

XBRL and Bitcoin – accounting assignments!

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Plan:

1) Share examples of how assignments can be used to integrate new technologies in accounting into your program

- XBRL assignment (2019)
- Bitcoin assignment (2018)

2) Share some general reflections about accounting research assignments

About the unit:

- Financial accounting: Theory and Practice
- 3rd level undergrad financial accounting unit
- Topics: (Accounting theory, CF, Man commentary, Ethics, Corp Gov, sustainability reporting, Revenue, Leases, Financial instruments, Intangibles, Employee benefits etc.)
- Co-ordinator for 5 years
- Around 350-400 students
- 50/50 international/domestic
- 50/50 male/female
- Lecture (me) and tutors (4 tutors)

About the unit:

Assessments:

30%: 4 tests (2 individual, 2 group)

20%: Individual research assignment

50%: Final exam

Individual research assignments:

Topical accounting aspects – dinner conversation!

Briefly introduce the assignment, but leave students to explore the topics

But first:

“Accounting research tips”

Extract from:

Accounting research tips

- * Accountant with new type of transaction
- * Auditors of company dealing with unusual or new transaction
- * When revised accounting standards come out
- * When you are commenting on proposed revisions to standards
- * Assignments at uni

*** When do you do accounting research?**

- *What are other (reliable sources) saying?
- *What do the accounting standards say?
- *Analysis of what other (reliable sources) are saying
- *Application of standards to a scenario

***What is accounting research?**

- * AASB and IASB websites and standards, and FASB
- * CAANZ and CPA websites
- * Accounting/auditing firm websites (e.g. KPMG, EY, Deloitte, PWC, BDO)
- * Academic papers - google scholar (can use UWA online library)
- * Newspaper articles - google
- * Youtube etc.

* **Good sources**

- * Forget to find out what others (reliable sources) are saying - research is NOT about giving only your opinion. You need to explain (and reference) what others are saying, reference paragraphs in standards and then draw conclusions if applicable.
- * Forget to reference every idea, fact etc. that you obtained from a source; unless it is very commonly accepted information.
- * Forget to do in-text referencing, some students only provide a reference list.
- * Forget to answer the question and all parts of the question.

* Common mistakes

* “There is currently debate about the accounting treatment of cryptocurrencies in both academia (Raiborn & Sivitanides 2015; Tan & Low 2017; Yermack 2015) and industry (PWC 2017). There have been calls for the International Accounting Standards Board (IASB) (AASB 2016) and the Financial Accounting Standards Board (FASB) (Thompson Reuters 2017) to provide guidance. This assignment focuses on the “biggest and best known digital currency” (AASB 2016, p. 6) - Bitcoin.”

* **In-text referencing**

- *Content. This includes answering all parts of the question, including the most important points and demonstrating a sound understanding and interpretation of the arguments and accounting treatments.
- *Clarity of communication. This includes using an appropriate format, appropriate headings to lay out your answers, the structure and flow of your arguments, the language used (suitable to your audience) and following a consistent referencing style (Harvard).

*** Grades based on content and clarity of communication**

2019 assignment: XBRL



2019 assignment: XBRL

Background:

What is XBRL?

What is iXBRL?

What is an XBRL taxonomy?

What is XBRL?

eXtensible Business Reporting Language

“XBRL provides a **language** in which reporting terms can be authoritatively defined. Those terms can then be used to uniquely represent the contents of financial statements or other kinds of compliance, performance and business reports. XBRL lets reporting information move between organisations rapidly, accurately and digitally”

“Often termed “**bar codes for reporting**”, XBRL makes reporting more accurate and more efficient. It allows unique **tags to be associated with reported facts**” (<https://www.xbrl.org/the-standard/what/an-introduction-to-xbrl/>)

What is iXBRL?

iXBRL is a **technology** that allows XBRL tags to be embedded into human-readable documents such as XHTML.

(<https://asic.gov.au/regulatory-resources/financial-reporting-and-audit/preparers-of-financial-reports/standard-business-reporting/>)

What is an XBRL Taxonomy?

E.g. IFRS Taxonomy

Like a dictionary!

“Taxonomies are the reporting-area specific **hierarchical dictionaries** used by the XBRL community. They define the specific tags that are used for individual items of data (such as “net profit”), their attributes and their interrelationships. Different taxonomies will be required for different business reporting purposes. Some national jurisdictions may need their own reporting taxonomies to reflect local accounting and other reporting regulations. Many different organisations, including regulators, specific industries or even companies, may require taxonomies or taxonomy extensions to cover their own specific business reporting needs.

(<https://www.xbrl.org/the-standard/what/taxonomies/>)

XBRL in Australia?



The screenshot shows the XBRL website's news section. At the top left is the XBRL logo with the tagline 'THE BUSINESS REPORTING STANDARD'. To the right are navigation tabs for 'NEWS' (which is selected) and 'EVENTS'. Below the navigation is a breadcrumb trail: 'Home > News > Digital Reporting in Australia: Time for change?'. The main heading of the article is 'Digital Reporting in Australia: Time for change?' and it is dated 'Posted on July 10, 2020 by Editor'.

With the UK, US, Europe, Japan and many other jurisdictions mandating XBRL-based digital reporting, is it time for Australia's accountants to push for similar steps there? This week International Accounting Standards Board Member Ann Tarca delivered a webinar at the (virtual) annual conference of the Accounting & Finance Association of Australia and New Zealand (AFAANZ), outlining developments in digital reporting, and its benefits and costs.

Tarca's well-researched webinar began by outlining why Australia has been so slow to adopt mandatory XBRL, despite seeing digital reporting innovations offer many benefits – such as increased speed, data accuracy, and accessibility – elsewhere.

XBRL in Australia?

SBR is using XBRL as the single language for accounting systems to communicate electronically with government.

Standard business reporting



The Standard Business Reporting Program (SBR) is a government program administered by the Treasury, designed to reduce the reporting burden for business. Both commonwealth and state government agencies are participating in the program.

SBR offers a quicker and easier way for businesses to complete their government reporting requirements, freeing up valuable time for other business activities. SBR is simplifying business-to-government reporting

2019 assignment: XBRL



Lets take a look!

2019 assignment: XBRL

Required: (Please read and listen to the “Research tips” slides and video)

Part 1 (90 marks)

You are a recent graduate working for a Big 4 business services firm (i.e. EY, Deloitte, PWC or KPMG) and your manager has asked you to prepare a report (max 1,500 words) which is to be presented to the Chief Financial Officers (CFO) of the firm’s major clients. The report should:

- a) Discuss the current and future planned use of XBRL-type reporting globally. The discussion should at least cover the following countries/jurisdictions: Australia, USA, the UK, China, and the European Union. (40%)
- b) Discuss arguments for and against listed companies in Australia being required by ASIC (Australian Securities and Investments Commission) to lodge their annual reports using XBRL format from the perspectives of the following stakeholders:
 - Investors
 - Listed companies
 - Government (60%)

You should use appropriate headings to organise your material. Please cite relevant references informing your discussion. These references should include practitioner articles such as from KPMG, EY, Deloitte, BDO and PWC. References should be in-text (i.e. within the body of the report) as well as in the Reference list at the end of the report.

XBRL and Bitcoin – accounting assignments



2019 assignment: XBRL

Required: (Please read and listen to the “Research tips” slides and video)

Part 2 (10 marks)

You have a friend who has asked you to explain what ‘XBRL’ and ‘IFRS taxonomy’ means. Your friend is a teacher with no accounting knowledge. Your written email response (max 250 words) should be much less formal and should be in a style and format that is easily understood by a non-accountant. No references are required for the email.

2018 assignment: Accounting for Bitcoin

15 prizes!



Background:

What is Bitcoin?

What is a cryptocurrency?

What is blockchain?

What is Bitcoin?

“Bitcoin is a digital currency created in **January 2009** following the housing market crash. It follows the ideas set out in a whitepaper by the mysterious and pseudonymous Satoshi Nakamoto. The identity of the person or persons who created the technology is still a mystery. Bitcoin offers the promise of **lower transaction fees** than traditional online payment mechanisms and is operated by a **decentralized** authority, unlike government-issued currencies.

There are no physical bitcoins, only balances kept on a **public ledger** that **everyone has transparent access to**, that – along with all Bitcoin transactions – is **verified by a massive amount of computing power**. Bitcoins are not issued or backed by any banks or governments, nor are individual bitcoins valuable as a commodity. Despite it not being legal tender, Bitcoin charts high on popularity, and has triggered the launch of hundreds of other virtual currencies collectively referred to as Altcoins.”

(<https://www.investopedia.com/terms/b/bitcoin.asp>)

What is Blockchain?

“Blockchain is the **technology** that enables the existence of cryptocurrency (among other things). Bitcoin is the name of the best-known cryptocurrency, the one for which blockchain technology was invented. A **cryptocurrency** is a **medium of exchange**, such as the US dollar, but is digital and uses encryption techniques to control the creation of monetary units and to verify the transfer of funds.

A **blockchain is a decentralized ledger** of all transactions across a peer-to-peer network. Using this technology, participants can confirm transactions without a need for a central clearing authority. Potential applications can include fund transfers, settling trades, voting, and many other issues.”

<https://www.pwc.com/us/en/industries/financial-services/fintech/bitcoin-blockchain-cryptocurrency.html>

What is Blockchain? (cont.)

“A blockchain can be thought of as a **collection of blocks**. In **each block is a collection of transactions**. Because all these computers running the blockchain have the same list of blocks and transactions and can **transparently** see these new blocks being filled with new ... transactions, no one can cheat the system. Anyone, ...can see these transactions occurring live. In order to achieve a nefarious act, a bad actor would need to operate 51% of the computing power that makes up Bitcoin. Bitcoin has around 47,000 nodes as of May 2020 and this number is growing, making such an attack quite unlikely.”

(<https://www.investopedia.com/terms/b/bitcoin.asp>)

2018: Accounting for Bitcoin

15 prizes!



Lets take a look!

XBRL and Bitcoin – accounting assignments



2018: Accounting for Bitcoin

Required:

Part 1 (90 marks)

You are a recent graduate working for a Big 4 accounting firm and your manager has asked you to prepare a report (max 1,500 words) which is to be presented to the Chief Financial Officers (CFO) of the firm's major clients. The report should:

- Discuss whether Bitcoin meets the definition and recognition criteria of an asset in the Conceptual Framework. (5%)
- Discuss and critique the arguments for and against accounting for Bitcoin as i) inventory and ii) an intangible asset. (50%)
- Provide and explain the journal entries on initial and subsequent recognition of the Bitcoin if the i) inventory standard and ii) intangible asset standard applies. Consider subsequent increases and decreases in the market price of Bitcoin. (25%)
- Explain the implications for earnings management depending on whether Bitcoin is accounted for as i) inventory and ii) an intangible asset. (20%)

You should use appropriate headings to organise your material, provide references to accounting standards (including specific paragraphs) and cite relevant academic and practitioner articles. References should be in-text (i.e. within the body of the report) as well as in the Reference list at the end of the report.

XBRL and Bitcoin – accounting assignments



2018: Accounting for Bitcoin

Required:

Part 2 (10 marks)

You have a friend who has asked you to explain what Bitcoin and blockchain means. Your friend is a teacher with no accounting knowledge. Your written email response (max 250 words) should be much less formal and should be in a style and format that is easily understood by a non-accountant.

General comments/issues:

- High standard of assignments
- In-text referencing
- Research – not just your opinion!
- English as a second language
- Marking ! (400 students, 1500 words report, 250 word email)
 - ensuring consistency!
 - markers meeting and calibration
 - online marking rubric in Blackboard, not as easy in Turn-it-in!

Thank you for the opportunity to share!
Appreciate any feedback/comments