

International Financial Reporting Standards

Non-GAAP earnings disclosures and IFRS

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Observation 1 - This is valuable research in the Australian context, where the Australian Securities and Investment Commission (ASIC) has for many years taken a strict view on the use of non-GAAP earnings adjustments.

Question 1 - To what extent have you tried to engage ASIC on this research and thus influence the debate in Australia?

Observation 2 - The research indicates that in many cases, non-GAAP earnings adjustments assist companies in communicating their “underlying” results to the market. According to the paper, there is no consistent evidence that management opportunistically adjust earnings in order to flatter their results.

Question 2 - In light of the above, what actions would you suggest that the IASB take in relation to non-GAAP earnings adjustments?

Observation 3 - The paper acknowledges that there are other studies which do suggest opportunistic selection of non-GAAP earnings adjustments.

Question 3 - Do you think that behaviours differ across jurisdictions and that therefore one needs to be cautious in extending the conclusions from this piece of research to the rest of the world?

