

2019 IASB JIAR Research Forum



Standard Precision and Aggressive Financial Reporting: The Influence of Incentive Horizon

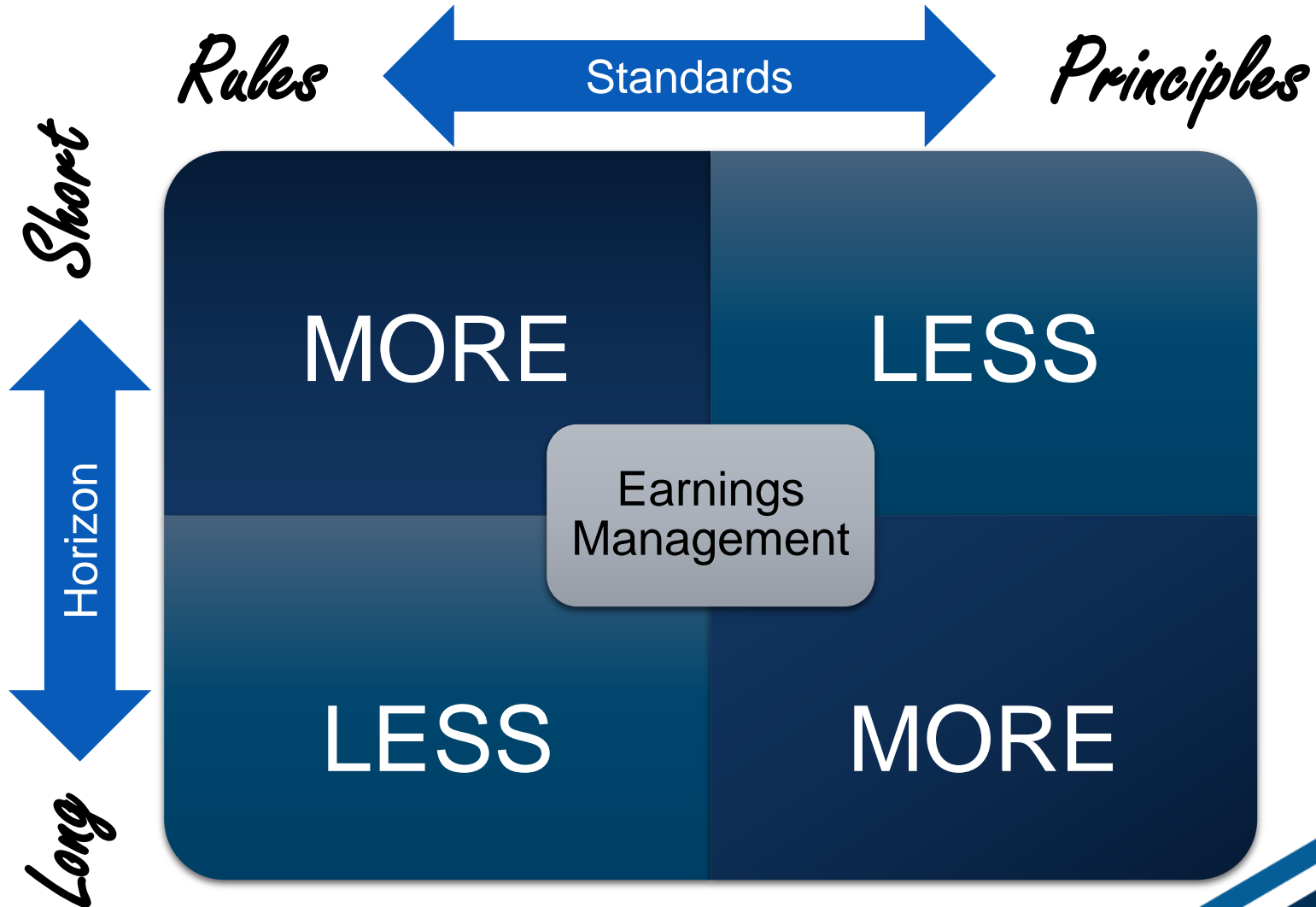
A Standard Setter's Perspective

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The views expressed in this presentation are those of the presenter.
Official positions of the FASB are reached only after extensive due process and deliberations

Key Takeaway



‘ ...the precise criteria of rules-based standards are intended to remove judgment from the classification process and improve comparability between firms ’

Comparability v. Uniformity



“For information to be comparable, like things must look alike and different things must look different.”

“Comparability is not uniformity. ... Comparability of financial information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.”



IASB CF, Chapter 2, ¶2.27

FASB, CON8, Chapter 3, ¶QC23

Rules v Principles

	Rules	Principles
Preparation cost	↓	↑
Audit cost	↓	↑
Regulatory enforcement cost	↓	↑
Legal exposure	↓	↑
Uniformity	↑	↓
Comparability	↓	↑

Bottom Line... You get what you pay for

To Rule or Not to Rule

That is the question...





Across Standard Setting Regimes

	IASB Standards Environment	US GAAP Environment
Audit cost	↓	↑
Regulatory enforcement cost	↓	↑
Legal exposure	↓	↑
Diverse economics	↑	↓

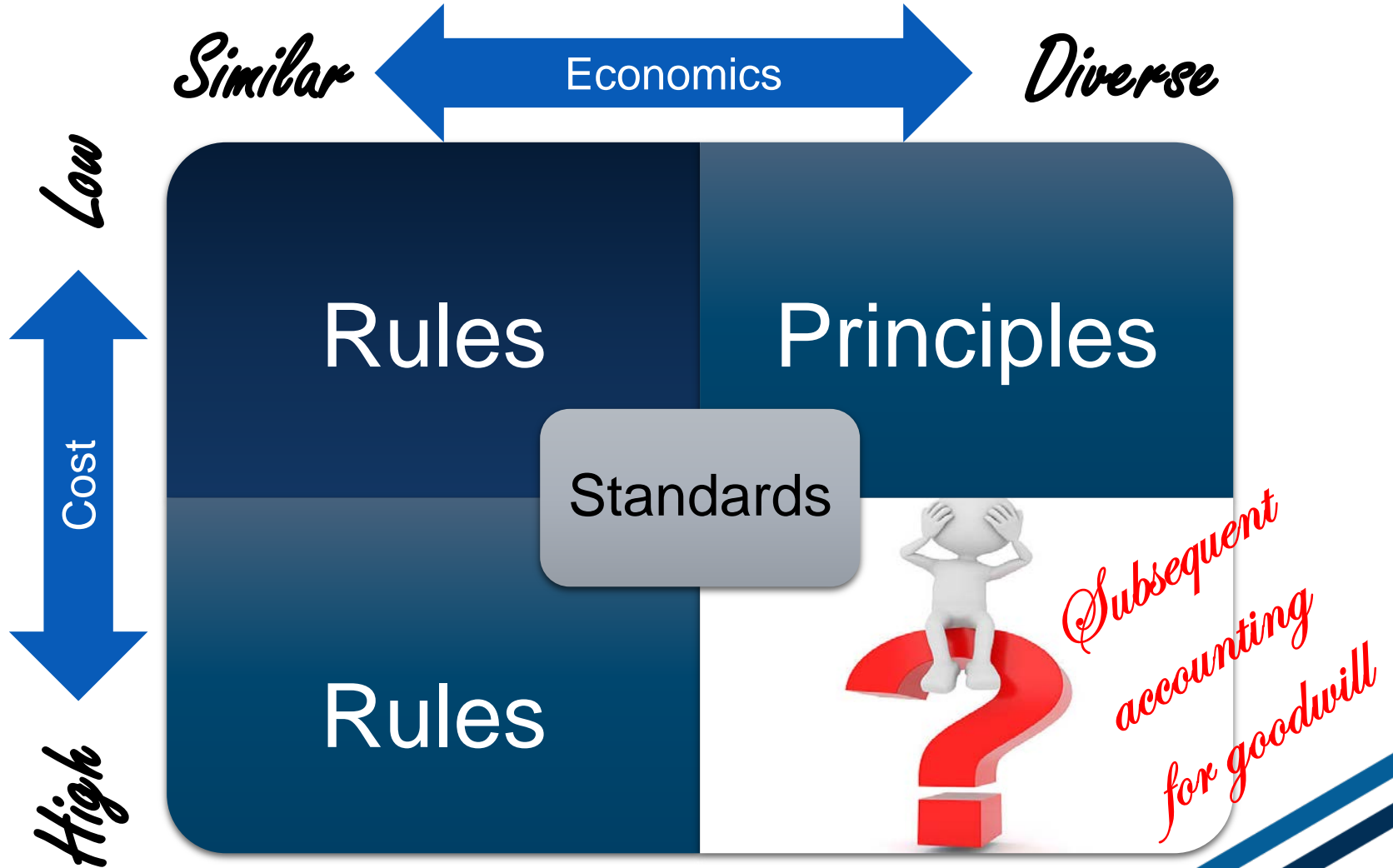


More Principles-based



More Rules-based

Within Standard Setting Regimes



Academic Landing Page

QUICKLINKS

- › **ACADEMICS**
- › **ADVISORY GROUPS**
- › **EMERGING ISSUES TASK FORCE (EITF)**
- › **IMPLEMENTING NEW STANDARDS**
- › **INVESTORS**
- › **NOT-FOR-PROFITS**
- › **PRIVATE COMPANY COUNCIL (PCC)**
- › **REDUCING UNNECESSARY COMPLEXITY**
- › **TAXONOMY (XBRL)**

<https://www.fasb.org>

WHY DOES THE FASB WANT TO HEAR FROM ACADEMICS?



The FASB's mission is to establish and improve financial accounting and reporting standards to provide useful information to investors and other users of financial reports. The FASB accomplishes this mission through a comprehensive and independent process that encourages broad participation. The FASB seeks to be objective in its decision making and actively undertakes research and solicits stakeholder input to inform its decisions.

Research undertaken directly by the FASB tends to focus on gathering specific input on proposals through due process activities. What is learned through these activities is invaluable to the standard-setting process.

By comparison, academic research examines how the accounting profession and financial reporting affect business and markets, and how business and markets affect the accounting profession and financial reporting at a more macro-level.

Academic research is incremental and complementary to that undertaken by the FASB. With its high-level view and rigor, academic research provides unique insights, which can enhance the FASB's understanding of an issue and aid in the development of possible solutions. Consequently, the FASB needs and wants to hear from academics.

- HOW DOES THE FASB CONSIDER ACADEMIC PERSPECTIVES OR RESEARCH? +
- WHY IS THE CONCEPTUAL FRAMEWORK IMPORTANT? +
- HOW CAN I FIND OUT WHAT PROJECTS THE FASB IS WORKING ON? +
- HOW CAN ACADEMICS PARTICIPATE OR SUBMIT A PAPER? +
- WHAT EDUCATIONAL RESOURCES ARE AVAILABLE FROM THE FASB? +
- WHAT IS THE FASB POST-DOCTORAL PROGRAM? +

<https://www.fasb.org/academics>

FASB Post-Doctoral Fellow

- **Responsibilities**
 - Engage in project-specific research activities
 - Integrate identified research results into project analyses
 - Broadly educate Board and staff on nature and use of research
 - Liaise with the academic community

- **New PhD in Accounting (2 years or less), CPA desired but not required**

- **Highly selective – one per year**
 - 26 applicants in 2019

- **2020 Post-Doctoral Fellowship**
 - Christine and Mike will be in Miami meeting with interested candidates
 - Application deadline – December 11, 2019



Michael Durney
FASB Post-Doctoral Fellow



Thank You

Contact us: FASB

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date



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FASB



FASBstandards



fasb.org/signup
(FASB Outlook, ActionAlert)



FASB – Financial Accounting
Standards Board

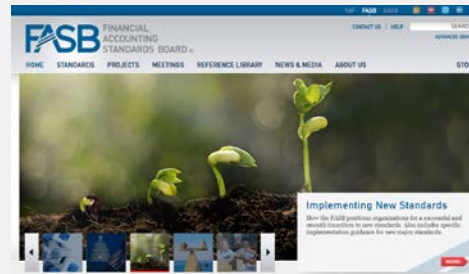
Technical
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accounting



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