

Discussion of

“How Has IFRS Evolved Over Time?”

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Overall

- An important but underexplored question
 - How IFRS has evolved conceptually and operationally over time.
- A timely and policy-relevant study
 - Ongoing debates on IFRS-US GAAP convergence.
- Well-developed conceptual framework
 - Path dependence theory: past decisions about institutional development constrain future decisions by creating lock-in effects.

Outline

- Literature and contribution
- Conceptual framework
- Suggestions (from an empiricist's perspective)

Contribution

US GAAP

- Measurements and determinants of rules-based characteristics of US GAAP
 - Schipper (2003)
 - Donelson et al. (2016)

US GAAP-IFRS Convergence

- Measurements and time-trend of US GAAP and IFRS characteristics
 - Lin et al. (2025)

This study: principles-based characteristics of IFRS beyond just standards, including agenda decisions, amendments and post-implementation reviews (PIRs)

Conceptual Framework

How has IFRS evolved over time?

- Parth dependence theory and bounded rationality => principles-based standards
- Potential countervailing force => external convergence pressure could push IFRS away

Has IFRS become more rules-based?

- Does becoming **more rules-based** necessarily imply being **less principles-based**, and vice versa?
- Empirical measures:
 - Rules-based continuum(RBC) score
 - Principles-based continuum (PBC) score

Time Trend of IFRS RBC Scores

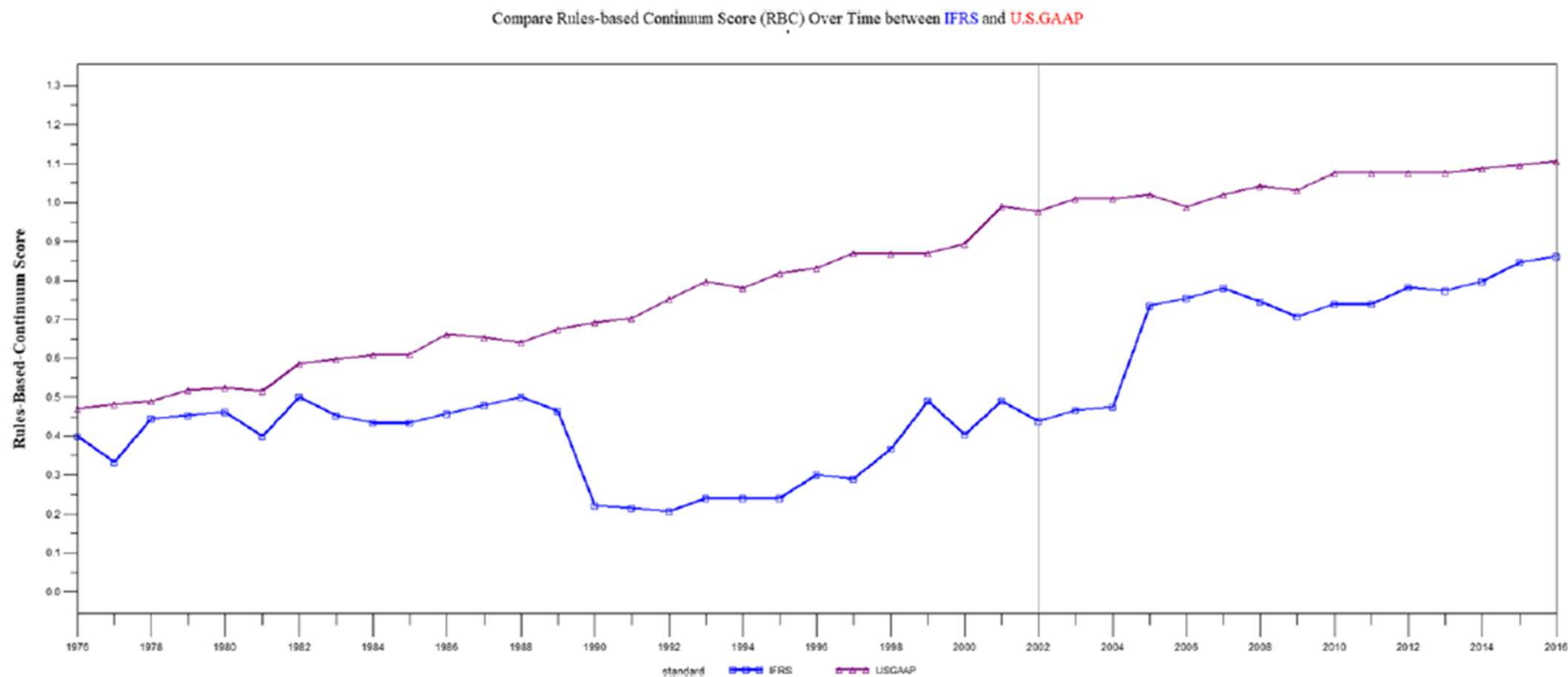


Fig.1 Mean US GAAP vs. IFRS RBC scores for the period of 1976–2016. This figure plots the mean RBC scores across all US GAAP and IFRS each year from 1976 to 2016

Figure 1, Lin et al. (2025)

Time Trend of IFRS PBC Scores

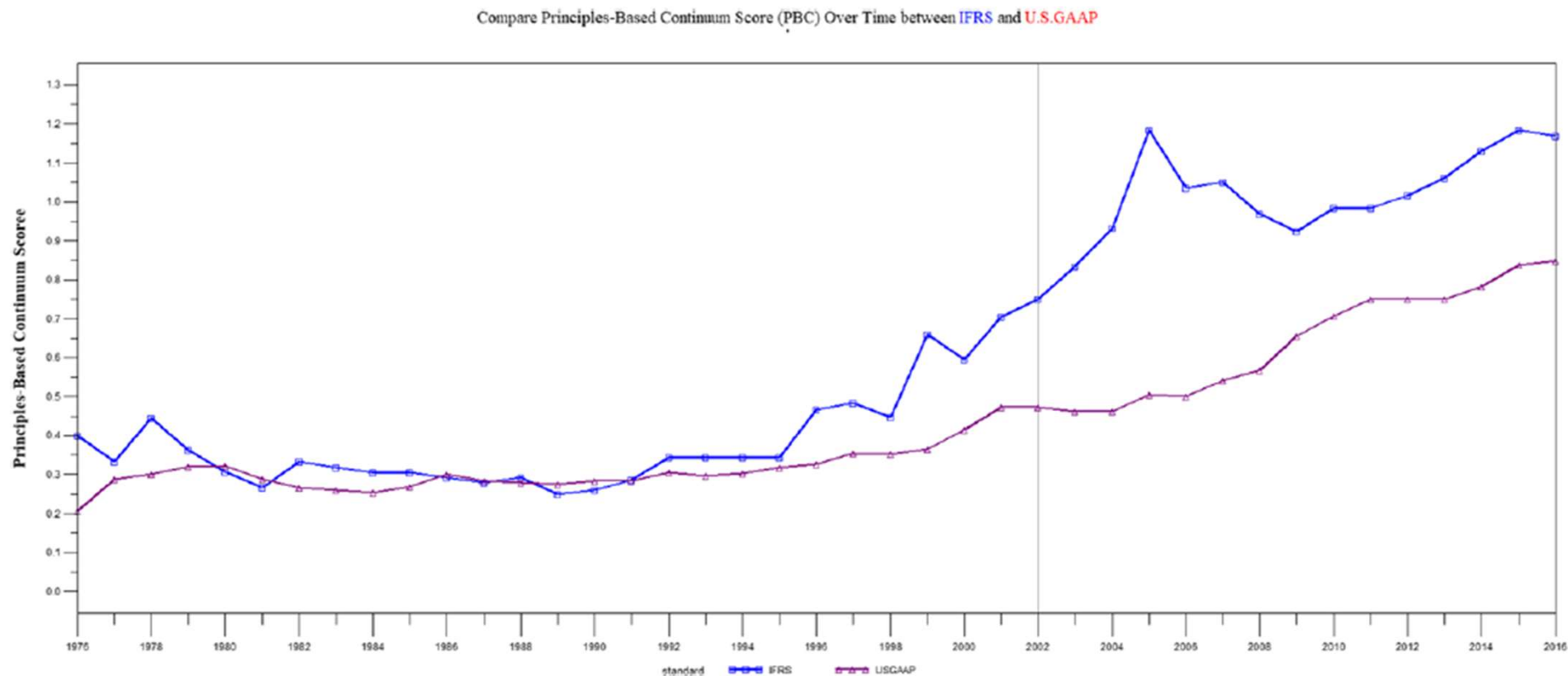


Figure 2, Lin et al. (2025)

From An Empiricist's Perspective

– So What?

- Ultimately, we want “good” accounting standards, being it rules-based or principles-based.
- But ... what is “good”?
 - Conceptual soundness
 - Decision usefulness: relevance, reliability
 - Comparability and consistency
 - Implementability and enforceability

Conceptual Framework for IFRS

“The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity.”

[Conceptual Framework for Financial Reporting](#) – issued by the IASB in September 2010, revised in March 2018.

Assessing economic or behavioral consequences raises the question: *Have IFRS standards become more decision-useful over time?*

Conclusion

- A careful, well-executed institutional analysis of how IFRS has evolved.
 - Not through dramatic shifts, but through a continuous negotiation between flexibility, comparability, and legitimacy
- A thoughtful and relevant piece that captures the subtle institutional dynamics behind the world's most influential accounting framework.