

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Introduction

**This survey explores the implementation of IFRS, with a focus on IFRS 15 - Revenue for contracts with customers, that imposes new recognition and disclosure requirements “on disaggregation of revenue, contract balances, performance obligations and assets recognized to obtain or fulfil a contract, as well significant judgments.”**

\* 1. To ensure the questionnaire is appropriate to your background, please indicate, from the below list, what better approximates your position (*only one*) during the time of IFRS 15 (Revenue) adoption:

- |   |  |
|---|--|
| <input type="checkbox"/> Chief Executive Officer (CEO)                        | <input type="checkbox"/> Lender                        |
| <input type="checkbox"/> Chief Financial Officer (CFO)                        | <input type="checkbox"/> Credit analyst                |
| <input type="checkbox"/> Chief Accountant                                     | <input type="checkbox"/> Supplier/trade creditor       |
| <input type="checkbox"/> Other Member of Top Management Team (not accounting) | <input type="checkbox"/> Government                    |
| <input type="checkbox"/> Manager/Responsible of the IT system                 | <input type="checkbox"/> Regulator/Supervisor          |
| <input type="checkbox"/> Head (or Sub-Head) of Accounting Policies            | <input type="checkbox"/> Lobbying firm                 |
| <input type="checkbox"/> Other Middle Manager (not accounting)                | <input type="checkbox"/> Employee/Union representative |
| <input type="checkbox"/> Controller / Management Accountant                   | <input type="checkbox"/> Customer                      |
| <input type="checkbox"/> Internal Auditor                                     | <input type="checkbox"/> General public                |
| <input type="checkbox"/> Other Preparer of External Financial Reporting       | <input type="checkbox"/> External Auditor              |
| <input type="checkbox"/> Other Preparer of Internal/Management Accounting     | <input type="checkbox"/> Consultant                    |
| <input type="checkbox"/> Professional investor (fund manager)                 | <input type="checkbox"/> Academic                      |
| <input type="checkbox"/> Professional investor (equity analyst)               | <input type="checkbox"/> Other user                    |
| <input type="checkbox"/> Professional investor (other)                        |  |

The survey is conducted by researchers from Universidad Carlos III de Madrid, Universidad Autónoma de Madrid, and Universidad de Valencia with the support of the European Financial Reporting Advisory Group (EFRAG).

Please note that you are free not to participate in the research questionnaire and free to opt out at any stage.

**We recommend answering the survey preferably on a laptop or a desktop.**

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 0. Introduction

The implementation of IFRS, such as [IFRS 15](#) or [IFRS 16](#), imposes new recognition and disclosure requirements. To obtain the data necessary to meet them, companies may need to change their Management Control System (MCS) packages and to build new Information and Technology (IT) systems capable of capturing, tracking, and aggregating information. IFRS implementation may also affect areas and people other than the accounting/consolidation department.

IT systems are solutions to support business processes, mainly ERP systems, such as SAP, Oracle, Microsoft Dynamics, or SAGE solutions.

Management Control Systems (MCS) are systems, rules, practices, values and other activities management put in place to facilitate decision making and also to direct employee behavior. These systems comprise, as an example, balanced scorecards, performance measurement systems, budgeting and forecasting, accounting information systems, or ABC systems.

Your feedback will help us to measure preparers' views on net impacts of IFRS implementation on firm MCS.

The questionnaire has five sections (maximum) plus a last section on company and respondent profiles. It largely consists of statements to which you will be asked to indicate the extent to which you "Agree" or "Disagree." Please be as accurate as possible, there is no right or wrong answer and all responses are confidential. Results will be displayed in aggregated form and individual responses will not be identified.

Data will be used for research purposes only, stored securely and electronically. Data will only be shared with researchers directly involved on the project. Anonymized data may be published in peer-reviewed academic journals.

*The research team are academics and are independent from standard setters and institutions.*

*It should take about 20 minutes to complete the questionnaire*

*We thank you for your cooperation.*

*You are free not to participate in the research questionnaire and free to opt out at any stage.*

*If you have questions, please do not hesitate to contact the research team*

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\* 4. Thinking of the adoption of IFRS 15 (Revenue), what would you say are the **main one-off impacts** of this implementation process in your IT systems?

	1. Totally disagree	2	3. Indifferent	4	5. Totally agree
Impact on performance indicators (e.g., business KPIs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Changes in the IT systems to provide detail information in the notes to the financial statements (disclosure requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preparation of IT to adopt the components/performance obligations approach	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preparation of IT to adopt contract price estimations requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preparation of the IT to adopt price allocation to performance obligations and recognition requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Changes in the IT system to change and/or include accounts codes for new assets/liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training your IT staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training your commercial staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Purchases and updates of IT licenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preparation of the IT to provide projections of the cash flows related with performance obligations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Design of new alerts/approvals for new contracts that involve the accounting department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auditing fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consulting fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 5. Thinking of the adoption of IFRS 15 (Revenue), what would you say are the **main ongoing impacts** of this implementation process in your IT systems?

	1. Totally disagree	2	3. Indifferent	4	5. Totally agree
Impact on performance indicators (e.g., business KPIs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training your staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Updates of IT licenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auditing fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consulting fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other ongoing impacts (please specify)

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 1 (1 of 5). Implementation of IFRS 15: general aspects

\* 6. When did you start the implementation of the IFRS 15 (Revenue)? Please give an approximation

\* 7. How long did the implementation process last? Please give an approximate number in months

- not implemented
- 0-12 months
- 13-36 months
- more than 36 months

\* 8. To what extent were your existing (pre-IFRS 15) IT systems able to cope with the information demands of IFRS 15 (Revenue)?

1. Low ability

4. Moderate

7. High ability

\* 9. Did you introduce any changes to your IT systems (i.e., Excel sheet, SAP, Oracle, Tagetik) because of IFRS 15 (Revenue)?

- Yes, we introduce a new IT
- Yes, we updated our existing IT
- No, our IT systems were already enough to manage the implementation
- No, the size of our company allows us to do it manually
- Other (Which?)

\* 10. If you changed or updated your IT because of IFRS 15 (Revenue), what package did you choose? *Tick one option.*

- EXCEL
- SIGMA CONSO
- VISUAL BASIC
- LUCANET
- TAGETIK (Wolters Kluger)
- SAP
- MICROSOFT DYNAMICS
- ORACLE
- We did not change it
- OTHER (WHICH?)

11. In dealing with the changes to IT systems from IFRS 15 (Revenue) implementation, how **receptive** were the following groups? (If any of these groups was only informed, but not involved in the implementation, you may leave it blank)

	1. Not receptive	2	3. Moderately receptive	4	5. Extremely receptive
General management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial/accounting department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Controlling department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
IT department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing & Selling department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal auditing department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Board of directors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auditing committee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees in general	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Elementary tasks employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Suppliers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 12. IFRS 15 (Revenue) includes new requirements on various aspects of revenue recognition. To what extent these specific aspects represented significant impact on your IT systems?

	No impact	Low impact	4	High impact
How to account for multiple-element arrangements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When recognize revenue over time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How to account for variable consideration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How to account for contract costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What disclosures to provide	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 1 (1 of 5). Implementation of IFRS 15: general aspects

You mentioned that it took your firm **more than 36 months** to **implement IFRS 15**. In the next questions, please keep in mind the process that you undertook during those months, and the information that your system is now producing and that may be different from the information before you made the changes.

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 1 (1 of 5). Implementation of IFRS 15: general aspects

You mentioned that it took your firm **about 13 to 36 months** to **implement IFRS 15**. In the next questions, please keep in mind the process that you undertook during those months, and the information that your system is now producing and that may be different from the information before you made the changes.



## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 1 (1 of 5). Implementation of IFRS 15: general aspects

You mentioned that it took your firm **around 12 months** to **implement IFRS 15**. In the next questions, please keep in mind the process that you undertook during those months, and the information that your system is now producing and that may be different from the information before you made the changes.

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 1 (1 of 5). Implementation of IFRS 15: general aspects

\* 13. On aggregate, in your organization, to what extent has the implementation of IFRS 15 (Revenue) represented a significant impact to your IT systems?

No impact

Low impact

4

High impact



## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 1 (1 of 5). Implementation of IFRS 15: general aspects

*The implementation of IFRS 15 (Revenue) may have required building new IT systems connected to several databases (performance obligations database, stand-alone selling prices database, tool for determining transaction prices, etc.), to what extent have the following management control systems changed as a result of the implementation process?*

\* 14. Planning systems (e.g. what-if scenarios, permanent monitoring, data updating, estimations and recalculations) have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Budgeting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operations planning (production) (e.g., bring order to contracts)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capital budgeting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strategic planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 15. Costing systems (e.g., revenue recognition has potential allocation costs implications) have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Better allocation of manufacturing overhead (e.g., cost reallocation of a maintenance performance obligations)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better allocation of marketing costs (e.g., reallocation of marketing costs –to another department/division– linked to product or service warranties)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better allocation of other overhead	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 16. Compensation systems (e.g. accounting numbers are used in remuneration contracts, that have cash flow implications) have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Reward systems—bonuses (e.g., for salesforce people at the end of the year)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reward systems—pay-for-performance plan (e.g., for salesforce people throughout the year)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 17. Decision making systems (e.g. quantity and quality of information derived from the IFRS 15 implementation process) have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Information (i.e., price) updated more frequently (e.g., frequent updates of variable components of prices)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Use of more non-financial measures (e.g., customer satisfaction with a performance obligation to better estimate sales returns)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information reported more broadly (e.g., future oriented projections and milestones, what-if/cause-and effect links)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More disaggregated data (e.g., costs incurred in a commercial offer, detailed data on prices/cost by component)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More integrated (among departments) information (e.g., available data of commercial offers across geographical divisions or organic departments (sales, accounting, IT...))	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More accurate set of metrics (e.g., remove certain KPIs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 18. Administrative controls have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Organizational design and structure (e.g., new functional position of the accounting or controlling departments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governance structures (e.g., new committees or meeting schedules to co-ordinate functional areas)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Procedures and policies (e.g., approve of new commercial offers or discounts)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>





## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 2 (2 of 5). Consequences on Decision-Making

\* 23. Because of IFRS 15 (Revenue) implementation, commercial implications of a transaction may be more explicitly reflected in accounting numbers.

To what extent changes in management control systems from IFRS 15 (Revenue) implementation process alter decision-making in the following items?

	1. Low	2	3. Moderate	4	5. High
Product pricing decisions (e.g., reconfigure or simplify commercial offers, contracting and pricing discipline across divisions)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product mix and lines decisions (e.g., mix decisions under capacity constraints, discontinuation decisions, contract components, new contracts)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make-or-buy decisions (e.g., outsource some activity)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions about resource allocation between different activities (e.g., derived from differentiating performance obligations)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions concerning adaptations of the product/service to meet the requirements of the standards (e.g., change or eliminate some performance obligations, selling incentives, adapt customer contract clauses)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions about staffing (e.g., hiring staff)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions about homogenization of procedures in the information systems (e.g., be confident to have appropriate clauses in future contracts or limit add-ons to contracts)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions about centralization of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Integration of information of accounting/financial and the sales/commercial departments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 3 (3 of 5). Consequences of changes in Management Control Systems

\* 24. To what extent previous changes in management control systems from IFRS 15 (Revenue) implementation process have financial consequences?

	1. Low	2	3. Moderate	4	5. High
Annual earnings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Return on assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost reduction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cash flow	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 25. To what extent previous changes in management control systems from IFRS 15 (Revenue) implementation process have customer consequences (e.g., derived from the implementation process, you find that the product mix of your company has changed –like more explicit or simple performance obligations)?

	1. Low	2	3. Moderate	4	5. High
Market share	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer retention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 26. To what extent previous changes in management control systems from IFRS 15 (Revenue) implementation process have supply chain consequences?

	1. Low	2	3. Moderate	4	5. High
On-time delivery management of good and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 27. To what extent previous changes in management control systems from IFRS 15 (Revenue) implementation process have product and service quality consequences?

	1. Low	2	3. Moderate	4	5. High
Higher monitoring of defect rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Compliance or certification (e.g., higher likelihood of obtaining ISO certifications)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 28. To what extent previous changes in management control systems from IFRS 15 (Revenue) implementation process have Alliances with other organizations (e.g., with the intention to capitalization of assets to obtain or fulfil the contracts versus expending the costs) consequences?

	1. Low	2	3. Moderate	4	5. High
Joint marketing or product design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Joint ventures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



\* 29. To what extent previous changes in management control systems have Product and service innovation consequences?

	1. Low	2	3. Moderate	4	5. High
New product or service development success	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Development cycle time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

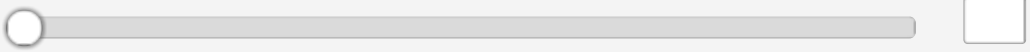
\* 30. To what extent previous changes in management control systems from IFRS 15 (Revenue) implementation process have control of organizational behaviours consequences?

	1. Low	2	3. Moderate	4	5. High
Lower likelihood of booking revenues now rather than next period to get sales targets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lower likelihood of providing incentives for customers to buy more product this period (even using lower customer credit terms) to get sales targets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lower likelihood that the company might postpone taking an accounting charge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better control of subsidiaries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



\* 34. To what extent do you agree with this statement: After the adoption of IFRS 15 I am making less use of alternative performance measures/non-GAAP measures related to revenue

1. I disagree                      3. I neither agree nor disagree                      5. I agree



35. Please, if you consider that IFRS 15 is lacking guidance on a topic indicate:

36. Any additional comments on impact of IFRS 15 on external financial reporting

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 5 (5 of 5). Impact of IFRS 16 (Leases)

**Given the *concurrent* implementation of IFRS 16 – Leases, we now drive your attention to this standard.**

**Thinking of the implementation of IFRS 16 (Leases).**

\* 37. To what extent has the implementation of IFRS 16 (Leases) in your organization represented a significant impact to your management control systems?

No impact	Low		Moderate	High
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 38. Comparing IFRS 15 (Revenue) with IFRS 16 (Leases), which one has had a larger impact on your management control systems?

1. IFRS 15 Greater impact	4. Equal impact	7. IFRS 16 Greater impact	<input type="checkbox"/>
<input type="radio"/> <span style="display: inline-block; width: 50%; border-bottom: 2px solid #ccc; margin: 0 5px;"></span> <input type="checkbox"/>			<input type="checkbox"/>

\* 39. What would you say are the main impacts of the implementation process of IFRS 16 (Leases)?

	1. Totally disagree	2	3. Indifferent	4.	5. Totally agree
Impact on ratio values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Identification of assets and liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Identified changes in the classification of assets and liabilities (e.g., from PPE to intangibles)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Identified differences in the measurement of assets and liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 40. To what extent changes in management control systems from the implementation process of IFRS 16 (Leases) allow better decision-making in the following dimensions?

	1. Low	2	3. Moderate	4	5. High
Decisions about leasing contract prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decision about new leasing contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Less human errors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 2. Implementation of IFRS 16 (Leases): general aspects

Given the **concurrent** implementation of **IFRS 16 – Leases**, we now drive your attention to this standard.

#### Thinking of the **implementation of IFRS 16 (Leases)**.

\* 41. To what extent has the implementation of IFRS 16 (Leases) in your organization represented a significant impact to your management control systems?

No impact	Low			Moderate			High
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 42. Comparing IFRS 15 (Revenue) with IFRS 16 (Leases), which one has had a larger impact on your management control systems?

1. IFRS 15 Greater impact	4. Equal impact	7. IFRS 16 Greater impact	<input type="checkbox"/>
<input type="range"/>			

\* 43. What would you say are the main impacts of the implementation process of IFRS 16 (Leases)?

	1. Totally disagree	2	3. Indifferent	4.	5. Totally agree
Impact on ratio values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Identification of assets and liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Identified changes in the classification of assets and liabilities (e.g., from PPE to intangibles)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Identified differences in the measurement of assets and liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 44. To what extent changes in management control systems from the implementation process of IFRS 16 (Leases) allow better decision-making in the following dimensions?

	1. Low	2	3. Moderate	4	5. High
Decisions about leasing contract prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions about new leasing contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions related to renegotiation of lease terms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions related to buying lease assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Less human errors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 2. Implementation of IFRS 16 (Leases): general aspects

*The implementation of IFRS 16 (Leases) may have required building new IT systems connected to several databases (contracts database, etc.), to what extent have the following management control systems changed as a result of the implementation process?*

\* 45. Planning systems (e.g. what-if scenarios, permanent monitoring, data updating, estimations and recalculations) have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Budgeting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operations planning (production) (e.g., bring order to contracts)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capital budgeting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strategic planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 46. Costing systems have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Better allocation of manufacturing overhead	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better allocation of other overhead	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 47. Compensation systems (e.g. accounting numbers are used in remuneration contracts, that have cash flow implications) have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Reward systems—bonuses (e.g., for salesforce people at the end of the year)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reward systems—pay-for-performance plan (e.g., for salesforce people throughout the year)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 48. Decision making systems (e.g. quantity and quality of information derived from the IFRS 16 implementation process) have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Information (i.e., price) updated more frequently	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Use of more non-financial measures (e.g., days to the end of the contract, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information reported more broadly (e.g., future oriented projections and milestones, what-if/cause-and effect links)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More disaggregated data (e.g., costs incurred in the lease contract, detailed data on prices/cost, components of the contract)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More integrated (among departments) information (e.g., available data of contracts across geographical divisions or organic departments (sales, accounting, IT...))	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More accurate set of metrics (e.g., remove certain KPIs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 49. Administrative controls have changed as a result of the implementation process

	1. Low	2	3. Moderate	4	5. High
Organizational design and structure (e.g., new functional position or more involvement of the accounting or controlling departments, or internal auditors)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governance structures (e.g., new committees or meeting schedules to co-ordinate functional areas)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Procedures and policies (e.g., approve of new contracts)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>







## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 3. Implementation of IFRS 16 (Leases): Consequences on Decision-Making

\* 54. Because of IFRS 16 (Leases) implementation, contracts may be more explicitly reflected in accounting numbers.

To what extent changes in management control systems from IFRS 16 (Leases) implementation process alter decision-making in the following items?

	1. Low	2	3. Moderate	4	5. High
Product pricing decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product mix and lines decisions (e.g, discontinuation decisions, mix decisions under capacity constraints)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lease-or-buy decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions about resource allocation between different activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions about staffing (e.g., hiring staff)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions about homogenization of procedures in the information systems (e.g., be confident to have appropriate clauses in future contracts or limit add-ons to contracts)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions about centralization of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Integration of information of the accounting/financial with other departments (e.g., real state)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Section 4. Implementation of IFRS 16 (Leases): Consequences of changes in Management Control Systems

\* 55. To what extent previous changes in management control systems from IFRS 16 (Leases) implementation process have financial consequences?

	1. Low	2	3. Moderate	4	5. High
Annual earnings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Return on assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost reduction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cash flow	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 56. To what extent previous changes in management control systems from IFRS 16 (Leases) implementation process have control of organizational behaviours consequences?

	1. Low	2	3. Moderate	4	5. High
Lower likelihood of booking revenues now rather than next period to get sales targets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lower likelihood of providing incentives for customers to buy more product this period (even using lower customer credit terms) to get sales targets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lower likelihood that the company might postpone taking an accounting charge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better control of subsidiaries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

Section 4. Implementation of IFRS 16 (Leases): Impact of IFRS 15 on external financial reporting

We asked you about the extent to which the adoption of IFRS 16 (Leases) in your organization represented a significant impact on accounting numbers (reported revenue, balance figures or quality/quantity of information disclosed in the notes).

Now we ask about specific aspects of these impacts.

\* 57. In your opinion, to what extent does the adoption of IFRS 16 (Leases) affect the usefulness of external financial reporting?

	No impact	1. Low	2	3	4.	5	6	7. High
Relevance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Faithful representation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparability with entities of the same industry under IFRS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparability with entities of the same industry under US-GAAP	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

58. Any additional comments on impact of IFRS 16 on external financial reporting

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Company and Respondent Profiles

**Finally, we would like to ask you a few questions about your experience and personal demographics. These data are important to understand potential differences in the reported answers across groups.**

\* 59. Number of years of professional experience overall

\* 60. Number of years of experience in current occupation

\* 61. Do your job responsibilities involve some aspect of financial reporting

- Yes  
 No

\* 62. Do your job responsibilities involve some aspect of control

- Yes  
 No

\* 63. In what industry does your firm operate (main business)?

## Externalities of Financial Reporting Regulation on Management Control Systems: The Case of the Information Requirements of IFRS Implementation

### Company and Respondent Profiles

\* 80. In which of the following business categories do you have your position (tick one option)

- Subsidiary of a national company or group
- Subsidiary of an international company or group
- Parent company of a national group
- Parent company of an international group
- Other (indicate)

\* 81. Your firm is

- VERY SMALL <10 employees
- SMALL 10-50 employees
- MEDIUM 51-250 employees
- LARGE 251-1,000 employees
- VERY LARGE >1,000 employees

82. If you can recall, what is the number of employees (approximated) of your firm during the time of IFRS 15 (Revenue) adoption?

\* 83. Your firm is located in (if you are in a subsidiary, please indicate the country you are located)

\* 84. Please, rank your highest education

\* 85. Do you have an accounting qualification (e.g., CPA or CMA)?

- Yes
- No

\* 86. Gender

- Male
- Female
- Prefer not to say

\* 87. Do you characterize your company as a family firm?

- Yes
- No

\* 88. Please describe your company's main business strategy?

1. Provide low cost products or services	4	7. Differentiate our products or services on the market	
<input style="width: 100%; height: 15px; border: none; border-bottom: 1px solid #ccc;" type="text"/>		<input style="width: 100%; height: 15px; border: none; border-bottom: 1px solid #ccc;" type="text"/>	<input style="width: 100%; height: 15px; border: none; border-bottom: 1px solid #ccc;" type="text"/>

\* 89. Overall, to what extent the implementation process has been shaped by your organizational structure?

	1. Totally disagree	2	3. Indifferent	4	5. Totally agree
Hierarchy (i.e., your company has many management layers (exceed six layers) between staffs at the basic level and CEO)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Centralization (i.e., few operating decisions are made at lower managerial level)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Complexity (i.e., your company has many geographical divisions and/or business units)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 90. How would you characterize the following aspects of your business environment, in terms of homogeneity?

	1. Not homogenous	2	3. Moderate	4	5. Extremely homogeneous
Customer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shareholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creditors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory (others than accounting regulations)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

91. In comparison with the innovation industry average

	1. Below the average	2	3. Around average	4	5. Above the average
During the last three years, how many new products/services has your organization launched?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
During the last three years, how many modifications to already existing products/services has your organization launched?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In new products/services, how often has your organization been first-to-market?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

92. Finally: Do you have any additional feedback about the survey and related topics that you would like to share with us?

\* 93. In the case that you have additional questions, could you provide us your email to contact you and deep in these additional questions?

Yes

No

Please fill your email here: