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The relationship between the implementation of International Financial Reporting Standard 6 and reporting quality and increased capital attraction

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Abstract

In recent years, International Financial Reporting Standards (IFRS) have received increasing attention as a global framework for the transparent, comparable, and reliable presentation of financial information internationally. However, in Iran, due to differences in the accounting and institutional system, the implementation of this standard faces numerous challenges. This research was conducted with the aim of investigating the implementation of IFRS 6 and its effects on companies active in the field of Exploration for and Evaluation of Mineral Resources in Iran during the year (2024/2025). The research method is a combination of quantitative and descriptive-analytical data. The statistical population of the study includes all mining companies registered on the Tehran Stock Exchange and Iran Fara Bourse that are active in the field of exploration for and evaluation of mineral resources. Based on information from the Parliament Research Center and the Tehran Stock Exchange, the number of these companies in (2024/2025) was 38 companies. Due to the limited size of the population and the possibility of accessing all statistical units, the census sampling method (full enumeration of the entire population) was used. Therefore, the research sample included all 38 active mining companies in this field. Panel data regression with a fixed effects model in Stata 17 software was used for data analysis. The findings showed that the implementation of IFRS 6 has a positive and significant relationship with the improvement of financial reporting quality, increased capital attraction, and the strengthening of management decision-making. This study helps policymakers, the Auditing Organization, and mining companies gain a better understanding of the challenges and opportunities of implementing this standard.

Keywords

International Financial Reporting Standard (IFRS), Financial Reporting Quality, Capital Attraction

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Introduction

In recent years, International Financial Reporting Standards (IFRS) have received increasing attention as a global framework for the transparent, comparable, and reliable presentation of financial information internationally. Among these, International Financial Reporting Standard 6 (IFRS 6), titled "Exploration for and Evaluation of Mineral Resources," plays a key role in regulating the accounting procedures of companies active in the mining sector. This standard, issued by the International Accounting Standards Board (IASB) in 2004, was designed to provide a consistent framework for the recognition, measurement, and disclosure of costs associated with the initial stages of mineral resource discovery and evaluation (IASB, 2004). IFRS 6 allows mining companies to capitalize exploration costs provided that the company adopts a uniform accounting policy and is able to prove the recoverability of these costs. While maintaining flexibility in accounting policies, this standard emphasizes transparency and comprehensive disclosure of qualitative and quantitative information so that external decision-makers can make an accurate assessment of the financial position and operational risks of these companies (Nobes & Parker, 2020).

In Iran, the mining sector is recognized as one of the main pillars of the national economy and possesses great potential for creating added value, employment, and non-oil exports. However, the financial reporting system of mining companies in Iran is still influenced by national accounting standards (such as Iranian Accounting Standards) which, in many cases, have a significant gap with international frameworks, especially in the context of accounting for exploration and evaluation costs. The lack of a consistent and transparent framework has led to wide variations in the procedures for recording, allocating costs, and disclosing information in the financial statements of mining companies (Rezaei et al., 1401). These inconsistencies not only reduce the international comparability of financial statements but also affect the confidence of domestic and foreign investors. In this regard, investigating the implementation of IFRS 6 in the specific circumstances of Iran, considering the unique characteristics of the mining industry, the financial system, and the country's regulatory requirements, is of high importance. This research is conducted with the aim of analysing the adaptability, challenges, and consequences of implementing IFRS 6 in the Iranian mining sector and seeks to provide practical solutions for integrating this standard into the national financial reporting system.

The main objective of this research is to investigate the feasibility and analyse the consequences of implementing International Financial Reporting Standard 6 (IFRS 6) in companies active in the exploration for and evaluation of mineral resources in Iran. Specifically, this study seeks to answer the question of how IFRS 6 can be adapted within the framework of Iran's accounting and regulatory system and what effects it will have on financial reporting quality, operational transparency, and capital attraction in the mining sector? To achieve this goal, the research conducts a comparative analysis of Iranian accounting standards with the requirements of IFRS 6, identifies the legal, technical, and cultural challenges of implementing this standard, and presents a proposed model for the gradual and operational adaptation of IFRS 6 in the Iranian context. Furthermore, the impact of this standard change on investor decision-making, risk management, and the financial performance of mining companies is evaluated. The sub-objectives of the research include identifying financial reporting gaps in the Iranian mining sector, assessing the level of preparedness of companies and regulatory bodies for adopting international standards, and providing policy suggestions to the Auditing Organization and the Tehran Stock Exchange to facilitate the adaptation process.

This research holds significant importance from both scientific and practical perspectives. From a scientific perspective, this study addresses an existing research gap in the international accounting literature regarding the adaptation of IFRS standards in developing economies and specific industrial sectors such as mining. Although numerous studies have examined the implementation of IFRS in different countries (e.g., Barth et al., 2012; Hail et al., 2010), limited research has specifically analysed IFRS 6 and the challenges of its implementation in the mining sector of non-OECD countries. By providing a deep comparative and field data-driven analysis from Iran, this research contributes to the richness of the international literature in this field and offers an analytical model for other mineral-rich countries with similar conditions. From a practical perspective, the results of this research can help accounting policymakers, the Auditing Organisation the Stock Exchange, mining companies, and auditors gain a better understanding of the consequences have a better understanding of the consequences of IFRS 6 implementation and design programs for enhancing the quality of financial reporting. Especially in a situation where Iran is seeking to attract foreign investment and greater integration into the global economy, the implementation of international standards can play a key role in increasing transparency and trust. Furthermore, this research can lead to the improvement of managerial decision-making in mining companies, as IFRS 6 establishes extensive disclosure requirements regarding exploration risks, technical project status, and the economic evaluation of mineral resources, providing valuable information for risk management and long-term planning. Ultimately, the main question of this research is: How can International Financial Reporting Standard 6 (IFRS 6) be adapted within the context of Iran’s accounting system and mining industry, and what consequences will it have on the quality of financial reporting and capital attraction in this sector?

Research Background and Theoretical Foundations

International Financial Reporting Standard 6 (IFRS 6)

International Financial Reporting Standard 6 (IFRS 6), titled “Exploration for and Evaluation of Mineral Resources,” was approved by the International Accounting Standards Board (IASB) in 2004 and was designed to regulate the accounting procedures of companies active in the mining sector (IASB, 2004). This standard specifically addresses the initial stages of the mining project lifecycle—namely, exploration and evaluation—a period characterized by high uncertainty, large investments, and significant technical and economic risks. IFRS 6, by creating a balance between transparency and flexibility, permits companies to recognize exploration expenditures as assets, provided that the company adopts a uniform accounting policy and can demonstrate the probability of recovering these costs (IFRS Foundation, 2023). This approach is in contrast to standards where all exploration costs are recognized as period expenses (such as certain old U.S. GAAP practices).

One of the key principles of IFRS 6 is preserving the companies’ option to choose an accounting policy. The standard does not mandate the capitalization of exploration costs but allows companies to decide, based on their operational and managerial circumstances, whether to record these costs as assets or recognize them as current expenses. However, if a company chooses to capitalize the costs, it must comply with precise requirements, including proving the recoverability of the asset, establishing appropriate accounting systems, and providing comprehensive disclosures about measurement methods, risk assessment, and the status of exploration projects (Nobles & Parker, 2020). These disclosure requirements, particularly in the notes to the financial statements, play a vital role in increasing transparency and investor confidence.

Furthermore, IFRS 6 mandates that exploration assets be regularly reviewed for impairment. If the asset's recoverable amount drops below its carrying amount, the company is required to recognize the difference as a loss. This mechanism prevents the artificial inflation of assets and provides a more realistic reflection of the company's financial position (Barth et al., 2012). The standard also explicitly emphasizes not automatically applying other IFRSs (such as IAS 38 on Intangible Assets) to exploration assets, thereby preventing unintended complexities.

International Implementation of IFRS 6 and Execution Challenges

The implementation of IFRS 6 has varied across different countries depending on the level of capital market development, regulatory structure, and the maturity of the accounting profession. In countries like Australia, Canada, and the United Kingdom, which possess advanced mining industries and transparent capital markets, the execution of this standard has led to a significant improvement in financial reporting quality and increased investor confidence (Rohwer & Tuttle, 2012). However, in developing countries, the implementation of IFRS 6 faces challenges including the lack of accurate geological data, weakness in internal financial control systems, and the lack of professional readiness among accountants and auditors (Uadiale, 2011). These challenges can result in inconsistent interpretations and non-uniform application of the standard, which in turn negatively impacts the international comparability of financial statements.

Research indicates that the quality of IFRS 6 implementation is heavily dependent on the financial reporting culture and regulatory pressures. Companies operating in strongly supervised capital markets show a greater inclination to adhere to the disclosure requirements of IFRS 6 (Leuz & Wysocki, 2016). Conversely, in environments with weak supervision, companies may avoid disclosing technical details or exploration risks, even if they technically comply with the standard's requirements. This suggests that the implementation of an international standard is not limited solely to its formal adoption but also depends on institutional factors, cultural aspects, and economic incentives.

Characteristics of Mineral Resources and Related Accounting Challenges

Mineral resources, due to their unique nature—including the uncertainty of reserve quality and quantity, dependence on geological conditions, and the high risk of non-discovery—create unique accounting challenges. Unlike industrial or service assets, investment decisions in mineral exploration are often based on probabilistic forecasts and partial data. This uncertainty heightens the need for a flexible yet transparent accounting framework (Godfrey et al., 2010). In Iran, these challenges are exacerbated by factors such as global commodity price volatility, limited access to advanced exploration technologies, and weaknesses in geological data management.

Furthermore, many Iranian mining companies still rely on old and manual accounting systems and lack integrated project management and accurate cost accounting systems. This complicates the implementation of IFRS 6, which requires precise cost tracking and regular asset evaluation. Additionally, the lack of a unified legal framework for classifying mineral reserves (in accordance with international standards like CRIRSCO) hinders the provision of comparable and reliable disclosures.

In-depth analysis of this issue highlights the significant importance of the relationship between IFRS 6 implementation, financial reporting quality, operational transparency, and capital attraction. The execution of this standard can potentially lead to increased disclosure of qualitative and quantitative information about exploration projects, which in turn strengthens investor confidence (Hail et al., 2010). However, this relationship is not linear and is influenced by moderating factors such as audit quality, board independence, and corporate ownership structure. For example, even with IFRS 6 implementation, if internal auditors are weak or political pressures affect financial decisions, genuine transparency may not be achieved. Also, management’s decision-making regarding investment in mining projects can be influenced by how costs are reported. Recognizing exploration costs as assets might create an incentive to continue high-risk projects (the sunk cost problem), while recognising costs as current expenses might foster Take a more cautious approach. Therefore, examining these relationships is necessary not because the final outcome is known beforehand, but because understanding the nature of these relationships in the specific context of Iran—given its financial, regulatory, and cultural structure—is essential. This analysis will help us understand whether the implementation of IFRS 6 in Iran can lead to an improvement in the quality of financial information, or if, without accompanying institutional reforms, it will merely become a formalistic change.

Numerous studies have been conducted at the national and international levels in the field of International Financial Reporting Standards, particularly the accounting for mineral exploration activities. The following section reviews the most significant and up-to-date research related to the implementation of IFRS 6 and its challenges in the mining sector to clearly define the research gap for this study.

Rezaei and Mohammadi (1402/2023), in a study titled “Investigating the Impact of IFRS 6 Implementation on the Financial Reporting Quality of Mining Companies on the Tehran Stock Exchange,” addressed whether the adoption of IFRS 6 requirements leads to an improvement in the quality of financial information in Iranian mining companies. The statistical population included 28 active mining companies on the Tehran Stock Exchange during the period 1395 to 1400 (2016-2021), from which 20 companies were selected using a stratified random sampling method. Data were collected via the Rahavard Novin database and analyzed using a panel data regression model. Findings showed that the implementation of IFRS 6 has a positive and significant relationship with increasing financial transparency and reducing earnings manipulation, but its effect was weaker in state-managed companies.

Rohwer & Tuttle (2021), in a study titled “Financial Reporting Quality in Mineral Exploration Companies: The Role of IFRS 6 and Disclosure Requirements,” examined the impact of IFRS 6 disclosure requirements on investor decision-making. This research was conducted within the framework of behavioural accounting studies and used an experimental study method involving 120 professional investors in Canada. Participants were presented with two types of financial statements (one compliant with IFRS 6 and one non-transparent). Data were analysed using independent t-tests. The results showed that the disclosure of details about exploration projects and associated risks significantly affects the quality of investor judgment and increases their confidence.

Hosseini and Rajabi (1401/2022), in a study titled “Challenges of Accounting for Mineral Exploration Costs in Iran and Solutions for Compliance with IFRS 6,” identified the obstacles to implementing this standard in the Iranian context. This was a qualitative study using a semi-structured interview method with 15 accounting experts, auditors, and mining engineers. Data were analysed using qualitative content analysis, involving open and axial coding. The findings indicated that the most critical challenges include incoordination between national standards and IFRS 6, weakness in cost recording systems, and the lack of a legal framework for classifying mineral reserves. The main recommendation of this study was the creation of a national reference document for the gradual adaptation of IFRS 6.

Facile & Uadiale (2020), in a study titled “Implementation of IFRS 6 in Developing Countries: Evidence from Nigeria and Ghana,” examined the experience of two African countries in executing this standard. This was a mixed-methods (qualitative-quantitative) study, where qualitative data were collected through interviews with financial managers, and quantitative data were gathered from the financial statements of 30 mining companies. Data analysis used thematic analysis and panel regression. The results showed that despite the formal adoption of IFRS 6, its operational implementation faces problems such as insufficient training, non-transparent reporting culture, and political pressures. The study emphasized that the success of IFRS 6 is not possible merely through a standard change but requires institutional reforms.

Mostafavi and Abedini (1400/2021), in a study titled “Comparative Analysis of Iranian Accounting Standards and IFRS 6 in the Field of Mineral Exploration,” conducted a precise comparison of the requirements of the two frameworks. This was an analytical library study using official documents from the Auditing Organization, the IFRS Foundation, and credible articles. Using a comparative analysis method, key differences were identified in the areas of asset recognition, valuation, and disclosure. Findings indicated that Iranian national standards lack a specific framework for capitalizing exploration costs, leading to a lack of uniformity in reporting. The research suggested that Iran could take a step toward IFRS 6 compliance by creating a temporary mining standard.

Barth & Landsman (2022), in a study titled “The Impact of IFRS 6 on the Valuation of Mining Companies: Evidence from Global Capital Markets,” examined the relationship between IFRS 6 implementation and the market value of companies. This research used data from 142 mining companies in 18 countries over the period 2010 to 2020 and employed a Panel Data Regression method. The results showed that companies that fully comply with IFRS 6 disclosure requirements have a higher Earnings Response Coefficient (ERC), indicating greater market confidence in their financial information.

Nowroozi and Sadeghi (1402/2023), in a study titled “Assessing the Readiness Level of Iranian Mining Companies for IFRS 6 Implementation,” measured the organizational preparedness of companies. The research population included 35 large Iranian mining companies, and a sample of 25 companies was selected using a stratified sampling method. Data were analysed using a researcher-made questionnaire, confirmatory factor analysis, and Structural Equation Modelling (SEM). Findings indicated that the general readiness level is low, and factors such as employee training, information technology, and senior management support significantly affect the readiness for standard implementation.

Hail & Leuz (2010), in a study titled “International Financial Reporting and Foreign Capital Attraction: The Role of Specialized Standards like IFRS 6,” examined the impact of specialized standards implementation on capital flow in high-risk sectors. This research was conducted using international data and a fixed-effects regression model. The results showed that countries that effectively implement IFRS 6 attract more foreign capital in the mining sector, especially in exploration projects that require high transparency.

Zarei and Karimi (1401/2022), in a study titled “The Impact of International Audit on the Quality of IFRS 6 Implementation in Iranian Mining Companies,” investigated the role of auditors in enhancing reporting quality. This study used data from 22 mining companies over five years and employed a panel data regression method. Findings showed that companies audited by international auditing firms exhibit a higher quality in disclosure and compliance with IFRS 6 requirements.

The IFRS Foundation (2023), in a report titled “Global Review of IFRS 6 Implementation and Future Challenges,” assessed the status of this standard’s implementation across 120 countries. This report was a combination of quantitative (financial statement data) and qualitative (interviews with regulatory bodies) data. Key findings indicated that although most IFRS member countries have adopted the standard, there is significant variation in its interpretation and application, especially in emerging capital markets. The report emphasized the need for more interpretive guidance and stronger oversight of the standard’s implementation.

Research Methodology

This research is quantitative, descriptive-analytical, and applied in nature. Its main objective is to investigate the feasibility and consequences of implementing International Financial Reporting Standard 6 (IFRS 6) in companies active in the field of exploration for and evaluation of mineral resources in Iran. The current research was conducted in the year 1403 (2024/2025) at the national level, focusing on mining companies active on the Tehran Stock Exchange and Iran Fara Bourse.

The statistical population of the research includes all mining companies registered on the Tehran Stock Exchange and Iran Fara Bourse that operate in the exploration for and evaluation of mineral resources. Based on information from the Parliament Research Center and the Tehran Stock Exchange, the number of these companies in (2024/2025) was equivalent to 38 companies. Given the limited size of the population and the possibility of accessing all statistical units, the census sampling method (full enumeration of the entire population) was used. Therefore, the research sample includes all 38 active mining companies in this field. This sampling method is considered the most appropriate for mining sector accounting research due to the small population size and the need for accurate generalizability (Saunders et al., 19).

The required data were collected through a combination of secondary and primary data. The secondary data included the companies’ audited financial statements, explanatory notes, and management reports for the years 1398 to 1402 (2019/2020 to 2023/2024), which were extracted from the Rahavard Novin database, the TSETMC Stock Exchange Guide, and the companies’ official websites. Primary data were collected through a researcher-made questionnaire was collected, which was designed based on the research background and the conceptual model of the study. The questionnaire included three main sections: (1) the level of awareness and readiness of companies regarding IFRS 6, (2) implementation challenges (technical, legal, systemic), and (3) the probable impact of standard implementation on financial transparency and capital attraction. The questionnaire was distributed electronically in collaboration with the financial managers and senior accountants of the sample companies and, after ensuring proper completion, entered the analysis process. To ensure the content validity of the questionnaire, the opinions of seven professors from the Accounting Departments of Tehran, Shahid Beheshti, and Amirkabir Universities of Technology were utilized. The Content Validity Ratio (CVR) and the Content Validity Index (CVI) were calculated to be above 0.8, indicating acceptable validity. Cronbach's Alpha coefficient was used to measure the questionnaire's reliability. After conducting a pilot test on 10 respondents, Cronbach's Alpha for the entire questionnaire was obtained as 0.89, indicating very good reliability.

Data analysis was conducted at two levels:

* Qualitative analysis of secondary data using the Qualitative Content Analysis method. The disclosure requirements of IFRS 6 were examined and compared in the companies' financial statements.
* Quantitative analysis of primary and secondary data using Multiple Linear Regression with Panel Data Regression. The dependent variable, Financial Reporting Quality, was measured using indicators such as the non-financial information disclosure ratio, the modified Jones model for earnings manipulation, and earnings persistence. The independent variables included the level of IFRS 6 readiness, type of auditor, company size, and government ownership. Data analysis was performed using Stata 17 and SPSS 28 software.

This model was developed based on the research background and the analysis of existing gaps. For instance, studies by Tuttle & Rohwer (2021) and Hail et al. (2010) showed that the transparency resulting from IFRS 6 affects capital attraction, but institutional factors like government ownership can weaken this relationship, which is accounted for in this model.

In this research, IFRS 6 implementation is defined as the operational execution of the standard's requirements at the level of Iranian mining companies, comprising three main dimensions: (1) Correct recognition and measurement of exploration costs as assets, (2) Regular impairment assessment, and (3) Provision of comprehensive and transparent disclosures about exploration activities. This concept has been operationalized based on the definitions provided by the IASB (2004) and indicators of international standard implementation in emerging countries (Uadiale, 2020).

* Hypothesis 1 (H1): The implementation of IFRS 6 has a positive and significant relationship with the financial reporting quality in Iranian mining companies.
* Hypothesis 2 (H2): Financial reporting quality has a positive and significant relationship with capital attraction in these companies.
* Hypothesis 3 (H3): Financial reporting quality has a positive and significant relationship with the improvement of management decision-making in exploration projects.

These hypotheses are formulated considering the existing literature and the specific circumstances of Iran, and the goal of testing them is to identify the effective factors in the successful implementation of IFRS 6 in the mining sector.

Research Findings

This section presents and analyzes the empirical findings of the research. Data analysis was conducted at two levels: descriptive statistics and inferential statistics. Data were collected through a combination of mining companies' financial statements and questionnaire responses and analyzed using Stata 17 and SPSS 28 software. The time period studied is the years 1398 to 1402 (5 years), and the sample population is 38 active mining companies on the Stock Exchange and Fara Bourse of Iran, resulting in a total of 190 observations (38 companies $\times$ 5 years) for panel data analysis.

Descriptive Statistics and Sample Demographic Characteristics

Table 1 shows the descriptive statistics for the main research variables.

my maximum	Minimum standard deviation		average	Variable
89	12	18.7		IFRS Implementation 42.3
5	1.2	0.89		3.15 Financial Reporting Quality
72.1	5.4	15.3	28.6	(Capital Inflow)
4.8	1.5	0.76		3.08 Management Decision Making (Quality Decision
17.5	11.8	1.3	14.2	Company Size

The IFRS 6 Implementation variable, calculated as a composite index (0-100), has a mean of 42.3, indicating a moderately low level of standard implementation in the sample companies. This suggests that while most companies are familiar with the concept of IFRS 6, operational implementation and transparent disclosure are not yet at the ideal level. Financial Reporting Quality, with a mean of 3.15 out of 5, indicates that reporting in these companies has significant room for improvement in terms of transparency and accuracy.

Inferential Statistics and Hypothesis Testing

Multiple Linear Regression with Panel Data Regression was used to test the research hypotheses. Given the panel structure of the data (multiple companies over multiple time periods), the Hausman Test was initially performed, and its result ($\chi^2 = 14.32$, $p = 0.014$) indicated that the Fixed Effects Model is more appropriate than the Random Effects Model. Therefore, all analyses were conducted based on the Fixed Effects Model.

The following regression model was used to test the hypotheses:

Where Y_{it} was set, in turn, as Financial Reporting Quality, Capital Attraction, and Management Decision Quality.

Table 2 – Results of Panel Data Regression (Fixed Effects Model)

Management decision making	Capital attraction	Reporting quality	Variable
0.38**	**0.41****	**0.043****	**IFRS 6 (Implementation)**
-0.15	**-0.17**	**-0.018**	
*0.72	*0.89	*0.31	**Auditor Type**
-0.35	**-0.42**	**-0.16**	
0.91**	**1.02****	**0.08**	**Size**
-0.31	**-0.38**	**-0.06**	
-0.58*	**-0.67***	**-0.22***	**State Ownership**
-0.27	**-0.32**	**-0.11**	
*0.31	*0.35	**0.032***	**IFRS6 × Auditor Type**
-0.14	**-0.16**	**-0.017**	
*-0.26	**-0.29***	**-0.028***	**IFRS6 × State Ownership**
-0.11	**-0.13**	**-0.014**	
0.69	**0.71**	**0.68**	**R^2 (adjusted)**
25.1**	**26.7****	**24.3****	**F-statistic**
190	**190**	**190**	**Number of obs.**

* Hypothesis 1 (H1): The coefficient for IFRS 6 in the first model is 0.043 and is significant at the 5% level. This indicates that a one-unit increase in the IFRS 6 implementation index increases financial reporting quality by 0.043 units. Therefore, Hypothesis 1 is confirmed.

* Hypothesis 2 (H2): The coefficient for IFRS 6 in the second model is 0.41 and is significant. This means that IFRS 6 implementation positively and significantly impacts capital attraction. Hypothesis 2 is confirmed.

* Hypothesis 3 (H3): The corresponding coefficient is 0.38 and is significant. This indicates that the transparency resulting from IFRS 6 helps managers make better decisions in exploration projects. Hypothesis 3 is confirmed.

Furthermore, the adjusted value ranges between 0.68 and 0.71, indicating the model's high explanatory power. The F-statistic is also significant, suggesting the overall suitability of the regression model.

This analysis shows that IFRS 6 implementation is not only feasible but also has positive and significant effects on reporting quality, capital attraction, and management decision-making. However, this effect is moderated by institutional factors such as auditor type and ownership structure. Therefore, for the successful implementation of this standard, change at the accounting level alone is insufficient; institutional and corporate governance reforms are also required.

These results are not only statistically valid but also align with international findings (Barth et al., 2012; Hail & Leuz, 2021), which further attest to the credibility of this research's findings

Discussion and Conclusion

This research investigated the feasibility and consequences of implementing International Financial Reporting Standard 6 (IFRS 6) in companies active in the exploration for and evaluation of mineral resources in Iran. Focusing on the main research question—"How can IFRS 6 be adapted within the framework of Iran's accounting system and mining industry, and what impacts will it have on financial reporting quality and capital attraction?"—this study combined secondary and primary data to analyse the impact of this standard's implementation on financial reporting quality, capital attraction, and management decision-making, also examining the moderating role of institutional factors such as auditor type and state ownership.

Empirical findings demonstrated that the implementation of IFRS 6 has a positive and significant relationship with improved financial reporting quality, increased capital attraction, and strengthened management decision-making. However, this impact is stronger in companies with international auditors and weaker in state-owned companies. These results are not only statistically significant but also consistent with international research findings (such as Barth et al., 2012, and Hail & Leuz, 2021), which show that specialized standards like IFRS 6 have positive effects on capital markets and the quality of financial information under conditions of high transparency and strong oversight. This alignment suggests that the economic and accounting mechanisms influenced by IFRS 6 operate similarly globally, even if institutional contexts differ.

However, some findings of this research differ from domestic studies such as Rezaei and Mohammadi (1402). This study showed that the impact of IFRS 6 in Iranian state-owned companies is limited, whereas Rezaei and Mohammadi (1402) indicated that the implementation of this standard has a positive effect across all companies. This difference is likely due to the variation in the operational definition of “implementation”; in the current research, implementation was defined as a multi-dimensional composite index (including qualitative disclosure, correct asset recognition, and impairment assessment), while previous studies may have relied more on management’s assertion or the existence of an accounting policy. Additionally, this difference may reflect the increasing effect of political pressures and reduced motivation for transparency in state-owned companies, where the implementation of international standards is merely formalistic in weakly supervised environments. This finding is consistent with the study by Uadiale & Fakile (2020) in developing countries, which suggests that without institutional reforms, standard implementation becomes only a superficial change.

This research achieves significant accomplishments from both scientific and practical perspectives. From a scientific perspective, it contributes to the international accounting literature by presenting a composite index for measuring IFRS 6 implementation in countries with emerging capital markets and provides an analytical model for other mineral-rich countries. From a practical perspective, the results indicate that IFRS 6 implementation can serve as a strategic tool for increasing transparency, attracting foreign investment, and improving management decision-making in Iran’s mining sector. Especially as Iran pursues the non-oil diversification of its economy and capital attraction in strategic sectors, implementing this standard can send a Credibility Signal to global markets. Furthermore, the findings on the reinforcing role of international auditor’s steer policymakers toward encouraging mining companies to employ international auditors.

However, this research has limitations that should be considered when interpreting and generalizing the results. First, the sample size (38 companies) is limited, which may have affected the statistical power of the analyses. Second, data related to management decision quality were collected via a questionnaire, which may be subject to recall bias or the tendency for favourable responses. Third, this study focused only on companies active on the Stock Exchange and Fara Bourse, and smaller private companies or those inactive in capital markets were not examined, which might experience different effects from IFRS 6.

In line with practical applications, it is suggested that the Auditing Organization and the Tehran Stock Exchange develop an IFRS 6 implementation guide for Iranian mining companies. This guide should include transparent guidelines for asset recognition, impairment assessment, and disclosure requirements. Furthermore, encouraging companies to employ international auditors and creating a validation system for exploration reports can help improve the quality of implementation. At the macro level, a gradual step toward IFRS 6 compliance can be taken by creating a temporary national mining standard.

For future research, it is recommended:

* Longitudinal studies should be conducted to examine the long-term impact of IFRS 6 implementation on companies' financial performance.
* Qualitative methods such as interviews with senior managers and regulatory bodies can be used to gain a deeper understanding of the implementation challenges.
* A comparison between Iran and other ECO or OPEC member countries regarding the implementation of mineral accounting standards can provide valuable policy insights.
* Finally, investigating the impact of IFRS 6 on risk management of exploration projects and the long-term sustainability of companies is also a new and important area for future research.

By proving the feasibility and positive impacts of IFRS 6 implementation in Iran, this research has taken a significant step toward enhancing the quality of financial reporting in the mining sector. It demonstrates that despite institutional challenges, the shift toward transparency and global standards is not only possible but also necessary.

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