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Faculty of Business and Economics
Department of Accounting and Corporate Governance
MACQUARIE UNIVERSITY NSW 2109 AUSTRALIA

Mr Kevin Stevenson

Chairman

Australian Accounting Standards Board

By Email: standard@aasb.gov.au

20 November 2013

AASB ITC 29/IASB Discussion Paper DP/2013/1 A Review of the Conceptual Framework for Financial Reporting

Dear Kevin,

Macquarie University's Department of Accounting and Corporate Governance is pleased to provide the Australian Accounting Standards Board (AASB) with its comments on AASB ITC 29 which is a re-badged copy of the International Accounting Standards Board's (IASB - the Board) Discussion Paper DP/2013/1 A Review of the Conceptual Framework for Financial Reporting (the DP). We have considered the DP, as well as the accompanying draft Basis for Conclusions.

Macquarie University's response reflects our position as a leading educator to the Australian and global community. This submission has benefited with input from discussions with key constituents, and in particular we appreciate the opportunity to be a participant at the Australian Accounting Standards Board's (AASB) Sydney Roundtable on 15 October 2013 where the DP was extensively discussed and was attended by key constituents and representatives of the AASB and staff.

We broadly support the proposal to revise the Conceptual Framework, and appreciate the effort that the IASB has put into this project. However we do have concerns as to whether the DP is set at the conceptual level which we believe should be 'aspirational', as there are a number of proposals that seem to us to be at the more detailed standards level. After all, the intent of the Conceptual Framework as set out on page 5 of the Summary is to assist the IASB by identifying concepts that can be consistently applied when developing and revising international financial reporting standards (IFRS).

We note that the International Public Sector Accounting Standards Board (IPSASB) is also working on its Conceptual Framework, and we suggest that the IASB should work with the IPSASB rather than just consider (1.15) as most of the aspirational concepts should be similar if not identical.

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Whilst we are disappointed that this Conceptual Framework is no longer a joint project with the US Financial Accounting Standards Board (FASB), we support the IASB proceeding without US support.

At this time we do not believe that the next step is an Exposure Draft, unless there are significant amendments made to this DP, to make it more 'aspirational'.

Our specific comments on the DP are as follows:

SECTION 1 INTRODUCTION

Question 1

Paragraphs 1.25–1.33 set out the proposed purpose and status of the *Conceptual Framework*. The IASB's preliminary views are that:

(a) the primary purpose of the revised *Conceptual Framework* is to assist the IASB by identifying concepts that it will use consistently when developing and revising IFRSs; and
(b) in rare cases, in order to meet the overall objective of financial reporting, the IASB may decide to issue a new or revised Standard that conflicts with an aspect of the *Conceptual Framework*. If this happens the IASB would describe the departure from the *Conceptual Framework*, and the reasons for that departure, in the Basis for Conclusions on that Standard.

Do you agree with these preliminary views? Why or why not?

We broadly agree, except as detailed below:

However we would expect that any departure from the Conceptual Framework would be identified and explained at the Discussion Paper or Exposure Draft stage. We also suggest that the IFRS for SMEs implications of any changes in the Conceptual Framework should be considered as part of this review, given that IFRS for SMEs is based on IFRS but simplified. We note that the IFRS for SMEs accounting standard sets out the Objectives, Concepts and basic Principles in Section 2 of that standard.

We see some challenges throughout the Discussion Paper on the level of detail that should be contained in a Conceptual Framework compared to specific accounting standards, and a good example is equity versus debt.

Some further consideration is needed on the purpose of financial statements that then drives the accounting rules that follow. Whilst there is no objection to the meeting the needs of users, surely a 200 page or more set of financial statements that IFRS apparently dictates, cannot in

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any way be seen to helping users make rational economic decisions. Perhaps it is time to recognise more modern communication methods apart from printed financial statements. The absence of any alternative to the needs of capital markets is also questionable, given that stewardship remains an important issue for those entities that are not listed on a capital market and yet wish to remain in a IFRS rather than an IFRS for SMEs framework. This has particular implications for the measurement framework, as indeed for capital maintenance that dictates when a transaction results in capital as against income.

Given the purpose of a Conceptual Framework and its length of time it is expected to be used before any major amendments, the absence of any 'future developments' section is surprising, particularly having regard to how users access information about commercial and indeed non-commercial entities. Again this is also relevant to society needs generally as without the support of society, no business has a mandate for its own existence. A particular example is the often made statement that many companies' balance sheets exclude 70-80% of the real assets, due to the ban on including intangible assets that have been internally generated or significantly increased in value post a market based transaction.

We suggest that the IASB should not be overly dictated to its existing timetable, as it is important that the IASB spends time considering the various submissions and meeting with those that have made submissions as well as key constitutes such a Governments.

In some of the suggested changes, we would expect that more specific evidence would be provided as to both why a change is needed and why the particular solution is being recommended.

We also suggest that more practical examples be provided so that the basis behind the particular issue can be better understood. This would be particularly helpful in the Equity and Liabilities sections. For example what is the practical implementation issues if a pure equity model is selected having regard to prudential regulators who are insisting on greater capital requirements and which lead to quasi equity/debt instruments that can be considered as Tier 1 capital. Other issues such as the relevance or fair valuing assets that are most unlikely to ever be able to be realised at such values (valuing trees in botanical gardens or fair valuing debtors), would also assist in evaluating the concepts.

SECTION 2 ELEMENTS OF FINANCIAL STATEMENTS

Question 2

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The definitions of an asset and a liability are discussed in paragraphs 2.6–2.16. The IASB proposes the following definitions:

a) an asset is a present economic resource controlled by the entity as a result of past events.
b) a liability is a present obligation of the entity to transfer an economic resource as a result of past events.
c) an economic resource is a right, or other source of value, that is capable of producing economic benefits.

Do you agree with these definitions? Why or why not? If you do not agree, what changes do you suggest, and why?

We broadly agree, however we suggest that some further discussion is needed on why the 'result of past events' is needed as the more important criteria is the 'present obligation'.

Question 3

Whether uncertainty should play any role in the definitions of an asset and a liability, and in the recognition criteria for assets and liabilities, is discussed in paragraphs 2.17–2.36. The IASB's preliminary views are that:

(a) the definitions of assets and liabilities should not retain the notion that an inflow or outflow is 'expected'. An asset must be capable of producing economic benefits. A liability must be capable of resulting in a transfer of economic resources.
(b) the *Conceptual Framework* should not set a probability threshold for the rare cases in which it is uncertain whether an asset or a liability exists. If there could be significant uncertainty about whether a particular type of asset or liability exists, the IASB would decide how to deal with that uncertainty when it develops or revises a Standard on that type of asset or liability.
(c) the recognition criteria should not retain the existing reference to probability.

Do you agree? Why or why not? If you do not agree, what do you suggest, and why?

We do not agree as probability is relevant to whether an asset or liability exists. If the likelihood (probability) is 1% does that differentiate an asset or liability where the probability is 51% or 99%? We suggest that probability needs to be considered, but leave it to the standards to measure, so on that basis we do not agree with specific probability thresholds as that is a standards issue.

Question 4

Elements for the statement(s) of profit or loss and OCI (income and expense), statement of cash flows (cash receipts and cash payments) and statement of changes in equity (contributions to equity, distributions of equity and transfers between classes of equity) are briefly discussed in

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paragraphs 2.37–2.52. Do you have any comments on these items? Would it be helpful for the *Conceptual Framework* to identify them as elements of financial statements?

We support a single Results (Profit & Loss) Statement as there is just too much confusion with the concept of Other Comprehensive Income (OCI) and the challenges with recycling. A single statement of financial performance does make sense and then it is up to the specific standards and indeed users to determine what particular measure or measures are important.

We find the discussion around discretionary reserve allocation and whether it should be part of OCI or left as an equity classification challenging. By way of example a prudential regulatory requirement to maintain an increased buffer of capital is an example of equity rather than a liability.

SECTION 3 ADDITIONAL GUIDANCE TO SUPPORT THE ASSET AND LIABILITY DEFINITIONS

Question 5

Constructive obligations are discussed in paragraphs 3.39–3.62. The discussion considers the possibility of narrowing the definition of a liability to include only obligations that are enforceable by legal or equivalent means. However, the IASB tentatively favours retaining the existing definition, which encompasses both legal and constructive obligations—and adding more guidance to help distinguish constructive obligations from economic compulsion. The guidance would clarify the matters listed in paragraph 3.50. Do you agree with this preliminary view? Why or why not?

We do not believe additional guidance at the conceptual framework stage is needed as this is a standards issue.

Question 6

The meaning of 'present' in the definition of a liability is discussed in paragraphs 3.63–3.97. A present obligation arises from past events. An obligation can be viewed as having arisen from past events if the amount of the liability will be determined by reference to benefits received, or activities conducted, by the entity before the end of the reporting period. However, it is unclear whether such past events are sufficient to create a present obligation if any requirement to transfer an economic resource remains conditional on the entity's future actions. Three different views on which the IASB could develop guidance for the *Conceptual Framework* are put forward:

(a) View 1: a present obligation must have arisen from past events and be strictly unconditional. An entity does not have a present obligation if it could, at least in theory, avoid the transfer through its future actions.

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(b) View 2: a present obligation must have arisen from past events and be practically unconditional. An obligation is practically unconditional if the entity does not have the practical ability to avoid the transfer through its future actions.
(c) View 3: a present obligation must have arisen from past events, but may be conditional on the entity's future actions.

The IASB has tentatively rejected View 1. However, it has not reached a preliminary view in favour of View 2 or View 3. Which of these views (or any other view on when a present obligation comes into existence) do you support? Please give reasons.

We support View 2 without conditions.

Question 7

Do you have comments on any of the other guidance proposed in this section to support the asset and liability definitions?

No.

SECTION 4 RECOGNITION AND DERECOGNITION

Question 8

Paragraphs 4.1–4.27 discuss recognition criteria. In the IASB's preliminary view, an entity should recognise all its assets and liabilities, unless the IASB decides when developing or revising a particular Standard that an entity need not, or should not, recognise an asset or a liability because:

(a) recognising the asset (or the liability) would provide users of financial statements with information that is not relevant, or is not sufficiently relevant to justify the cost; or
(b) no measure of the asset (or the liability) would result in a faithful representation of both the asset (or the liability) and the changes in the asset (or the liability), even if all necessary descriptions and explanations are disclosed.

Do you agree? Why or why not? If you do not agree, what changes do you suggest, and why?

We agree.

Question 9

In the IASB's preliminary view, as set out in paragraphs 4.28–4.51, an entity should derecognise an asset or a liability when it no longer meets the recognition criteria. (This is the control approach described in paragraph 4.36(a)). However, if the entity retains a component of an asset or a liability, the IASB should determine when developing or revising particular Standards how

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the entity would best portray the changes that resulted from the transaction. Possible approaches include:

(a) enhanced disclosure;
(b) presenting any rights or obligations retained on a line item different from the line item that was used for the original rights or obligations, to highlight the greater concentration of risk; or
(c) continuing to recognise the original asset or liability and treating the proceeds received or paid for the transfer as a loan received or granted.

Do you agree? Why or why not? If you do not agree, what changes do you suggest, and why?

We agree.

SECTION 5 DEFINITION OF EQUITY AND DISTINCTION BETWEEN LIABILITIES AND EQUITY INSTRUMENTS

Question 10

The definition of equity, the measurement and presentation of different classes of equity, and how to distinguish liabilities from equity instruments are discussed in paragraphs 5.1–5.59. In the IASB's preliminary view:

(a) the *Conceptual Framework* should retain the existing definition of equity as the residual interest in the assets of the entity after deducting all its liabilities.
(b) the *Conceptual Framework* should state that the IASB should use the definition of a liability to distinguish liabilities from equity instruments. Two consequences of this are:
    i. obligations to issue equity instruments are not liabilities; and
    ii. obligations that will arise only on liquidation of the reporting entity are not liabilities (see paragraph 3.89(a)).
(c) an entity should:
    i. at the end of each reporting period update the measure of each class of equity claim. The IASB would determine when developing or revising particular Standards whether that measure would be a direct measure, or an allocation of total equity.
    ii. recognise updates to those measures in the statement of changes in equity as a transfer of wealth between classes of equity claim.
(d) if an entity has issued no equity instruments, it may be appropriate to treat the most subordinated class of instruments as if it were an equity claim, with suitable disclosure. Identifying whether to use such an approach, and if so, when, would still be a decision for the IASB to take in developing or revising particular Standards.

Do you agree? Why or why not? If you do not agree, what changes do you suggest, and why?

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We support a pure equity residual type model which is the residual interest in the net balance of the entity's assets after deducing liabilities for a number of reasons, but generally because it is simple to interpret and explain.

Much of the complexity in the financial instruments debate (IAS 38 and IFRS 9 plus various EDs) is about determining what is equity and as a result, what is debt. The market will always provide financial products that take advantage of whether equity or debt is more favourable.

From a practical user perspective, any analysis of financial performance and financial position is to our mind based on what are the results of transactions that add to or decrease the net equity position of the entity. So perhaps this can be best explained by requiring all transactions going through the Profit & Loss Statement including capital raisings. Initial subscribed capital received in the initial formation of a company does result in a Profit and Assets that become part of Equity. Novel, even radical, but it would solve many of the debt/equity arguments and allow businesses to proceed without masking the financial result.

SECTION 6 MEASUREMENT

Question 11

How the objective of financial reporting and the qualitative characteristics of useful financial information affect measurement is discussed in paragraphs 6.6–6.35. The IASB's preliminary views are that:

(a) the objective of measurement is to contribute to the faithful representation of relevant information about:
  i. the resources of the entity, claims against the entity and changes in resources and claims; and
  ii. how efficiently and effectively the entity's management and governing board have discharged their responsibilities to use the entity's resources.

(b) a single measurement basis for all assets and liabilities may not provide the most relevant information for users of financial statements;

(c) when selecting the measurement to use for a particular item, the IASB should consider what information that measurement will produce in both the statement of financial position and the statement(s) of profit or loss and OCI;

(d) the relevance of a particular measurement will depend on how investors, creditors and other lenders are likely to assess how an asset or a liability of that type will contribute to future cash flows. Consequently, the selection of a measurement:
  i. for a particular asset should depend on how that asset contributes to future cash flows; and

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ii. for a particular liability should depend on how the entity will settle or fulfil that liability.

(e) the number of different measurements used should be the smallest number necessary to provide relevant information. Unnecessary measurement changes should be avoided and necessary measurement changes should be explained; and

(f) the benefits of a particular measurement to users of financial statements need to be sufficient to justify the cost.

Do you agree with these preliminary views? Why or why not? If you disagree, what alternative approach to deciding how to measure an asset or a liability would you support?

We agree that there may be different measurement bases depending on the particular characteristics of the asset or liability being measured, and having regard to the practicality of obtaining a measurement base. Then it is a matter for individual accounting standards to determine specify measurement rules.

Question 12

The IASB's preliminary views set out in Question 11 have implications for the subsequent measurement of assets, as discussed in paragraphs 6.73–6.96. The IASB's preliminary views are that:

(a) if assets contribute indirectly to future cash flows through use or are used in combination with other assets to generate cash flows, cost-based measurements normally provide information that is more relevant and understandable than current market prices.

(b) if assets contribute directly to future cash flows by being sold, a current exit price is likely to be relevant.

(c) if financial assets have insignificant variability in contractual cash flows, and are held for collection, a cost-based measurement is likely to provide relevant information.

(d) if an entity charges for the use of assets, the relevance of a particular measure of those assets will depend on the significance of the individual asset to the entity.

Do you agree with these preliminary views and the proposed guidance in these paragraphs? Why or why not? If you disagree, please describe what alternative approach you would support.

We agree.

Question 13

The implications of the IASB's preliminary views for the subsequent measurement of liabilities are discussed in paragraphs 6.97–6.109. The IASB's preliminary views are that:

(a) cash-flow-based measurements are likely to be the only viable measurement for liabilities without stated terms.

(b) a cost-based measurement will normally provide the most relevant information about:

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i. liabilities that will be settled according to their terms; and
ii. contractual obligations for services (performance obligations).

(c) current market prices are likely to provide the most relevant information about liabilities that will be transferred.

Do you agree with these preliminary views and the proposed guidance in these paragraphs? Why or why not? If you disagree, please describe what alternative approach you would support.

We agree.

Question 14

Paragraph 6.19 states the IASB's preliminary view that for some financial assets and financial liabilities (for example, derivatives), basing measurement on the way in which the asset contributes to future cash flows, or the way in which the liability is settled or fulfilled, may not provide information that is useful when assessing prospects for future cash flows. For example, cost-based information about financial assets that are held for collection or financial liabilities that are settled according to their terms may not provide information that is useful when assessing prospects for future cash flows:

(a) if the ultimate cash flows are not closely linked to the original cost;
(b) if, because of significant variability in contractual cash flows, cost-based measurement techniques may not work because they would be unable to simply allocate interest payments over the life of such financial assets or financial liabilities; or
(c) if changes in market factors have a disproportionate effect on the value of the asset or the liability (i.e. the asset or the liability is highly leveraged).

Do you agree with this preliminary view? Why or why not?

We agree.

Question 15

Do you have any further comments on the discussion of measurement in this section?

No.

SECTION 7 PRESENTATION AND DISCLOSURE

Question 16

This section sets out the IASB's preliminary views about the scope and content of presentation and disclosure guidance that should be included in the *Conceptual Framework*. In developing its preliminary views, the IASB has been influenced by two main factors:

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(a) the primary purpose of the Conceptual Framework, which is to assist the IASB in developing and revising Standards (see Section 1); and

(b) other work that the IASB intends to undertake in the area of disclosure (see paragraphs 7.6–7.8), including:

   i. a research project involving IAS 1, IAS 7 and IAS 8, as well as a review of feedback received on the Financial Statement Presentation project;

   ii. amendments to IAS 1; and

   iii. additional guidance or education material on materiality.

Within this context, do you agree with the IASB's preliminary views about the scope and content of guidance that should be included in the *Conceptual Framework* on:

(a) presentation in the primary financial statements, including:

   i. what the primary financial statements are;

   ii. the objective of primary financial statements;

   iii. classification and aggregation;

   iv. offsetting; and

   v. the relationship between primary financial statements.

(b) disclosure in the notes to the financial statements, including:

   i. the objective of the notes to the financial statements; and

   ii. the scope of the notes to the financial statements, including the types of information and disclosures that are relevant to meet the objective of the notes to the financial statements, forward-looking information and comparative information.

Why or why not? If you think additional guidance is needed, please specify what additional guidance on presentation and disclosure should be included in the *Conceptual Framework*.

We believe that the IASB should rethink its approach to disclosure given the constant criticisms from preparers and users of the financial statements that IFRS based financial statements are too long and complex, and detract from the primary purpose of financial statements providing relevant and reliable information so users can make their own economic rational decisions.

We support the use of technology such as XBRL and encourage the IASB in its Disclosure Initiative, however we believe a more radical solution is needed. Given that IFRS financial statements are for publicly accountable entities that are mostly listed capital market organisations, we suggest that the approach adopted by the International Integrated Reporting Committee to provide a concise summary of financial reporting, makes real practical sense and is one of the reasons for the strong support for Integrated Reporting.

In our view, a 1 page Balance sheet, Profit & Loss Statement, Cash Flow Statement, and limited Notes to those Statements of 3 pages or less that highlight critical explanations including estimates and judgements, is all that most users want as a snapshot of the

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organisation's financial performance and financial position. All other information that tit is argued is necessary for a fuller understanding of the organisation, should be available on the organisation's website and by use of hyperlinks to the concise financial statements.

Macquarie University's submission to the IASB on ED/2013/7 Insurance Contracts stated that the ED was un-necessarily complex due to the numerous disclosure provisions which it is argued a variety of users wanted. The major Australian insurance companies that currently follow the Australian accounting standards on Insurance which is the base for the ED have all stated that their own Board of Directors do not believe that the financial statements are able to be understood by mostly users including the Boards' themselves. It is time to re-think disclosures if IFRS financial statements are to be relevant.

As stated earlier, we do believe that the IASB needs to have a clear objective on Disclosure and that must be linked to the ability of users to be able to conveniently extract important information without unnecessary barriers to access. A simple 6 page or less concise financial statement would allow this to happen, and then allow hyperlinks for specify issues. At the moment the 200-300 page typical IFRS Annual Report fails this test.

By way of comparison, anecdotally it was stated that a recent conversion of a UG GAAP listed company's financial statements that was around 30 pages, resulted in an IFRS conversion of around 80 pages. Some field testing might be useful.

We believe that the 5 Large audit firms (Deloitte, Ernst & Young, Grant Thornton, KPMG and PWC should show leadership in this area by in addition to their IFRS specimen financial statements, should also produce what as a minimum an IFRS set of financial Statements should comprise, and a concise IFRS financial Statements, with hyperlinks. Anecdotally the blame for clutter is due in part to companies and regulators relying upon the Large Firms specimen financial statements as a minimum obligation! Perhaps the IASB should also produce its own specimen financial statements in the above 3 categories?

Question 17

Paragraph 7.45 describes the IASB's preliminary view that the concept of materiality is clearly described in the existing *Conceptual Framework*. Consequently, the IASB does not propose to amend, or add to, the guidance in the *Conceptual Framework* on materiality. However, the IASB is considering developing additional guidance or education material on materiality outside of the *Conceptual Framework* project. Do you agree with this approach? Why or why not?

We agree.

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Question 18

The form of disclosure requirements, including the IASB's preliminary view that it should consider the communication principles in paragraph 7.50 when it develops or amends disclosure guidance in IFRSs, is discussed in paragraphs 7.48–7.52. Do you agree that communication principles should be part of the *Conceptual Framework*? Why or why not? If you agree they should be included, do you agree with the communication principles proposed? Why or why not?

We agree.

SECTION 8 PRESENTATION IN THE STATEMENT OF COMPREHENSIVE INCOME – PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Question 19

The IASB's preliminary view that the *Conceptual Framework* should require a total or subtotal for profit or loss is discussed in paragraphs 8.19–8.22. Do you agree? Why or why not? If you do not agree do you think that the IASB should still be able to require a total or subtotal profit or loss when developing or amending Standards?

We agree.

Question 20

The IASB's preliminary view that the *Conceptual Framework* should permit or require at least some items of income and expense previously recognised in OCI to be recognised subsequently in profit or loss, i.e. recycled, is discussed in paragraphs 8.23–8.26. Do you agree? Why or why not? If you agree, do you think that all items of income and expense presented in OCI should be recycled into profit or loss? Why or why not? If you do not agree, how would you address cash flow hedge accounting?

We do not agree as in practice the concept of 'Other Comprehensive Income' (OCI) is not well understood and in practice is not used, instead a Profit & Loss Statement is produced as a single statement.

Question 21

In this Discussion Paper, two approaches are explored that describe which items could be included in OCI: a narrow approach (Approach 2A described in paragraphs 8.40–8.78) and a broad approach (Approach 2B described in paragraphs 8.79–8.94). Which of these approaches do

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you support, and why? If you support a different approach, please describe that approach and explain why you believe it is preferable to the approaches described in this Discussion Paper.

As detailed in our response to Question 20, we believe that the concept of OCI is artificial and instead support a single Profit & Loss Statement.

SECTION 9 OTHER ISSUES

Question 22

Chapters 1 and 3 of the existing Conceptual Framework Paragraphs 9.2–9.22 address the chapters of the existing *Conceptual Framework* that were published in 2010 and how those chapters treat the concepts of stewardship, reliability and prudence. The IASB will make changes to those chapters if work on the rest of the *Conceptual Framework* highlights areas that need clarifying or amending. However, the IASB does not intend to fundamentally reconsider the content of those chapters. Do you agree with this approach? Please explain your reasons. If you believe that the IASB should consider changes to those chapters (including how those chapters treat the concepts of stewardship, reliability and prudence), please explain those changes and the reasons for them, and please explain as precisely as possible how they would affect the rest of the *Conceptual Framework*.

We support a review of the entire Conceptual Framework. In particular we note that the objective of assessing stewardship is as important as assessing the prospects of future cash flows.

Question 23

Business model
The business model concept is discussed in paragraphs 9.23–9.34. This Discussion Paper does not define the business model concept. However, the IASB's preliminary view is that financial statements can be made more relevant if the IASB considers, when developing or revising particular Standards, how an entity conducts its business activities. Do you think that the IASB should use the business model concept when it develops or revises particular Standards? Why or why not? If you agree, in which areas do you think that the business model concept would be helpful? Should the IASB define 'business model'? Why or why not? If you think that 'business model' should be defined, how would you define it?

We support including the business model in the Conceptual Framework as it is the business model that drives the accounting model.

Question 24

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Unit of account
The unit of account is discussed in paragraphs 9.35–9.41. The IASB's preliminary view is that the unit of account will normally be decided when the IASB develops or revises particular Standards and that, in selecting a unit of account, the IASB should consider the qualitative characteristics of useful financial information. Do you agree? Why or why not?

We agree.

Question 25

Going concern
Going concern is discussed in paragraphs 9.42–9.44. The IASB has identified three situations in which the going concern assumption is relevant (when measuring assets and liabilities, when identifying liabilities and when disclosing information about the entity). Are there any other situations where the going concern assumption might be relevant?

We agree.

Question 26

Capital maintenance
Capital maintenance is discussed in paragraphs 9.45–9.54. The IASB plans to include the existing descriptions and the discussion of capital maintenance concepts in the revised *Conceptual Framework* largely unchanged until such time as a new or revised Standard on accounting for high inflation indicates a need for change. Do you agree? Why or why not? Please explain your reasons.

We support the current concepts.

If you require any further information or comment, please contact me.

Keith Reilly

Industry Fellow (International Governance & Reporting)

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Faculty of Business and Economics
Department of Accounting and Corporate Governance
MACQUARIE UNIVERSITY NSW 2109 AUSTRALIA

Department of Accounting and Corporate Governance - Macquarie University

keith.reilly@mq.edu.au