

OXFORD UNIVERSITY NEWS RELEASE: Global survey into IASB and IFRS

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Global survey shows scepticism about perceived moves by IASB to full fair value accounting

A survey of Chief Financial Officers in the US and Europe suggests widespread opposition to perceived moves by the London-based International Accounting Standards Board (IASB) to full fair value accounting. The survey, conducted by experts at the University of Oxford and Duke University in the US, shows support for the development of a single set of global accounting rules but many doubt that such a set can be achieved and raise concern about several aspects of IASB-standard setting.

The report ***Assessing the IASB*** is a summary of key findings from the first large-scale scientific global survey about the shift from domestic accounting rules to International Financial Reporting Standards (IFRS) developed by the IASB. 749 Chief Financial Officers (CFOs) or other senior managers of companies listed on the primary stock exchanges of the US (New York Stock Exchange), the UK (London Stock Exchange), Germany (Frankfurt), and France (Paris-Euronext) participated in the survey.

The IASB has emerged as the key global regulator for financial reporting. A clear majority of survey respondents deems its standards (IFRS) of high quality and is in favour of more global accounting rules. However, the survey also reveals perceived weaknesses in the IASB operation and its processes. Strikingly, opinion between the US and European respondents often diverges. For example, whilst most US participants express high levels of satisfaction with IASB's transparency, inclusiveness, and accountability, only half or less of European respondents express similar levels of satisfaction. Also notable is that almost identical 60 per cent majorities of US and European respondents hold the view that the costs of switching to IFRS outweigh the benefits, and that the IASB should not move to full fair value accounting even though they see it as moving in this direction (only 12 per cent of US respondents and 19 per cent of European respondents agree that IASB should move to full fair value accounting).

Assessing the IASB summarises several other key findings, including:

- 40 per cent of survey respondents question whether truly international rules can be achieved, given the different legal environments and business cultures operating across different countries.
- American firms are more positive than their European counterparts about the effectiveness of comment submissions during the IASB standard-setting process. 91 per cent of US respondents say writing comment letters is effective; only 51 per cent of Europeans agree.
- Listed companies that fail to submit comment letters to the IASB on draft standards often explain their inaction by saying they do not believe their comments would affect IASB standards.

Co-author of the report Professor Walter Mattli, Professor of International Political Economy at the University of Oxford, said: “The potential implications for standard setting through International Financial Reporting Rules are momentous. These accounting or ‘financial reporting’ standards specify how assets, liabilities, and particular types of transactions and events should be reflected in corporate financial statements to create accurate and easily comparable measures of different firms’ value and financial position. At first sight it may seem surprising that such rules are written by an international, private rather than inter-governmental organisation. Good reasons exist for private-sector rule-making. However, it is essential that we learn more about the operations of global private-sector regulators such as the IASB.’

‘The lack of reliable information in this area is problematic for two reasons: First, global private regulation is a striking new phenomenon of considerable social and economic consequence—it matters to understand it; second, good and comprehensive data is a *sine qua non* not only for assessing but also improving the performance and processes of global private regulators’

‘The swift rise of private standard-setters to global prominence raises key questions that we seek to address, including: Who exactly gets to write the rules in these organisations and what factors favour successful involvement in the standard-setting process within the IASB?’

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Notes for Editors:

* [For the executive summary](#) of the report **Assessing the IASB** by Walter Mattli and Tim Büthe,

* [For the full report](#)

* [Profile of Professor Walter Mattli, Professor of International Political Economy](#)

* [Profile of Assistant Professor Tim Büthe](#)

*Background:

For many years, accounting rules were set at the national level. Over the last three years, this has fundamentally changed: Today about 85 countries, whose stock exchanges represent approximately a third of global market capitalization, require the use of IFRS for financial reporting for publicly listed companies. The trend toward IFRS started with a 2002 EU regulation mandating that all listed companies prepare consolidated accounts in accordance with IFRS as of January 2005. A growing number of not for profit and public entities (including the UK government) are using IFRS.

A major recent development is the adoption in August 2008 by the US financial market regulator (the Securities and Exchange Commission, SEC) of a proposal allowing some one hundred US corporations in 34 industries to switch from US Generally Accepted Accounting Principles (GAAP)—long viewed by many as the gold standard in accounting—to IFRS, starting in 2009. The SEC's 'Roadmap to IFRS Adoption' also sets out criteria, for a final decision in 2011, whether to make the switch mandatory for all companies whose shares are listed and publicly traded on a US stock exchange.

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