INTENDED AND UNINTENDED CONSEQUENCES OF IFRS 15 ADOPTION

REPORT

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This report has been prepared for EFRAG to give input to the International Accounting Standards Board feedback request within its post-implementation review (PIR) of IFRS 15. We provide results obtained from survey data and interviews referred to users and preparers. The report builds on a wider academic study that is currently in progress.

CONTENTS

EXECUTIVE SUMMARY

INTRODUCTION: AIM AND MOTIVATION

The purpose of an IASB post-implementation review (PIR) is twofold: (i) first, to assess whether the effects of applying new requirements are *as intended* when being developed; and (ii) to understand if there have been *unintended* effects of implementation/adoption. Unintended effects are difficult to anticipate and may emerge in settings that are under-researched. In this report, we examine and discuss both intended and unintended consequences of IFRS 15, along with assessing the impact on relevance and usefulness of information, we consider a novel impact rarely assessed in detail in prior academic literature: internal effects of IFRS implementation over Management Control Systems (MCS) and their associated consequences on performance.

Management Control Systems are systems, rules, practices, values and other activities management put in place to facilitate decision making (selection of products, contracts design, pricing, homogenisation of procedures etc..) and direct employee behavior. These systems comprise balanced scorecards, performance measurement systems, budgeting and forecasting, or ABC systems. Such systems improve the firm internal information environment and, consequently, may increase the efficiency of operations management, being likely to lead to lower operational expenses and/or higher revenues (Labro and Stice-Lawrence, 2020), as well as enabling managers to obtain more frequent and accurate forecasts (Dorantes et al., 2013).

This internal focus aligns with the IASB's IFRS 15 PIR-related objectives, whereby the IASB has expressed interest in the analysis of effects on companies' internal controls and how companies conduct their business (see, IASB, 2022). Also, according to comment letters on IFRS 15 Exposure Drafts received by the IASB and EFRAG, preparers do consider that the adoption of IFRS 15 imposed large costs on firms to produce the required information. High implementation costs were therefore highlighted in pre-adoption analyses.

The remainder of this report builds on an academic study (García Osma et al., 2023) in which we aim to obtain evidence on three **research questions** related to IFRS 15 adoption:

Q1: *How do regulatory changes impact financial reporting in terms of relevance and usefulness of the information produced for users*?

Q2: *To what extent have MCS changed as a result of IFRS implementation and affected the decision-making process of entities?*

Q3: *Are there (unintended) effects of IFRS-related changes to MCS on firm outcomes/efficiency?*

This report focuses on users' and preparers´ perceptions of how IFRS adoption impacts the usefulness of information for users' decision-making (Q1) and on MCS impacts (Q2). Evidence related to Q3 is outside the scope of this report but is available from the authors upon request.

METHODOLOGY

Our **methodology** consists of a two-step analysis. First, to describe and understand the impact on users and the process through which regulation leads to exogenous changes in MCS, we use a combination of field interviews and a survey addressed to both users and preparers. Second, we run multivariate analyses to test the impact of regulatory-driven changes to MCS on firm efficiency. These analyses build on the evidence obtained from the survey and we triangulate it with financial statements data from a wide sample of IFRS adopters worldwide.

Therefore, the first phase involved **interviews and a large-scale international online survey**. Survey data has been analysed using descriptive statistics, while the interviews were transcribed, and their contents were examined using qualitative methods. The online survey instrument had several response options, depending on whether a participant self-identified themselves as either a 'user' or a 'preparer.'

- **The users' questionnaire** measured perceptions of the usefulness of financial reporting after the adoption of IFRS 15. In addition, it contained one section that aimed to assess users' perceptions of the impact of IFRS implementation over MCS. It was structured into five sections in which they were asked about their overall assessment of the impact of IFRS 15 on financial statements, whether the information had become more useful, provided more relevant information related to revenue, or had become more comparable. We also asked whether they had noticed changes in the manner that managers report on revenue outside the financial statements and their perception of the impact on MCS, internal decision making and eventual consequences on efficiency.
- **The preparers' questionnaire** aimed to understand preparers' perceptions on the consequences of the implementation of IFRS 15 and how IT and MCS were affected, in terms of costs, changes in

MCS internal decision making and organisational behaviour, but also included a dedicated section to assess preparers' perspectives on how changes affected users.

MAIN FINDINGS:

USER PERSPECTIVE

Respondents' profile and most affected industries

The answers to the survey refer exclusively to the industry that the respondents considered "the most affected" by IFRS 15. In this report, we consider users as respondents to the survey other than preparers. We collected 48 full responses from auditors (21%), consultants (21%), academics (21%), professional investors (including equity analysts, fund managers and other professional investors)- 14%, other users (including retail investors and lenders)- 17% and regulators and supervisors- 4%.

Users considered that the **most affected industries** were (in order of impact): Telecommunications, Construction, Public administration and defence, Aerospace, and Engineering & Industrials.

Impact on financial statements

For affected industries, changes introduced by IFRS 15 over the recognition and measurement of figures contained in the Financial Statements were seen as having a low impact on the amount and timing of revenue, while users considered IFRS 15 had a **significant impact on disclosures**.

While assessed as moderate, the highest impact in terms of changes to the measurement and recognition of figures was over revenue (Income Statement) and referred to (i) the split between the various goods and services (i.e., the identification of the various performance obligations in a contract), and (ii) whether revenue was recognised over time or at a point in time.

The usefulness of information for external decision making and comparability

The changes introduced by IFRS 15 are seen as increasing the predictive value of all the information (Income statement, Statement of Financial Position and Disclosures) as well as its monitoring ability (stewardship).

Changes in disclosure requirements are those with the highest positive impact on usefulness. Most new requirements of disclosure items are perceived as increasing the ability of users to make estimates of future cash flows. In particular, “disaggregation of revenue” is considered to have had the highest positive impact, closely followed by disclosure of “changes in contract assets and contract liabilities.”

IFRS 15 is also perceived positively in terms of **comparability**. Users consider that it increases comparability with other companies. This is true for firms using IFRS, especially those in the same industry, but also, users perceive increases in comparability between IFRS and USA GAAP adopters.

Consequences on preparers and MCS

Users see changes introduced by IFRS 15 as having had a moderate impact on the information they received from managers outside the financial statements, and they perceive the implementation of IFRS 15 has led to changes in the use and design of MCS, thereby altering some internal decision making and having positive consequences on efficiency.

Interviews findings

The findings from interviewing a limited number of analysts align with the main conclusions drawn from the survey respondents. The interviewees consider that the impact on figures is generally not significant. This contrasts their view on the impact on disclosures which they consider much more relevant.

In general, though they all agree on a clear and significant positive impact, these analysts do not clearly distinguish which specific changes caused by the Standard’s guidance drive the increase in the usefulness of financial statements.

They all perceive potential changes to internal decision-making and agree that positive changes in efficiency may accrue including those linked with improvements to internal information available for decision-making. They also mentioned the real effects of changes in the design of contracts.

PREPARERS’ PERSPECTIVE

Respondents’ profile

We collected 196 full responses from controllers (28%), chief accountants (26%), heads of accounting policies departments (19%), CFOs (14%), CEOs (3%), and other preparers including internal auditors and managers of the IT system (10%).

Impact on financial statements

Changes introduced by IFRS 15 over the recognition and measurement of figures contained in the Income Statement and the Balance Sheet are seen as having had a low-moderate impact, while preparers consider IFRS 15 to have had a **significant impact on disclosures**. This is similar to the views of users and consistent with the expected changes.

Overall impact on IT systems

There are differences among industries in terms of assessments of impact on IT systems. Preparers consider that the main one-off impacts are the impact on performance indicators (e.g., business KPIs, including internal KPIs, such as the allocation of costs between departments, indicators on clients' satisfaction or indicators to measure incentives) and changes in IT systems that were necessary to provide detailed information in the notes to the financial statements (disclosure requirements), while changes in performance indicators and staff training (mostly to commercial staff) are considered the most significant on-going costs. The main changes in the standard causing the impact on MCS and IT are disclosure requirements followed by when to recognise revenue over time and how to account for variable consideration.

Impact on decision making (real effects)

Preparers indicated that the most prominent impacts on decision making as a consequence of IFRS 15 implementation are the following: (i) Impacts on product pricing decisions (e.g., preparers were able to either reconfigure or simplify commercial offers, and there was improved contracting and pricing discipline across divisions) and (ii) Impacts on decisions about the homogenisation of procedures in the information systems (e.g., be confident to have appropriate clauses in future contracts or limit add-ons to contracts).

Impact of changes in MCS on financial aspects (unintended financial effects)

According to preparers changes in MCS as a consequence of IFRS 15 implementation have impacts on financial aspects. These impacts are mainly concentrated on annual earnings and Return on Assets (ROA).

Interviews findings

Interviewees indicated substantial changes to firms' MCS and highlighted the costs of implementation (the most significant being changes to IT systems and training commercial staff), while they showed limited awareness or reluctance to explicitly acknowledge any potential benefits for firms' internal control and decision making. However, they mentioned changes in procedures. They also provided detailed examples of specific changes in decision making related to changes in the design of the contracts.

A second layer of potentially conflicting views relates to impacts on the usefulness of information. Even though they agree that the adoption of IFRS 15 had low or no impact on the amounts reported in the financial statements, the interviewees believe there was a positive impact on the usefulness of accounting information for users (in terms of relevance, faithful representation, and comparability).

IMPLICATIONS AND FURTHER RESEARCH

Users perceive IFRS 15 as having minor effects on the figures recognised in the Income Statement and the Statement of Financial Position. Even those considered to be the entities most affected by regulation are not seen as having had to make significant changes. Users also consider that disclosure requirements are substantial and increased the usefulness of reported information, as intended. Importantly, they also have the perception that the implementation of the standard had consequences for *preparers*, beyond the expected (high) implementation costs as a consequence of changes in IT, among others.

Within the broader research project that underpins this report, we also focus on the unintended consequences of these regulatory-driven internal changes. Providing a better understanding of the consequences of IFRS adoption beyond the analysis of the quality of information and disclosure for users may be an important addition to existing post-implementation review practices, as any such changes may affect the incentives of managers, and also, indirectly the quality of reporting.

1 INTRODUCTION

Changes to financial accounting standards aim to improve the quality of firms' financial reporting and facilitate decision-making by users.[1] However, assessing the extent to which regulations help to provide decision-useful information for investors may be an insufficient guide to fully evaluate the effectiveness of standard setting and its aggregated net costs. Research on the impact of regulatory changes on *preparers* partly tackles this gap since it examines the effects on managerial decisions, typically by focusing on investing and financing decisions.[2] However, there is almost no research on the potential impacts of regulatory changes on management control systems.

Management Control Systems (MCS) are systems, rules, practices, values and other activities management put in place to facilitate decision making (selection of products, contracts design, pricing, homogenisation of procedures etc..) and direct employee behaviour. These systems comprise, for example, balanced scorecards, performance measurement systems, budgeting and forecasting, or ABC systems. These systems improve the internal information environment by capturing increasingly broader ranges of organisational functions and larger and timelier transactional datasets, leading to fuller, wider, and more complete information sets (Dorantes et al., 2013). Consequently, MCS may increase the efficiency of operations management, leading to potential improvements in operational expenses and/or revenues (Labro and Stice-Lawrence, 2020), or enabling managers to obtain more frequent and accurate forecasts (Dorantes et al., 2013).

No prior academic research explicitly studies the link between financial reporting regulation and MCS. However, comment letters received by EFRAG in response to the IASB's exposure draft, Revenue from Contracts with Customers issued on 14 November 2011 exemplify the importance of this link as well as the fact that changes in financial reporting regulations are often seen by preparers as exclusively imposing a short-term (one-off) implementation cost.[3] Relatedly, standard setters and other institutions highlight the significant implementation costs of IFRS 15 for preparers, while the benefits are considered to be mainly

[1] This is the explicit objective of IFRS 15 and 16 (IASB, 2014). This is also in the explanatory memorandum of the exposure draft: https://www.ifrs.org/projects/completed-projects/2015/revenue-from-contracts-with-customers/ed-revenue-from-contracts/
[2] See, e.g., Shakespeare (2020).
[3] See, for responses, https://www.efrag.org/Activities/245/IFRS-15-Revenue-from-Contracts-with-Customers. Also cost-benefit analysis in EFRAG (2015).

accruing for users of financial statements, particularly investors and analysts. In our view, this latter perspective only provides a partial view of potential realisable benefits because if the adoption of new accounting regulation gives rise to exogenous changes in the design and use of MCS, these changes may, in turn, generate externalities in the form of efficiency gains or losses in day-to-day operations and investment management of preparers. Correspondingly, if such externalities exist, they may need to be measured and considered when analysing the costs and benefits of post-implementation reviews (PIR) of new standards.[4]

We articulate this broad prediction through three **research questions** summarised in Figure 1.1 below:

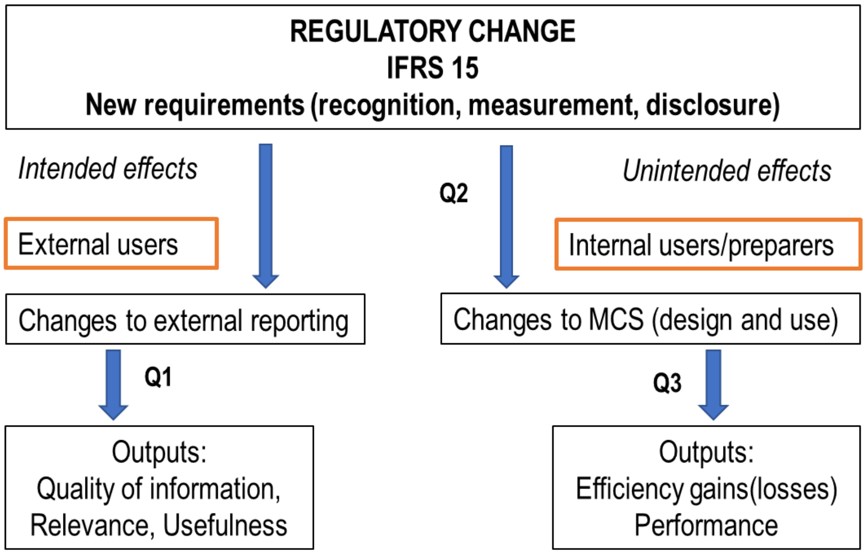
Q1: *How do regulatory changes impact financial reporting in terms of relevance and usefulness of the information produced for users*?

Q2: *To what extent have MCS changed as a result of IFRS implementation and facilitated the decision-making process of entities?*

Q3: *Are there (unintended) effects of IFRS-related changes to MCS on firm outcomes/efficiency?*

[4] The purpose of the PIR is to assess whether the effects of applying new requirements on users of financial statements, preparers, auditors and regulators are as intended when the IASB developed those requirements and if there have been other non-intended effects of its implementation/adoption. There is one issue in particular that the IASB has recently highlighted as a matter of interest in its meetings on IFRS 15 PIR related with asking for feedback related to, effects on companies' internal controls or on the way companies conduct their business (see for example IASB, 2022).

Figure 1.1. Effects of regulatory-driven changes



Our **methodology** consists of a two-step analysis. First, to describe and understand the impact on users as well as the process through which regulation leads to exogenous changes in MCS, we use a combination of field interviews and a survey addressed to both users and preparers. We refer to changes in MCS as exogenous because they are imposed on firms to adapt to external financial reporting regulatory requirements. Typically, the design and use of MCS is changed endogenously (i.e., chosen by firms) to respond to threats or changes in the environment and pursue the firm strategic objectives.

Second, we use multivariate analyses similar to a differences-in-differences design on a large dataset of archival data to test the impact of regulatory-driven changes to MCS on firm efficiency. For these tests, we use the data collected in the survey and triangulate it by collecting financial statement data from a wide sample of IFRS adopters worldwide.

The remainder of this report is organised as follows. First, we describe our research methodology. Next, we provide descriptive evidence from the **survey and interviews of users and preparers**. This data addresses both Q1 and Q2, re: the impact of this regulatory change on the usefulness of information to users and changes in MCS.

2 RESEARCH METHODS

The descriptive evidence reported in this report is collected in two phases. The first phase involved interviews while the second phase consisted of a large-scale international survey, conducted online. Survey data was analysed using descriptive statistics, while the interviews were transcribed, and their contents examined using qualitative methods. The decision to combine these two methodological approaches is based on their complementary nature (see, e.g., Cascino et al., 2016).

The online survey instrument had several response options, depending on whether participants self-identified as either 'user' or 'preparer' from a comprehensive list.[5] Once participants identified themselves as belonging to either group, they were taken to a specific questionnaire: one for users and one for preparers. We used (seven-point and five-point) Likert scales throughout the survey, together with a limited number of open-ended questions.[6]

The users' questionnaire focused on perceptions of reporting usefulness after the adoption of IFRS 15.[7] In addition, it contained one section that measured perceptions of the impact of the implementation on MCS. To build the preparers' questionnaire, we conducted 7 face-to-face (40-60 minutes) semi-structured interviews (based on a list of open questions), to get information on IFRS implementation processes from professionals with prior experience working or advising MCS related to the implementation of the standard (large audit firms, preparers from large public entities and consultants from IT companies).

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[5] The options available are as follows. Preparers: Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Accountant, Other Member of Top Management Team (not accounting), Manager/Responsible of the IT system, Head (or Sub-Head) of Accounting Policies, Other Middle Manager (not accounting), Controller / Management Accountant, Internal Auditor, Other Preparer of External Financial Reporting, Other Preparer of Internal/Management Accounting. Users: Professional investor (fund manager), Professional investor (equity analyst), Professional investor (other), Lender, Credit analyst, Supplier/trade creditor, Government, Regulator/Supervisor, Lobbying firm, Employee/Union representative, Customer, General public, External Auditor, Consultant, Academic, Other user.

[6] To ensure identification and correct measurement of dimensions used in prior work, we use also the instruments developed in prior literature that use Likert scales from 1 to 5 as well as 1 to 7. Although it may be argued that the use of the same scale for all questions makes it easier for the respondents to complete the questionnaire because it requires less cognitive processing, this may also increase the possibility that some of the covariation observed among the constructs examined may be the result of the consistency in the scale properties rather than the content of the items. It is well known in the survey research literature that scale format and anchors systematically influence responses. Changing the scale in some questions allows to mitigate this problem

[7] We collaborated with EFRAG staff while designing the users' questionnaire. We took account of the feedback EFRAG staff had obtained during the outreach they had done to stakeholders including the EFRAG User Panel (EFRAG, 2022).

Subsequently, we designed the survey for preparers based on the extant management accounting literature adapted to our research question on IFRS 15 and the information obtained from interviewees. We also controlled for the adoption of IFRS 16, as its implementation was concurrent, to avoid potential confounding effects in companies affected by both.[8] The preparers' survey centred on how IT and MCS were affected but also included a dedicated section regarding their perspective on how changes to the usefulness of information affected users.

The structure of the survey instrument for both users and preparers is shown in Table 2.1. In the Appendix, we provide the users' questionnaire, as well as full results for all the questions. Full access to the questionnaire here: Survey_English.pdf.

Table 2.1. Structure of the survey instrument

Survey instrument (preparers)	**Survey instrument (users)**
Section 1: Implementation of IFRS 15: general aspects. Departments involved, their reactions Impact on the financial statements, MCS and IT *Section 2*: Consequences on decision-making. To what extent changes in MCS alter decision making *Section 3*: Consequences of changes in MCS. To what extent changes in MCS have organisational consequences *Section 4:* Impact of IFRS 16 (similar structure to IFRS 15) *Section 5*: Company and respondent profiles	*Section 1.* Implementation of IFRS 15 External reporting consequences *Section 2*. Impact on the financial statements *Section 3.* Usefulness of the IFRS 15 requirements for decision-making *Section 4.* Consequences on preparers/managers *Section 5*. Respondent profiles

Both surveys were structured in five sections (as shown in Table 2.1) (plus an additional, final section that included profile questions). Users were asked about their overall assessment of the information they received after the introduction of IFRS 15, and in particular, about whether they had noticed any impact on financial statements, either with respect to the information in Profit or Loss or the Statement of Financial Position, and whether these statements had become more useful, provided more relevant information related to revenue, or the information was more comparable. We also asked whether they had noticed changes in the manner

[8] In the case of the preparers´ survey if they indicate the impact of IFRS 15 was nil the system drives them to additional questions on IFRS 16.

that managers reported on revenue outside the financial statements and their perception of impacts on MCS, internal decision making and eventual consequences on efficiency. The preparers ´survey focused on the impact on IT and MCS while having a specific section of their perception of the impact of the usefulness of information for users. While we focused on IFRS 15, we also controlled for the adoption of IFRS 16 in section 4, as its implementation was done in the same period, to avoid potential confounding effects in companies significantly affected by both.

The questionnaire for preparers was based on the extant management accounting literature adapted to the research question on IFRS 15 (and IFRS 16) and the information obtained from some pre-survey interviews with open-ended questions implementers (from large audit firms), preparers (from large public entities) and consultants from IT companies.

The questionnaires largely requested their assessments on impact mostly using a 5-likert or 7-likert scale. The specific questions are shown in the appendix, jointly with the results. In the users' online survey, most questions were preceded by a brief explanation of the changes introduced by IFRS 15 related to what was asked in order to facilitate the completion of the questionnaire more smoothly and avoid misunderstandings.

In addition to the survey, we conducted closed-question interviews to pre-test the surveys. This permitted obtaining feedback to improve the questionnaires. Interviewees also had the opportunity to elaborate on their answers, which gave additional input on the answers they provided and helped us in the interpretation of the results. We carried out nine interviews[9] in this phase, six preparers (CFOs, heads of accounting policies and one controller) from big multinational listed entities and three users (analysts), lasting about 60 minutes.

[9] All the interviews are recorded, and the information encrypted under the only availability of the researchers of this project, and for the only purpose of this research. Anonymity of answers is guaranteed.

3 FINDINGS: USERS

3.1 SURVEY

We present and provide comments on the key findings and conclusions for each question in the survey. The complete questionnaire, along with the average results of the responses (mean, standard deviation, range for each statement), and frequency distributions are presented in the appendix. Additionally, we conducted an analysis to identify any significant differences in the responses based on user types (auditors vs. non-auditors). When such differences are observed, we emphasise them in the results analysis section.

3.1.1 Respondent profiles

Approximately one-fifth of the participants who have taken and completed the survey are categorised as users, which are considered in this report as respondents to the survey other than preparers. The total number of respondents is 48.

Figure 3.1. Breakdown of participants by type of users

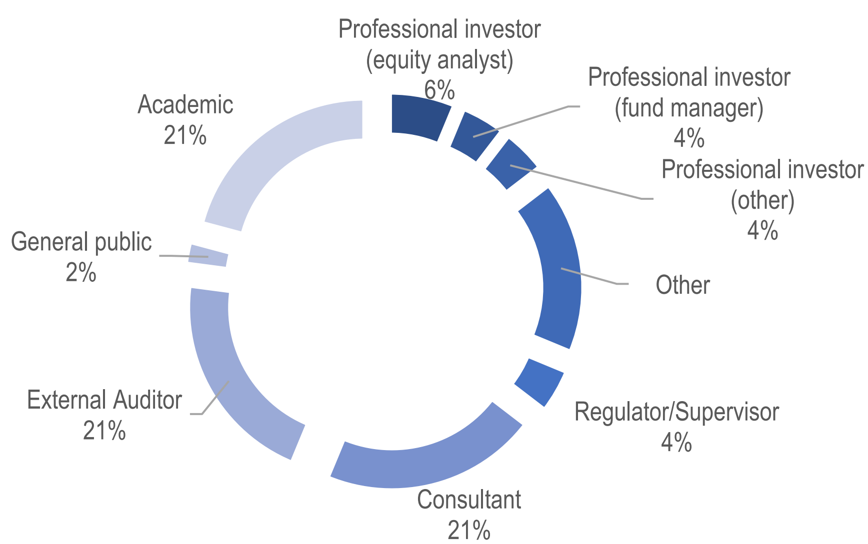
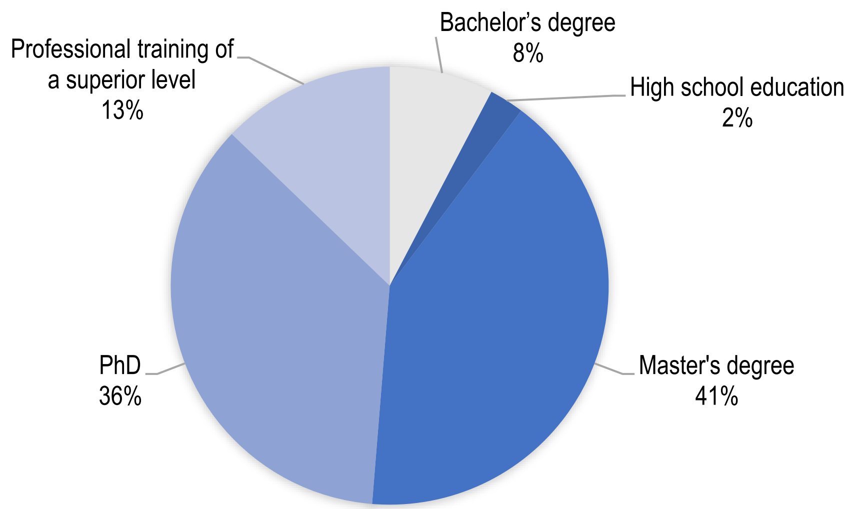


Figure 3.1 provides a visual representation of the percentage composition of respondents including auditors (21%), consultants (21%), academics (21%), professional investors (including equity analysts, fund managers, and other professional investors)- 14%, other users (including any type of retail investors and lenders)- 17%, and regulators and supervisors- 4%.

Figure 3.2 illustrates the distribution based on the educational background of the participants. It was noteworthy that the majority of respondents (98%) possess a high level of education or professional training. Specifically, up to 77% of the participants hold a Master's degree or a PhD. However, it was interesting to observe that only 69% of the respondents indicated having an accounting qualification, despite the high overall level of education among the participants.

Figure 3.2. Breakdown of users by educational background



3.1.2 External reporting consequences and impact on Financial Statements

IFRS 15 adopted a “five-step approach” to recognise revenue when an entity fulfils its performance obligations included in its contracts with customers, and IFRS 15 also significantly increased the required disclosures.

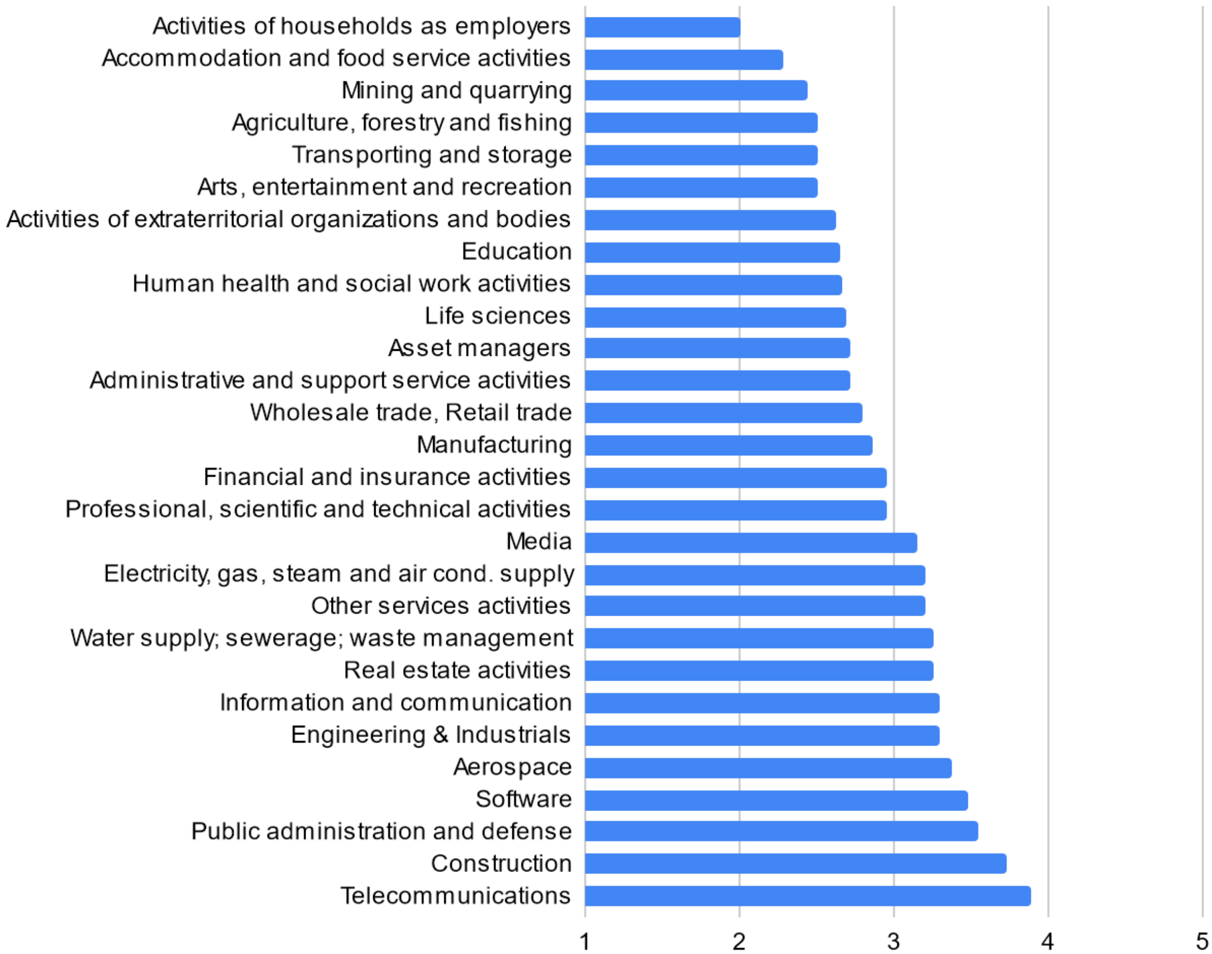
3.1.2.1 The most affected industries

We asked participants about their perception of the overall impact of IFRS 15 on financial statements across the 28 industries presented in Table A.1 and Figure 3.3. We find that 12 of those industries are seen as having a moderate impact (an average score above 3 on a 5-Likert scale). It is important to note that the question explicitly included "disclosure in the notes" as a component to consider in their assessment. Figure 3.3 indicates that while all industries are affected by IFRS 15, impacts are diverse. Based on users' opinions, the five industries perceived as having the greatest impact are “Telecommunications,” “Construction,” “Public administration and defence,” “Software,” and “Aerospace.”

IFRS 15 introduces guidance on how to identify and allocate revenue between the various goods and services of a contract (i.e., identification of performance obligations). This could affect when revenue from a contract is recognised and whether revenue should be recognised at a point in time or over a period. IFRS 15 specifies that if a contract includes a significant finance component, the finance component should not be reflected in revenue, which could affect the amounts recognised as revenue. When (part of) the consideration is variable (e.g., discounts, refunds, incentives, performance bonus, right of return, contingent on future events, etc.) it should only be included in the transaction price if it is highly probable that a significant reversal will not occur. This inclusion could affect the timing of revenue recognition (when revenue relative to variable consideration is recognised). Against this backdrop, it would be expected that industries most affected by IFRS 15 would be those that have complex contracts with customers. A typical example would be a telecommunications company that sells a mobile phone at a 10% discount along with messaging and voice services, and maintenance services. Such a complex contract would be directly affected by IFRS 15. Figure 3.3 therefore affirms that users have a good grasp of where IFRS 15 is likely to have impacts, as they identify Telecommunications as the most affected industry.[10] Along this line, the results unsurprisingly show that “Activities of households as employers” and “Accommodation and food service activities” were considered as the least impacted industries by users.

[10] Indeed, large auditing firms issued particular guidance as an example for this industry (see, e.g., PwC, 2017).

Figure 3.3. Impact by industries



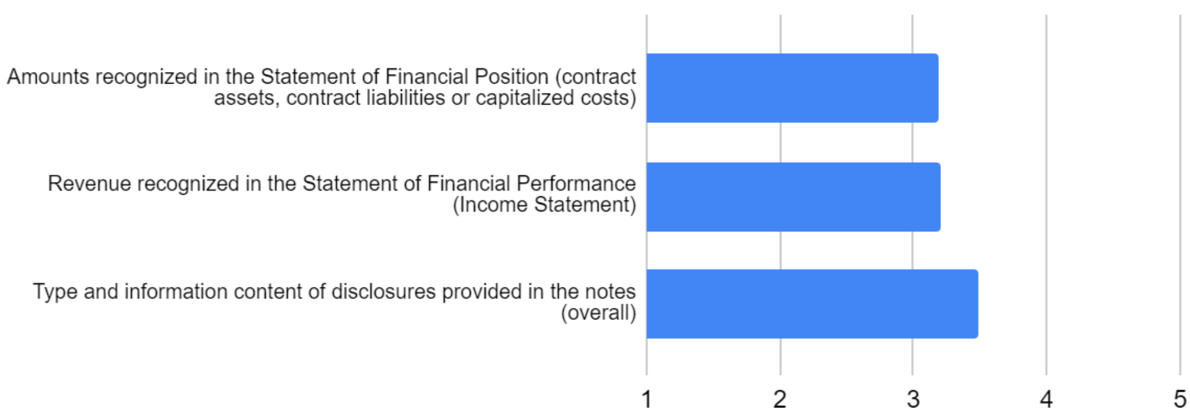
Note for readers: <u>All subsequent answers in the questionnaire are exclusively related to the industries that respondents consider to be highly (or at least more than moderately) affected</u>. For example, if an analyst considered that Telecommunications was the most affected industry, then, all subsequent answers are made with respect to this industry (the one that is most affected, according to the particular user view). This approach ensures that the results obtained following this question are focused solely on the industries that the participants perceive as significantly impacted by IFRS 15.

3.1.2.2 Impact on financial statements

We asked users about the impact on financial statements: Income Statement, Statement of Financial Position and Notes. Given that the substantial impacts of IFRS 15 relate to disclosure in the notes, we asked separately about impacts on (a) the financial statements, other than disclosure, and (b) disclosure in the notes. As noted, the impact on financial statements, other than disclosures, was expected to be either none or very low in most entities/industries and this is what the current evidence shows.[11]

The results reflected in Table A.2 and Figure 3.4. show that the impact on the Income Statement and the Balance Sheet is perceived as slightly higher than moderate (rating of 3 over 5). Respondents indicated that the notes to the accounts (type and information content of disclosures) are clearly the most impacted by IFRS 15. We find a statistically significant difference between the responses of auditors and other user groups, specifically in relation to the impact on the Balance Sheet. As indicated in Table A.12, users other than auditors perceive the impact on the Balance Sheet to be lower than moderate. However, auditors, particularly in the case of the most affected industries, consider the impact of IFRS 15 to be high, with a rating of 4 out of 5 on the Likert scale.

Figure 3.4. Overall Impact of IFRS 15



Next, we present evidence of the specific impacts on each of the financial statements. This evidence provides a more comprehensive understanding of how respondents perceive the effects of IFRS 15 implementation on various aspects of financial reporting.

[11] KPMG (2019) found that 87% of the surveyed firms have disclosed that IFRS 15 did not affect significantly their financial statements. A more recent study on Australian and New Zeeland firms shows that 63.38% sample firms reported that IFRS 15 would have either no impact or no material impact on financial statements (Kabir and Su, 2022).

3.1.2.2.1 Income Statement

We asked users about the extent to which changes resulting from the implementation of IFRS 15 affected the timing, amount, or uncertainty of revenue recognition. It is crucial to note that the question did not solely focus on the numerical impact but also considered participants' perceptions of the effects on the timing, uncertainty, and risk associated with revenue recognition due to the changes introduced by the standard. Specifically, we inquired about changes in:

(i) how revenue is split between the various goods and services to be delivered in accordance with the contract

(ii) whether revenue is recognised over time or at a point in time

(iii) how a significant financing component is accounted for, when payments are either received in advance or in arrears (i.e., more than 12 months)

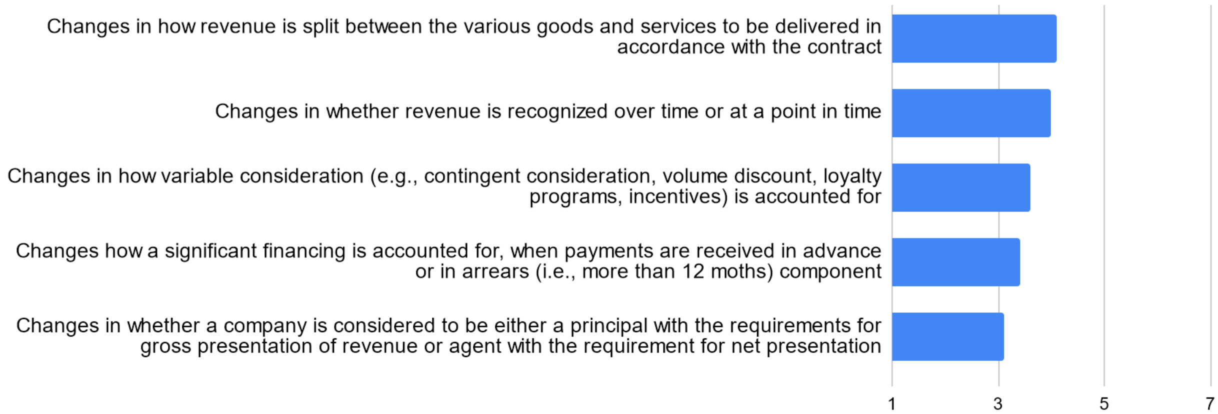
(iv) how variable consideration (e.g., contingent consideration, volume discount, loyalty programs, incentives) is accounted for

(v) whether a company is considered to be either a principal with the requirements for gross presentation of revenue or an agent with the requirement for net presentation

Table A.3 in the appendix presents the specific question and the corresponding results. Figure 3.5 below provides the findings on the participants' perspectives on the effects of IFRS 15 on revenue recognition in relation to timing, amount, and uncertainty, ordered from least to greatest impact on a 7-point Likert scale, where 4 indicates a moderate impact.

Based on the responses, IFRS 15 is generally perceived as having either a moderate or less-than-moderate impact in terms of changes to the Income Statement. Three changes are considered to have at least a moderate (4) (or slightly less than moderate) impact on the timing, amount, or uncertainty of revenue recognised, listed in order of significance: (1) How revenue is split between the various goods and services; (2) Whether revenue is recognised over time or at a point in time; and (3) Changes in how variable consideration is accounted for. Additionally, the changes in how significant financial components and how principal vs agent arrangements are accounted for were perceived to have some impact, although lower than the moderate threshold.

Figure 3.5. Impact on the income statement



3.1.2.2.2 Financial Position Statement

Participants also provided their views on the extent to which changes resulting from the implementation of IFRS 15 have impacted the amounts recognised in the Balance Sheet. Specifically, we asked about changes in accounting for:

(i) Contract assets
(ii) Contract liabilities
(iii) Capitalised incremental costs of obtaining or fulfilling a contract.

The findings are presented in Table A.4 in the appendix and also visually represented in Figure 3.6, which provides a graphical depiction of participants' perceptions of the impacts on the Balance Sheet.

Figure 3.6. Impact on the financial position statement

These impacts are seen as lower than moderate (rating slightly below 4). This reinforces the view that IFRS 15 had greater impacts on the Income Statement than the Balance Sheet, albeit impacts on the Balance Sheet are not considered to be either non-existent or very low (which would be indicated by ratings of 1-2 on our scale). Table A.13 highlights that auditors perceive a higher impact on "contract assets" and "contract liabilities" than the rest of the users. This is consistent with the prior findings on impacts over income statements. A potential reason for this discrepancy in perception could be due to auditors' higher technical knowledge of the standard, which make them more familiar with the concept of contract assets and liabilities. This familiarity may lead auditors to perceive a greater impact compared to other users who may not have the same level of technical expertise in this area. An alternative, and also plausible interpretation is that users may underestimate the true impacts of IFRS 15.

A notable observation with respect to the question on "Capitalised incremental costs of obtaining or fulfilling a contract," is that a high percentage of respondents indicated that they did not have a specific view on the impact. As will be seen, the percentage of users who selected this option increases as the questions become more specific and delve into the details of IFRS 15. Jointly with the evidence on differences with respect to auditors' views, this may suggest that even professional, expert, users are not always aware of the specific changes introduced by IFRS adoption and their abiding consequences over the full financial statements.

In summary, according to the respondents' view, changes introduced by IFRS 15 have a **moderate impact on the Financial Statements** and a **significant impact on disclosures.**

3.1.3 Usefulness of information for external decision making

In Section 3, we enquired about users' opinions regarding whether changes to the information provided by entities in the financial statements and notes, resulting from the adoption of IFRS 15, affected the usefulness of information.[12]

3.1.3.1 General assessment and relevance

We first asked whether IFRS 15 has changed (either increased or decreased, using a 5-point Likert scale) the relevance of information for the following objectives:

[12] To capture their views accurately, a 5-Likert scale is utilised, where 1 signifies a significant decrease in the usefulness of the information due to IFRS 15 adoption, 3 denotes no change in the usefulness of the information, and 5 indicates a significant increase in the usefulness of the information.

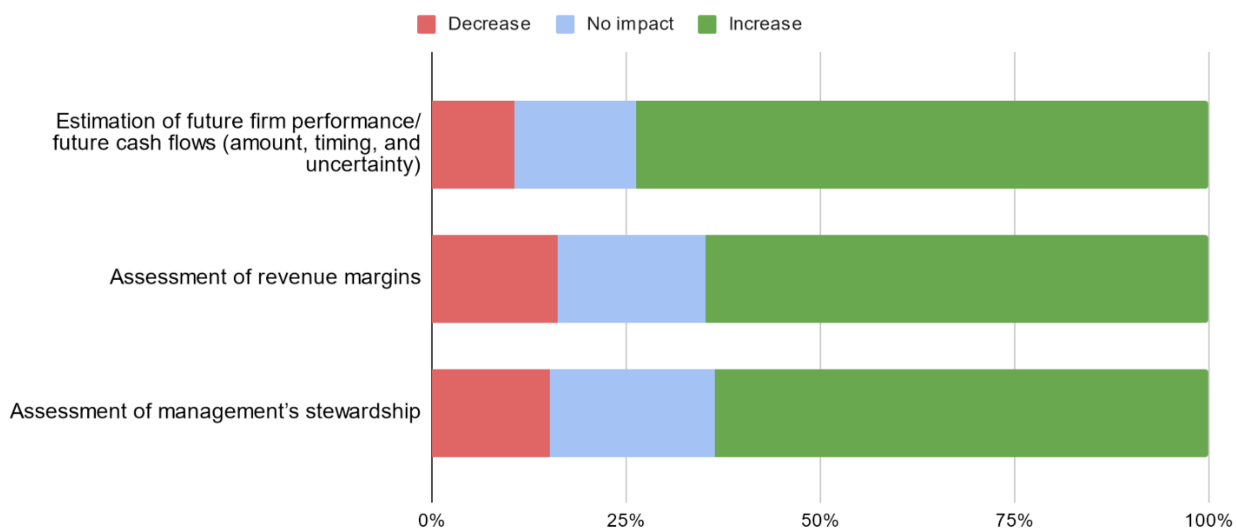
(i) Estimation of future firm performance/ future cash flows (amount, timing, and uncertainty);

(ii) Assessment of revenue margins; and

(iii) Assessment of management's stewardship.

The results are presented in Table A.5 and Figure 3.7.

Figure 3.7. Impact on information usefulness



The average ratings for the usefulness of the information are close to 4 on the 5-Likert scale. To present the results, we aggregate users' ratings of 1-2 into perceptions that changes to IFRS 15 have decreased the usefulness of information ("Decrease" in the figure above), ratings of 3 indicate no change in usefulness ("No impact" in the figure above), and ratings of 4-5 indicate an increase in usefulness ("Increase" in the figure above). As can be seen, users consider that the adoption of IFRS 15 has increased the usefulness of financial information across all three objectives.

It is worth noting that when we asked users about the usefulness of information for a stewardship objective, approximately 25% of the respondents did not express a specific view on the impact of IFRS 15 on the usefulness of the information. This could imply that participants either did not have a clear perspective on the stewardship objective or were uncertain about its impact.

3.1.3.1.1 Income Statement

Regarding specific income statement issues, we inquired about the participants' perception of changes in their ability to estimate a company's future cash flows (profitability and risk) resulting from the adoption of IFRS 15. These changes were associated with the following items:

(i) How revenue is split between the various goods and services to be delivered in accordance with the contract;

(ii) Whether revenue is recognised over time or at a point in time;

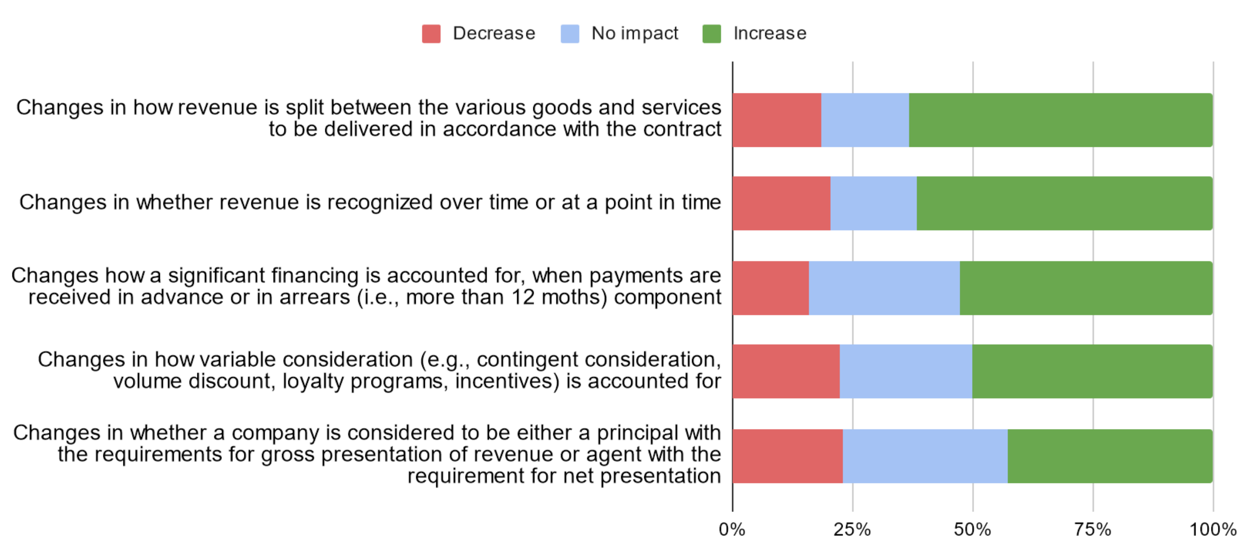
(iii) How a significant financing component is accounted for, when payments are either received in advance or in arrears (i.e., more than 12 months);

(iv) How variable consideration (e.g., contingent consideration, volume discount, loyalty programs, incentives) is accounted for; and

(v) Whether a company is considered to be either a principal with the requirements for gross presentation of revenue or an agent with the requirements for net presentation.

To present the results, we aggregate users' ratings of 1-2 into perceptions that changes to IFRS 15 have decreased the usefulness of information ("Decrease" in the figure above), ratings of 3 indicate no change in usefulness ("No impact" in the figure above), and ratings of 4-5 indicate an increase in usefulness ("Increase" in the figure above). The results are presented in Table A.6 and Figure 3.8.

Figure 3.8. Usefulness: Income statement



On average, respondents perceive a moderate increase in their ability to estimate a company's future cash flows (profitability and risk) as a consequence of the changes associated with all the mentioned items. However, it is noteworthy that the change related to whether a company is considered a principal with the requirements for gross presentation of revenue or an agent with the requirement for net presentation is perceived to have a relatively lower impact, with responses leaning towards “no impact”.

When asked to assess the usefulness of the IFRS 15 features included in Figure 3.8 above in their ability to estimate a company’s future cash flows, participants were also asked if they use these features to predict future cash flows. On average, approximately 85% of the users indicated that they utilise these IFRS 15 features to predict future cash flows. The results are presented in Table A.6

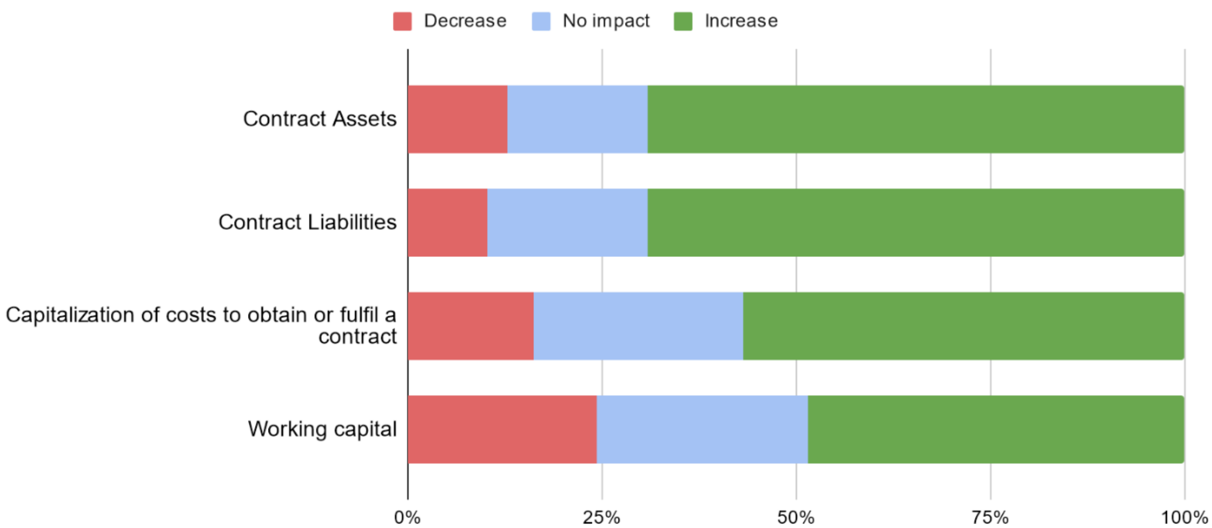
3.1.3.1.2 Financial Position Statement

Regarding specific items on the balance sheet, we inquired about the impact of usefulness resulting from the adoption of IFRS 15 on the following items:

- (i) Contract assets;
- (ii) Contract liabilities;
- (iii) Capitalised incremental costs of obtaining or fulfilling a contract; and
- (iv) Working capital.

Similar to the two prior tables, we aggregate the results into perceptions of “Decrease,” “No impact,” and “Increase” in usefulness. The results presented in Table A.7 and Figure 3.9 align with the previous pattern, indicating an increase in usefulness across all items as a result of IFRS 15 adoption. The greatest increase in usefulness is observed for information related to contract assets and liabilities. Additionally, there is an increase in usefulness, albeit to a lesser extent, for the information on capitalised costs to obtain or fulfil a contract. The smallest increase in usefulness is observed for the figure of 'Working capital'. Approximately 26% of users indicated that they do not utilise this information for their estimates of future cash flows. This is the highest number and when compared with the other figures, suggests that income statement data, as could be expected, is used more by users to estimate future cash flows.

Figure 3.9. Usefulness: Financial position statement



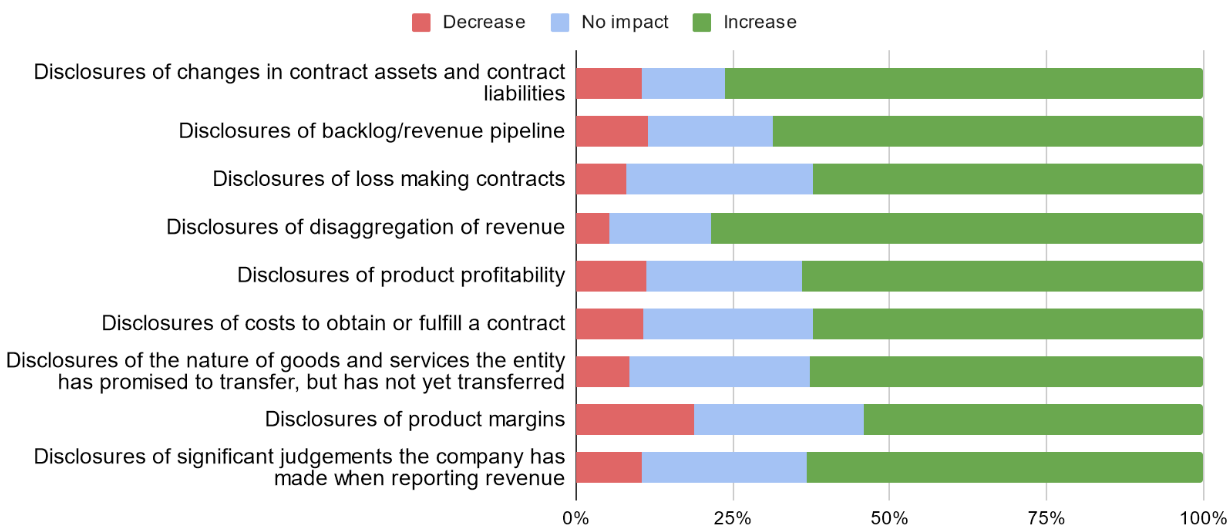
3.1.3.1.3 Disclosures

In this section, we inquired about the impact on the usefulness of estimating future cash flows resulting from specific changes in disclosures in the notes as a consequence of IFRS 15 adoption. We focus on the following items:

(i) Disclosures of changes in contract assets and contract liabilities;
(ii) Disclosures of backlog/revenue pipeline;
(iii) Disclosures of loss-making contracts;
(iv) Disclosures of disaggregation of revenue;
(v) Disclosures of product profitability;
(vi) Disclosures of costs to obtain or fulfil a contract;
(vii) Disclosures of the nature of goods and services the entity has promised to transfer, but has not yet transferred;
(viii) Disclosures of product margins; and
(ix) Disclosures of significant judgements the company has made when reporting revenue.

The results presented in Table A.8 and Figure 3.10 indicate that all the listed disclosure items are seen as increasing usefulness, as they enhance the ability to make estimates of future cash flows. When considering all the changes, the scores related to the changes in disclosure requirements exhibit the highest values in terms of positive impact on usefulness, on average.

Figure 3.10. Usefulness: Disclosures



Specifically, the disclosure item "Disclosures of disaggregation of revenue" is rated with the highest positive impact, with a score of more than 4 on the 5-Likert scale, and over 75% of all users consider that such disaggregation improved the usefulness of reported information. It is closely followed by the disclosure item "Disclosures of changes in contract assets and contract liabilities". On the other end, only half of the users considered that disclosures of product margins improve the usefulness of reported information.

The item that appears less useful overall is "Disclosures of the nature of goods and services the entity has promised to transfer but has not yet transferred," as around 20% of the surveyed users responded that they do not utilise the information provided in the disclosure item for making their estimations.

3.1.3.2 Comparability

Considering the convergence between IFRS 15 and Topic 606, we asked users to what extent the implementation of IFRS 15 has significantly affected comparability. The scale used for this question ranges from 1 to 5, where 1 signifies a significant decrease in comparability, 3 indicates no change in comparability, and 5 represents a significant increase in comparability:

(i) With other firms using IFRS

a. same industry

b. different industries

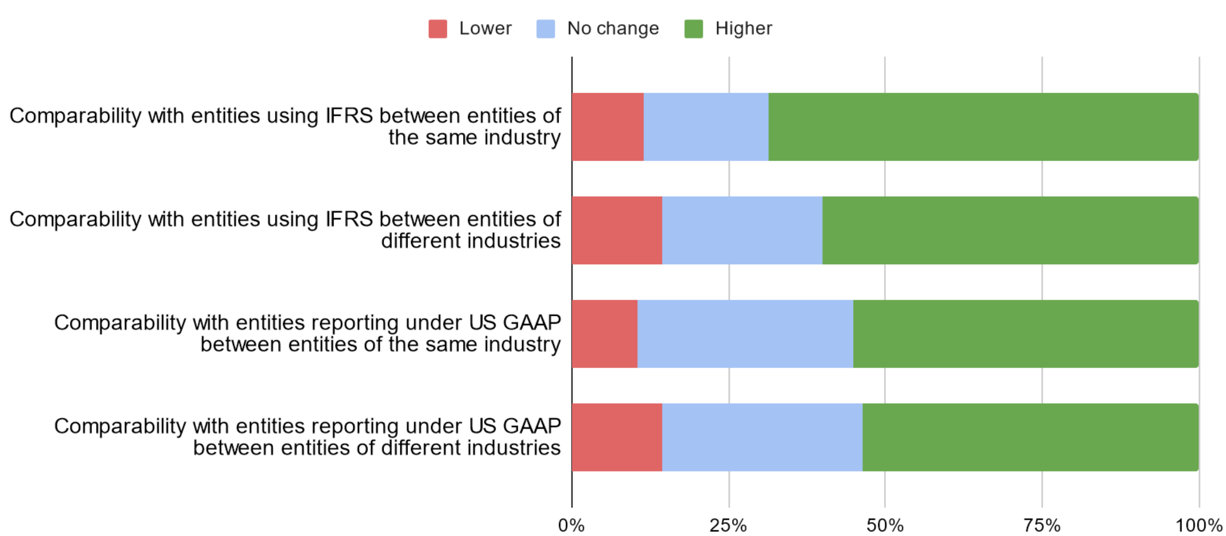
(ii) With other firms using US GAAP

a. same industry

b. different industries

The results presented in Table A.9 and Figure 3.11. They indicated that, on average, the implementation of IFRS 15 increases comparability with other companies using IFRS, particularly those within the same industry. Users are slightly less positive in terms of their views of the impact on comparability between IFRS and USA GAAP adopters, although they consider that it has led to an increase in comparability as well.

Figure 3.11. Comparability with US GAAP



A high percentage of respondents (around 35%) indicated that they do not have a specific view on comparability between IFRS and USA GAAP adopters, compared to 20% of respondents who did not have a view when considering only IFRS adopters.

3.1.3.3 The cost of obtaining the information

To complete the analysis of the usefulness of information under the new requirements of IFRS 15, we also asked users about the perceived impact on costs to obtain the information. We inquired about the following aspects:

(i) To what extent has the implementation of IFRS 15 in most affected industries impacted the cost of obtaining the required information for their analysis (1-It is now lower to 5-It is now higher);
(ii) Whether compared with other IFRS changes, familiarizing with IFRS 15 has been: from 1-Less costly than other IFRS to 5-More costly than other IFRS; and
(iii) If after the adoption of IFRS 15, they are making less use of alternative performance measures/non-GAAP measures related to revenue (1-I disagree to 5-I agree).

Based on the results presented in Table A.10, we can conclude that the cost of obtaining information under the new requirements of IFRS 15 is perceived to be slightly higher. In addition, familiarising oneself with the standard is considered to be slightly more costly compared to other aspects. It is worth noting that respondents indicated making less use of non-GAAP measures.

These findings suggest that there is a perceived increase in costs associated with obtaining the necessary information and adapting to the requirements of IFRS 15. This information provides valuable insights into the practical implications and challenges faced by users in implementing the new standard.

In summary, users consider that the changes introduced by IFRS 15 have **increased the predictive value of financial statements' information** (Income statement, Statement of Financial Position and Disclosures) as well as their **monitoring ability (stewardship).** The **changes in disclosure requirements** are seen as having the greatest positive impact on usefulness. In particular, the disaggregation of revenue is seen as improving forecasting ability. Users also consider there has been an increase in comparability. This increase in usefulness has been accompanied by a **slightly higher cost** for users in terms of familiarizing themselves with it than other standards.

3.1.4 Users 'view on consequences on preparers and MCS

As mentioned in the introduction, the impact of IFRS 15 implementation on management control systems (MCS) is primarily obtained from the information gathered from preparers through surveys and interviews. However, it is also important to explore whether preparers have changed the way they communicate revenue information to users outside the financial statements. Additionally, understanding the users' perception of the potential impact on MCS and the potential consequences of those impacts is valuable.

By assessing these aspects, we can gain insights into how the implementation of IFRS 15 has influenced the communication of revenue information, the implications for MCS, and the overall effects on the decision-making processes and performance evaluation within organisations. This broader perspective allows for a comprehensive understanding of the implications of IFRS 15 on both preparers and users of financial information.

In relation to the information they receive from managers, we asked to what extent they agree (1-disagree to 5-agree) with the following two statements:

> *Statement 1*: "Following the introduction of IFRS 15 the way the management of companies presents information on revenue outside the financial statements has changed"
>
> *Statement 2:* "The information related to revenue that managers provide outside the financial statements is more useful since the introduction of IFRS 15"

We also asked about their perception of changes in the MCS and the consequences of those changes on internal decision making and efficiency by asking:

(i) To what extent in your view has the implementation of IFRS 15 represented a significant impact on the management control systems (MCS) of affected companies? (1-Low to 5-High);

(ii) 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 efficiency? (1-Loss of efficiency to 5-Gain in efficiency);

(iii) 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 to 5-Better internal information; and

(iv) Whether the type of contracts and/or pricing of products offered by the entities have changed because of IFRS 15 adoption (1- disagree to 5- agree).

Based on the findings reported in Table A.11, users, on average, perceive that the information on revenue outside the financial statements has slightly changed and has increased in usefulness following the adoption of IFRS 15. However, a statistically significant difference was observed between the response of auditors and the rest of the users. Auditors, on average, do not believe that the information presented by managers outside the financial statements has changed or become more useful, whereas the rest of the users agree with these statements. This difference may be attributed to the lower level of involvement auditors have with this type of information, which is primarily directed towards investors and analysts.

Regarding the impact on management control systems (MCS), users believe that IFRS 15 has had a significant influence on companies' control systems. They also perceive that these changes in control systems have led to modifications in internal information used by managers to improve accounting estimates, forecasts, judgments, and models. Additionally, users believe that these changes in MCS have real consequences on contracts, resulting in slight changes in the type of contracts and/or pricing of products offered by entities due to the adoption of IFRS 15.

Another statistically significant difference was observed between auditors and other users regarding the perception of the impact of changes in MCS on efficiency. While users other than auditors anticipate that these changes will have a higher than moderate impact on efficiency gains, auditors scored lower than the rest of the users. It appears that analysts, investors, and academics are more optimistic about the potential positive externalities of IFRS implementation resulting from changes in the design and use of MCS compared to auditors.

These insights shed light on users' perceptions of the changes brought about by IFRS 15 adoption, particularly in terms of information outside the financial statements, the impact on MCS, and the potential consequences for contracts and efficiency gains. Understanding these perspectives contributes to a comprehensive assessment of the implications of IFRS 15 on both preparers and users of financial information.

In summary, users consider that changes introduced by IFRS 15 have slightly changed the information other than financial statements that they receive from managers. **They perceived** the implementation of IFRS 15 has led to **changes in the use and design of MCS** altering some internal decision making and having **positive consequences on efficiency**

3.2 INTERVIEWS

Based on the three-hour interviews conducted with analysts, several key conclusions were drawn regarding their perspectives on the usefulness of information for making investment decisions under IFRS 15. The following is a summary of the main findings along with selected quotes that provide illustrative insights:

3.2.1 Impact on Financial Statements and usefulness of information

All the interviewees consider that the impact on figures is generally not significant. This is in contrast with their view on the impact on disclosures of which they give much more relevance. The following comment is illustrative of this[13]:

> *"If you look at the Annual Report and analyse companies, in revenue, the bottom line, in general, the impact has not been big, but they (disclosures) do help you a lot to know how you get there... even in retail"* (E6)

Indeed, while the analysts' responses may not provide specific insights into the individual changes within IFRS 15 that contribute to the increased usefulness of financial statements, their overall consensus is that the adoption of IFRS 15 has had a clear and significant positive impact on the usefulness of financial statements. They perceive this impact in several key areas, including making future performance predictions, enhancing comparability, and supporting stewardship analysis.

The analysts' emphasis on the overall positive impact of IFRS 15 suggests that the collective effect of the standard's changes, such as improved revenue recognition practices, enhanced disclosures, and alignment with global reporting standards, has resulted in financial statements that provide more reliable, transparent, and comparable information. This, in turn, empowers the analysts to make more accurate predictions about companies' future performance and assess their stewardship responsibilities effectively.

> On estimations: "*You take IFRS 15 principles/rules in combination with the disclosure requirements, and I think the user gets much more insights about how the entity is developing its business model, and this allows you to better assess growth, future cash flows, or profitability, so I would say there is a positive impact... If you are able to better understand how the business model works to a larger extent, it helps in your analysis of how to estimate future performance"* (E1)

> On stewardship: "*If you can have a better insight into cash flows, profitability, growth, and timing of cash flows, you can link it directly to how the management has been performing"* (E1)

[13] Interviewees are numbered from E1 to E9. We are referring just to the 3 analysts.

3.2.2 Impact on preparers and MCS

When we interviewed analysts about their perception of potential changes to internal decision-making caused by IFRS 15 implementation, they agreed that positive changes in efficiency may accrue, some of them linked with improvements to internal information available for decision making as exemplified by the following comments:

> *"It could have led to changes in efficiency. …I am positive about that, in the way they monitor efficiency and estimates, and forecasts. That is my perception. It has also helped the entities" (E1)*

> *"Yes, here I believe that companies will be more efficient, even if it (implementation of IFRS 15) costs them more at the beginning" (E6)*

Interestingly, interviewees also mentioned the consequences on contracts and internal operations that do not necessarily flow through the preparation and use of new information. For example, a user (analyst) indicated that preparers are willing to change the characteristics of the contract to get the desired accounting number:

> *"I refer to an interview I had with the CEO of a construction company a few years ago. He said that "legal did not dominate finance and finance did not dominate legal but, he said, in case our contract not be in line with IFRS 15 or vice versa, he said, we would change our contract" (E1)*

4 FINDINGS: PREPARERS

4.1 SURVEY

In this section, we present and discuss the key findings and conclusions with respect to preparers´ perceptions. We hypothesise that to comply with the new approach and particularly with the increased disclosure regime many firms may need to adapt, or enhance, their accounting information systems to provide the necessary information. In turn, this may mean that the new requirements have not only heterogeneous accounting effects (depending on the industries) but also, as mentioned, substantial implementation costs as well as potentially induce changes in how businesses operate, due to changes in accounting information systems and newly available information (Napier and Stadler, 2020)

4.1.1 Respondent profiles

The total number of respondents (preparers) who fully completed the survey was 196.

Figure 4.1. Breakdown of participants by type of preparers

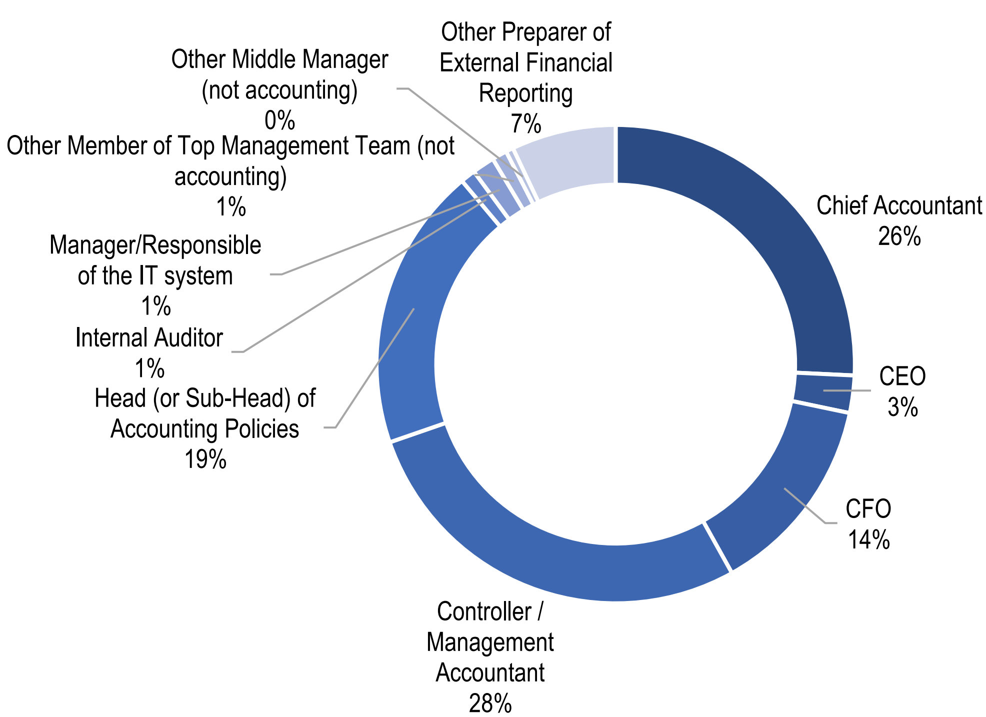


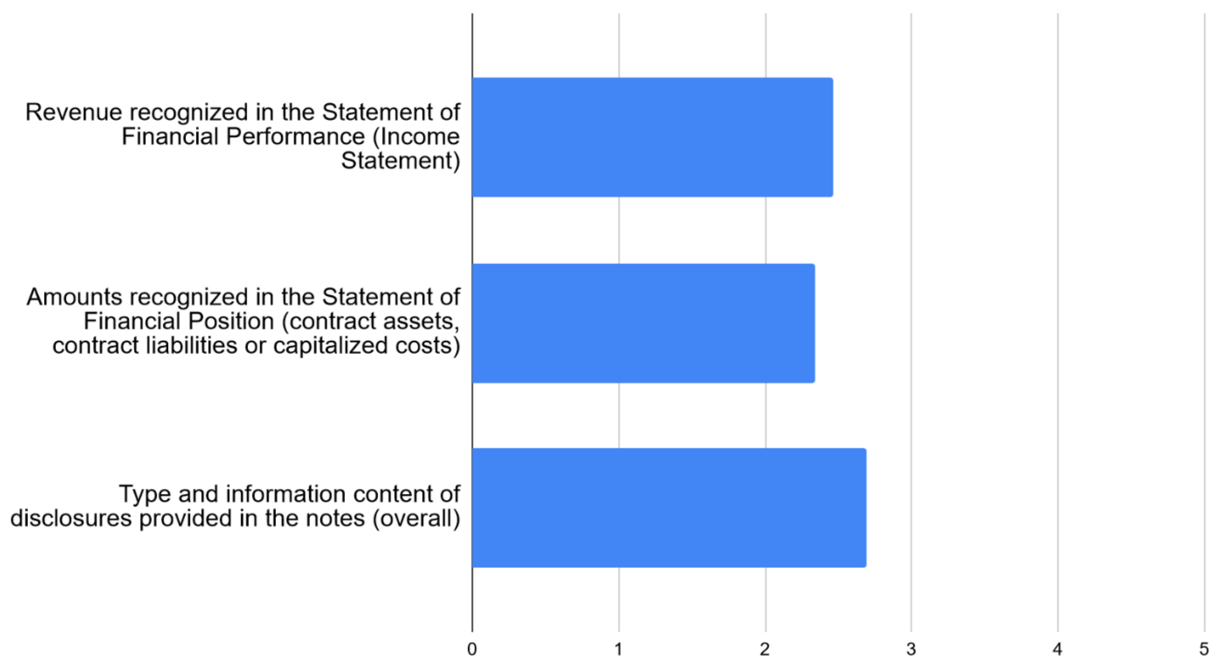
Figure 4.1 offers a visual representation of the distribution of responses (i.e., percentage composition) by type of preparers, which included controllers (28%), chief accountants (26%), heads of accounting policies departments (19%), CFOs (14%), CEOs (3%), and other preparers including internal auditors and managers of the IT system (10%).

4.1.2. Impact on financial statements

We asked preparers about the impact of IFRS 15 implementation on financial statements: Revenue recognition (Income Statement), Amounts recognised in the Statement of Financial Position (contract assets, contract liabilities or capitalised costs), and Type and information content of disclosures provided in the notes (0-No impact, 1-Low impact to 5 High impact).

The results are reported in Figure 4.2. They show that the impact on financial statements is perceived on average between low and moderate. Prepares, like users, indicated that the notes (type and information content of disclosures) are the most affected by IFRS 15.

Figure 4.2. Impact on financial statements



In summary, according to the respondents' view, changes introduced by IFRS 15 have on average a **slightly more than low impact on the Statements of Financial Performance and Financial Position** and on average, slightly less than moderate **impact on disclosures.**

4.1.3. Impact on IT and MCS

We asked preparers' opinions regarding whether changes to the information requirements resulting from the adoption of IFRS 15 have affected the IT systems and Management Control Systems (MCS).

4.1.1.1 Overall impact on IT and MCS

We asked preparers about the overall impact of the adoption of IFRS 15 on the company's IT. The results are shown in Figure 4.3. Only 18% indicated that there has been no impact, while almost 25% indicated that the impact is from moderate to high.

Figure 4.3. Overall Impact on IT systems

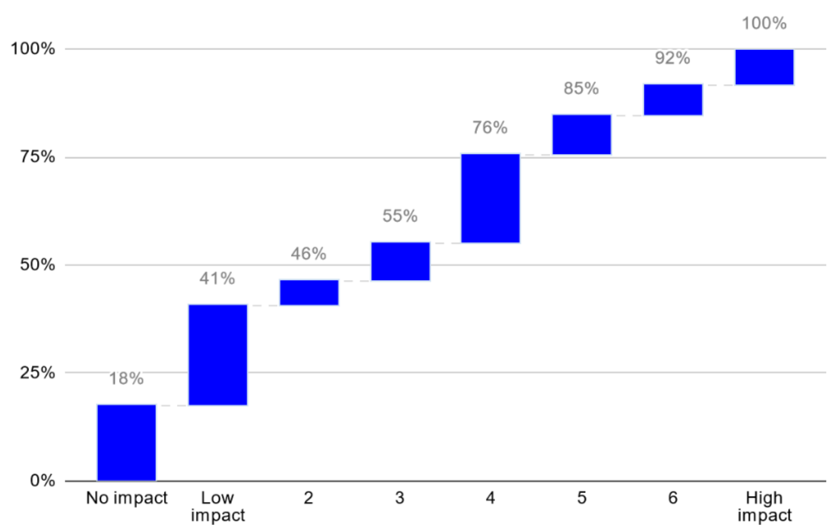
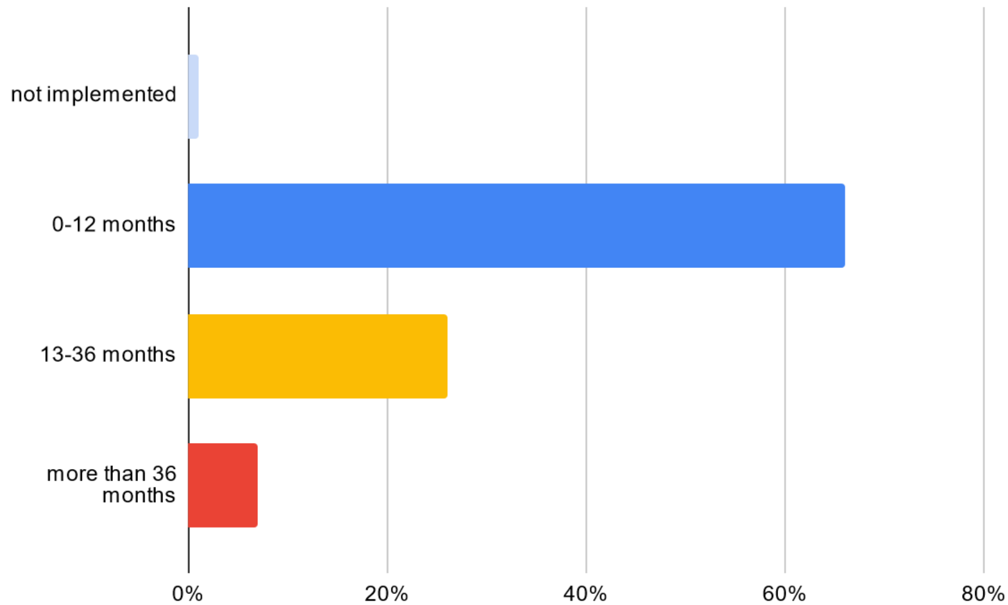


Figure 4.4 shows the average perception of responders by industry. However, the ranking shown in this figure must be taken with caution as some industries have very few responders, so the order does not necessarily show the relative difference between industries. It can be also highlighted that users´ views on the most affected industries were mostly about Financial Statement impact, while preparers' views are exclusively related to IT and MCS. Still, there is a high correlation among the answers with a few exceptions (see Figure 3.3.)

Figure 4.4. Overall Impact on IT systems

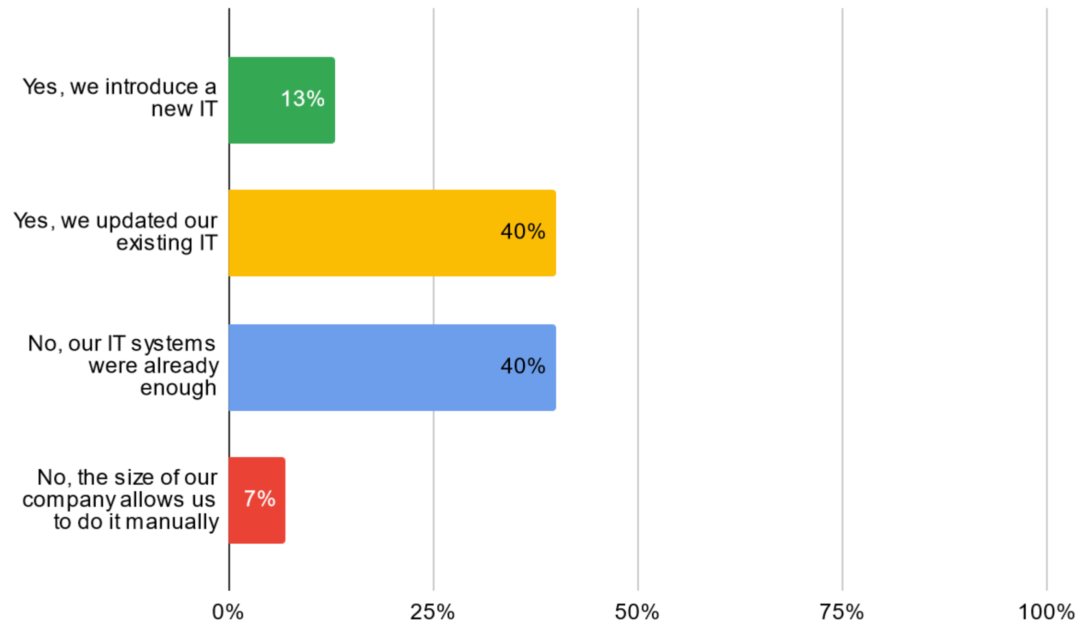
We also asked how long the implementation process had lasted. Figure 4.5 shows that the majority of companies implemented it in less than 12 months. However, more than 25% indicated that this process took up to 36 months, with a percentage of above 7% indicating that implementation took more than 36 months.

Figure 4.5. Time taken to implement



We included in the survey a question about changes introduced to the IT systems (i.e., Excel sheet, SAP, Oracle, Tagetik) because of IFRS 15 implementation. As shown in Figure 4.6, more than half of the companies (53%) had to either upgrade their systems (40%) or introduce a new one (13%). 40% reported that their current systems were enough, while 7% underlined that due to their size, they do it manually.

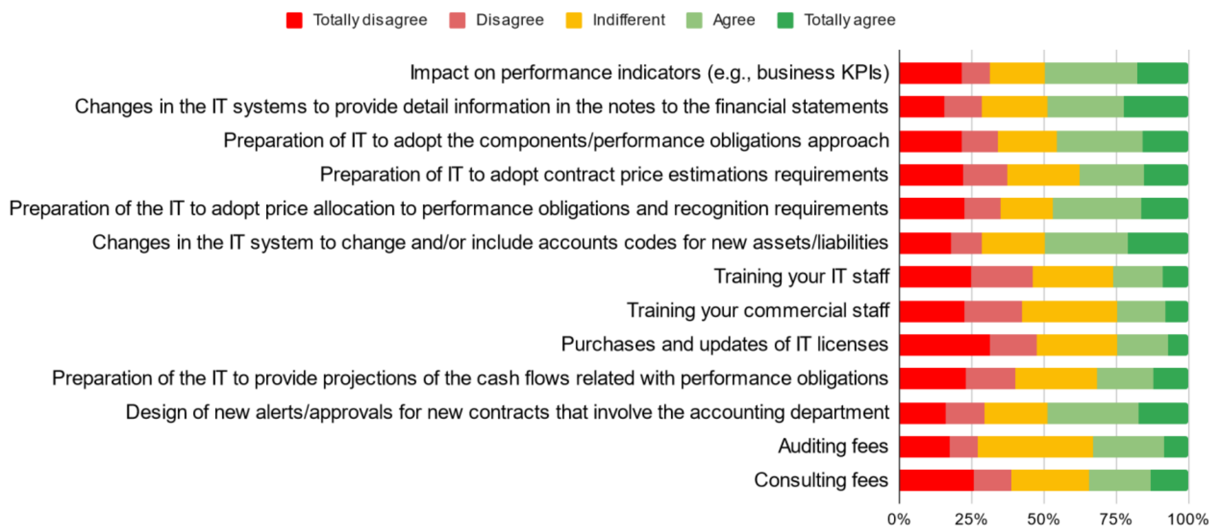
Figure 4.6. Changes to IT systems



4.1.1.2 One-off impacts on IT and MCS

One of the main concerns of preparers throughout the process of developing and implementing the IFRS 15 has been the costs involved. We asked about the main one-off impacts of this implementation process in the IT systems. Results in Figure 4.7 indicate that the main ones were: (i) Impact on performance indicators (e.g., business KPIs); (ii) Changes in the IT systems to provide detailed information in the notes to the financial statements (disclosure requirements); (iii) Changes in the IT system to change and/or include accounts codes for new assets/liabilities; and (iv) Design of new alerts/approvals for new contracts that involve the accounting department. Among those with the least impact were the following: (i) Training IT staff; (ii) Training commercial staff; and (iii) Purchases and updates of IT licences.

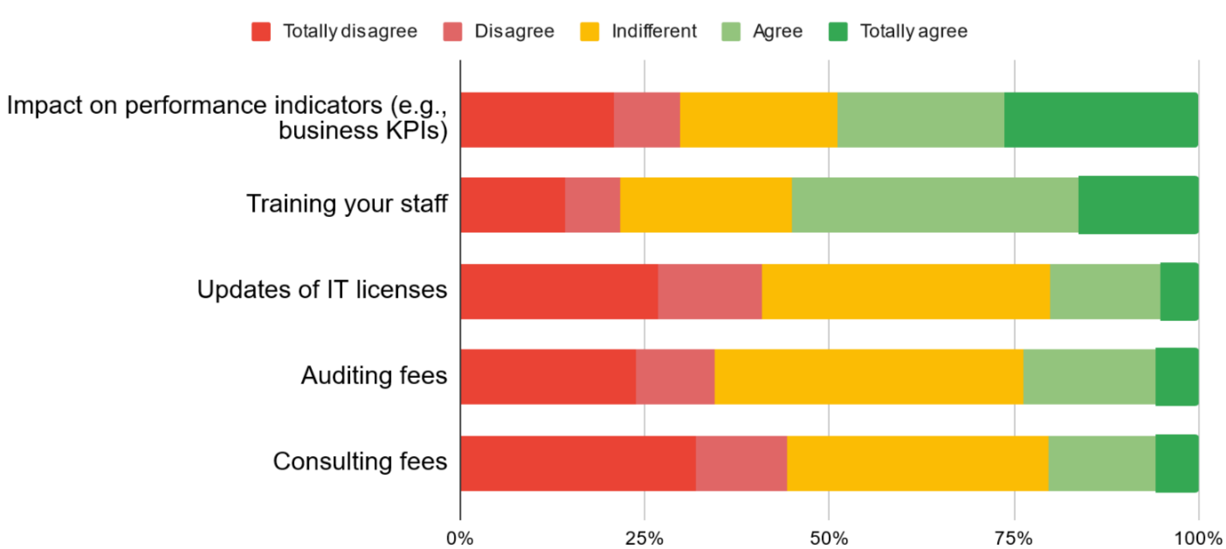
Figure 4.7. One-off impacts on IT systems



4.1.1.3 Ongoing impacts on IT and MCS

Similarly, we also asked about ongoing impacts. As shown in Figure 4.8, the impact on performance indicators (e.g., business KPIs) and training the staff are the main ongoing impacts indicated by the preparers.

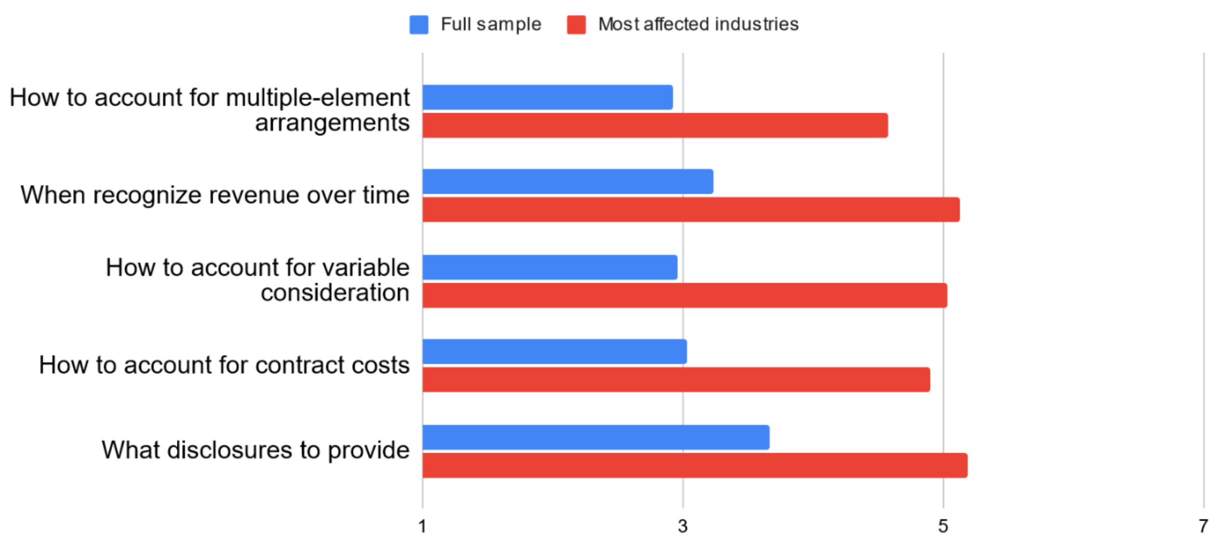
Figure 4.8. Ongoing impacts on IT systems



4.1.1.4 Which new recognition or disclosure requirements impacted IT and MCS

Participants also provided their views on the extent to which new requirements resulting from the implementation of IFRS 15 have impacted their IT systems. Figure 4.9 shows that (i) What disclosures to provide and (ii) When to recognise revenue over time are the main impacts. But on average, when considering all industries, all of them have had between low and moderate impact. However, when we asked preparers to consider the most affected industries, all impacts were substantially higher. This is indicative that perhaps a few industries were substantially impacted (especially after considering the finding on the extent that implementation took over 36 months), while for many industries impacts were considerably smaller.

Figure 4.9. New requirements impact on IT systems

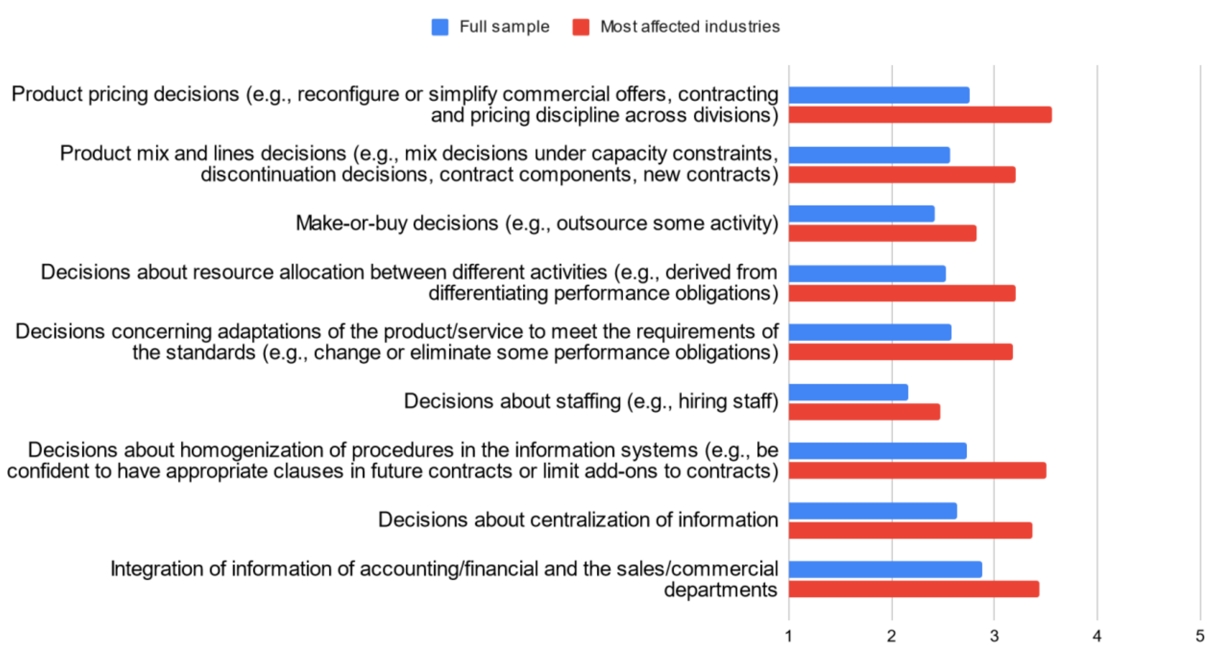


In summary, preparers consider that changes introduced by IFRS 15 have impacted the MCS and IT systems with significant variation among industries. The disclosure requirements followed by when to recognise revenue over time and how to account for variable consideration are the main changes in the standard causing the impact. The most significant one-off impacts are those related to the changes in IT systems while changes in performance indicators and in training the (commercial) staff are considered the most significant on-going costs.

4.1.2 Impact on decision making

The implementation of IFRS 15 required in most cases building new or updated IT systems connected to several databases (performance obligations database, stand-alone selling prices database, tool for determining transaction prices, etc.). Hence, we also asked about the impact of this change on business decision-making. Preparers indicated that the following are the most prominent impacts: (i) Product pricing decisions (e.g., reconfiguring or simplifying commercial offers, contracting and pricing discipline across divisions); (ii) Decisions about homogenisation of procedures in the information systems (e.g., be confident to have appropriate clauses in future contracts or limit add-ons to contracts); and (iii) Integration of information of accounting/financial and the sales/commercial department. As depicted in Figure 4.10, firms in the most affected industries (mean above 4 in Figure 4.4) show a higher impact on all decision-making items being more than moderate in all aspects except make-or-buy decisions and hiring staff.

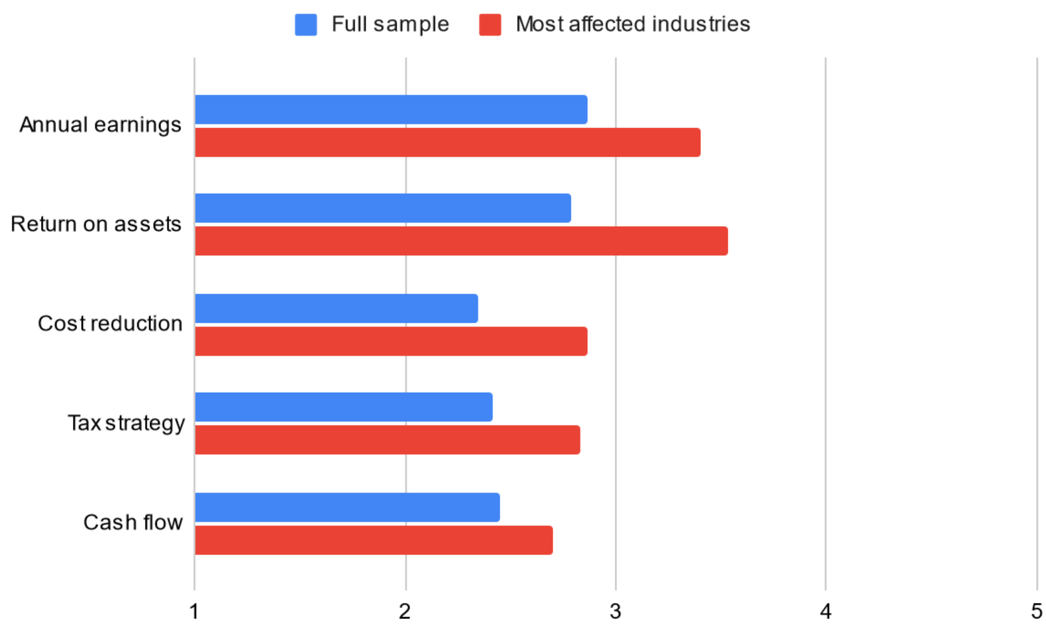
Figure 4.10. Impact on decision making



4.1.3 Impact of changes in MCS and IT on financial aspects

Because of IFRS 15 implementation, the commercial implications of a transaction may be more explicitly reflected in accounting numbers. So, we asked about to what extent changes in management control systems from the IFRS 15 implementation process have financial consequences. Results in Figure 4.11 indicate that the impacts are mainly concentrated on annual earnings and ROA.

Figure 4.11. Impact of changes in MCS on financial numbers



In summary, changes in MCS as a consequence of IFRS 15 implementation impact many aspects of decision making in the most affected industries, with real effects on organisations and procedures that can have potential internal benefits.

4.2 INTERVIEWS

4.2.1 The preparers' views: Interview evidence

In the pre-survey semi-structured interviews with preparers, we observed that managers were generally willing to indicate substantial changes in the MCS and to highlight the costs of the implementation of the new standards (IFRS 15 and/or IFRS 16). However, they also showed limited awareness or reluctance to acknowledge, at least explicitly, the potential benefits of the implementation for internal control and decision making. Indeed, on several occasions, managers noted benefits, and when prodded to elaborate on those benefits, backtracked on their own assertions.

Overall, we obtained relevant information to adapt the preparers' survey based on previous literature to IFRS 15 (and IFRS 16) characteristics. In general, for companies affected significantly by both Standards and in line with our discussion above, interviewees highlighted that IFRS 15 implementation was more complex than IFRS 16, even though its impact on the financial statements was less significant. This validated our choice of IFRS 15 as the main identification strategy and guided our choice to focus on it in the survey.

The main costs highlighted by the interviewees in this phase are, as expected, those identified in the comment letters and the studies mentioned above, such as money paid for licences and the adaptation of the standardised software and the consequent changes in MCS systems, auditing and consulting fees, the opportunity cost of human capital, i.e., time spent training the staff, among others. Substantial changes in MCS are explicitly mentioned because of IFRS 15 implementation. Also, the consequences of those changes in MCS, although in most cases without acknowledging that they may lead to changes in decision making or a significant positive effect. In general, preparers were reluctant to acknowledge potential benefits.[14]

In this second phase of the research, the interviews consisted of close questions from the questionnaire which, apart from serving to pre-test the survey, provided information from additional comments and discussion of their answers on changes in MCS, and potential changes in decision-making because of those eventual changes.

4.2.2 General aspects of the implementation process and changes in IT and MCS

In relation to general aspects of the implementation of IFRS 15, all interviewees agreed that the impact on the amounts reported on the Balance Sheet and Income Statement is not significant. The impacts are concentrated on disclosure. Typically, implementing the standard took between 12 and 36 months, which highlights the costs previously mentioned. Apart from the accounting and consolidation departments, all participants highlighted the particular involvement of the internal control departments in the implementation of IFRS 15, as shown by the following quotes:

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[14] Similar results obtained by Denver et al (2019) in a survey to Australian preparers during implementation. This is consistent with predicted by the notion of temporal discounting in behavioral economics (Frederick et al., 2002) and with construal level theory (Weisner, 2015) that preparers, particularly during implementation, are more **likely to overstate costs** (which are real and present) **and underestimate benefits** (which are expectations of the future).

Also, management control (was very high involved) *because when there is a new standard, we always work together with the management accounting and controlling because for sure we have to assess also the impact on KPIs and on internal reporting process (E8)*

When implementing the standard *(*IFRS 15) *arises the question: do people understand the standard, and understand the business, and the sales contracts? And of course, this goes into controls, and the control framework. (E9)*

As mentioned, in general, most of the preparers' comments related to the implementation process had a negative tone. All agreed there was an impact on IT systems, to adapt to the new information requirements but, in general, they stated that they do not see the potential benefits of such IT systems change, in the training of the staff, and in the time-consuming implementation in general considering the low expected impact on the figures. Incurring such cost was perceived as meaningful. The attitude of people involved in the implementing process can be assessed in the following quotes:

Nobody wants to change, especially if it is imposed, right? So, they (the staff) *were not saying: "I welcome the changes¡", because it is additional work, and implementation of IFRS 15 has not brought big benefits to our business. It just made it more complicated* (E3)

It was not that people were not receptive. It was that there was no interest, because we were not able to say it was important for our company, because it wasn´t. (E2)

Although all the interviewees, in general, explicitly denied a significant change in their MCS, in their answers to the survey, some of them recognised a difference in the quantity and quality of the information they use, in the estimations they do, and changes in the internal procedures and policies, which can be considered effects of IFRS 15 implementation, as shown in these quotes:

Recognise (revenue) *over time or at a point in time, in the financial statements did not have an impact, but in our procedures, it did have an impact* (E3)

*Impact on the statement of financial performance, on the whole, did not have a material impact because of IFRS, but on the way of procedures and assessing contracts, it did have an impact on the training on the understanding of how you should be drawn up the contract to get the results you intend to have (*E3)

When referring to the cost of training the staff, the preparers did not refer so much to the technical accounting issues and/or the accounting staff (whose training must be done with any change in the standards) but other types of training and to staff from other departments (mostly the commercial department) as shown in the following comments:

This educational aspect (related to the standard per se) *is all in an accounting manual. But this is not the issue…* (The issue is): *Do people realise when they do sales contracts and the arrangements? That, when looking at the guidance that we have, that they make the link?* (E9)

Apart from training the commercial staff, another interesting impact on procedures was the involvement of the accounting department in the commercial offers and design of contracts, as specifically mentioned:

> *It can happen that when preparing a contract... involvement of the accounting department is* (now) *required in order to the interpretation of application of IFRS* (15) *(E8)*
>
> *Integration of information of accounting, financial and sales-commercial department a "3"* (moderate impact in the Likert scale). *The main impact is the last one because for sure following the IFRS 15 implementation means more integration between these functions. More dialogue has been established* (E8)

The increase in the dialogue between the two departments because of the implementation of IFRS 15 seems to have a clear impact on internal procedures mentioned in one way or another by all the interviewees affected by IFRS 15.

4.2.3 Impacts on internal decision making and organisational behaviour

The answers of the interviewees (on a Likert scale) suggest no or very low potential impacts. However, here the disconnect between the scores given when prompted and the elaborated answers in interviews emerge. For example, while the impact on the final design of contracts is considered nil or low in the survey, the interviewees provided answers that were not always consistent with those numerical answers. What they said during the interview is consistent with impacts on decision-making. In particular, the results of both training the commercial staff and the involvement of the accounting department when designing contracts, had the objective of improving the design of contracts or commercial offers, as shown in the following quotes:

> The education of the commercial staff has the objective of *understanding how you should be drawn up the contract to get the results you intend to have* (E3)
>
> *.. the most important thing is training our staff and make them aware of these rules* (IFRS 15). *By far large, I make sure that* (the commercial staff) *make the right decision at the right time* (E3)

Two specific topics of IFRS 15 were expressly mentioned as having an impact on the design of the contracts: the sales incentives (also labelled "free goods") and royalties. One interviewee recognised that accounting for sales incentives was not so different from the old standard but, in practice, the lack of previous guidance made their account for it different. Consequently, the clearer guidance in IFRS 15 might have real effects, not just on the MCS because of the homogenisation of the procedures, but also on decision making, by affecting the design of the contracts, as shown in the following comments:

> *I think that also the treatment of these "free charge goods" which are given in connection with the sales, actually, did not change so much with IFRS 15. It is just that the guidance is a bit more clear*

and more specific about what we should do. And so, we do, also internally, we want to assure that we have the understanding of our organisation and that this is done consistently. So, I think now it is much more prominent, the topic of revenue, and this kind of things like "free charge goods", that all virtually entities have, or all commercial entities have, so it is much more prominent, much more discussed, and we have to go back to the same point: what we try to make about the sales equivalent (E9 b)

So, this (sales incentives) *is one example where I think we still are facing a bit of educational exercise* (E9)

And the potential future changes in the design of the contracts as a consequence of IFRS 15 were considered as shown in this quote:

What can I say... The business does what we think it is right to do, regardless of what the standard says. So, I would disagree that the standard has any impact on the way people look at this. Of course, on some areas they are mindful, so we try to avoid sales-based royalties that is not in the licence agreements. This is a decision we try to avoid; this is something we try to avoid. But when we say "no impact" it is no impact on the process, on the systems on the way we account for it, but, maybe, these free goods programs… they have to change (E9)

In relation to the impact of new disclosure requirements on internal decision making, even though the interviewees said it was nil or very low in the Likert scale answers to the survey, we think it is interesting to highlight the following comment which highlights a potential benefit:

In general, look, for us, the impact was not significant so I could easily say I do not have a view. But, in general, I think ...the standard it does have some additional mandatory disclosures, and you need to restructure your thinking about revenue recognition. We also did that. So, it is much more clear for the future what the direction is… (E3)

4.2.4 Impact of IFRS 15 on the usefulness of external financial reporting

Surprisingly, even though all agreed there was low or no impact of the adoption of IFS 15 on the amounts reported in the financial statement, the interviewees tended to highly rate the impact of usefulness for users. That is illustrated for example in the following quote when answering on the impact on the usefulness on a scale from 1 to 7:

I would say relevance, faithful representation, and comparability of the same industry, I would say 5 (high), and comparability with US GAAP 6 (even higher) (E2)

While other preparers considered initially that, except for comparability, the adoption of IFRS 15 had no impact from a usefulness perspective, during the interviews, they changed the expression of their perception from a negative or neutral to a positive tone:

Overall, the usefulness, I mean, did not increase but maybe it is more comparable (E9a) *…Yes, this is US GAAP versus IFRS. This is now more harmonised. I think it has a lot of impact. I think that in general, I like IFRS 15. It is more clear, much more comprehensive. (*E9b).

5 CONCLUSIONS

The conclusions drawn from the users' views on the consequences of IFRS 15 adoption are significant and have implications for standard-setting processes, internal control systems, and reporting quality. Investors' perspectives, which are often underrepresented in the standard-setting process, provide valuable insights that complement the views of preparers, auditors, and academics.

The findings indicate that according to users' perception, IFRS 15 has effectively achieved its goal of increasing the usefulness of financial statements for external decision-making, particularly through enhanced disclosure requirements. This highlights the importance of transparent and comprehensive information in facilitating users' understanding and analysis of financial performance.

Moreover, users perceive that the implementation of IFRS 15 has had broader implications for preparers and management control systems. Changes in the use and design of management control systems, driven by the standard, have altered internal decision-making processes and had real effects on contract designs. The users' general perception is that these changes are leading to positive consequences for efficiency within organisations.

The conclusions drawn from preparers' perspectives delve deeper into the specific changes in management control systems resulting from IFRS 15 implementation and explore the concrete consequences of these changes. The impact on the MCS and IT has been significant in some industries. The disclosure requirements are the main cause of those changes.

The cost burden of IFRS 15 compared to other standards needs to be interpreted with caution as these costly changes in MCS alter some decision making and organisational aspects which might have other consequences benefits (or costs) in terms of performance or efficiency. This is an empirical matter.

By analysing preparers' views and obtaining detailed internal information anonymously, the report aims to contribute to the limited existing research on the effects of IFRS adoption on management control systems.

Understanding and communicating the potential consequences of regulatory changes, such as IFRS adoption, on internal decision-making processes and management control systems is crucial. This knowledge can inform accounting regulators of the unintended effects and guide them in addressing potential challenges and optimizing reporting quality.

Overall, this research project offers valuable insights into the broader implications of IFRS 15 adoption and contributes to post-implementation reviews and cost-benefit analyses by considering both the external and internal effects of the standard.

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APPENDIX: The users 'survey: Questionnaire and results

Note: This appendix shows all the questions addressed to users (except those related to their profile) as well as the results obtained for each question in each of the tables shown below. Excluded is the introduction letter in the survey, which contains a summary of the research project and some clarifications on the procedure. Also excluded are the brief explanations which preceded many of the questions to clarify/remind the respondents of the changes introduced in IFRS 15 that are related to the subsequently-posed questions.

SECTION 1. IMPLEMENTATION OF IFRS 15: EXTERNAL REPORTING CONSEQUENCES

Table A. 1. Impact of IFRS 15 on annual statements by industries

QUESTION: *The implementation of IFRS 15 represented a significant impact on annual financial statements (including disclosures on the notes), that was industry-dependent. Please indicate for the following industries the level of impact (from 1-low to 5-high) you have observed in one or several aspects (reported revenues and/or the balance figures or the quantity /type of information disclosed in the notes related to revenue)*			
	Mean	***S.D.***	***Range***
Agriculture, forestry and fishing	2.50	1.35	1-4
Mining and quarrying	2.44	1.24	1-4
Manufacturing (except Engineering & Industrials and Life sciences)	2.86	1.28	1-5
Engineering & Industrials	3.30	1.42	1-5
Life sciences	2.69	1.38	1-5
Electricity, gas, steam and air cond. supply	3.20	1.21	1-5
Water supply; sewerage; waste management and remediation activities	3.25	1.22	1-5
Construction	3.73	1.12	2-5
Wholesale trade, Retail trade or Repair of motor vehicles and motorcycle	2.80	1.15	1-5
Transporting and storage (except Aerospace)	2.50	1.03	1-4
Aerospace	3.38	1.50	1-5
Accommodation and food service activities	2.28	1.07	1-4
Information and communication (except Telecommunications, Software, and Media)	3.29	1.31	1-5
Telecommunications	3.89	1.20	1-5
Software	3.48	1.48	1-5
Media	3.15	1.34	1-5
Financial and insurance activities (except Asset managers)	2.95	1.35	1-5
Asset managers	2.72	1.23	1-5
Real estate activities	3.25	1.12	1-5
Professional, scientific and technical activities	2.95	1.22	1-5
Administrative and support service activities	2.72	1.23	1-5
Public administration and defence; compulsory social security	3.55	1.13	1-5
Education	2.65	1.50	1-5
Human health and social work activities	2.67	1.35	1-5
Arts, entertainment and recreation	2.50	1.27	1-4
Other services activities	3.21	0.97	1-4
Activities of households as employers	2.00	1.00	1-3

Activities of extraterritorial organisations and bodies	2.63	1.51	1-4

SECTION 2. IMPACT ON THE FINANCIAL STATEMENTS

Table A.2. Impact of IFRS 15 on the financial statements

QUESTION:
Thinking of the most affected industry (the one that you selected as 'industry 1'), to what extent has the implementation of IFRS 15 overall affected ('I do not have a view'; 1-Low impact to 5-High impact):

	Mean	***S.D.***	***Range***	***Freq. of: "I do not have a view"***
Revenue recognised in the Statement of Financial Performance (Income Statement)	3.21	1.49	1-5	10.42%
Amounts recognised in the Statement of Financial Position (contract assets, contract liabilities or capitalised costs)	3.19	1.42	1-5	10.42%
Type and information content of disclosures provided in the notes (overall)	3.49	1.33	1-5	10.42%

Table A.3. Impact of IFRS 15 on the revenue recognition in the income statement

QUESTION:
Thinking of the most affected industry, and focusing on Revenue recognition in the income statement, to what extent the following changes as a consequence of IFRS 15 had an effect on the timing, amount or uncertainty of revenue recognised? ('I do not have a view'; 1-Low to 7-High):

	Mean	***S.D.***	***Range***	***Freq. of: "I do not have a view"***
Changes in how revenue is split between the various goods and services to be delivered in accordance with the contract	4.09	1.99	1-7	8.33%
Changes in whether revenue is recognised over time or at a point in time	4.00	1.98	1-7	8.33%
Changes how a significant financing component is accounted for, when payments are received in advance or in arrears (i.e., more than 12 months) component	3.42	2.05	1-7	14.58%
Changes in how variable consideration (e.g., contingent consideration, volume discount, loyalty programs, incentives) is accounted for	3.61	2.19	1-7	8.33%
Changes in whether a company is considered to be either a principal with the requirements for gross presentation of revenue or an agent with the requirement for net presentation	3.10	1.87	1-7	14.58%

Table A.4. Impact of IFRS 15 on the revenue recognition in the financial position statement

QUESTION: *Thinking of the most affected industry, to what extent the following changes as a consequence of IFRS 15 had caused an impact on the amounts recognised in the statement of financial position?? ('I do not have a view'; 1-Low impact to 7-High impact):*				
	Mean	***S.D.***	***Range***	***Freq. of: "I do not have a view"***
Contract assets	3.66	2.12	1-7	8.33%
Contract liabilities	3.57	2.05	1-7	8.33%
Capitalised incremental costs of obtaining or fulfilling a contract	3.64	2.01	1-7	12.50%

SECTION 3. USEFULNESS OF THE IFRS 15 REQUIREMENTS FOR DECISION-MAKING

Table A.5. Usefulness of the IFRS 15 requirements for decision-making

QUESTION: *Thinking of the previous IFRS 15 effects (in the most affected industry) and how you use accounting information, to what extent has the implementation of IFRS 15 decreased (1) or increased (5) the relevance of accounting information for the following objectives ('I do not have a view'):*							
	Mean	***S.D.***	***Range***	***Freq. of:* Decreased (1-2)***	***Freq. of:* No impact (3)***	***Freq. of:* Increased (4-5)***	***Freq. of: "I do not have a view"***
Estimation of future firm performance/ future cash flows (amount, timing, and uncertainty)	3.82	1.18	1-5	10.53%	15.79%	73.68%	13.33%
Assessment of revenue margins	3.70	1.29	1-5	16.22%	18.92%	64.86%	15.56%
Assessment of management's stewardship	3.64	1.27	1-5	15.15%	21.21%	63.64%	24.44%

*Among respondents; without "I do not have a view".

Table A.6. Usefulness of the IFRS 15 requirements for decision-making (income statement)

QUESTION: *Thinking of the IFRS 15 effects on the Statement of Financial performance/Income Statement (in the most affected industry) and how you use accounting information, please indicate to what extent changes in the reporting of the following items have decreased (1) or increased (5) your capacity to estimate company future cash flows (profitability and risk)? ('3-No impact'; 'I do not use this information in my analysis'):*							
	Mean	***S.D.***	***Range***	***Freq. of:* Decreased (1-2)***	***Freq. of:* No impact (3)***	***Freq. of:* Increased (4-5)***	***Freq. of: "I do not use this information in my analysis"***
Changes in how revenue is split between the various goods and services to be delivered in accordance with the contract	3.55	1.35	1-5	18.42%	18.42%	63.16%	13.33%
Changes in whether revenue is recognised over time or at a point in time	3.46	1.25	1-5	20.51%	17.95%	61.54%	11.11%
Changes how a significant financing component is accounted for, when payments are received in advance or in arrears (i.e., more than 12 months) component	3.42	1.29	1-5	15.79%	31.58%	52.63%	13.33%
Changes in how variable consideration (e.g., contingent consideration, volume discount, loyalty programs, incentives) is accounted for	3.31	1.39	1-5	22.22%	27.78%	50.00%	17.78%
Changes in whether a company is considered to be either a principal with the requirements for gross presentation of revenue or an agent with the requirement for net presentation	3.14	1.24	1-5	22.86%	34.29%	42.86%	20%

*Among respondents; without "I do not have a view".

Table A.7. Usefulness of the IFRS 15 requirements for decision-making (statement of financial position)

QUESTION:
Thinking of the previous IFRS 15 effects (in the most affected industry) and how you use accounting information, to what extent has the implementation of IFRS 15 decreased (1) or increased (5) the relevance of accounting information for the following objectives ('I do not have a view'):

	Mean	***S.D.***	***Range***	***Freq. of:* Decreased (1-2)***	***Freq. of:* No impact (3)***	***Freq. of:* Increased (4-5)***	***Freq. of: "I do not use this information in my analysis"***
Contract Assets	3.64	1.14	1-5	12.82%	17.95%	69.23%	11.11%
Contract Liabilities	3.74	1.02	1-5	10.26%	20.51%	69.23%	11.11%
Capitalisation of costs to obtain or fulfil a contract	3.49	1.26	1-5	16.22%	27.03%	56.76%	15.55%
Working capital	3.30	1.33	1-5	24.24%	27.27%	48.48%	26.31%

*Among respondents; without "I do not have a view".

Table A.8. Usefulness of the IFRS 15 requirements for decision-making (disclosures)

QUESTION:
Thinking of the IFRS 15 effects on Disclosures (in the most affected industry) and how you use accounting information, please indicate to what extent changes in the reporting of the following items have decreased (1) or increased (5) your capacity to estimate company future cash flows (profitability and risk)? ('3-No impact'; 'I do not use this information in my analysis'):

	Mean	***S.D.***	***Range***	***Freq. of:* Decreased (1-2)***	***Freq. of:* No impact (3)***	***Freq. of:* Increased (4-5)***	***Freq. of: "I do not use this information in my analysis"***
Disclosures of changes in contract assets and contract liabilities	4.00	1.12	1-5	10.53%	13.16%	76.32%	12.50%
Disclosures of backlog/revenue pipeline	3.74	1.07	1-5	11.43%	20.00%	68.57%	18.75%
Disclosures of loss-making contracts	3.68	1.00	1-5	8.11%	29.73%	62.16%	15.91%
Disclosures of disaggregation of revenue	4.05	0.94	1-5	5.41%	16.22%	78.38%	15.91%
Disclosures of product profitability	3.75	1.11	1-5	11.11%	25.00%	63.89%	18.18%
Disclosures of costs to obtain or fulfill a contract	3.68	1.06	1-5	10.81%	27.03%	62.16%	15.91%
Disclosures of the nature of goods and services the entity has promised to transfer, but has not yet transferred	3.74	0.98	1-5	8.57%	28.57%	62.86%	20.45%
Disclosures of product margins	3.43	1.21	1-5	18.92%	27.03%	54.05%	15.91%
Disclosures of significant judgements the company has made when reporting revenue	3.68	1.12	1-5	10.53%	26.32%	63.16%	13.64%

*Among respondents; without "I do not have a view".

Table A. 9. Usefulness of the IFRS 15 requirements for decision-making. Comparability with US GAAP

QUESTION: *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 a view'; 1-It is now lower to 5-It is now higher):*							
	Mean	***S.D.***	***Range***	***Freq. of:* Lower (1-2)***	***Freq. of:* No change (3)***	***Freq. of:* Higher (4-5)***	***Freq. of: "I do not have a view"***
Comparability with entities using IFRS between entities of the same industry	3.83	1.12	1-5	11,43%	20,00%	68,57%	20.45%
Comparability with entities using IFRS between entities of different industries	3.69	1.16	1-5	14,29%	25,71%	60,00%	20.45%
Comparability with entities reporting under US GAAP between entities of the same industry	3.69	1.07	1-5	10,34%	34,48%	55,17%	34.09%
Comparability with entities reporting under US GAAP between entities of different industries	3.71	1.18	1-5	14,29%	32,14%	53,57%	36.36%

*Among respondents; without "I do not have a view".

Table A.10. Usefulness of the IFRS 15 requirements for decision-making (non-GAAP measures, cost of obtaining information, familiarizing the standard)

QUESTION: *To what extent do you agree with this statement:*			
	Mean	***S.D.***	***Range***
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 to 5-It is now higher):	3.59	0.92	1-5
Thinking about the process to familiarise 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 to 5-More costly than other IFRS):	3.57	0.87	1-5
After the adoption of IFRS 15 I am making less use of alternative performance measures/non-GAAP measures related to revenue (1-I disagree to 5-I agree):	3.19	0.92	1-5

Table A.11. Consequences of the IFRS 15 requirements on preparers

QUESTION: *To what extent do you agree with this statement:*			
	Mean	***S.D.***	***Range***
Following the introduction of IFRS 15 the way the management of companies presents information on revenue outside the financial statements has changed (1-I disagree to 5-I agree)	3.29	0.79	1-5
The information related to revenue that managers provide outside the financial statements is more useful since the introduction of IFRS 15 (1-I disagree to 5-I agree)	3.39	0.97	1-5
To what extent in your view has the implementation of IFRS 15 represented a significant impact on the management control systems (MCS) of affected companies? (1-Low to 5-High)	3.66	1.08	1-5
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 efficiency? (1-Loss of efficiency to 5-Gain in efficiency)	3.43	0.85	1-5
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 to 5-Better internal information)	3.79	1.00	1-5
The type of contracts and/or pricing of products offered by the entities have changed because of IFRS 15 adoption (1-I disagree to 5-I agree):	3.45	1.19	1-5

Table A.12. Impact of IFRS 15 on the financial statements

QUESTION: *Thinking of the most affected industry (the one that you selected as 'industry 1'), to what extent has the implementation of IFRS 15 overall affected* ('I do not have a view'; 1-Low impact to 5-High impact):			
	Other users	***Auditors***	***T-TEST***
	Mean	***Mean***	
Revenue recognised in the Statement of Financial Performance (Income Statement)	3.15	3.40	-0.48
Amounts recognised in the Statement of Financial Position (contract assets, contract liabilities or capitalised costs)	2.94	4.00	-2.16**
Type and information content of disclosures provided in the notes (overall)	3.48	3.50	-0.03

Significant at 0.10 level; **significant at 0.05 level; *** Significant at 0.01 level

Table A.13. Impact of IFRS 15 on the revenue recognition in the financial position statement

QUESTION: *Thinking of the most affected industry, to what extent the following changes as a consequence of IFRS 15 had caused an impact on the amounts recognised in the statement of financial position?? ('I do not have a view'; 1-Low impact to 7-High impact):*			
	Other users	***l Auditors***	***T-TEST***
	Mean	***Mean***	
Contract assets	3.41	4.50	-1.42*
Contract liabilities	3.26	4.60	-1.86**
Capitalised incremental costs of obtaining or fulfilling a contract	3.54	4.00	1.51

Significant at 0.10 level; **significant at 0.05 level; *** Significant at 0.01 level

Table A.14. Consequences of the IFRS 15 requirements on preparers

QUESTION : *To what extent do you agree with this statement:*			
	Other users	***Auditors***	***T-TEST***
	Mean	***Mean***	
Following the introduction of IFRS 15 the way the management of companies presents information on revenue outside the financial statements has changed (1-I disagree to 5-I agree)	3.41	2.90	1.84**
The information related to revenue that managers provide outside the financial statements is more useful since the introduction of IFRS 15 (1-I disagree to 5-I agree)	3.56	2.80	2.28**
To what extent in your view has the implementation of IFRS 15 represented a significant impact on the management control systems (MCS) of affected companies? (1-Low to 5-High)	3.68	3.60	0.19
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 efficiency? (1-Loss of efficiency to 5-Gain in efficiency)	3.53	3.10	1.43*
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 to 5-Better internal information)	3.79	3.80	-0.02
The type of contracts and/or pricing of products offered by the entities have changed because of IFRS 15 adoption (1-I disagree to 5-I agree)	3.56	3.10	1.07

Significant at 0.10 level; **significant at 0.05 level; *** Significant at 0.01 level