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TO: International Integrated Reporting Council (IIRC)

DATE: April 25, 2013

SUBJECT: Consultation Draft of the International IR Framework

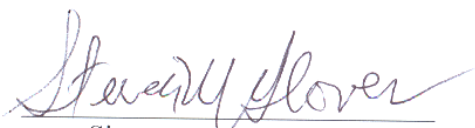
We appreciate the opportunity to submit our comments with respect to the Consultation Draft of the International Integrated Reporting Framework (the Consultation Draft) published by the IIRC. Our comments below are in response to question #21 posed in the Consultation Draft and are based on some of our recent research.¹

The disclosures discussed in Section 5C specifically address uncertainty surrounding a material matter. Specifically, 5.15 recommends disclosing 1) the range of possible outcomes and associated assumptions and probabilities; and 2) the certainty range or confidence interval associated with the information provided. We are very pleased to see that the Consultation Draft has specifically included the recommendation to disclose the range of possible outcomes and their associated assumptions. This is information that is not frequently provided under current standards. Our research has shown that small changes in input values have been shown to yield material swings in value (Christensen, Glover and Wood 2012). Additionally, recent research shows that when evaluating information in uncertain environments, investors prefer information to be presented in the form of a range over a point estimate, and the ranges are seen as more accurate, credible and informative than the point estimates (Christensen, Glover, Omer and Shelley 2013). Accordingly, presenting users of financial statements with information regarding the estimation uncertainty of material matters and their range of possible values would seem to be useful to users.

In general, we support robust disclosure of the impact of estimation uncertainty on material matters. We support the Consultation Draft's mandatory disclosure of ranges of reasonable outcomes, key assumptions, and confidence intervals. It is our opinion that providing such robust disclosures of decision-useful information, especially sensitivity analysis to small changes in inputs, will provide users with relevant information.

We appreciate the opportunity to offer our comments.

Kind regards,



Dr. Steven Glover, Brigham Young University



Brant Christensen, Texas A&M University

¹ For additional information, see:

Extreme Estimation Uncertainty in Fair Value Estimates: Implications for Audit Assurance, by Brant E. Christensen, Steven M. Glover, and David A. Wood published in the February 2012 edition of *Auditing: A Journal of Practice and Theory*.

Does Estimation Uncertainty Affect Investors' Preference for the Form of Financial Statement Presentation? by Brant E. Christensen, Steven M. Glover, Thomas C. Omer, and Marjorie K. Shelley. 2013. Available at

<http://papers.ssrn.com/abstract=2163878>