



# Discussion: Mandatory IFRS and Corporate Governance in Peruvian Corporations

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

- Thank you for presenting your study about adoption of IFRS Standards in Peru. Your work has the potential to be interesting to the IASB because it may be informative about a developing country in an important region.
- Your study includes information about the following:
  - Timeline for adoption of IFRS Standards in Peru
  - Evolution of corporate governance requirements
  - Other academic studies set in Peru
  - Other studies of effect of IFRS Standards' adoption
  - View of participants in adoption (interviews and surveys)
  - Financial impact of adoption of IFRS Standards
  - Measures of earnings management and value relevance 2006-2016

- This is lot of material to try to cover in one paper. From my perspective, the interesting questions are:
- How did Peru prepare for adoption of IFRS Standards?
  - Development of corporate governance requirements
  - Activities of audit firms and regulators
  - Companies' transition programs
- What were experiences of preparers, auditors, regulators and investors following implementation of IFRS Standards?
- How was training and compliance with Standards promoted?
- In what ways is the process of adoption of IFRS Standards in Peru similar to adoption in other developing countries (in the region or in other regions) and in what ways is it different?

# Data analysis and opportunities (1)

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- You have some data which could go towards answering these questions.
- You have provided information about the timeline for adoption of IFRS Standards and the development of corporate governance requirements.
- You report on answers to two interview questions (from interviews with regulators, auditors, academics and lawyers). The second question ‘benefits of implementation of IFRS’ is the more interesting one. Several benefits are identified. Please expand on these and add to them if you can.

## Data analysis and opportunities (2)

- You have survey data (from 29 of 175 listed companies). Your discussion of this data is quite brief. Can you add any more depth or richness to this data, by writing detailed text (rather than high-level graphs) and providing additional material? Can you identify any interrelationships between the interview and survey data?
- You have cited some prior academic studies about governance and accounting in Peru. There is potential for you to give greater coverage of these studies and to explain how your findings add to them.
- Because you can build up a picture of IFRS adoption and corporate governance practices in Peru you will be able to compare and contrast this to the literature about other countries in the region and to other developing countries.

- The title of your paper shows you are keen to explore the relationship of corporate governance and IFRS. This is worth pursuing, because both are parts of the country's institutional framework. It is well recognised that successful implementation of IFRS Standards requires a strong institutional framework.
- Do you have data from your interviews or surveys that can show how IFRS Standards and governance developed together over the period of your study?
- For example, we know new internal control systems are set up when companies adopt IFRS Standards. Also we have heard of Disclosure Committees (a Board Committee) being set up.

# Concluding suggestions

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- My suggestions are more in line with creating a case study about Peru. They are less in line with the modelling (earnings management and value relevance analysis) because you note in the paper (p. 33) that the staggered adoption of IFRS Standards does not provide data suitable for the modelling you would otherwise like to do.
- For the reasons noted above, I suggest focusing the paper around IFRS in Peru, and then comparing to other countries in the region and other developing countries. This is a more feasible approach than trying to refer a wide range of studies from the very large IFRS literature.



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