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# Implementation Costs of IFRS 9 for Non-Financial Firms: Evidence from China?

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# Overview

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- This paper provides empirical evidence of the adoption of IFRS 9 in China which causes some problems such as increasing accounting cost and audit fees etc.
- It is very useful to regulators and the non-financial firms.

# Introduction

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- State-owned enterprises (SOE) and non-SOEs were not mentioned.  
“ we also find that the disposal of AFS is more prominent in state-owned enterprises (SOE) and firms issuing corporate bonds...”  
(Abstract).
- This paper claims the new standards do not provide specific guidance. Without detailed guidance, implementation errors and even earnings manipulation are likely to occur. (page. 3).
- China is rule based country and Anglo-Saxon countries are principle-based countries.

- “The adoption of new standards (IFRS 9) affects accounting costs and audit fees. We also investigate whether the answers to these questions depend on firm or auditor characteristics.” (Page. 4)
  - The whole evaluation system in China (or lack of evaluation system) not mentioned.
- “Our study indicates that the implementation costs of new standard may be significantly lower for non-financial firms if the “cost exception” is not fully eliminated and cost can be used to replace fair value when there is no quoted cost of an equity in the active market” (Page. 6)
  - If so, I predict all companies will use “cost” in China.
  - Not all countries have this problem. Such as NZ, Australia. “CV”

# Empirical Model

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- Justify “control variables”
- Data from 2016, one year before new CAS 22, any outliers?

# Writing

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- Grammar mistakes and English expression
- “in China”
- “may” “may be” “might”…avoid those words.

