



THE LONDON SCHOOL  
OF ECONOMICS AND  
POLITICAL SCIENCE ■

Department of Accounting

## **Mandatory Adoption of IFRS and Analysts' Forecasts Information Properties**

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### **Abstract**

This study examines the properties of the information contained in analysts' earnings forecasts for mandatory IFRS adopters in Europe for the period 2003-07. We find a significant increase in the precision of both *public* and *private* information in the IFRS period, especially for forecasts concerning 2006 and later. However, we are unable to detect a change in the consensus among financial analysts after the mandatory adoption of IFRS. These results suggest that the higher percentage increase in the precision of common information is offset by a proportionate increase in the precision of private information such that consensus among analysts does not change. When exploring analyst-specific precision in more detail, we find that the analysts who are affiliated with large brokerage houses and who are following firms in more than one country experience the largest post-IFRS improvement in private information precision. Taken together, our results suggest that mandatory adoption of IFRS had a significant and positive effect on the information processing of financial analysts but did not occur homogeneously across analysts.