



Accounting and Business Research Special Issue Call for Papers

The Conceptual Framework

Accounting and Business Research (ABR) is pleased to announce a special edition of academic papers addressing issues relevant to the development and application of the IASB's *Conceptual Framework for the Preparation and Presentation of Financial Reports (the Framework)*.

In July 2013 the International Accounting Standards Board (IASB) published a Discussion Paper entitled *A Review of the Conceptual Framework for Financial Reporting*, as part of renewed efforts on its Conceptual Framework project (see <http://www.ifrs.org/Current-Projects/IASB-Projects/Pages/IASB-Work-Plan.aspx>). The IASB is aiming to issue a revised Framework late in 2015.

We seek papers that address aspects of the *Framework*, including theoretical and practical questions. Theoretical papers may explore issues relating to the definition of the elements of financial statements, recognition, measurement or concepts of capital as well as disclosure and presentation and any other matters considered important by researchers. Applied papers may seek to inform the *Framework* debate on any of these topics by investigating issues arising in practice relating to application of existing accounting standards.

The Discussion Paper is the first step in a period of intense consultation. The IASB is interested in academic input on all aspects of the project, to help it to develop the revised *Framework*. The appendix to this Call for Papers has a list, supplied by the IASB, of issues in which it has an interest. Potential authors should not be constrained by this list, and nor will preference be given to papers addressing these specific topics. It is included to give an indication of the broad range of issues facing the IASB.



In association with Inaugural IASB Research Forum

Authors of selected papers entered into the review process for the special issue will be invited to present their work at the inaugural *IASB Research Forum*, planned to be held on 2nd October 2014 at Said Business School, Oxford University, England.

Forum participants will have an opportunity which other forums are not able to provide. Participants will not only discuss their research with academic peers but also with members of the IASB and other practitioners from a regulatory and policy background. IASB members will provide commentary on each paper. As a consequence, the research work has an enhanced potential to influence the thinking of IASB members and hence the *Framework* that will guide the

setting of IFRSs for many decades. More information on the forum is available at <http://go.ifrs.org/TPS-Research-Forum>

Although acceptance of an invitation to present at the Forum is not mandatory, it is strongly encouraged by the guest editors. Following the Forum, revised papers should be resubmitted to the journal for the next stage of the review by 31 January 2015 and the special issue will be published in the latter half of 2015.

Editors of the special issue:

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Initial submission deadline: 1 April 2014. Manuscripts should be submitted online at <http://mc.manuscriptcentral.com/abr> Author guidelines can be found [[here](#)]. All papers will be reviewed in accordance with *ABR*'s normal processes. Mindful that one of the audiences is the IASB and its staff, the papers should be written in a style that communicates effectively across a broad group of readers.

Appendix - Indicative topics

The IASB has provided *Accounting and Business Research* with examples of the type of problem for which it is seeking input:

Measurement

In selecting the measurement basis for some assets or liabilities the IASB sometimes selects a current value (usually fair value) for presentation in the Statement of Financial Position and a cost-based attribute for profit or loss, using OCI as a bridge between the two. Does this approach make the financial statements more useful or should the IASB select one measurement basis for presentation in the primary financial statements?

In developing IFRS 9 *Financial Instruments* the IASB selected the measurement basis for financial assets to reflect how the entity expected to realise future cash flows—by collecting contractual cash flows or by sale of the instrument. This is sometimes referred to as the business model approach. Should the *Framework* guide the IASB to use this approach more generally, including measuring liabilities that reflect how the entity will settle or otherwise fulfil that liability?

Assuming that the IASB retains the concepts of depreciation or amortisation of assets, should depreciation be characterised as a proxy for the change in fair value or as a method of measuring service consumption? The former would lead to more use of accelerated depreciation methods whereas the latter would tend towards a straight-line approach.

Financial Statements

The IASB has stated that it will address other comprehensive income (OCI) in the revised *Framework*. What, if anything, should distinguish items of income and expense presented in profit or loss from those presented in OCI? Should the IASB even retain the notion of OCI? What items, if any, presented in OCI in one period should be reclassified (recycled) into profit or loss in the same period or a later period, and why?

The IASB is developing *Framework* on the basis that the purpose of the Statement of Financial Position is not to present the value of the entity (ie where the reported equity equals the market value of the entity). To do so would require the recognition of all assets, including intangible assets created by the entity, and synergies and other factors inherently reflected in 'goodwill'. Those elements would also need to be reported at current values. What should be the primary determinants of which assets and liabilities should be recognised? For example, financial reporting today currently distinguishes between acquired intangible assets and self-generated intangible assets. Should this distinction be retained?

The IASB often debates whether an item should be disclosed on the face of the financial statements or in the accompanying notes. The IASB is also told that items are more 'credible' if they are presented on the face of the statements. Does it matter where

information is presented? If placement does matter, what factors should the IASB consider when making that determination?

Elements

The IASB plans to retain the existing definition of equity as the residual interest in the assets of the entity after deducting all its liabilities. The IASB is also proposing that an entity be required to (i) measure at the end of each reporting period each class of equity claim, either by remeasuring it or by reallocating total equity; and (ii) recognise updates to those measurements in the statement of changes in equity, as a transfer of wealth between classes of equity claim. Will this approach improve financial reporting?

If an entity has issued no equity instruments, could it be appropriate to treat the most subordinated class of instruments as if it were an equity claim, with suitable disclosure?

The IASB's projects on emission trading schemes, rate regulation, levies and contingencies (lawsuits) have centred around element and measurement uncertainty. What is the best way of addressing element and measurement uncertainty? Is it always useful to distinguish between these the two? When should measurement uncertainty lead to an asset or liability being not being recognised?

Objectives and qualitative characteristics

The IASB is sometimes told that the use of fair value for measuring financial instruments encourages short-term behaviours by managers and investors that are detrimental to long term investment. Is there any evidence to support such a contention?

The IASB has been criticised for removing the term 'prudence' from its Framework. The IASB did so because prudence was being used to justify understating assets or overstating liabilities, rather than its intended meaning—"a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated." Should the IASB restore the term 'prudence' to the *Framework*?

The *Framework* sets out objectives that include helping existing and potential investors make investment decisions as well as helping to assess the stewardship, or accountability of management. Under what circumstances do these objectives conflict? What, if any, are the recognition and measurement implications of having stewardship or accountability as an objective of financial reporting?

Capital maintenance

The IASB plans to include the existing descriptions and discussion of capital maintenance concepts in the revised *Framework* largely unchanged. At the same time, the IASB received requests in its agenda consultation to look at the effects of high inflation on financial reporting. Should the IASB open the capital maintenance debate? If so, what approach should it take?