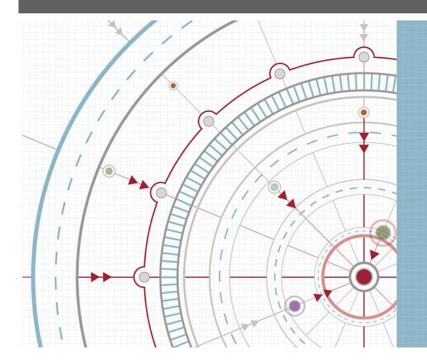
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Agenda Paper 6



IASB engagement with academics

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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.



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Objective of this session

- Background information
 - benefits of using academic research
 - obstacles in doing so
- Draft strategy and activities
- Resources
- Breakout groups
 - help us develop further our academic liaison strategy
 - have we identified the right objectives and activities to achieve them?
- Feedback session



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Background information



Context

- Due Process Handbook
 - research programme before standard-setting activity
 - analyse possible financial reporting problems by collecting evidence
 - IASB and the technical staff are not expected to undertake all of the activities on its research programme
 - important to the IASB that others such as academics participate in these activities
- Feedback on Agenda Consultation 2015
 - Support for increased focus on gathering evidence
 - IASB commitment to evidence-based approach to standard-setting



We need evidence

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



Sources of evidence

- IASB initiated work
 - Fieldwork
 - Reviews of financial statements
 - Modelling results of proposals
- Independent research
 - Extant literature
 - Commissioning new research
 - Fostering new research



- Better decision-making based on evidence
- Better ability to defend decisions supported by evidence
- Access a broader range of (different) perspectives
- Academics are trained collectors and analysers of evidence
- Academics are funded to do research
- Academics are increasingly being required to show the impact of their research



Problem areas in using academic research

- Timeliness
- Vast literature
 - only tangentially relevant
 - or very narrow, marginal contribution
 - need synthesis / literature review
- Not easily accessible to standard setters
 - Hard to identify relevant research
 - Difficult for us to understand
- Need to understand limitations of research methodologies

 Overclaiming results
 Overclaiming results
- Needs interpretation to be useful



Pitfalls we need to avoid

- Failing to make use of relevant evidence
- Misinterpreting evidence
- Selectivity bias
 - We might access only papers that support our view
 - We might access only papers we can understand
 - non-English papers

Successful examples

- Literature reviews for PIRs
 - IFRS 3 Business Combinations
 - IFRS 8 Operating Segments
 - IFRS 13 Fair Value Measurement
- Tarca 2012: The Case for Global Accounting Standards: Arguments and Evidence



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Draft strategy for academic liaison: objectives and activities



IFRS as high quality

standards

IFRS Foundation strategic goal Draft academic liaison objectives

A Improve Board and staff awareness and understanding of academic research relevant to the Board's standard-setting activities.

B Encourage academics to engage in research that is relevant to the Board's standard-setting activities, and to communicate that research evidence to us.

Draft objectives

IFRS Foundation strategic goals

Support IFRS implementation (C*)

Global adoption of IFRS (C+D+E)

Organisational excellence and best practice (D+E) **Draft academic liaison objectives**

C Support academics teaching IFRS Standards (education objective)*

D Engage with academics so they are supportive of IFRS Standards

E Communicate the Board's academic liaison activities

*The focus of today's session is liaison with academics other than support for teaching. Our education strategy includes academic support but that is not part of our discussion today.

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Academic liaison activities to date

- IASB annual research forum
 - Run jointly with high-quality academic journal
 - Mixed audience of academics and non-academics
 - Papers/case studies on topics of interest to IASB
- Research centre website
- IAAER-KPMG research programme
 - Research relevant to IASB discussed with Board members
- Academic organisation roles (eg EAA, IAAER)
 - Board/staff attendance at committees/advisory groups
- Activities/attendance at academic conferences (eg EAA, AAA)
 Board/staff participation in workshops/panel sessions
- Calls for academic literature reviews/specific research (examples on slide 10)
 IFRS

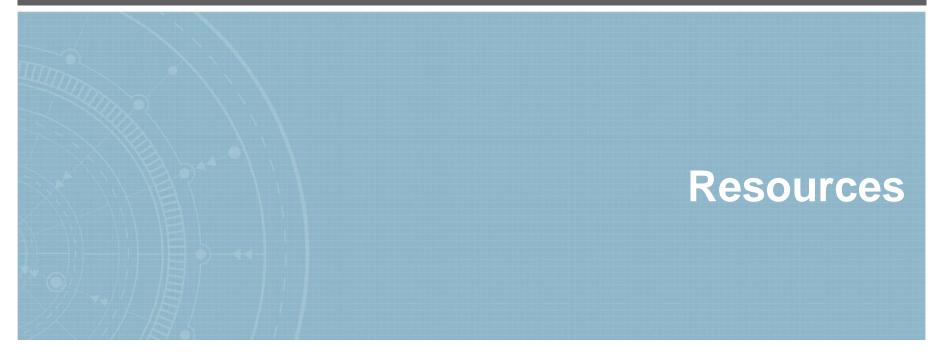
Academic liaison potential future activities

- Research centre newsletter
- Academic advisory group
 - Some national standard-setters have such groups
- Visiting academic fellow (post-doctoral position)

 Or PhD placement
- More frequent calls for academic literature reviews/specific research
 - Some national standard-setters do this for many of their projects



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- Trade-off between resources devoted to academic liaison and resources devoted to engaging with other stakeholder groups, eg investors, preparers, regulators and auditors
- Current resources
 - Board members with academic background/strong interest in academic research, but with multiple demands on their time
 - staff members with academic background/strong interest in academic research, but relatively little academic research expertise
- Potential additional future resources?
 - academic fellow (post-doctoral position)
 - technical staff with academic expertise
- Extent of benefit from academic liaison depends on:
 - effective strategy and
 - allocated resources



- For each of the IFRS Foundation strategic goals, and given the resource trade-off with engagement with other stakeholders:
 - have we identified the right academic liaison objectives (slides 12 and 13)?
 - how important are the academic liaison objectives in achieving the goal (slides 12 and 13)?
 - which specific academic liaison activities are the most useful for achieving the objectives and goal (slides 14 and 15)?
 - are there other activities you think would be useful in achieving the goal and objectives?
- What type of resources should be used (slide 17)?
 We will provide handouts to help structure the answers.



Contact us

