

## 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.**

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From 2018, the adoption of [IFRS 15 -Revenue for contracts with customers](#), imposes new guidance on how to account for revenue and provide related disclosures. This survey explores preparers' and users' views on the impact of the implementation of IFRS 15.

The main intended objective of a change in IFRS is to improve financial reporting to facilitate decision making. To obtain the data necessary to meet these requirements, companies may need to change their Management Control Systems and build complex Information and Technology Systems capable of capturing, tracking, and aggregating information. 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, or ABC systems. In addition, IFRS implementation may affect internal users/preparers, including areas and people other than the accounting/consolidation department.

This questionnaire aims to get input from those stakeholders affected by this change in accounting for revenue. We seek to identify intended and unintended consequences of the implementation and adoption of IFRS 15 for both internal and external users of accounting information.

The answers will be useful to understand whether IFRS 15 has met its objectives and for assessing the future costs and benefits of financial reporting standards.

The survey is being conducted by independent 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](#)).

Responses are intended solely and exclusively for research purposes and will remain confidential. Results will be displayed in aggregated form and individual responses will not be identified. Data will be 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.

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

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

*We thank you for your cooperation. If you have questions, please do not hesitate to contact the research team:*

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### Structure of the survey

As a *user of financial reports*, you will now be asked some questions about:

- Whether you have noticed any impact of the introduction of IFRS 15 on financial statements and disclosures.
- To the extent that you have noted an impact, whether the information in profit or loss or in the statement of financial position has become more useful, provides more relevant information related to revenue, or has become more comparable after the introduction of IFRS 15.
- Whether you have noticed changes in the manner that the managers report on revenue outside the financial statements.
- Your overall assessment of the information you receive after the introduction of IFRS 15.

Additional questions on your profile.

The questionnaire largely requests your assessments on impact using a 5-likert scale, or statements, to which the respondent can indicate the extent to which they “Agree” or “Disagree” with each statement. Please be as accurate as possible, there is no right or wrong answer, and all responses are confidential.



	Not familiar with this industry	1. Low	2	3	4	5. High
Public administration and defense; compulsory social security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Human health and social work activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Arts, entertainment and recreation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other services activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Activities of households as employers; undifferentiated goods - and services - producing activities of households for own use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Activities of extraterritorial organizations and bodies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

95. Click **only** if no impact in any industry of my expertise

No impact in any industry of my expertise

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Section 1. Implementation of IFRS 15 (Revenue): External reporting consequences

For the following questions, consider the industry that are within your expertise and where you consider that the overall impact of IFRS 15 has been highest.

\* 96. Industry 1

97. Industry 2 (optional)

98. Industry 3 (optional)













\* 106. **Thinking of the most affected industry**, to what extent has the implementation of IFRS 15 significantly affected **comparability** with other firms using IFRS and with other firms using US GAAP?

	I do not have any view	1. It is now lower	2	3. No change	4	5. It is now higher
Comparability with entities using IFRS between entities of the same industry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparability with entities using IFRS between entities of different industries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparability with entities reporting under US GAAP between entities of the same industry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparability with entities reporting under US GAAP between entities of different industries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* 107. 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

3. I neither agree nor disagree

1. I disagree  5. I agree

\* 108. To what extent has the implementation of IFRS 15 in most affected industries impacted the cost of obtaining the required information for your analysis?

1. It is now lower  3. No change  5. It is now higher

\* 109. Thinking about the process to familiarize yourself with IFRS 15, and compared with other IFRS changes, would you say familiarizing yourself with IFRS 15 has been:

1. Less costly than other IFRS  Equally costly  5. More costly than other IFRS

110. In relation with IFRS 15 (Revenue) information, please name up to three pieces of information that you need and that is not required under IFRS 15.

111. Any additional comments of the answers provided in this section

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### Section 4. Consequences on internal users/managers

**The introduction of IFRS 15 can also change how management of companies present to users information on revenue outside the financial statements (for example management report, investors presentations, roadshows, press releases etc.).**

**To what extent do you agree with these statements?**

\* 112. Following the introduction of IFRS 15 the way the management of companies presents information on revenue outside the financial statements has changed

3. I neither agree nor disagree

1. I disagree 5. I agree

 

\* 113. The information related to revenue that managers provide outside the financial statements is more useful since the introduction of IFRS 15

3. I neither agree nor disagree

1. I disagree 5. I agree

 

Implementation of IFRS 15 might have represent a significant impact on Management Control Systems, internal information systems and managers' internal decision making. 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, or ABC systems.

\* 114. To what extent in your view has the implementation of IFRS 15 represented a significant impact to management control systems (MCS) of affected companies?

3. Moderate

1. Low 5. High

 

\* 115. To the extent that management control systems (MCS) are affected by IFRS 15 (Revenue), in your view, could this change in MCS lead to changes in efficiency?

3. Moderate

1. Loss of efficiency 5. Gain in efficiency

\* 116. To the extent that management control systems (MCS) are affected by IFRS 15, in your view, could this change in MCS lead to changes in internal information for managers to produce better accounting estimates, forecasts, judgements, and models?

1. Worse internal information

3. No impact

5. Better internal information

\* 117. To what extent do you agree with this statement: The type of contracts and/or pricing of products offered by the entities have changed because of IFRS 15 adoption

1. I disagree

3. I neither agree nor disagree

5. I agree

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### Section 5. 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.

\* 118. Do you mainly consider the financial statements of entities listed in particular jurisdictions?

- Yes  
 No

119. Please select the jurisdictions from which you consider financial statements

- USA / Canada  
 Western Europe  
 Eastern Europe  
 Middle East  
 Far East and Central Asia  
 Central and South America  
 Africa  
 Oceania

120. Do you mainly use financial statements to:

- To assess the future prospects of an entity (estimating future earnings/cash flows)  
 To assess the management of the entity (assessing stewardship)

\* 121. Number of years of professional experience overall

\* 122. Number of years of experience in current occupation

\* 123. 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

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

\* 125. Please rank your highest education

- Primary education
- High school education
- Medium-grade vocational training
- Professional training of a superior level
- Bachelor's degree
- Master's degree
- PhD

\* 126. Do you have an accounting qualification (e.g., CPA or CMA)?

- Yes
- No

\* 127. Gender

- Male
- Female
- Prefer not to say

\* 128. Thanks for getting here

- You are at the end of the survey, you can exit by clicking here.
- If because of your expertise you think that your answers could be different for a second industry, you can answer the questionnaire for that other industry again by clicking here.







\* 135. 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

\* 136. To what extent has the implementation of IFRS 15 in most affected industries impacted the cost of obtaining the required information for your analysis?

1. It is now lower                      3. No change                      5. It is now higher

\* 137. Thinking about the process to familiarize yourself with IFRS 15, and compared with other IFRS changes, would you say familiarizing yourself with IFRS 15 has been:

1. Less costly than other IFRS                      Equally costly                      5. More costly than other IFRS

138. Any additional comments of the answers provided in this section