendations on investing in these companies.

In 2019 *The Accounting Foundation Master of Professional Accounting Capstone Team Prize For Excellence of Presentation and Company Analysis* awardees were:

Semester 1: Yue Li, Shiyu Wu, Robin Xiong, Ashley Xu, Blaire Zhai.

Semester 2: Ruiqi Hong, Yifan Xue, Ziyuan Zhou, Ruoqing Guan, Yiying Chen

The prize-winning students received \$200 cash prize each and were presented with certificates of achievement at the Master of Professional Accounting Graduation Dinner.



Presentation of the Awards at the Master of Professional Accounting Graduation Dinner held on May 30 2019, by Maria Cadiz-Dyball – Academic Director and Antonije Krivokapic, Lecturer in ACCT6120.

11. Other Events and Activities

R J Chambers Collection



"We think we think. But what we think is often vague, ambiguous and disconnected. Only the discipline of writing forges thoughts into serviceable shapes and systematic patterns. Writing maketh an exact man, said Bacon; but seldom, I suspect, at the first attempt. I know that "Chambers later" has frequently thought differently from "Chambers earlier"; and that "Chambers now" has often wanted to know what "Chambers then" thought, for the purpose of advancing some uncompleted business. But I kept no index. I have preferred usually to think afresh about a matter in hand, rather than run the risk of repeating my own mistakes; and that very process has revealed mistakes.

But, at last I found I needed an index of some kind....."

"An Auto-bibliography", May 1977, R J Chambers

As reported in previous Annual Reports the Accounting Foundation, the University of Sydney Business School and CPA Australia combined to create the second in the University of Sydney's Foundation Professors' series, the Sydney University Archives, and provided initial funding and other support to archive all of Chambers' collected papers and related materials, with particular attention being given initially to his private correspondence.

The Collection (USA P202) within the Sydney University Archives Unit entails both hard copy and internet accessible materials, with the latter using cutting-edge search technology. The Collection has been digitised to enable multiple accesses via the Internet at: <http://chamberslibrary.econ.usyd.edu.au/>

The Collection (USA P202) within the Sydney University Archives Unit entails both hard copy and internet accessible materials, with the latter using cutting-edge search technology. The Collection has been digitised to enable multiple accesses via the Internet at: <http://chamberslibrary.econ.usyd.edu.au/>

The Burren Street R J Chambers Library holds hard copy materials of personal papers, personal library, personal reading material and published works. It was officially opened in mid 2009. Primarily Faculty and Accounting Foundation funding allowed a librarian to be available from Monday to Friday each week until the end of 2011. In 2011 the Foundation provided dollar for dollar funding to augment specific monies provided by the Faculty to assist in administering the R J Chambers Collection. While that funding ceased at the end of 2011, but the Collection was accessible through pro bono support from Graeme Dean. However, 2016 the Foundation supported the housing of the Library within the Chambers Business History Collection http://sydney.edu.au/business/research/chambers_business_history_collection. which allows greater visibility and accessibility.

The Accounting Foundation funded the 'digitisation' of Chambers' masterwork *Accounting Thesaurus*, which is now available online at <http://setis.library.usyd.edu.au/chambers/>



The Thesaurus covers '500 years of accounting' and is arranged in sections, subsections and captions, numbered for reference on a decimal system. Readers can start with a subject (or source) index, and simply click on the page number to go straight to that section of the file. It should serve as a convenient tool for anyone wanting to investigate the history of ideas in our discipline

12. Accounting Foundation Governance Statement

The Accounting Foundation recognises the importance and benefit of reviewing its adoption and alignment with governance principles and provides the following report

Principle 1 – Lay solid foundations for management and oversight

Nature of the entity

The Accounting Foundation is a part of the University of Sydney ABN 15211513464 and not separately incorporated under a state or commonwealth Act. The Foundation is required to gain prior approval for its fundraising activities from the appropriate University delegate. The Foundation's activities are not-for-profit and covered by the DGR status of the University of Sydney. The University is exempted from the requirement to hold an Authority to Fundraise and obligations upon holders of such an authority but is still required to comply with the balance of provisions of the Charitable Fundraising Act.

Roles of council and management

The Foundation operates under the authority of the Senate of the University of Sydney, as approved on 2nd August 1982 and has no powers of delegation. The Foundation conducts its affairs pursuant to the Foundation Rules and the relevant policies of the University. The Foundation had its annual fundraising plan approved and was able to meet its objectives.

Principle 2 – Structure of the council to add value

The Council of the Foundation in 2018 consisted of the members set out in section 2.

Council members were elected at the Foundation's AGM on 15th March 2018. There is not a separate nomination committee of Council. The full Council resolves on nominations for co-opting of members to fill vacancies outside of the process of election at the AGM. There was no formal performance evaluation of the Council undertaken in the reporting period.

Principle 3 – Promote ethical and responsible decision-making

Council members have been provided with the University of Sydney Foundation Rules, Code of Conduct, Work Health & Safety policy and the External Interests policy. All these policies are available on the University's Policy Register, as are other relevant University policies regarding harassment, grievance procedures and the Delegations of Authority.

Principle 4 – Safeguard integrity in financial reporting

The annual accounts of the Foundation are prepared by the financial staff of the University, signed off by Finance Director and included in this Annual Report to the Senate. The Foundation is part of the University and therefore does not have its own audit sub-committee. While the Annual Financial Report of the University is audited by the Audit Office of NSW, the Annual Report of the Foundation has not itself been audited.

Principle 5 – Make timely and balanced disclosure

The Foundation complied with the reporting and disclosure requirements of the Senate. These include an annual budget and this Annual Report

Members and Council have been made aware of the processes for disclosure pursuant to the Code of Conduct, External Interests policy, which include protected disclosure to the ICAC, to the Ombudsman or the Auditor General.

Principle 6 - Respect the rights of shareholders, members, staff, volunteers, clients, & other stakeholders

The Foundation Councils consist of members of the community and the University whose input is invited via the Annual General Meeting and Council meetings of the Foundation.

Under the Charitable Fundraising Act, the University may be questioned about any appeal on details of the purpose of the appeal such as the appeal target, objectives, distribution of proceeds, and the process to provide answers. The Foundation outlines those activities in this annual report. Other enquiries may have been made to other parts of the University.

Principle 7 - Recognise and manage risk

The Foundation recognises its activities within University premises or other premises require risks such as health and safety, environmental protection, privacy, trade practices, and compliance with the Charitable Fundraising Act to be considered and managed. The Foundation has managed these risks during the year by holding functions within the University subject to the University's conditions and externally at business premises of members of the Council subject to the conditions of the Firms whose representatives are members.

Principle 8 – Remunerate fairly and responsibly

No member of a Council is entitled to receive any remuneration for acting in that capacity except reasonable remuneration on a basis which has first been approved in writing by the University Officer (Foundations)

Members of the Foundation Council may be reimbursed for reasonable expenses after written approval of the University Officer (Foundations). Any such instances are recorded in the minutes of the Council.

13. Financial Statements – Income Statement

The NSW Auditor General performs the Audit of Financial Statements of the University as a whole. The Auditor-General has not specifically performed procedures that ensured that the financial statements presented in our Annual Report was true and fair or in accordance with the University's accounting policies. Further, at the date the certification was signed by the Finance Director, the Audit-General had not completed the audit of the University's financial statements.

| The University of Sydney Accounting Foundation | | | |
|---|-------|------------------|------------------|
| Statement of Comprehensive Income | | | |
| for the year ended 31 st December 2019 | | | |
| | Notes | 2019 \$ | 2018 \$ |
| INCOME | | | |
| Scholarships, Donations and Bequests | | - | - |
| Business and Investment Income | | 15,354 | 19,823 |
| Realised Gain / (Loss) on Investments | | 9,307 | 7,592 |
| Unrealised Gain / (Loss) on Investments | 2 | 314,876 | 205,840 |
| Investment Administration Fee | | (7,300) | (5,588) |
| Internal and Other Income | 3 | 19,018 | 22,864 |
| Total Income | | 351,255 | 250,531 |
| EXPENDITURE | | | |
| Salaries | | 43,512 | 41,820 |
| Equipment and Repairs/Maintenance | | 691 | 0 |
| Services and Utilities | | 12,509 | 18,474 |
| Travel, Conferences, Entertainment | 4 | 19,518 | 30,419 |
| Contributions to University areas | | 136 | 77 |
| Consultants and Contractors | | 12,250 | 17,250 |
| Student Costs and Scholarships | 5 | 41,800 | 39,006 |
| Other expenses | 6 | 18,711 | 25,779 |
| Total Expenditure | | 149,127 | 172,825 |
| Surplus / (Deficit) | | 202,128 | 77,706 |
| Accumulated Funds | | 3,783,976 | 3,706,270 |
| Accumulated Funds Adjustments | | 0 | 0 |
| Total Accumulated Funds | | 3,986,104 | 3,783,976 |

14. Financial Statements – Balance Sheet

The University of Sydney Accounting Foundation

Balance Sheet as at 31st December 2019

| | Notes | 2019 \$ | 2018 \$ |
|---------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Short Term Funds | | 963,358 | 1,064,458 |
| Total Current Assets | | 963,358 | 1,064,458 |
| NON CURRENT ASSETS | | | |
| Medium/Long Term Investments | 7 | 3,022,746 | 2,719,518 |
| Total Non Current Assets | | 3,022,746 | 2,719,518 |
| TOTAL ASSETS | | 3,986,104 | 3,783,976 |
| NET ASSETS | | 3,986,104 | 3,783,976 |
| EQUITY | | | |
| Accumulated Funds | 8 | 3,986,104 | 3,783,976 |
| TOTAL EQUITY | | 3,986,104 | 3,783,976 |

I certify that the Income Statement and Balance Sheet of the Foundation have been prepared in accordance with the University's accounting practices and procedures. These Foundation accounts form part of The University of Sydney's financial reports.

Dave
Oosthuizen

Digitally signed by Dave
Oosthuizen
Date: 2020.03.24 17:34:32
+11'00'

David Oosthuizen
Finance Director | Business, Art, Law & Social Science

Date:

15. Financial Statements – Statement of Changes in Equity

The University of Sydney Accounting Foundation

Statement of Changes in Equity

For the year ended 31st December 2019

| | Restricted Funds \$ | Reserves & Retained Earnings \$ | Total \$ |
|--|---------------------------|--|------------------|
| Balance as at 1 st January 2018 | 337,360 | 3,368,910 | 3,706,270 |
| Surplus / (Deficit) for the year | 15,337 | 62,369 | 77,706 |
| Balance as at 31st December 2018 | 352,697 | 3,431,279 | 3,783,976 |
| Balance as at 1 st January 2019 | 352,697 | 3,431,278 | 3,783,975 |
| Surplus / (Deficit) for the year | 27,437 | 174,692 | 202,129 |
| Balance as at 31st December 2019 | 380,134 | 3,605,970 | 3,986,104 |

16. Notes to the Financial Statements

The University of Sydney Accounting Foundation

Notes to the Accounts

Note 1

Significant Account Policies

a) Basis of Preparation

In the opinion of Council members, The Accounting Foundation is not a reporting entity.

The financial statements of the Accounting Foundation have been drawn up as a special purpose financial report for distribution to members of the Foundation.

The financial statements have been prepared on a modified accrual accounting basis with investments classified as investments measured at fair value with change in value recognised directly in the income statement.

b) Employee Entitlements

Employee entitlements for Long Service Leave are held centrally in the University's accounts.

c) Income Tax

The University (including the Foundations) is exempt from income tax.

Note 2

The increase in Unrealised Gain/(Loss) on Investments was due to increase in the market value of investments in 2019 benefiting from favorable market conditions.

Note 3

Internal and Other Income includes Royalty from Wiley, the publisher of the journal, Abacus, submission fees by contributing authors of Abacus, and, Padoli Society membership fees. Since 2018, funding from the Engaged Research Scheme is offset against this account. Any sponsorships by the Accounting Foundation are also offset here. The decrease of 3,846 is accounted for as follows:

| | 2019 | 2018 | Change |
|--|-----------|-----------|-----------|
| Abacus Royalty and Submission Fees | \$67,789 | \$69,161 | -\$1,372 |
| Padoli Society Membership Fees | \$10,813 | \$8,508 | \$2,305 |
| Engaged Research Scheme Funding | -\$61,084 | -\$34,205 | -\$26,879 |
| Platinum Sponsorship of the International Association for Accounting Education and Research (IAAER) World Congress | \$0 | -\$20,600 | \$20,600 |
| Adjustment for erroneous charging of R.L Bowra (Student) Prize in Taxation Law | \$1,500 | \$0 | \$1,500 |
| Total | \$19,018 | \$22,864 | -\$3,846 |

Note 4

The decrease in Travel, Conferences, Entertainment was mainly due to decline in domestic and international travel. Compared to 2018, domestic travel has dropped by 7 and international travel has declined by 100%.

Note 5

Student Costs and Scholarships includes Student Prizes, PhD Top Up Scholarship, the Robert Sterling Honours Scholarship and the R J Chambers Honours Scholarship. The R J Chambers Honours Scholarships are equally funded by the Discipline of Accounting and the Accounting Foundation. The 2019 amount includes the Discipline of Accounting's contribution to the R J Chambers Scholarship, which will be charged in 2020 to the Discipline. PhD Top Up Scholarships were not awarded in 2019.

Note 6

It is found that University Economic Model ("UEM") charges were understated by \$4,820 in "Other expenses" in 2018 which had resulted in "Total Expenditure" being understated as well. It is necessary to make adjustments to rectify this oversight so that there is no discrepancy between the statutory accounts and the University financial reports. After making the adjustments below, the closing balance of "Other expenses" and "Total Expenditure" as at 31st December 2018 should be \$25,779 and \$172,825 respectively.

| | |
|---|----------------|
| | 2018 |
| Other expenses (2018 adjustment) | \$ |
| Closing balance as at 31 December 2018 | 20,959 |
| Adjustment: UEM charges understated in 2018 | 4,820 |
| Adjusted closing balance as at 31 December 2018 | <u>25,779</u> |
| Total Expenditure (2018 adjustment) | |
| Closing balance as at 31 December 2018 | 168,005 |
| Adjustment: UEM charges understated in 2018 | 4,820 |
| Adjusted closing balance as at 31 December 2018 | <u>172,825</u> |

In 2019, the decrease in "Other expenses" was caused by the absence of Fringe Benefit Tax (entertainment) incurred in 2019 compared

Note 7

Investments are managed within the University's investment portfolio compliant with the University's Investment Policy.
(See <http://sydney.edu.au/policies/showdoc.aspx?recnum=PD002012/265&RendNum=0>.)

The Investment and Commercialisation Committee of the Senate of The University of Sydney provides oversight.
An additional \$1 million has been invested in the Long Term Fund in 2016 upon approval by the Council in June 2015.

Note 8

As UEM charges were understated by \$4,820 in "Other expenses" in 2018, it had caused "Equity" being overstated as a result.
After making the adjustment below, the closing balance of "Equity" as at 31st December 2018 should be \$3,783,976.

| | 2018 |
|---|------------------|
| EQUITY (2018 Adjustment) | \$ |
| Closing balance as at 31 December 2018 | 3,788,796 |
| Adjustment: UEM charges understated in 2018 | (4,820) |
| Adjusted closing balance as at 31 December 2018 | <u>3,783,976</u> |

| | 2019 | 2018 |
|--|------------------|------------------|
| EQUITY | \$ | \$ |
| Reserves & Retained Earnings as at 31 December | 3,605,970 | 3,431,279 |
| Restricted Funds as at 31 December | 380,134 | 352,697 |
| TOTAL EQUITY | <u>3,986,104</u> | <u>3,783,976</u> |

| | 2019 | 2018 |
|--|----------------|----------------|
| Restricted Fund - RJ Sterling Honours Scholarship | \$ | \$ |
| Opening Balance | 352,697 | 337,360 |
| Divided/interest income | 5,604 | 6,721 |
| Fees and charges | (1,214) | (1,173) |
| Scholarship | (10,000) | (10,000) |
| Changes in fair value | 33,047 | 19,789 |
| Closing balance | <u>380,134</u> | <u>352,697</u> |

Discipline of Accounting
The University of Sydney Business School

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