

## PDF hosted at the Radboud Repository of the Radboud University Nijmegen

The following full text is a publisher's version.

For additional information about this publication click this link.

<http://hdl.handle.net/2066/74919>

Please be advised that this information was generated on 2017-12-06 and may be subject to change.

**NiCE Working Paper 06-102**

**September 2006**

**Convergence through divergence**  
**An analysis of relationships between qualitative**  
**characteristics of the conceptual frameworks of**  
**the FASB and IASB**

**Ferdy van Beest**

**Geert Braam**

Nijmegen Center for Economics (NiCE)

Institute for Management Research

Radboud University Nijmegen

P.O. Box 9108, 6500 HK Nijmegen, The Netherlands

<http://www.ru.nl/nice/workingpapers>

## **Abstract**

The FASB and IASB have begun a project to revisit their conceptual frameworks for financial accounting into a common, synthesized conceptual framework that should provide standard setters a sound, consistent and coherent basis for developing new and revising existing accounting standards. In addition, this conceptual framework aims to help users to better understand the information presented in the financial statements, assist preparers to apply the standards, and help auditors to form their opinions. However, on some aspects the FASB and IASB frameworks differ fundamentally. For instance, to make information provided in financial statements useful to users both Boards define four similar principal qualitative characteristics. The IASB ranks these characteristics equally, while the FASB framework structures them hierarchically. To converge the frameworks such essential differences have to be investigated and clarified.

This paper aims to contribute to understanding the relationship between these main qualitative characteristics and the objective of financial reporting. Making a distinction between standard setters, users, preparers and auditors we analyze the FASB and IASB definitions of the qualitative characteristics and investigate the relationships between these characteristics and the objective of financial reporting. Our analysis, among others, shows that qualitative characteristics should be hierarchical structured and trade-offs made between characteristics are dependent on the type of interested party.

## **1. Introduction**

Both the FASB and the IASB set essentially the same overriding objective of financial reporting, i.e. to provide information that is useful to users in making economic decisions. To be decision useful, financial statements have to report information about enterprise resources and claims to those resources and about changes in them – including information to assess managements' stewardship – to assess prospective net cash inflows to the enterprise (FASB, 1980, 2005; IASB, 1989). However, despite the fact that essentially both Boards have the same overriding objective, they have elaborated this purpose in different manners. In general terms the FASB has adopted a more 'rule based' approach with specific standards and application guides, while the IASB statements could be characterized as more principles-based with limited application guides. Each Board bases its accounting decisions in large parts on their conceptual frameworks (CFs), i.e. sound, specific, comprehensive, consistent and coherent systems of interrelated objectives and fundamentals. The objectives identify the goals and purposes of financial reporting. The fundamentals are the underlying concepts that help to achieve those objectives including qualitative characteristics, definitions and criteria for recognition, measurement, presentation and disclosure (display) (Foster and Johnson, 2001; Johnson, 2004).

However, on some aspects the FASB and IASB frameworks differ fundamentally. For instance, the IASB focuses on the information needs of a wide range of users, including investors (present and potential), employees, lenders, suppliers and other trade creditors, customers, governments and their agencies and public in general (IASB, 1989: 12), while the FASB identifies present and potential investors and creditors as the primary users (FASB, 1980, 2005). To make information provided in financial statements useful to users both CF's define qualitative characteristics, i.e. attributes that make information useful and the qualities to be sought when accounting choices are made. Another difference is that the IASB defines four main qualitative characteristics – understandability, relevance, reliability and comparability – and ranks them equally. The FASB framework includes similar principal qualitative characteristics but hierarchical structures them, defining relevance and reliability as the primary characteristics. Moreover, as Figures 1 and 2

indicate, definitions of these two characteristics – including the sub notions to shape the definitions’ interpretation – are not similar but elaborated in different ways.

Against the background of globalization and technological developments that stress the importance of harmonization of financial reporting, a common goal of the FASB and IASB is for their standards to be ‘principles-based’. To be principles-based, standards, which may be on various issues, cannot be a collection of conventions but rather must be consistently and coherently rooted in fundamental concepts (Bullen and Crook, 2005: 1). For this reason, recently the FASB and IASB have begun a project to revisit their conceptual frameworks for financial accounting and reporting. The goals of the project are to build on the two Boards’ existing frameworks by refining, updating, complementing, and converging them into an improved synthesized CF that both Boards can use as a basis for developing new and revising existing accounting standards (Bullen and Crook, 2005: 1). This CF has to contribute to greater efficiency in the standard-setting process for several reasons. First, the framework provides standard setters a basic tool for resolving accounting and reporting questions (FASB, 1980: 8). Second, the common terminology contributes to greater efficiency in internal and external communication. Finally, the frame of reference helps to reduce political pressure in making accounting standards, decreasing the influence of personal biases on the standard-setting decisions.

Although the primary aim of the common CF is to contribute to greater efficiency in the standard-setting process, it may be also useful for other interested parties. The common CF may help users of financial reporting information and academics to better understand that information and its limitations. It provides a frame of reference for understanding the information reported, allowing users to make better informed judgments and decisions. In addition, the common frame of reference should assist preparers of financial statements in applying the accounting standards and dealing with topics on which standards have not yet been developed. Finally, it may be useful for auditors to examine the financial statements and form opinions about them. Thus, the impact of the common framework to be developed may be far reaching. Directly and indirectly it may affect practice, stressing the importance to develop a converged framework that is sound, internally consistent and coherent.

The aim of this paper is to contribute to understanding the relationship between qualitative characteristics and objectives of financial reporting. Making a distinction between standard

setters, preparers of financial statements, users and auditors we analyze the definitions of the qualitative characteristics defined by the IASB and the FASB and investigate the relationships between these characteristics and the objective of financial reporting.

This remainder of this paper is structured as follows. First, we examine the definitions of qualitative characteristics defined by the IASB and the FASB and analyze the differences between the definitions. Next, we investigate how these characteristics are interrelated and related to the objective of financial reporting. Finally, we summarize our conclusions.

## **2. Qualitative characteristics**

Despite the fact the FASB CF explains that each decision maker judges what accounting information is useful, and that their judgments are influenced by factors such as the decisions to be made, decision maker's capacity to process the information and the information already possessed or obtainable from other resources (FASB, 1980: 36) and the IASB CF does not mention the user's capacities explicitly, both the FASB and IASB define a similar principal set of qualities of accounting information that make information provided useful to users in making economic decisions: understandability, relevance, reliability and comparability.

### *Understandability*

Both the FASB and IASB CF define understandability as user-specific. Information provided in financial statements 'cannot be useful to a person who cannot understand it' (FASB, 1980: 22) and 'whether reported information is sufficiently understandable depends on who is using it' (FASB, 2005: 3). The IASB defines understandability as an essential quality of the information provided in financial statements that is readily understandable by users (IASB, 1989: 25).<sup>1</sup> Both frameworks make the premise that users 'have reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence' (IASB, 1989: 25).

---

<sup>1</sup> However, the definition of understandability doesn't comply with scientific rules, which prescribes that the definiens is not allowed to contain likewise terminology as the definiendum. The definition of understandability does not comply with the requirements of a scientific definition. An alternative definition of understandability is 'make sense of, i.e. which one can perceive, interpret, evaluate' (Nootenboom, 2000: 5).

However, due to factors such as difference in decision maker's information processing capacity, information that is readily understandable to someone may be beyond the understanding of others. To contribute to understanding the impact of this qualitative characteristic on the degree of decision usefulness of information provided, both the FASB and IASB have made a distinction between broad different classes of decision makers like investors and creditors (FASB, 1980: 41; IASB, 1989: 9). Both Boards are concerned with qualities of information that relate to these broad classes of users rather than to particular decision makers.

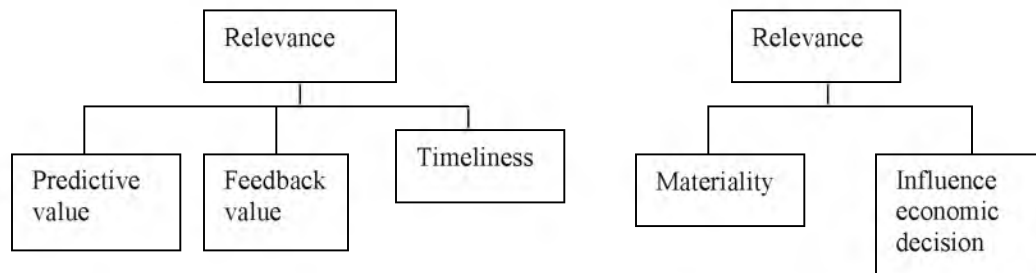
In addition, understanding can also be topic-specific requiring users to have specific knowledge about certain topics of particular concern. Finally, understandability is not just governed characteristics of users (decision makers), but also depends on decision-specific qualities of information. For instance, by aggregating, classifying, characterizing and presenting information clearly and concisely, it can be made more understandable (FASB, 2005: 3).

### *Relevance*

Information has the quality of relevance when it is 'capable of making a difference in the economic decisions of users by helping them evaluate the effect of past and present events on future net cash inflows (predictive value) or confirm or correct previous evaluations (confirmatory value), even if it is not being used' (FASB, 2005: 2; FASB 1980: 37). In the IASB framework information has the quality of relevance 'when it influences the economic decisions of users by helping them evaluate past, present of future events or confirming, or correcting, their past evaluations' (IASB, 1989: 24). Both frameworks thus say that accounting information is relevant if it has the capacity to make a difference in a decision. The FASB requires information to be capable of making a difference in the economic decisions of users 'even if it is not being used'. However, to be relevant the IASB definition additionally requires that information is used, i.e. influences the decision maker in making economic decisions. Another small difference between the FASB and IASB framework is the FASB framework explicitly mentions that relevant information has to have predictive and feedback value, while the IASB uses these terms implicit in its

framework. ‘The predictive and confirmatory roles of information are interrelated (IASB, 1989: 27).

The frameworks differ fundamentally in the manner they define attributes of ‘relevance’ to shape the definition’s interpretation, as is indicated in Figure 1.



*Relevance including sub notions in FASB CF*

*Relevance including sub notions in IASB CF*

---

*Figure 1: Relevance including sub notions in the FASB and IASB CF*

First, the FASB framework defines *timeliness* an ancillary aspect of relevance. Information must be available when users need it. Although timeless alone cannot make information relevant to users, a lack of timeliness may cause a loss of relevance of information reported or even make it irrelevant (FASB, 1980: 56; IASB, 1980: 43). Although the assumptions of the IASB are equal to the assumptions of the FASB, the IASB does not define timeliness as a component of relevance but as a constraint on relevant and reliable information. If the financial statement is published earlier, the relevance of the financial report increases. In the new framework timeliness is expected to be an ancillary aspect of relevance.

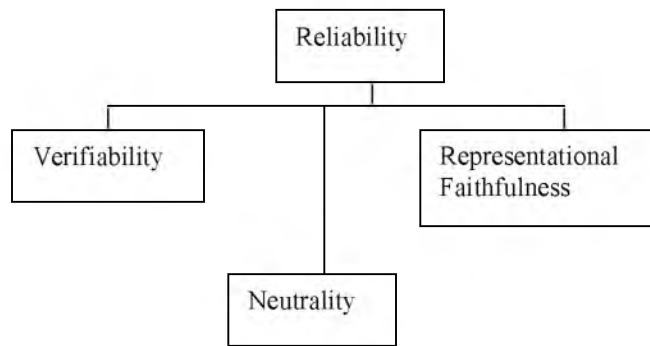
Second, the IASB framework defines *materiality* as an attribute of relevance, while in the FASB hierarchy materiality is situated as threshold for recognition. ‘Information is material if its omission or misstatement could influence the economic decision of users taken on the basis of the financial statements’ (IASB, 1989: 30). However, the materiality criterion may not only affect the relevance of information, it



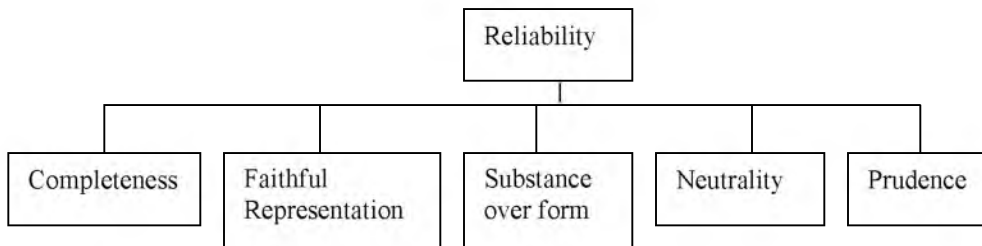
may also have effect on other qualitative characteristics such as faithful representation. Consequently, materiality has to be considered as a filter to determine whether information is sufficiently significant to influence the decision of users (FASB, 2005: 3).

*Reliability*

In the FASB framework information has the quality of reliability when this information meets the attributes representational faithfulness, verifiability and neutrality (FASB, 1980: 21). In the IASB framework, information is reliable when ‘it is free from material error and bias and can be depended upon by users to represent faithfully that which it either purports to represent or could reasonably be expected to represent’ (IASB, 1989: 24). The FASB and IASB frameworks thus differ fundamentally in the manner they define ‘reliability’, as is reflected in Figure 2.



*Reliability including sub notions in the FASB CF*



*Reliability including sub notions in the IASB CF*

---

*Figure 2: Reliability including sub notions in the FASB and IASB CF*

Both frameworks include *faithful representation* as an attribute of reliability. Representations are faithful if there is a correspondence or agreement between the accounting measures or descriptions in the financial reports and the economic phenomena they purport to represent (FASB, 1980: 6; FASB, 2005: 3). The difference between reliability and a faithful representation is ambiguous. Since the attributes neutrality, completeness and substance of economic phenomena (substance over form) can be classified as qualities of faithful representation, reliability becomes redundant. Consequently, a point of attention is to discuss what exactly the notions reliability and faithful representation mean and what they do not mean (FASB, 2005: 2-3).

In both frameworks *neutrality* is defined as free from bias. ‘To that end, the common conceptual framework should not include conservatism or prudence among the desirable qualitative characteristics of accounting information. However the framework should note the continuing need to be careful in the face of uncertainty’ (FASB, 2005: 3). In the IASB framework, prudence is defined in terms of a degree of caution. The need to be careful implies to allow a degree of caution and therefore to permit a degree of prudence, but prevent overuse of prudence. ‘Any overuse of prudence results in a loss of transparency, which is why the ASB is right to be wary of it. When it is excessively or inconsistently applied, it can make obfuscation of results and trends possible’ (Paterson, 2002: 1). Trends in financial reporting act contrary to a faithful representation. The use of small *degree of prudence* as far-sighted of what can happen in the future should never be a problem.

In the IASB framework, *completeness* explicitly was linked to reliability, while in FASB framework completeness is implicitly linked to reliability. We explained that reliability will be substituted by faithful representation. An omission of material elements can cause information to be false or misleading and thus unreliable (IASB framework, 1989: 38). An omission can also cause a view in the financial report in which the report does not represent the transactions it purports to represent. In the new framework, completeness will be linked to the quality faithful representation. Faithful representation

also includes *substance over form* capturing the *substance of those economic phenomena* and not merely their legal form (IASB, 1989: 35).<sup>2</sup>

In the FASB framework *verifiability* is used in terms of consensus among measures and that the measures have been used without error or bias. In the FASB framework verifiability is explained as a sub notion of reliability. To verify whether information is represented without error, people should check the primary documents (like an invoice) and monitor every action of the internal auditor. The purpose of financial reporting is to be useful for a wide range of users. It's not possible for every user to check and monitor. Where the preparer of financial statement should consider verifiability as an important attribute of faithful representation and an external auditor must check (verify) the financial report of a company as an independent party, the investors should consider verifiability as a constraint. Verifiability is therefore an important sub notion of a faithful representation, but in reality it's impossible for every user to verify. Therefore, verifiability acts contrary to the objective of financial reporting and should be deleted as a qualitative characteristic and should be taken for granted as a constraint. The verification of the financial report is executed by the external auditor and should be seen as a given fact.

### *Comparability*

Comparability enables users to identify and explain similarities in and differences between economic phenomena (FASB, 2005: 8). 'Users must be able to compare the financial statements of an entity through time in order to identify trends in its financial position and performance. Users must also be able to compare the financial statements of different entities in order to evaluate their financial position, performance and changes in financial position' (IASB, 1989: 39).

In the FASB framework *consistency* – using the same accounting methods over a span of time (FASB, 1980: 42) – is defined as a component of comparability. An increase in the level of consistency will lead to an increase in the level of comparability. The

---

<sup>2</sup> At this moment it is not clear whether 'substance over form' (IASB, 1989: 35) and the 'substance of economic phenomena' (FASB, 2005:2) have exactly the same meaning.

IASB framework does not explicitly mention consistency as attribute of comparability but also suggests that consistency positively influences comparability.

In sum, both the FASB and IASB have defined a similar principal set of qualities of accounting information to make information provided useful to users in making economic decisions. Despite their conformity on abstract level, the attributes to give meaning to the definition of reliability differs substantially.

### **3. Relationships between qualitative characteristics and objective of financial reporting**

Although both the FASB and IASB have defined understandability, relevance, reliability and comparability as qualities of accounting information that make information decision useful provided useful to users in making economic decisions, Figures 3 and 4 show that they have arrayed them in a slightly different manner. The FASB framework hierarchical structures these qualitative characteristics, while the IASB framework ranks them equally relevant.

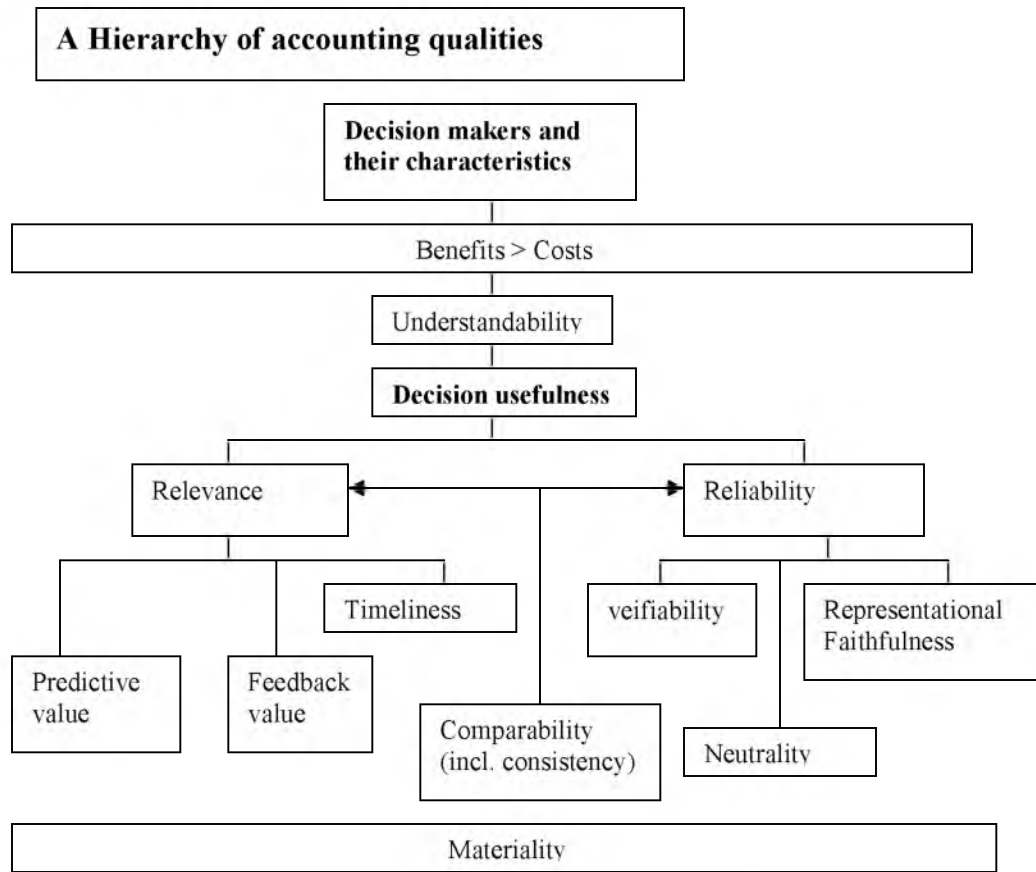


Figure 3: FASB CF 'A hierarchy of accounting qualities' (FASB framework, 1980: 20)

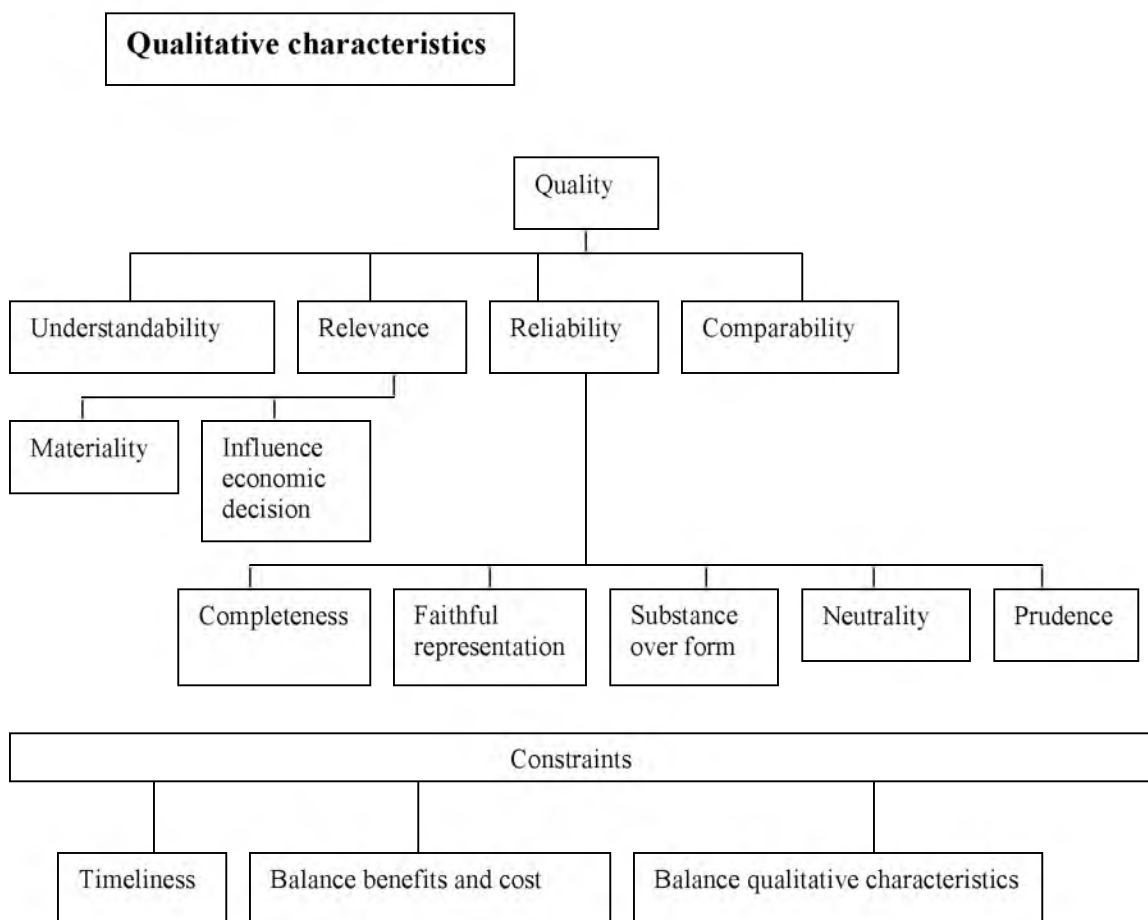


Figure 4: IASB CF

### Structure of Qualitative Characteristics

A fundamental difference between FASB and IASB framework is whether or not to apply a hierarchy between qualitative characteristics. The FASB framework provides a hierarchy between different qualitative characteristics, although considers the lack of priorities among the characteristics as a limitation of the hierarchy (FASB, 1980: 21), whereas the IASB does not provide a hierarchy. ‘In practice a balancing, or trade-off, between qualitative characteristics is often necessary. Generally the aim is to achieve an appropriate balance among the characteristics in order to meet the objective of financial statements. The relative importance of the characteristics in different cases is a matter of professional judgment’ (IASB framework, 1989: 45). However, improved understanding into the relationships and clarification of trade-offs between the qualitative characteristics may help

to reduce the need of professional judgment. Making relationships between the characteristics and the objective of financial reporting more explicit considering a hierarchy helps to make the framework more specific and to minimize political confrontations (FASB, 2005: 3).

### *Primary qualities*

The IASB ranks the qualitative characteristics understandability, relevance, reliability and comparability equally, while the FASB framework defines relevance and reliability as the primary characteristics. With respect to understandability, the FASB suggests that this characteristic is a necessary condition to make information decision useful. ‘Information cannot be useful to a person who cannot understand it’ (FASB, 1980: 22). Information cannot be helpful (read: useful) to a person who cannot understand the information and therefore the objective of financial reporting cannot be fulfilled without the notion of understandability. However, information that is not understandable yet may be relevant. ‘Relevant information should not be excluded because it is too complex or difficult for some users to understand’ (FASB, 2005: 3). Information may be capable of making a difference in the economic decisions of users, even if it is not being understandable yet and, as a consequence, not being used yet. Consider the following example: a financial report is written in a foreign language. The information reported may be relevant to the decision to be made but the user cannot use that information until it is translated into another (understandable) language. To be decision useful, this information has to be AND understandable AND relevant. As a consequence, both qualitative characteristics should be considered primary qualities in the new CF.

Both the FASB and the IASB consider reliability as a primary quality. Trade-offs between characteristics are dependent on the types of interested parties. For instance, with respect to the trade-off between relevance and reliability (faithful representation), investors might emphasize relevance in forecasting an entity’s future net cash inflows or assessing its financial position, whereas preparers or auditors might emphasize reliability in view of their legal exposure. Investors might prefer financial statement measures that reflect fair values rather than historical costs, while preparers should favor historical costs to be the dominant characteristic of financial statement measures. Historical costs are assumed to be more

reliable than fair values but not as relevant. An effect is a disturbance between different classes of interested party. A hierarchy helps to increase clarification of relationships and reducing political disturbances.

### *Secondary quality*

In the FASB project update (2005: 3) the FASB explains that relevance and faithful representation are more important than comparability and consistency. ‘Concerns about comparability or consistency should not preclude reporting information that is of greater relevance, or that more faithfully represent the economic phenomena it purports to represent’ (FASB, 2005: 3). An increase in comparability causes an increase in relevance and faithful representation. Comparability (including consistency) is a secondary qualitative characteristic that interacts with relevance and a faithful representation to contribute the usefulness of information (FASB, 1980: 21).

### *Constraints*

In both frameworks a pervasive constraint is the balance between *benefits and costs*. Although it is difficult to test, the ‘benefits derived from information should exceed the costs of providing it’ (IASB, 1989: 44).

The FASB considers *materiality* as a constraint, while the IASB has clarified materiality as an attribute of relevance. ‘Information is material if its omission or misstatement could influence the economic decision of users taken on the basis of the financial statements’ (IASB, 1989: 30). Consequently, *materiality* has to be considered as a filter to determine whether information is sufficiently significant to influence the decision of users (FASB, 2005: 3) and thus should be considered as a constraint.

The IASB considers *timeliness* as a constraint on relevant and reliable information. However, although timeliness alone cannot make information relevant to users, a lack of timeliness may cause a loss of relevance of information reported or even make it irrelevant (FASB, 1980: 56; IASB, 1980: 43). Consequently, timeliness should be an ancillary aspect of relevance and not a constraint.



Although verifiability is an important attribute of a faithful representation, in reality it is not possible for every user to verify the information provided. Therefore, verifiability should be considered as a constraint for users such as investors and creditors.

Figure 5 summarizes the conclusion of our analysis

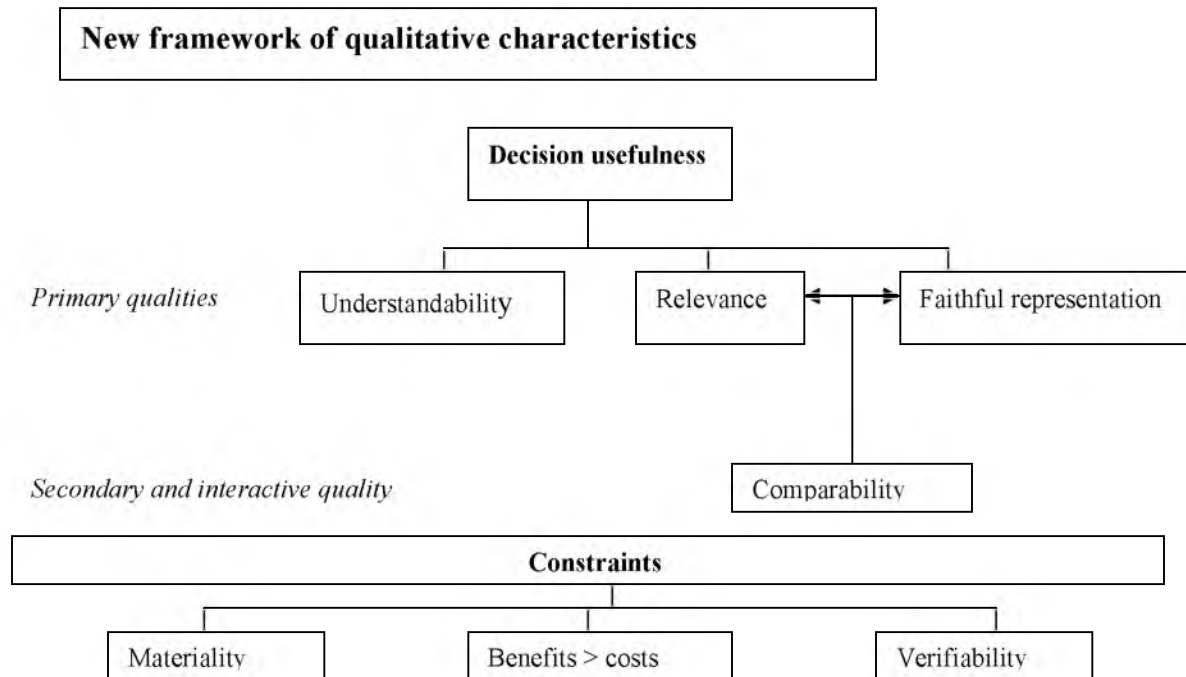


Figure 5: New framework of qualitative characteristics

#### 4. Conclusion

The paper contributes to understanding the relationship between the qualitative characteristics and objectives of financial reporting. Improved understanding into these relationships and trade-offs made between the qualitative characteristics helps to contribute to greater efficiency in the standard-setting process, providing standard setters a basic tool and common terminology for resolving accounting and reporting questions and a frame of reference to reduce political pressure in making accounting standards. Moreover, improved insight into these relationships helps users to better understand the information presented in the financial statements, to assist preparers of financial statements to apply the accounting standards and to deal with topics on which standards have not yet been developed, and to help auditors to form opinions about these statements. The more trade-offs between

qualitative characteristics are clarified, the less these trade-offs will be a matter of professional judgement.

Making a distinction between standard setters, preparers of financial statements, users and auditors we have analyzed the definitions of the qualitative characteristics defined by the IASB and the FASB and investigated the relationships between these characteristics and the objective of financial reporting. First, our analysis shows that qualitative characteristics should be hierarchical structured: relevance, reliability / faithful representation and understandability are primary qualitative characteristics, while comparability is a secondary characteristic. We note that the difference between reliability and a faithful representation is ambiguous. Since the attributes neutrality, completeness and substance of economic phenomena (substance over form) can be classified as qualities of faithful representation, reliability becomes redundant.

Second, trade-offs made between qualitative characteristics are dependent on the type of interested party. For instance, investors might emphasize relevance in forecasting an entity's future net cash inflows or assessing its financial position, whereas preparers or auditors might emphasize reliability in view of their legal exposure. And where the preparer of financial statement and the external auditor should consider verifiability as an important attribute of faithful representation, the investors should consider verifiability as a constraint.

Third, to be decision useful, information has to be material. 'The benefits derived from information should exceed the costs of providing it' (IASB, 1989: 44). Because for a wide range of users it is not possible to verify the financial report, *verifiability* should be considered a constraint. Timeliness has to be considered as an ancillary aspect of relevance. Thus materiality, benefits exceed costs and verifiability ought to be considered as constraints.

Figure 5 outlines our conclusions.

## References

- Accounting Standards Board (2005), <http://www.asb.org.uk/asb/about/aims.cfm>, 22-06-2005.
- Bence, D. and N. Fry (2004), Financial Reporting – Which way forward? Are international standards being written without an effective conceptual framework?, *Accountancy: journal of the Institute of Chartered Accountants in England and Wales*, 134: 88
- Booth, B. (2003), The Conceptual Framework as a Coherent System for the development of Accounting Standards, *Abacus*, 39: 310-324.
- Brady Vorhies, J. (2005), The new importance of materiality, *Journal of Accountancy*, may: 53-59.
- Bullen, H.G. and K. Crook (2005), Revisiting the concepts, [http://www.iasb.org/uploaded\\_files/documents/10\\_484\\_communications\\_paper.pdf](http://www.iasb.org/uploaded_files/documents/10_484_communications_paper.pdf), 20-09-2005.
- Core, J.E. (2001), A review of the empirical disclosure literature: discussion, *Journal of Accounting and Economics*, 31: 441-456.
- Dean, G.W. and F.L. Clarke (2003), An evolving Conceptual Framework?, *Abacus*, 39: 279-297.
- Financial Accounting standards Board (1980), Statement of Financial Accounting concepts No.2, Qualitative characteristics of accounting information, Stamford/Norwalk.
- Financial Accounting Standards Board (FASB) (2001), Financial Accounting series; Status Report, <http://www.fasb.org/articles&reports/framework.pdf>, 05-10-2005.
- Financial Accounting Standards Board (FASB) (2005), [http://www.fasb.org/project/conceptual\\_framework.shtml](http://www.fasb.org/project/conceptual_framework.shtml), 22-06-2005.
- Foster, J.M. and L.T. Johnson (2001), Understanding the Issues, [http://www.fasb.org/articles&reports/conceptual\\_framework\\_uti\\_aug\\_2001.pdf](http://www.fasb.org/articles&reports/conceptual_framework_uti_aug_2001.pdf), 05-10-2005.
- Harding, F. (1999), Why a harmonized global accountancy framework matters, *Strategic Finance*, 90: 27-29.

- International Accounting Standards Board (IASB) (1989), Framework for the Preparation and Presentation of Financial Statements, International Accounting Standards Committee Foundation, London.
- Johnson, L.T. (2004), The project to revisit the Conceptual Framework, [http://www.fasb.org/articles&reports/project\\_revisit\\_cf\\_tfr\\_dec2004.pdf](http://www.fasb.org/articles&reports/project_revisit_cf_tfr_dec2004.pdf), 06-10-2005.
- Jones, S. and P.W. Wolnizer (2003), Harmonization and the Conceptual Framework: An International Perspective, *Abacus*, 39: 375-387.
- Kim, J. (2005), accounting transparency of Korean Firms: Measurement and determination Analysis, *Journal of American Academy of business*, Cambridge, March 2005, 6,2: 222-229.
- Lee, T. (1992), Following Through Relevance and Reliability, *Accountancy*, 110: 90.
- Loftus, J.A. (2003), The CF and Accounting Standards: The persistence of Discrepancies, *Abacus*, 39: 298-309.
- Miller, P.B.W. en P.R. Bahnson (2003), Quality financial Reporting, *Journal of Accountancy*, 38: 395.
- Naser, K. en R. Nuseibeh (2003), Quality of financial reporting: evidence from the listed Saudi nonfinancial companies, *The international Journal of Accounting*, 38: 41-69.
- Newberry, S. (2003), Reporting Performance: Comprehensive Income and its Components, *Abacus*, 39: 325-339.
- Nootenboom, B. (2000), Learning by interaction: Absorptive capacity, cognitive distance and Governance, *Journal of Management & Governance*, April: 69-92.
- Paterson, R. (2002), Whatever happened to Prudence?, *Accountancy*, January: 1-3.
- Robinson, T.R. en P. Munter (2004), Financial Reporting Quality: Red Flags and Accounting Warning Signs, *Commercial Lending Review*, January: 2-15.
- Sharpe, M. (1998), Looking for harmony: Building a global framework, *Australian Accountant*, 68:16-18.
- Smith, D. and K. Langfield - Smith (2004), Structural equation modelling in management accounting Research, *Journal of accounting Literature*, 23: 49-86.
- Smith, M. (1996), Qualitative characteristics in accounting disclosures: a desirability trade-off. *Managerial Auditing Journal*, Volume 11: 1-11.
- Walker, R.G. (2003), Objectives of Financial Reporting, *Abacus*, 39: 340-355.