The effects of IFRS adoption on the unconditional conservatism of Spanish listed companies♣

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Abstract: This paper analyses the effects of the mandatory adoption of International Financial Reporting Standards (IFRS) by Spanish listed companies in January 2005 on unconditional conservatism. The lack of robustness in the previous results justifies analysing this issue from different perspectives to correct the methodological shortcomings that could be biasing the results. To this end, we use, for the first time in this context, Ahmed and Duellman's methodology (*J. Account. Econ., 2007*). In its design, these authors consider the impact of growth options and other future incomes, controlling for the idiosyncratic factors that the literature has found to condition this type of conservatism. Additionally, beyond the pooled regression techniques usually used, we use econometric panel data techniques, which minimize the possible effect of endogeneity in the estimation of the proposed models. The results provide new evidence that the adoption of IFRS has had no effect on the unconditional conservatism of Spanish listed companies.

Keywords: Balance-sheet conservatism; idiosyncratic factors; mandatory adoption of International Financial Reporting Standards; panel data analysis; value of growth options.

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