

# Segmenting Financial Reporting: Implications for the tertiary sector

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# *Content*

- Education in the knowledge age
- NZ Framework and education
- Research Project analysing current situation
- Conclusion and questions

# Education in the knowledge age

- Education is essential for profession's survival
- Mega-trends for change – globalisation, complexity and technology (IFAC, 2010)
- Need for “better trained accountants” (AAA and AICPA 2010) or AAA (1986) to understand the accounting body of knowledge and report users

# NZ Framework and education

- Sector neutrality since 1993
- Prior to this some public sector courses
- NZICA expects students to describe differences to profit-oriented reporting
- Proposed MED and ASRB Framework includes some sectoral aspect
- Lack of knowledge about what is being taught of a sectoral nature

# Prior research into sectoral education

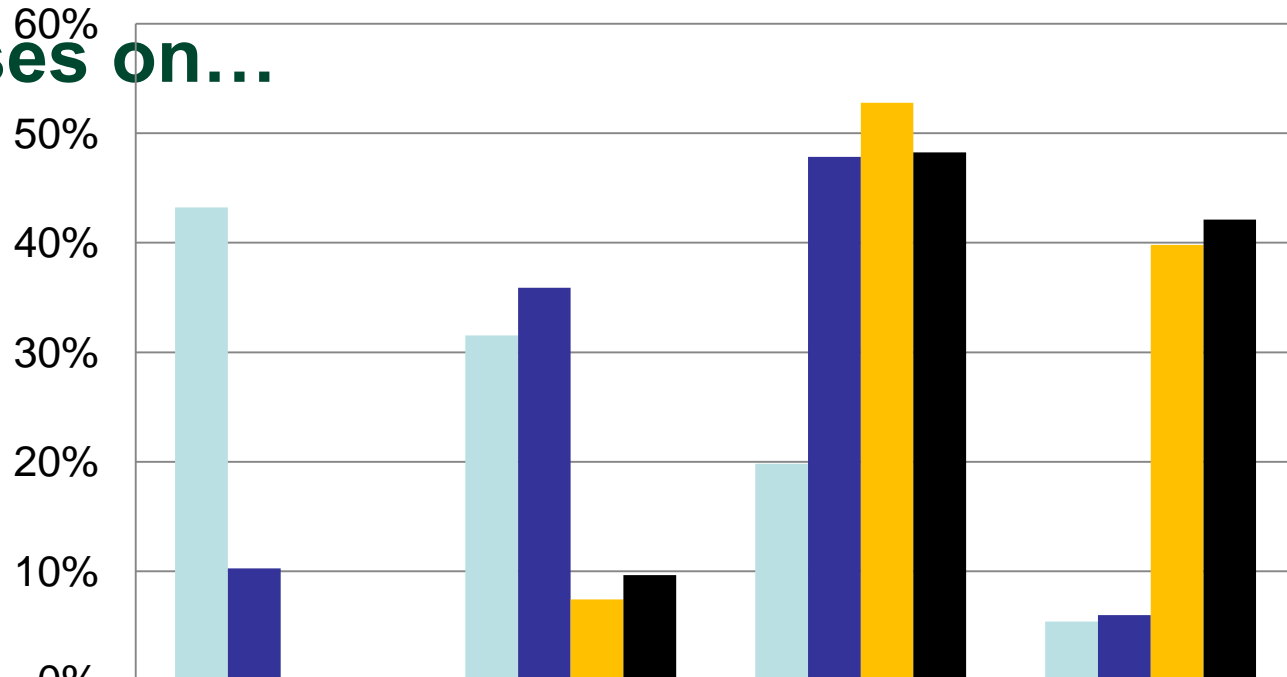
- Public Sector (Dixon, 1989), Sciulli and Sims (2008)
- Not-for-Profit and SMEs – none
- Concern that sector-specific standards will result in “small accountants” and “big accountants”
- IFAC (2020) T-shaped professional and generalist

# Australian research Sciulli and Sims (2008)

- “What is the state of public sector accounting education in Australia?”
  - Public sector included in 36% core courses, 22% separate courses, 29% both
- “Why is there not more?”
  - 22% curriculum too full, 18% lack of lecturer interest, 16% same accounting concepts in all sectors, 13% no resources

# Course focuses on...

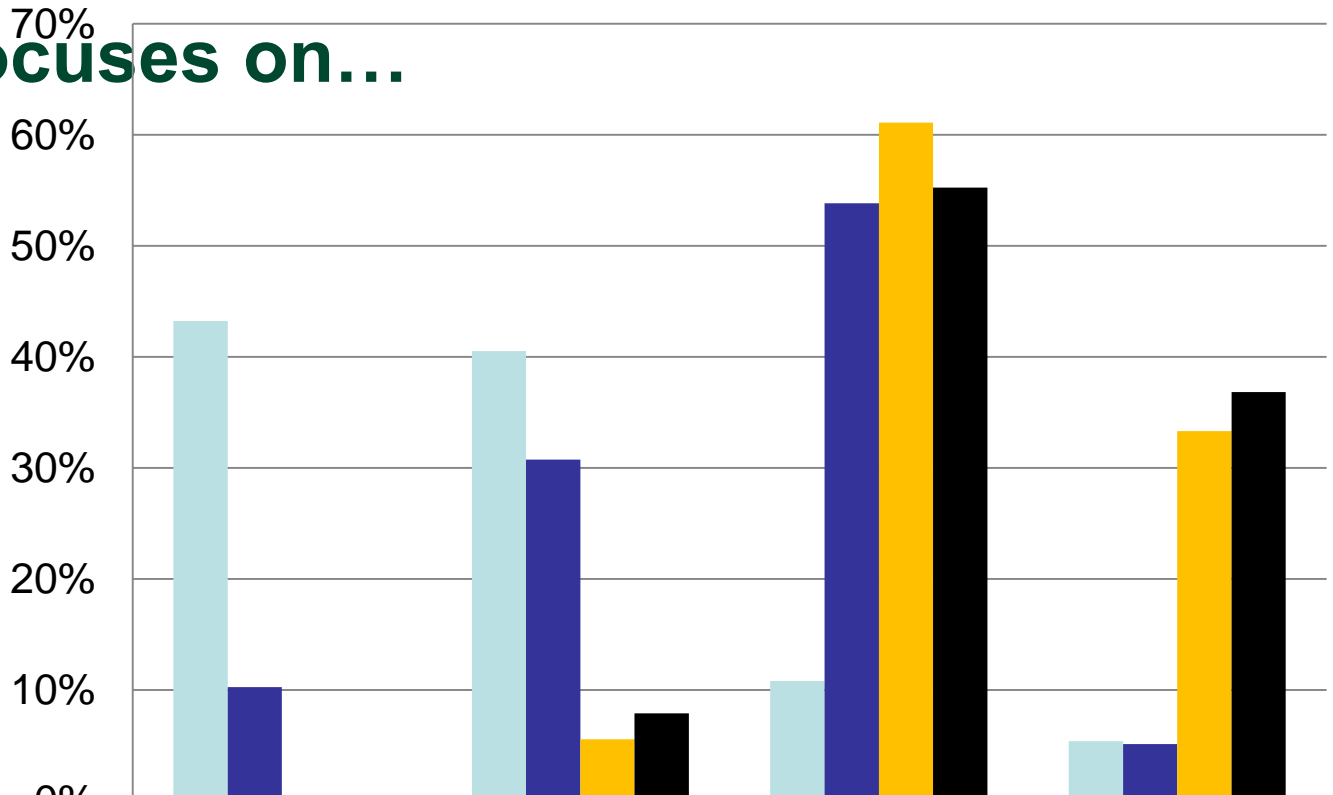
Percentage of respondents



	<b>Very Strong focus</b>	<b>Strong focus</b>	<b>Weak focus</b>	<b>Not at all</b>
<b>■ Listed companies and other issuers</b>	<b>43%</b>	<b>32%</b>	<b>20%</b>	<b>5%</b>
<b>■ Other profit-oriented companies (e.g. SMEs)</b>	<b>10%</b>	<b>36%</b>	<b>48%</b>	<b>6%</b>
<b>■ Public Sector Organisations (except SOEs and CCTOs)</b>	<b>0%</b>	<b>7%</b>	<b>53%</b>	<b>40%</b>
<b>■ Not for profit sector organisations</b>	<b>0%</b>	<b>10%</b>	<b>48%</b>	<b>42%</b>

# Teaching focuses on...

Percentage of respondents



**Very Strong focus**

**Strong focus**

**Weak focus**

**Not at all**

■ **Listed companies and other issuers**

**43%**

**41%**

**11%**

**5%**

■ **Other profit-oriented companies (e.g. SMEs)**

**10%**

**31%**

**54%**

**5%**

■ **Public Sector Organisations (except SOEs and CCTOs)**

**0%**

**6%**

**61%**

**33%**

■ **Not for profit sector organisations**

**0%**

**8%**

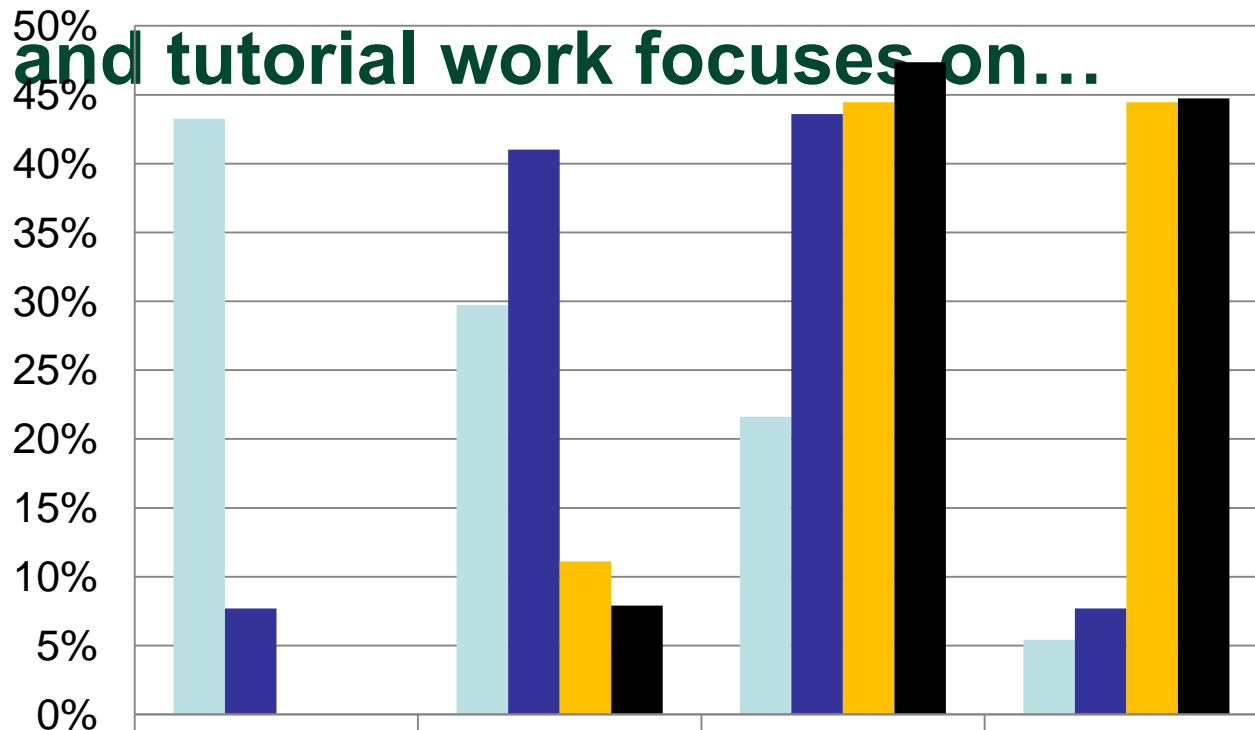
**55%**

**37%**



# Case study and tutorial work focuses on...

Percentage of respondents

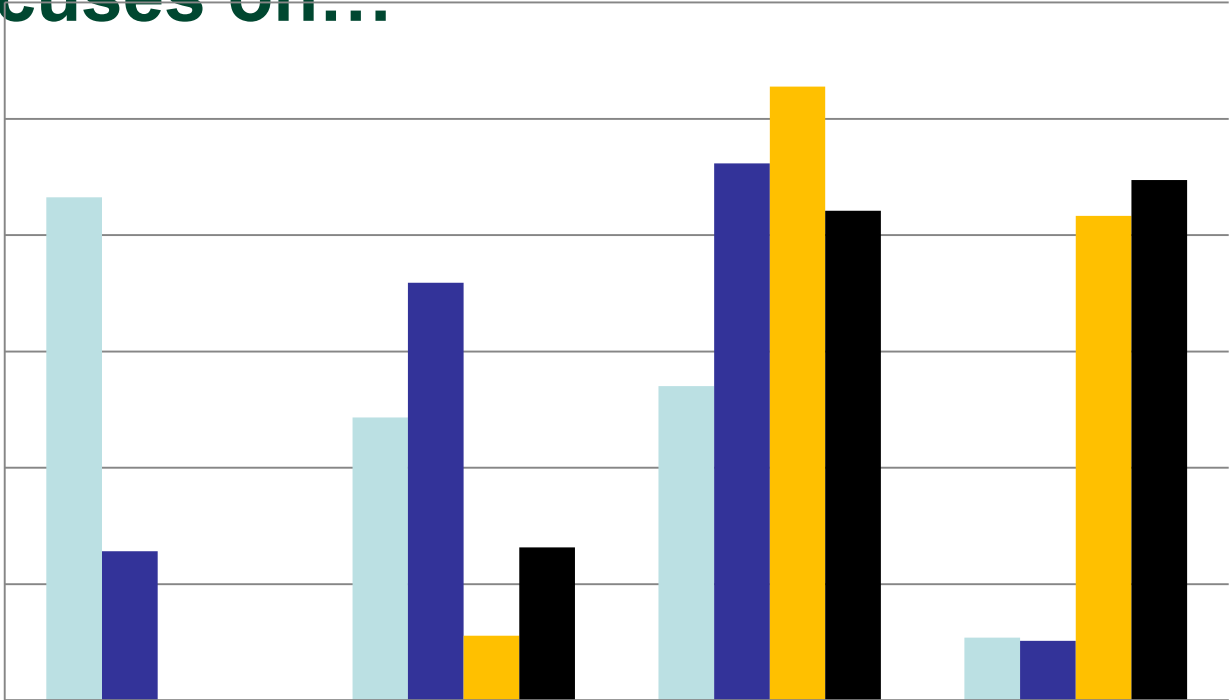


	Very Strong focus	Strong focus	Weak focus	Not at all
■ Listed companies and other issuers	43%	30%	22%	5%
■ Other profit-oriented companies (e.g. SMEs)	8%	41%	44%	8%
■ Public Sector Organisations (except SOEs and CCTOs)	0%	11%	44%	44%
■ Not for profit sector organisations	0%	8%	47%	45%

# Assessment focuses on...

Percentage of respondents

50%  
40%  
30%  
20%  
10%  
0%



**Very Strong focus**

**Strong focus**

**Weak focus**

**Not at all**

■ Listed companies and other issuers

■ Other profit-oriented companies (e.g. SMEs)

■ Public Sector Organisations (except SOEs and CCTOs)

■ Not for profit sector organisations

**43%**

**24%**

**27%**

**5%**

**13%**

**36%**

**46%**

**5%**

**0%**

**6%**

**53%**

**42%**

**0%**

**13%**

**42%**

**45%**

Rank	The main reason the course does not focus more on the Public sector	1st choice	2 <sup>nd</sup> choice	3rd choice
1	No space/time to cover the public sector	14	7	2
2	Same accounting concepts can be applied to all sectors	14	2	4
3	Curriculum driven by professional accreditation which doesn't include the public sector in its requirements	6	6	7
4	Lack of suitable resources (e.g. textbooks)	2	6	4
5	Students lack interest in public sector	0	3	3
N/A	Public sector is not relevant	0	0	0
N/A	Public sector already covered adequately	0	0	0

Why more public sector content is not in current courses	This study	Sciulli & Sims (2008) Australia	Dixon (1989) NZ	Engstrom (1984) US
Lack of time	1	1	5	2
Same accounting concepts can be applied to all sectors	2	3	8	***
Lack of suitable resources (e.g. textbooks)	3	4	4***	3***
Curriculum driven by professional accreditation	4	6	***	***
Students lack interest in it	5	7=	2=	1
It is not relevant	N/A	2	7	6
Public sector is already covered adequately	N/A	7=	***	***

Rank	The main reasons the course does not focus more on the not-for-profit sector	1st choice	2nd choice	3rd choice
1	The same accounting concepts can be applied to all sectors	14	5	2
2	There is no space/time to cover the not-for-profit sector	10	9	3
3	There is a lack of suitable resources	5	3	4
4	Curriculum driven by professional accreditation which doesn't include the not-for-profit sector in its requirements	4	5	6
5	Students lack interest in the sector	1	2	3
6	The sector is already covered adequately	1	1	0
7	The sector is not relevant	0	0	2

# Level at which concepts and standards are taught

At what level do you teach financial reporting concepts or specific financial reporting standards?	1st Year Degree	2nd Year Degree	3rd Year Degree	Honours level (4th Year)	Responses
Accounting Concepts	13	15	10	5	43
Standards (NZ IFRS)	8	16	13	5	42
Differential reporting standards (for SMEs)	2	15	5	1	23
Standards (IPSAS)	0	1	2	1	4
Standards (based on old NZ GAAP)	1	2	5	0	8

# Emphasis on standards/concepts

Do you agree with the following statement?	Teaching before 1993		Teaching before 2005 and after 1993	
	Yes	No	Yes	No
There is an increasing emphasis on standards rather than accounting concepts	8	9	17	7
There is an increasing emphasis on sector specific matters	2	13	4	17

# Reflecting back to AAA, AICPA and IFAC

- In a world of globalisation, complexity and technology
  - What teaching of concepts and standards?
  - What is the readiness for sector specific education?
  - What is the role of textbooks?
  - What about the profession?



<b>What changes will you make?</b>	<b>No change to current content</b>	<b>Reduce standards focus on concepts</b>	<b>Additional course developed</b>	<b>Have not thought about it</b>	<b>Responses</b>
<b>Issuers (IFRS)</b>	<b>14</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>24</b>
<b>SMEs</b>	<b>6</b>	<b>7</b>	<b>4</b>	<b>6</b>	<b>23</b>
<b>Public sector</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>21</b>
<b>Not-for-profit sector</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>22</b>

# Pressures

- EFTS cap which reduces the number of students
- Fear of cannibalising courses to introduce more
- Lack of staff in a very tight market
- Reduced professional encouragement for degree study

# Conclusion

- Currently weak focus on public sector, not-for-profit sector and to some extent SMEs
- Reactive – half of the lecturers have not thought about how to deal with changes to public and not-for-profit sectors
- Potential reductions in entry requirements is unlikely to alleviate pressures