

Research and Standard Setting

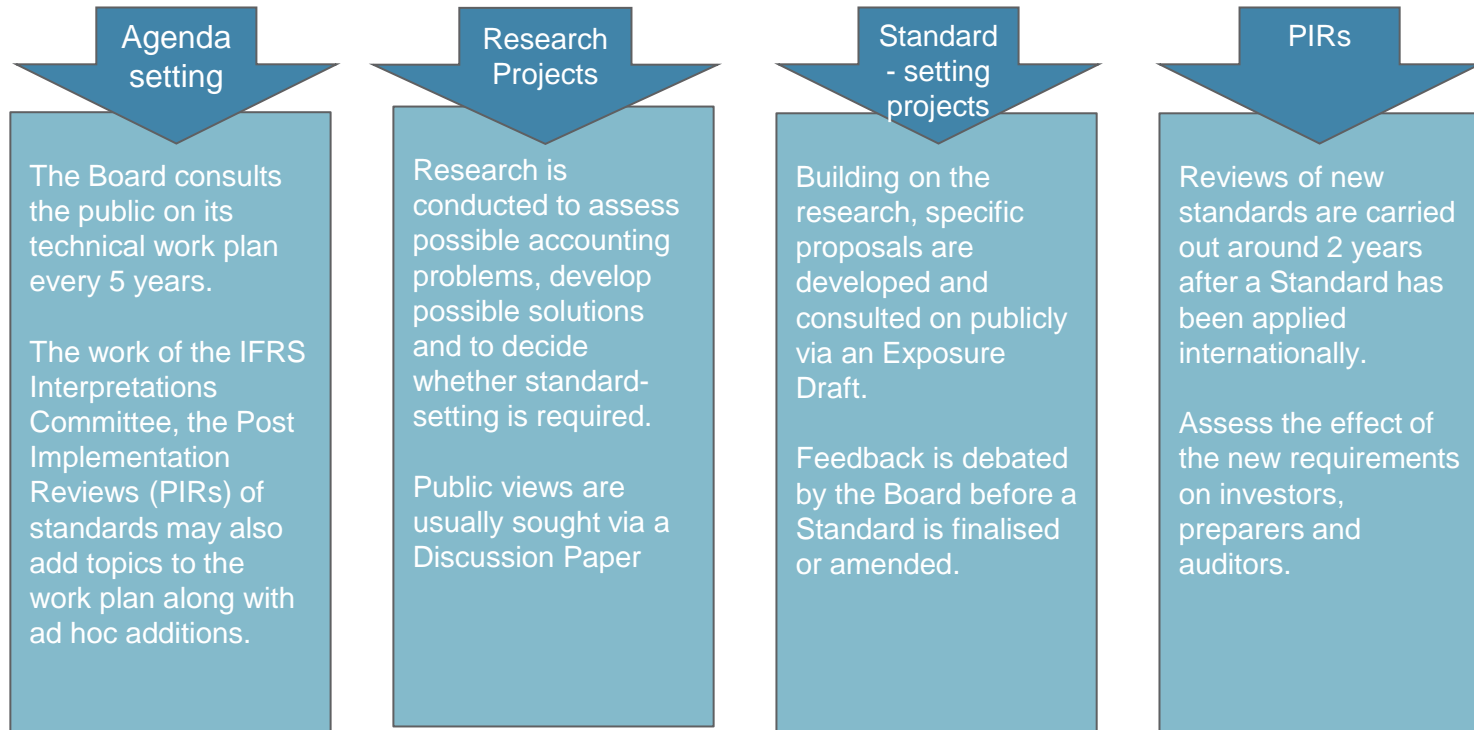
How to contribute to the IASB's work

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The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board (the Board) or IFRS Foundation.

Standard-setting process

The standard setting process



Research programme

- A broad research and development programme
 - lower threshold to get onto the programme
 - higher threshold to progress further
- Emphasis on defining the problem
 - identify whether there is a financial reporting matter that justifies an effort by the IASB
 - evidence-based
- The programme is designed to **shorten** the time needed to develop improvements to financial reporting, by:
 - clarifying the problem up front, before a solution is developed
 - feeding manageable projects into the Exposure Draft phase on a timely basis

- A recommendation to:
 - propose a change to IFRS Standards
 - put a project on hold, for the time being
 - resourcing
 - other factors
 - stop working on the issue
 - develop education or support material

Evidence-informed decision making

Where evidence is helpful

- Identifying financial reporting problems
 - Financial reporting differences
 - Scale
 - Evidence of estimation error
- Assessing solutions
 - Surveys
 - Decision experiments
 - Evidence of how information is incorporated by markets
 - Fieldwork
 - Systems testing
 - Testing draft words
 - Financial statement simulations
- Implementation
 - Evidence of diversity

- IASB
 - Get a broader range of (different) perspectives
 - Better decision making
 - Better informed decisions
 - Ability to defend decisions
- Academics
 - Potential for research to have an observable effect
- Both
 - Get a better understanding of each others needs
 - Reduce the expectation gaps

- Timeliness
- Vast literature
 - Only tangentially relevant
 - Or very narrow, marginal contribution
 - Need synthesis / literature review
- Not accessible to standard setters
- Needs interpretation
- Need to understand limitations
- Overclaiming results

- Selectivity bias
 - We might cite tiny number of papers, only favourable.
- How to summarise what we have read
- Biased population
 - Non-English
 - Non Anglo-Saxon
 - Not just empirical capital markets

Bridging the gap between the academic community and the IASB

- Research centre on IASB website
- Annual research forum
- External research funding
 - IAAER-KPMG funding
 - ICAS calls for research
- ‘Ad-hoc’ events like today

Projects

Disclosure initiative – principles of disclosure

Primary Financial Statements

Business Combinations under Common Control

Dynamic Risk Management

Financial Instruments with Characteristics of Equity

Goodwill and impairment

Discount Rates

Share based payment

Projects

Equity method (for associates and joint ventures)

Extractive activities

Pollutant pricing mechanisms

Provisions

Variable and contingent consideration

Feasibility studies

High inflation, rather than hyperinflation

Pensions: benefits that depend on asset returns

SMEs that are subsidiaries

Post implementation reviews

IFRS Standards

IFRS 13 *Fair value measurement* (commenced)

Next [2017]

IFRS 10 *Consolidated Financial Statements*

IFRS 11 *Joint Arrangements*

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 5 *Non-current assets Held for Sale and Discontinued Operations*

Further
out

IFRS 9 *Financial Instruments*

IFRS 15 *Revenue from Contracts with Customers*

IFRS 16 *Leases*

Appendix

- IASB External Research Website

<http://www.ifrs.org/IFRS-Research/Pages/IFRS-Research-Centre.aspx>

- Evidence-supported standard-setting
 - Explanations of when, and how, we use research
- Research opportunities
 - Awareness of work programme and specific issues
 - Topics
 - Timing

- Research impact
 - When we have used research
- News and events
 - Summary of IASB discussions of projects on its research programme
 - Events

- 2014 event
 - in conjunction with Accounting and Business Research
 - held at SAID Business School, Oxford University, UK
 - focused on Conceptual Framework
- 2015 event
 - in conjunction with Accounting and Finance, AFAANZ
 - held in Hong Kong
 - broad range of topics
- 2016 event
 - in conjunction with Contemporary Accounting Research
 - held at Waterloo, Canada
 - broad range of topics
- 2017 event
 - in conjunction with European Accounting Review and Accounting in Europe
 - held in Brussels, Belgium
 - broad range of topics

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