

STAFF PAPER

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Effects Analysis Consultative Group

Effects Analysis – What and by whom

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Background

1. This session will focus on identifying useful techniques for assessing effects. We already use case studies, surveys, interviews, statistical analysis and simulation studies, depending on the nature of the financial reporting issue. We need to be assured that we are using appropriate techniques that provide readers with helpful information that are also cost effective to apply. This part of the day includes an assessment of who is best placed to perform the work.
2. Ideally, an effect analysis prepared by the IASB should be used by jurisdictions in their own endorsement processes (ie the analyses meet a substantial portion of the needs of jurisdictions). The IASB should not perform work that for a jurisdiction that is beyond the remit of the IASB. Similarly, a jurisdiction should have sufficient confidence in our work that they do not feel compelled to duplicate it.

Fieldwork and analysis

3. Our assessment is that the type of analysis or fieldwork appropriate to a particular Standard is likely to vary, depending on the nature of that Standard. The sample

effect analyses included with Agenda Paper 3 give some examples of the type of work we have performed.

4. I will outline the work we are undertaking on *Impairment, Classification and Measurement* and other Standards. Group members should also bring examples of the type of work they are undertaking in equivalent areas.
5. Among the types of work we sometimes perform is *fieldwork*. The IASB's Due Process Handbook states:

Fieldwork

- 3.67 The IASB and the technical staff sometimes use fieldwork to gain a better understanding of how a proposal is likely to affect those who use and apply IFRS.
- 3.68 Fieldwork can be undertaken in different ways, including one-to-one visits or interviews with preparers, auditors, regulators or investors who are likely to be affected by the proposals. It can also include workshops where several such parties are brought together or experiments to assess how the proposals might be interpreted or applied.
- 3.69 Fieldwork may include:
 - (a) having participants assess how the proposals would apply to actual transactions or contracts;
 - (b) having preparers or users complete case studies;
 - (c) undertaking experiments to assess how users process information; or
 - (d) assessing how systems are likely to be affected.

Fieldwork may also include gathering examples from practice to help the IASB gain a better understanding of industry practices and how proposed Standards could affect them. It is likely that some fieldwork will be undertaken on all standards-level projects to develop or amend Standards, other than minor or narrow-scope amendments. The IASB and the technical staff will need to assess which, if any, activities are appropriate and proportionate for a particular project, taking into consideration the costs of the activity and what the IASB is likely to learn from the fieldwork.

- 3.70 Undertaking fieldwork is not mandatory, but if the IASB decides not to do so, it must explain why to the DPOC and on the project page on the IFRS Foundation website.
- 3.71 Feedback from any fieldwork, public hearings or other outreach is summarised in a technical Staff Paper and assessed by the IASB along with the comment letters.

By whom

6. It is the IASB's responsibility to collect the information and evidence it needs for its effects analysis. However, many other members of the IFRS community are well placed to undertake some of the work for us and to identify features that might be unique to a particular jurisdiction.
7. In some cases legislation related to the endorsement of IFRSs makes a particular body responsible for making some assessments. Our experience has been that

there are cases where bodies duplicate the work being performed by the IASB, in their jurisdiction. This can be frustrating for the entities participating in the analysis because they are providing the same, or similar, information twice. Ideally, the local jurisdictions should be able to use the analysis undertaken by the IASB in their local assessments. And conversely, the IASB may find it helpful to have some analysis undertaken by other bodies.

8. This session will include an assessment of ways that local jurisdictions could, or should, participate in the work that supports an effects analysis.

Session goals

9. The objective of this session is help the IASB identify a range of analytical techniques, including fieldwork, that it can use in its effects analyses, and when particular analysis is more appropriate.
10. The IASB strives to consult broadly, to ensure that it develops Standards that can be applied globally. The IASB works with other members of the broader IFRS community in its outreach work. The IASB also works in a transparent and open manner. We need to be assured that we can use the work of others in our assessments. In a similar manner, jurisdictions using our work need to have confidence that our analysis is neutral. One of the objectives of this session is to help the IASB establish how to meet these needs.