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Have Canada, Japan and Switzerland Adopted IFRS?

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Although many countries have passed laws to require the use of 'IFRS as issued by the IASB' for certain types of financial reporting, that is not the typical approach to adoption of IFRS (International Financial Reporting Standards) in major developed countries. This paper uses Australia and Pakistan as examples of minor and major adjustments to the content of IFRS. Then it uses Canada as an example of restricted scope of mandatory application of IFRS. This is compared to extensive voluntary adoption in Switzerland and increasing voluntary adoption in Japan. The paper asks what 'adoption' means in the context of Canada, Japan and Switzerland. Finally, the paper looks at how companies in many countries limit the potential value of international comparability by not affirming compliance with 'IFRS as issued by the IASB' even when they achieve it.

In an earlier issue of this journal, we asked: Has Australia adopted International Financial Reporting Standards (IFRS) (Zeff and Nobes 2010)? This was in response to Thomson (2009), who had stated that 'Australia definitely adopts IFRS'. We responded with a more cautious and nuanced answer, by setting out a continuum of national approaches to IFRS adoption, which run from (a) legal imposition of IFRS (as issued by the IASB) for all reporting to (z) making a translated version of an out-of-date version of IFRS voluntarily available for some companies. All such 'adoptions' tend to be included in vague and incautious statements such as 'the global rollout of International Financial Reporting Standards is gaining momentum, with more than 100 countries now using IFRS and all of the world's major countries anticipated to be on board within the next few years' (BDO 2012).

Of course, the most obvious limitation to the scope of mandatory use of IFRS is that the phrase 'all the major countries' does not include the world's three largest economies: the US, China and Japan. Nevertheless, since our 2010 paper, there has been a great increase in adoptions of IFRS, such that a majority of countries[1] in the world require IFRS (or some form of it), at least for consolidated reporting by listed companies. This makes a warning about vague claims even more relevant, because the population of adopters is now much larger and still shows great variety.

The IASB's website used to be one source of vague statements about IFRS adoptions, but the information it now provides is much more precise. The IASB now publishes detailed and helpful country-by-country analyses of adoptions (IFRS Foundation 2015a). These profiles do not extend to information about the numbers of companies using IFRS in particular countries, which we have investigated from national sources.

In this paper, we distinguish between three ways in which adoptions (or alleged adoptions) of IFRS can fail to maximise the potential benefits of international comparability that IFRS might bring. First, some countries adjust the content of IFRS, sometimes slightly and sometimes significantly. Second, some countries exempt certain companies from the requirement to use IFRS. Third, some countries do not require companies or auditors to affirm compliance with IFRS. In this paper, we restrict our scope to the consolidated statements of listed companies. Outside of that scope, the complications and the international variety are even larger.

In more detail, we do the following: (1) discuss the increasing use of the approach of which Zeff and Nobes (2010) approved, that is, adopting IFRS as issued by the IASB; (2) use Australia as an example of problems arising from not doing this; (3) note cases of adoption that do not really deserve the name; (4) analyse the less-than-full scope of adoption in Canada; (5) examine extensive voluntary adoption by companies in Japan and Switzerland; and (6) discuss the lack of affirmations of compliance with IFRS by most EU and South Korean companies and their auditors even though they are probably complying. We then set out policy implications arising from all this.

Adopting IFRS as Issued by the IASB

The most straight forward approach to adopting IFRS is for a country to pass a law requiring the use of 'IFRS as

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issued by the IASB' for reporting by certain companies for certain purposes, for example, for the consolidated statements of listed companies. Zeff and Nobes (2010) note that this approach is used by Israel and South Africa. IFRS Foundation (2015b: 16) reports that the approach is now used by 65 countries, which is half of the countries recorded as adopting IFRS. It is particularly widespread in Africa (e.g., Nigeria), the Caribbean (e.g., Jamaica) and the Arab world (e.g., Bahrain).[2] Nobes (1998) suggests that colonial influence explains why certain developing countries adopt IFRS and others do not. Elad (2015) applies this idea to Africa, finding adoption of IFRS in UK-influenced countries but not in French-influenced countries. We add the point that the adoption of IFRS in the former countries is generally done without national interventions into the content of IFRS.

The fact that 65 countries have taken the straightforward approach shows that it can work. It does not involve ceding sovereignty to the IASB: the country decides to pass a law requiring IFRS, and the country may later change its mind. Nevertheless, for a variety of cultural and political reasons, some countries feel unable to take this simple route. We look at two such countries in the next two sections.

National Interventions into the Content of IFRS: The Example of Australia

The most widely discussed version of national (or supranational) intervention is EU endorsement, which affects 33 countries.[3] This was discussed in some detail by Zeff and Nobes (2010). However, the most complex adoption process of which we are aware is that used in Australia, as follows. The Australian Accounting Standards Board (AASB), which is a government agency, operates standard-by-standard adoption. This includes: (1) changing the designation of standards (e.g., IAS 1 becomes AASB 101); (2) inserting paragraphs relating to not-for-profit entities; (3) adding explanations about the Australian legal context (e.g., clarifying that the fair presentation 'override' in IAS 1 (para. 19) does not apply); and (4) deleting paragraphs on such issues as the scope of application of a standard and which old documents a standard is replacing.[4] Surprisingly, the IFRS Foundation describes even this as 'word for word' adoption, which surely cannot be a fair presentation.[5]

However, despite all that, the AASB intends that companies should comply with IFRS as issued by the IASB. Companies assert such compliance and auditors opine on it. However, complications always arise from any process other than the simple imposition of IFRS. A recent Australian case of this relates to the conceptual framework.

The IASB's framework was amended in 2010 when revised chapters on 'Objective' and 'Qualitative Characteristics' (QCs) were published (IASB 2010). Examples of changes to the QCs were the removal of 'prudence' and 'substance over form', and the replacement of 'reliability' with 'faithful representation'. These changes were highly controversial, especially in Europe.[6] In 2015, the IASB issued an exposure draft (ED) of a full revised version of the framework, including some changes to the above two chapters, such as re-inserting prudence and substance over form (IASB 2015a).

In principle, the IASB should be using the 2010 version when setting standards even though the recent ED proposes further amendments. However, that is not the position for preparers and auditors, for whom the framework is directly relevant when applying IASs 1 and 8 under such circumstances as choosing accounting policies in the absence of a specific requirement in IFRS.[7] The IASB's versions of these standards contain footnotes explaining that the original framework has been 'replaced' by that of 2010. However, these footnotes did not go through the IASB's due process. They seem to be editorial insertions that have no authority. For example, the footnotes are not to be found in the EU-endorsed versions of the standards. Preparers or auditors should therefore still use the 1989 framework until IASs 1 and 8 are amended, which a further ED (IASB 2015b) proposes should be done.[8]

Meanwhile, in Australia, the 2010 revision of the framework was not officially acted on by the AASB until 2013 when the revision 'superseded' the old framework, with permission to apply it retroactively back to 2005.[9] This means that from 2014 onwards[10] Australian preparers and users should not couch their arguments in terms of prudence or reliability when applying the Australian versions of IASs 1 and 8.[11] Furthermore, for periods before 2014, which might still be subject to litigation, for example, there is apparently a choice of which QCs to apply. Given the controversy in Europe, the AASB's statement that it 'would not expect [this] to cause entities to change their accounting policies' (BC 20 of AASB CF 2013-1) seems cavalier.

Not Really Adoption

Zeff and Nobes (2010) discuss China and Venezuela as examples of countries that use IFRS as a starting point for drafting national standards but then diverge significantly. Some of these are counted by the IFRS Foundation and by others as 'adoptions' of IFRS.

Since that earlier paper, Pakistan's 'adoption' can be added to our list. According to the IFRS Foundation (2015a), Pakistan has not adopted IFRS 1 (*First-time Adoption of IFRS*), and this may lead to long-lasting differences from IFRS in Pakistani financial statements. It has also not adopted two IFRIC statements.[12] For financial institutions, Pakistan has also not adopted several vital standards: IAS 39 *Financial Instruments: Recognition and Measurement*, IAS 40 *Investment Property* and IFRS 7 *Financial Instruments: Disclosures*. Therefore, we do not believe that Pakistan can be considered to have adopted IFRS.

The drivers of such national tinkering with IFRS, as also seen in the EU, include lobbying by large companies to avoid some of the costs of implementing IFRS and some unwelcome effects on financial statements. Financial institutions have the closest connection to regulators and governments, so are the most successful at this (e.g., Whittington 2005).

Less-than-full Scope of Adoption: The Example of Canada

We have used Australia and Pakistan as examples of countries where the national versions of IFRS have content that differs from 'IFRS as issued by the IASB'. In some other countries, the problem is instead a limited scope of application among companies. To illustrate this, we use the example of Canada.

Zeff and Nobes (2010) recorded the process used by Canada for its adoption of IFRS from 2011. Canada's Accounting Standards Board (AcSB) is in charge of the process, which now includes inserting IFRS as issued by the IASB into the *Handbook* of Chartered Professional Accountants Canada (CPA Canada), and this includes a French translation prepared in Canada then reviewed by the IFRS Foundation and published by it. For public companies, the securities regulators of the provinces and territories require IFRS, with exceptions as noted below. Early application of new and amended IFRS is allowed in Canada when permitted by the relevant standard, from the day on which IFRS is inserted into the *Handbook*, which is generally slightly later than its issue date from the IASB. Canadian companies assert compliance with IFRS, and their auditors give an opinion on IFRS.

Well before Canada decided to adopt IFRS, the Canadian Securities Administrators (CSA) had acquiesced to requests by many Canadian companies registered with the US Securities and Exchange Commission (SEC) that very much wanted to use US GAAP instead of Canadian GAAP. These companies argued that the US capital market was central to their operations and that Canadian GAAP would not be well understood by investors in the US. After the AcSB made its policy decision in 2006 to begin a transition towards requiring Canadian public companies to use IFRS by 2011, the CSA issued a concept paper in 2008 with the tentative conclusion to phase out US GAAP for Canadian companies that were SEC registrants. However, after receiving comments, the CSA decided that it would instead propose retaining the US GAAP option for SEC registrants. Evidently, many companies already using US GAAP had strongly objected to any change, arguing that their major competitors for capital were US companies and that therefore it was necessary for them to continue reporting under US GAAP. Some of these companies were among the largest in Canada and, in the end, although there were those that favoured eliminating the option to use US GAAP, at least some in the CSA may have recognised that it was up against powerful entrenched interests and it did not want the changeover to IFRS to founder by taking on this battle.

For 2014 reports, approximately 128 Canadian companies used US GAAP. Of this number, some 110 were registered with the SEC and may have used US GAAP instead of IFRS by unfettered choice. No time limit has been put on this exemption. The other 18 companies were rate-regulated entities that were not registered with the SEC.[13] In June 2015, the list of such companies had grown to 23.[14] They have been granted an exemption from using IFRS, which was expected to be removed when the IASB published its standard on rate regulation (IFRS 14 of 2014). Indeed, the IFRS Foundation (2015b: 12) states that the exemption has ceased. However, the securities commissions are agreeing company-by-company extensions of the exemption until 2019 because they do not believe that IFRS 14, which is no more than an 'interim solution', fully addresses the needs of such companies.[15] For these companies, at least, a desire to be comparable with US companies is not the main reason for wanting to avoid IFRS; rather it is presumably a desire to continue to show stronger financial statements than would be produced under IFRS.

Of the Canadian companies currently using US GAAP, 53 are listed on the Toronto Stock Exchange (TSX), of which 12 are major companies that form part of the S&P/TSX 60 index, the large-cap segment of the Canadian equity market. So, 20% of the members of the index do not currently use IFRS. These include the iconic railway companies, Canadian National and Canadian Pacific.

However, not all Canadian SEC-registered companies use US GAAP. The 110 (mentioned above) do, but another 208 use IFRS instead.[16] Any Canadian company that is an SEC registrant may choose to switch from one GAAP to the other. Also, a Canadian company using IFRS that is not currently an SEC registrant may adopt US GAAP if it newly registers with the SEC.

These figures need to be placed in the context of the 4394 companies that were issuers of securities across all Canadian jurisdictions as of 31 December 2014.[17] On that date, the TSX had 1515 listed companies.[18] Hence, the 53 TSX-listed companies using US GAAP represent only 3.5% of this number.

Major Voluntary Adoptions

Switzerland

Use of IFRS has been common among large Swiss companies since the 1990s, but IFRS has never become compulsory. According to the website of the SIX Swiss Exchange, companies on its 'Main Standard' are required to use either IFRS as issued by the IASB or US GAAP (SIX 2015). In 2015, the Main Standard has 130 companies, of which 91% use IFRS, 8% use US GAAP and 2% use domestic rules, referred to as 'Swiss GAAP FER' (IFRS Foundation 2015c).[19] Although this use of Swiss GAAP FER is contrary to the published rules of the Exchange, there is nevertheless an exception for companies operating primarily in Switzerland (iasplus 2015). The 'Swiss Market Index' of 20 of the largest companies comprises over 90% of the market capitalisation in Switzerland. Most constituents of the index (13 of them, 65%) use IFRS, but six use US GAAP. One of its constituents, the Swatch Group, now uses Swiss GAAP FER, having changed from IFRS in 2013.

A much different position applies to the 'Domestic Standard' of the Swiss Exchange, which has 79 companies. These companies are allowed to choose IFRS, US GAAP or domestic rules. However, only 9% choose IFRS and the trend over the last few years has been *away* from IFRS, with some companies moving from the Main Standard in order to abandon IFRS (Deloitte 2013: 66).

Taking all listed companies together, including 16 investment companies and eight real estate companies, which are not included above but mainly use IFRS, 63% of Swiss listed companies use IFRS. However, the percentage is declining, partly to avoid complexity and long annual reports (Deloitte 2014: 42). An implication for researchers is that they should not include Switzerland in the list of countries that have mandatorily adopted IFRS, as some researchers have been doing (for recent examples, see Daske et al. 2008: Table 6; Ahmed et al. 2013: Table 2; Christensen et al. 2013: Table 1; and Chen et al. 2015: Table 2). If Swiss companies are included in samples, researchers should be careful to exclude non-IFRS companies. Of course, this latter point also applies to Canadian samples.

Japan

Like the pre-2011 position in Canada, Japanese companies that are publicly traded in the US have long been allowed by the Japanese authorities to use US GAAP for consolidated statements in their filings with the Financial Services Agency (FSA). From 2010, certain Japanese companies have been allowed to use IFRS for their consolidated reporting. The original conditions set out by the FSA's Business Accounting Council in 2009 were that the company: (1) was listed in Japan; (2) had staff skilled in IFRS; and (3) was subject to foreign securities regulation or had a large foreign subsidiary (capital of at least ¥2 billion). However, the scope was expanded in 2010 to include the consolidated statements of a Japanese subsidiary whose parent meets the above criteria. Then, in 2013, the first and last conditions above were removed, leaving only the rather vague second condition (BAC 2013). As in Australia and the EU, there is a formal process of scrutinising IFRS: the standards have to be 'designated' by the FSA, but so far there has been no case of non-designation.

Companies were fairly slow to take up the permission to use IFRS. Nihon Dempa Kogyo did so for the year ended 31 March 2010, then HOYA and Sumitomo for 2011, then Nippon Sheet Glass, Japan Tobacco, Anritsu and Chugai Pharmaceutical for 2012. Most of these are major companies in the Nikkei index. Since then, many companies have adopted IFRS or have announced plans to do so: 75 companies by March 2015, as reported by the FSA (2015), amounting to 18.5% of Japanese market capitalisation. The number of adoptions has increased even since then.[20]

The FSA suggested that the main reasons for IFRS adoption by a company were (i) to simplify accounting in a group with many foreign subsidiaries, and (ii) to improve international comparability. It is clear that the FSA approves of this gradual adoption of IFRS. A recent acceleration in the number of adopting companies may be traceable to political support of unusual explicitness in favour of IFRS adoption. In June 2013, Japan's governing Liberal Democratic Party called for the use of IFRS to increase to about 300 companies by the end of 2016 (FEI 2013). Then, in 2015, the government's 'Japan Revitalisation Plan' further encouraged the use of IFRS (Deloitte 2015).

A completely separate matter relating to Japan is that, in 2015, the Accounting Standards Board of Japan (ASBJ) issued the first two 'Modified International Standards' (JMIS), which adjust IFRS for two matters on which the Japanese think that IFRS is wrong: failure to amortise goodwill and failure to re-classify all elements of other comprehensive income eventually into profit or loss. These modified standards are available from 2016 onwards. At present all other parts of JMIS are the same as IFRS as issued by the IASB. The result is that most companies can choose between Japanese GAAP, IFRS and JMIS; and some companies are still allowed to use US GAAP. The addition of the possibility of JMIS suggests that the ASBJ has lost sight of a key objective, because companies choosing JMIS will not even be properly comparable with other Japanese companies let alone with foreign companies.

Misleading Affirmations

In earlier years, researchers had complained that some companies and their auditors were erroneously claiming compliance with international standards (e.g., Street et al. 1999). However, entirely the reverse issue was investigated by Nobes and Zeff (2009): very few EU companies (or their auditors) affirm compliance with 'IFRS as issued by the IASB' even when compliance is probably being achieved.[21]

For the first few years of IFRS in Australia and New Zealand, a similar position existed: companies and auditors affirmed compliance with national standards only, even though the companies were also complying with IFRS as issued by the IASB. However, in 2007, the audit regulators in these two countries introduced requirements for dual audit confirmations: IFRS as well as national versions of IFRS (Fisher and Perry 2007).

More recently, a similar problem has arisen in South Korea, which adopted IFRS for 2011 onwards. South Korean companies and auditors report on compliance with 'Korean IFRS' (K-IFRS). South Korean law requires auditors to do this.[22] However, K-IFRS is a translation of IFRS as approved by the IFRS Foundation, plus a few extra disclosure requirements. Consequently, companies complying with K-IFRS are automatically complying with IFRS as issued by the IASB.

Not only do South Korean companies and auditors choose not to add affirmations about IFRS, some companies and auditors make statements that suggest non-compliance. For example, in its 2013 report, the Hyundai Motor Company state: 'The Company . . . prepares its consolidated financial statements in conformity with Korean statutory requirements and Korean International Financial Reporting Standards ('K-IFRS') in Korean language (Hangul). Accordingly, these consolidated financial statements are intended for use by those who are informed about K-IFRS and Korean practices'.

The auditors (Deloitte) affirm compliance with K-IFRS and then state: 'The accompanying consolidated financial statements are not intended to present the financial position, results of operations, changes in equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea'.

These dire warnings are perhaps intended to deter any litigation by foreign users. However, the warnings relate only to some extra disclosure and presentation requirements, none of which are incompatible with IFRS. It appears that Korean companies, like most EU companies, are compromising one of the main benefits of adopting IFRS: making foreign investors feel comfortable with the financial reporting.

Conclusion

In an earlier paper (Zeff and Nobes 2010), we argued in favour of countries' adopting IFRS by legally requiring the use of 'IFRS as issued by the IASB' for certain purposes, most obviously for consolidated reporting by listed companies. This approach is not popular among countries with large stock markets but is now common in British-influenced countries in Africa and the Caribbean and in the Arab world.

In this paper, we examine various examples of problems that arise when countries adopt IFRS but add national interventions. An example from Australia concerns the Conceptual Framework. The IASB revised parts of its Framework in 2010, although some of the changes are now to be reversed. This might affect its own standard-setting work, but the Board did not revise IASs 1 and 8, which in 2015 still refer to the 1989 framework. By contrast, the Australian Board adopted the 2010 framework in 2013, including requiring its use by preparers and auditors when applying the Australian versions of IASs 1 and 8.

Much more serious questions of content relate to some other adoptions. We discuss the example of Pakistan, where so much IFRS content is not included, especially for financial institutions, that 'adoption of IFRS' seems an inappropriate term. This is a major impediment to international comparability.

For some countries, it is not changes to the content of IFRS that are the problem but gaps in the scope of application. The imposition of IFRS in Canada has two important types of exception, such that many major companies (amounting to 20% of the main stock market index) use US GAAP instead. This means that their reporting is not properly comparable with other Canadian companies or with other IFRS reporters around the world. In some cases, the use of US GAAP is not even designed to improve comparability with US reporters because the Canadian companies concerned are not listed in the US.

By contrast, some countries not considered to be IFRS adopters have witnessed extensive voluntary adoptions of 'IFRS as issued by the IASB' by companies. We examine the well-established example of Switzerland and the new but increasingly substantial example of Japan. In Switzerland, 63% of listed companies choose IFRS. In terms of the key stock market index, some Swiss companies use US GAAP but 65% use IFRS. This is a high level of voluntary adoption and can be compared to the 80% in Canada, a country generally reported as having introduced mandatory adoption. In Japan, use of IFRS has been rapidly growing since it became allowed in 2010. This amounted to 18.5% of market capitalisation by March 2015 and has grown since.

We conclude that national gaps in IFRS content and scope are probably hampering the success of IFRS in achieving international comparability. However, in some countries that have *not* adopted IFRS, there is no problem with content (because companies use IFRS directly), and the scope of voluntary use is substantial.

Then there is the self-inflicted damage caused by not affirming compliance with IFRS even when compliance has been achieved. This is a problem in the EU and in South Korea, but it is not now a problem in Australia and New Zealand. There is, of course, no such problem in countries such as South Africa that have mandatorily adopted IFRS as issued by the IASB (see above) nor for voluntary adopters such as those in Japan or Switzerland.

Three policy implications arise. First, we continue to believe that the best approach to IFRS adoption is for a country to impose IFRS as issued by the IASB (which could include translations approved by the IFRS Foundation). This avoids any differences in implementation date and content.[23] It therefore improves international comparability. Second, the scope of application should at least extend to the consolidated reporting of all listed companies in the country. This improves both national and international comparability. For companies that do not use IFRS and that are listed on foreign exchanges, reconciliations to the foreign GAAP can be used to achieve comparability in the foreign context. Third, if IFRS has really been adopted, whether directly or via national endorsement, regulators should require companies and auditors to affirm compliance with IFRS. Otherwise, the central purpose of international standards is compromised because foreign investors cannot be confident about what they are reading.

An implication for researchers is that they should be alert to the great variety of 'adoptions' of IFRS. They should be aware that in some adopting countries the content of 'IFRS' has been changed and in others several companies do not use IFRS. In some countries where IFRS is common, it is not mandatory. These caveats are also of relevance for financial analysts.

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Notes

1 For economy, we use the word 'country' or its plural throughout, rather than 'jurisdiction'. In some contexts, 'jurisdictions' would be technically correct, for example, when including Hong Kong.

2 In addition to the three countries mentioned in this sentence, IFRS Foundation (2015a) records the same position for others. For example, just looking at countries starting with the first two letters of the alphabet, these include Anguilla, Antigua and Barbuda, Azerbaijan, Bahamas, Barbados and Botswana.

3 Including the EU, the wider European Economic Area and accession countries.

4 For example, paragraph 2 of IAS 1 and paragraph 2 of IAS 7.

5 This was the description on page 4 of IFRS Foundation (2015b) as issued in June 2015, although this has since been changed after a discussion between the authors and staff at the Foundation.

6 They led to a threat from members of the European Parliament to propose the removal of EU funding of the IASB (PwC 2013). Further, a group of UK investors obtained counsel's opinion that IFRS might be illegal in the EU, partly because of the removal of prudence (Bompas 2013).

7 IAS 1, paras 15, 20, 23, 24 and 28; and IAS 8, paras 6 and 11.

8 The point in the first half of this sentence is confirmed by legal opinion in Moore (2013).

9 Preface to AASB CF 2013-1, December 2013.

10 Accounting periods ending on or after 20 December 2013. For most Australian companies, this means years ended 30 June 2014 or later.

11 That is, AASB 101 and AASB 108.

12 IFRIC 4 *Determining Whether an Arrangement Contains a Lease* and IFRIC 12 *Service Concession Arrangements*.

13 The list of rate-regulated companies was supplied by the Ontario Securities Commission on 19 February 2015.

14 List from the Ontario Securities Commission on 11 June 2015.

15 For an example of such an exemption, see https://www.osc.gov.on.ca/en/SecuritiesLaw_ord_20140206_213_fortis.htm. A letter to us from Mark Pinch of the Ontario Securities Commission (dated 12 June 2015) states that such exemptions remain necessary because IFRS 14 is not mandatory and does not apply to companies that had already adopted IFRS.

16 'Foreign Companies Registered and Reporting with the US Securities and Exchange Commission, 31 December 2013', at: https://www.sec.gov/divisions/corpfin/internatl/foreigngeographic2013.pdf. This SEC listing shows 318 Canadian companies. Hence, the number using IFRS is 208 (i.e., 318–110).

17 Canadian Securities Administrators, *2014 Enforcement Report*, p. 4. The number of 4394 excludes issuers whose provincial regulator has suspended trading because of non-compliance with statutory requirements, such as a failure to submit audited financial statements.

18 *The Mig Report*, Market Intelligence Group, TMX (TSX/TSXV), December 2014, at: http://www.tsx.com/resource/en/1080/mig-report-dec.pdf.

19 These percentages are taken from the source referred to. They do not sum to 100%, presumably due to rounding.

20 IFRS Foundation (2015b: 10) suggests 85 companies by May 2015, covering 20% of market capitalisation.

21 Nobes and Zeff surveyed 205 large listed companies from Germany, France, Spain and the UK, and found only 22 affirmations of IFRS (p. 286). The affirmations relate instead to 'IFRS as adopted by the EU'. However, fewer than 30 companies in the whole of the EU use the EU 'carve out' from IAS 39 (IFRS Foundation 2015b: 12), and most new IFRS content is endorsed in the EU before its mandatory IASB application date.

22 The Act on External Audit of Stock Corporations.

23 We are aware of, and have contributed to, the literature that suggests that IFRS cannot be translated without causing differences in meaning (e.g., Evans et al. 2015).

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