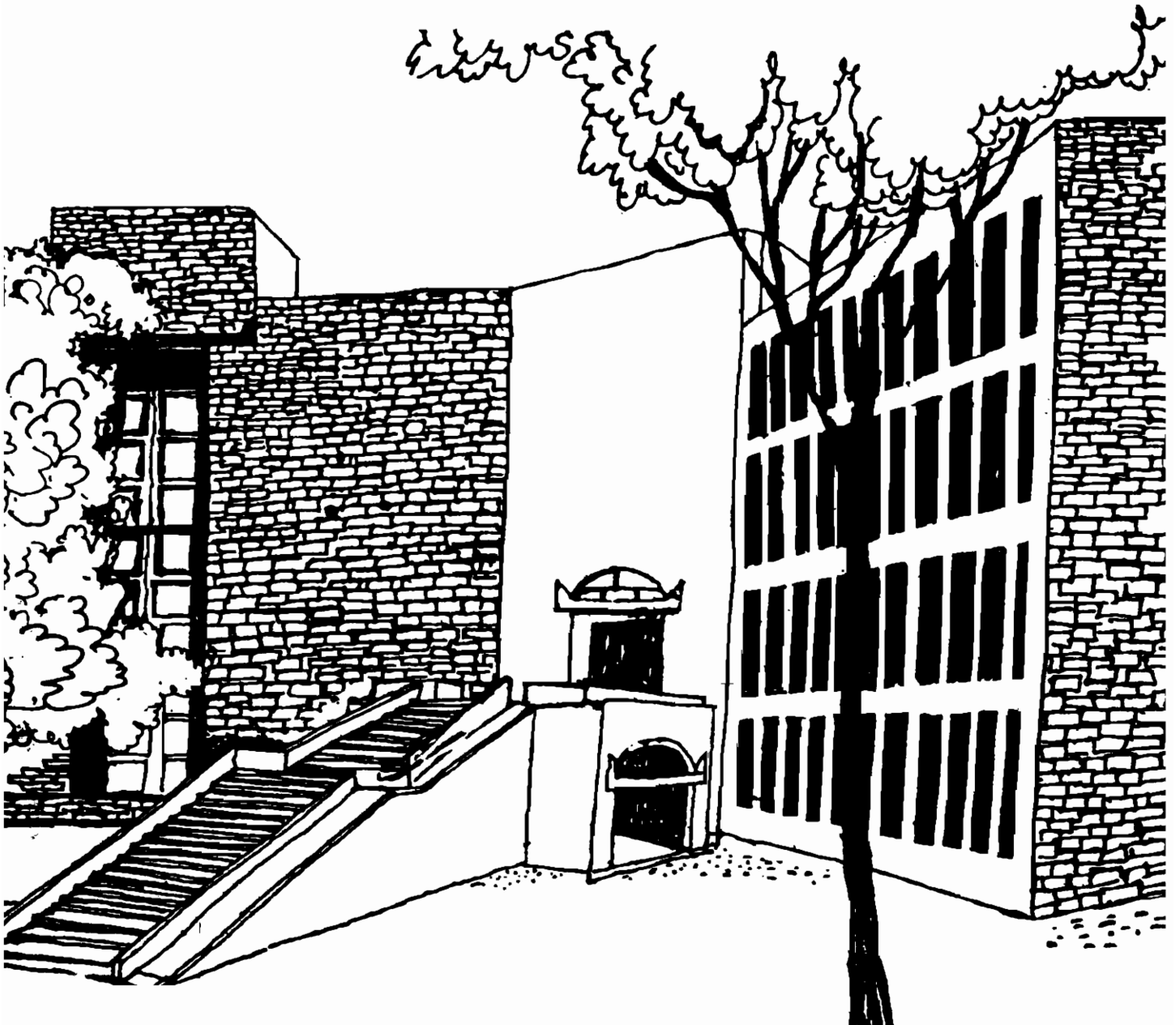




Working Paper



ISSUES IN ACCOUNTING STANDARDS SETTING
PROCESSES IN INDIA

By

Rajesh Agrawal
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ISSUES IN ACCOUNTING STANDARDS SETTING PROCESSES IN INDIA

by

Rajesh Agrawal and V. Raghunathan*

Introduction

Financial reporting is always crucial for the users of accounting information in making rational investment, credit and other economic decisions. It is assuming increasingly greater significance in view of the rapidly changing business scenario characterised by globalisation, competition and advances in technology. The Uruguay rounds of GATT talks, which led to the creation of the World Trade Organisation, has necessitated the globalisation of the world markets -- both product markets and capital markets.

International sourcing of funds implies that the preparation and the presentation of financial accounts needs to cut across political boundaries so that it is understood by one and all. In this context, our accounting standards no longer can afford to remain insulated from the world-wide trends. We can no longer maintain dual accounting standards -- one for Euro-issues and another for the domestic issues (as we seem to do in our product markets -- a domestic quality and an export quality). "*Pecunia non olet*" say the French. Whether it is the rupee or the dollar that a firm mobilises, the obligation to provide information cannot be considered different for the two providers of funds. So, what should our financial reporting system focus upon? It should be able to provide a fair and transparent system of information flow from the business organisation to the users of such information and must take into account the users' increasingly evolving need for information. In typical business situations where ownership is divorced from management, financial reporting is one of the most important means of conveying information about financial performance of the enterprise. So should accounting standards be mandated across board? Baxter opines

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that mandatory standards are not a cure for all reporting related problems and they curb professional innovation and judgement in financial reporting¹. But he also grants that "accounting standards are there to stay and would do more good than harm in the world of practice." Now it is rather difficult to imagine a world of accounting without accounting standards, for this is the only tool to ensure standardisation and comparability in financial reporting and to help prevent the loss of credibility that may result from rampant accounting disuniformities.

"Decision usefulness has become widely accepted as the most important quality that financial information should have. Once decision making is seen as the primary objective of financial reporting, it is inevitable that the usefulness of financial information for making decisions should be the primary quality to be sought in deciding what to be reported and how that reporting should be done".² In order to be useful in decision making, the two most weighty qualities the accounting information must have are *Relevance* and *Reliability*. Relevance of information refers to the capacity of the information to improve decision making whereas, reliability refers to the verifiability and objectivity. Financial Accounting Standards Board (FASB), the accounting standard setting body of the USA has researched a great deal on these issues. FASB includes a secondary ingredient of reliability - neutrality. Neutrality is defined as "absence in reported information of bias intended to attain a predetermined result or to induce a particular mode of behaviour".³ If an formation is reliable, it has to be neutral. However, FASB's emphasis on neutrality, though apparently redundant, could well have been intended.

Neutrality in standard setting becomes particularly important in potentially controversial areas of accounting treatment. Some may find the new treatment envisaged by standards to be less favourable than the status quo and others may find the opposite. This varying consequence of any such standard may tempt people to lobby for or against standards. Integrity of accounting can be maintained only if the accounting

standard setting is prevented from variety of biases that may creep in the process of setting standards.

However, even before one can embark upon a review and development of necessary accounting standards, one must have a proper system for such review and development on a continuing basis. This is all the more true in the context of rapidly changing business environment, both in the domestic and international setting. Do we have a proper system in place for carrying out the task? If so, what is it? What are the systems elsewhere in the world? How transparent is our system in comparison to the systems elsewhere?

In this paper, the first of an intended series of papers on issues relating to accounting standards in India, we attempt to answer some of these questions. Towards this end, we explore the issues relating to the processes followed in setting of accounting standards in India and compare them with those in other developed and developing countries of the world.

Independence and Objectivity in Financial Reporting

The challenges posed by emerging needs in the fast changing business environment of the country cannot be addressed without according independence and objectivity in financial reporting their due pride of place. If the confidence of the investors in the Indian capital market is to be restored, it is immensely important that the Indian financial reporting system be in tune with major overseas capital markets. Do we have in India the structures, processes, and mechanisms to ensure the highest level of independence and objectivity in accounting standard setting? We do not think so. Here's why.

In responding as above, our major concern is not who *should* be responsible for setting standards in India but who *is*. Again, our conclusion is not based so much upon how

standards *should* be set but they *are* set in India. What interest groups, what constituents, what processes, what voting patterns and what lobbying activities cause standards to take the form they do?⁴ All those who have stakes in the accounting standards, such as, investors, lenders and creditors, would repose their confidence in the standards only when they believe that the standard setting processes are free from the possibilities of bias. Again, it is not sufficient that the practices are free from bias; that they are perceived and accepted to be free from bias is equally important. The heart of the reporting lies in the 'customers' accepting the standards and reporting.⁵ Britain's Accounting Standard Committee faced the political reality of its position as is evident in the following paragraph:

*"Law making, including the setting of mandatory accounting requirements, is essentially a political activity. It is not sufficient to propound a solution on the basis of its technical merit. The solutions must not only be workable, they must be accepted. . . ."*⁶

Setting of Accounting Standards in India

In India, standard setting is completely sponsored by the accounting profession. According to the Preface to the Statements of Accounting Standards, Accounting Standards Board (ASB), set up by the Institute of Chartered Accountants of India (ICAI) in April, 1977, is responsible for setting up of accounting standards in India. ASB is supposed to formulate accounting standards so that such standards may be established by the Council of the ICAI. The standards are issued under the authority of the council of ICAI. The standards do not have the authority of the law in India.

The ICAI issues standards for use in the presentation of the general purpose financial accounts issued to the public by such commercial, industrial or business enterprises as may be specified by the ICAI. The term "general purpose financial statements" includes balance sheet, profit and loss account and other statements and explanatory

notes which form part thereof, issued for the use of shareholders/ members, creditors, employees and public at large.

The responsibility for the preparation of financial statements and for adequate disclosure is that of the management of the enterprise and the auditor's responsibility is to form his opinion and report them.⁷

Unfortunately, none of the documents of the ICAI or its website provide adequate information on the structure of the Accounting Standards Board or the process of the setting of accounting standards in the country. In order to gain some understanding of the process, we had to write to the Institute.

The Structure of Accounting Standards Board (ASB):

In the opinion of ICAI, the composition of the ASB (or the Board) is meant to capture the "view-points of all the parties having an interest in financial reporting". Accordingly, the present structure of the ASB is as follows:

a.	Elected members of the Council	8
b.	Nominees of the Central Government on the Council (representing the Department of Company Affairs, Office of the Comptroller and Auditor General of India (C&AG), and the Central Board of Direct Taxes (CBDT))	3
c.	Representative of Reserve Bank of India (RBI)/Indian Bank Association (IBA)	1
d.	Representative of Industry Associations (1 from Federation of Indian Chambers of Commerce and Industry (FICCI) and 1 from Associated Chambers of Commerce and Industry (ASSOCHAM))	2
e.	Representative of the Institute of Cost and Works Accountants of India (ICWAI)	1
	Representative of Financial Institutions (FIs)	1
	Representative of Securities and Exchange Board of India (SEBI)	1
	Representative of Academic Institutions (1 from University Grants Commission (UGC) and 1 from Indian Institutes of Management (IIMs))	2
	Representative of Controller General of Accounts	1
	Representative of Central Board of Excise and Customs	1
	Total	21

The eight elected members of the Council are nominated by the council itself (of whom one member is elected as Chairman), while other members are nominated by the respective organisations. The members are appointed for a period of one year. The meetings of the ASB are held at-least two to three times in a year.

The Steps Involved in Setting up the standards in India

An important variable in determining the quality of accounting standards set, is the institutional arrangements that are established for preparing, approving and issuing those standards. According to the Preface to the Statements of Accounting Standards, and the response received by us from the ICAI, the ASB is supposed to be assisted by the study groups constituted to consider specific subjects and hold dialogue with representatives of the government, PSUs, industry and other organisations. On the basis of the work of the study group and the dialogue referred above, an exposure draft of the proposed standard is supposed to be prepared and issued for comments by members of the institute and public at large. Further, the comments so received are supposed to be taken into account before finalisation of the standard and submission of the final draft to the council of ICAI. The final draft is supposed to be considered by the Council of the ICAI and issued by the council after modification if necessary.

However, the Council may refer the proposed statement back to the Board for reconsideration. In such an event the Board reconsiders the matter and presents its views back to the Council, whereupon, the statement is finally issued as a Standard under the authority of the Council. The Council may modify a proposal in consultation with the ASB, but it cannot reject the proposal of the ASB outright. Interestingly however, the Council may revoke an existing standard without reference to the ASB¹

What is disturbing in the entire process is that the minutes of the ASB's meetings are confidential! This controverts the very spirit of transparency and broad basing of the "public comments", which the draft proposals are expected to invite.

International experience in standards setting

Three broad categories of standard setting arrangements can be found. These are:

- a. arrangements which are largely independent of the profession, government and business as found in the USA and the UK.
- b. arrangements that are partially profession sponsored and partially government sponsored as found in Australia; and
- c. profession - sponsored arrangements, such as those found in Canada and New Zealand

Let us briefly review the standards setting arrangements in USA, UK, Canada, Australia and in International Accounting Standards. As standard setting arrangements in the USA are perhaps the most independent and objective, we discuss the process followed in USA in greater detail as compared to others.⁸

United States of America

USA follows the most robust, independent, and transparent standard setting process. It has ensured this with the creation of such organisational structures and processes which ensure that standards are free from bias (see Figure -1). As far as the independence in standard setting is concerned, the US provides a model for others to emulate. In 1972, the profession sponsored Accounting Principles Board of the Institute of Certified Public Accountants (AICPA) was replaced with FASB, which was responsible for setting standards for the private sector. These standards have the legal backing of the Securities Exchange Commission (SEC) and AICPA. To ensure the highest level of integrity in accounting standards setting, three bodies were created to perform different functions in the process of standard setting. These are Financial Accounting Foundation (FAF), the Financial Accounting Standards Board (FASB) and the Financial Accounting Standards Advisory Council (FASAC).

Financial Accounting Foundation (FAF):

The general purpose of FAF is "to advance and to contribute to the education of the public, investors, creditors, preparers and suppliers of financial information, reporting entities and certified public accountants in regard to standards of financial accounting and reporting". The FAF is responsible for selecting the members of the FASB and its Advisory Council, funding their activities, and for exercising general overview. The Foundation also receives contributions and approves the FASB budget. More than half the funds contributed are from the public accounting profession, with the remainder coming from industry and the financial community. The Foundation is separate from all other organisations. However, its Board of Trustees is made up of nominees from sponsoring organisations whose members have special knowledge of, and interest in, financial reporting. The organisations are:

- American Accounting Association
- AICPA
- Association for Investment Management and Research
Financial Executives Institute
- Government. Finance Officers Association
- Institute of Management Accountants
- National Association of State Auditors, Comptrollers and Treasurers
Securities Industry Association

Financial Accounting Standards Board (FASB)

The FASB is a part of a structure that is independent of all other business and professional organisations. To ensure independence in standards setting, all the seven members of the Board are appointed by the FAF. These members, comprising senior accountants from major US corporations, accounting firms and academia, serve full time and are required to sever all connections with the firms or institutions they

served before joining the Board. Board members are appointed for five-year terms and they are eligible for re-appointment to a further five year term. Members need not be accountants but must possess “knowledge of accounting, finance and business and a concern for the public interest in matters of financial accounting and reporting”. To issue an exposure draft or statement of accounting standards requires a simple majority of the Board to vote in favour. Making an accounting standard requires a five to two majority.

The Rules of Procedure require the FASB to follow an extensive and rigorous “due process” that is open to public observation and participation. For each major project on its technical agenda, the Board appoints an advisory task force of outside experts. Significant steps in the process are announced publicly. The Board’s meetings are open to public observation and a public record is maintained. Task forces play an important role in the standard-setting process by providing expertise, a diversity of viewpoints, and a mechanism for communication with those who may be affected by the proposed standards. A public hearing is held to provide an opportunity for the Board and staff to ask questions about information and points of view offered by respondents. Further, public observers are welcome in such public hearings. The hearing transcript and written comments become part of public record. The staff of the Board makes an exhaustive analysis of all comments, both oral and written. The Board meets as many times as necessary to resolve the issues and when the Board reaches conclusions on the issues, the staff is directed to prepare a proposed Exposure Draft for consideration by the Board. Five votes of the seven-member Board are required to approve an Exposure Draft for issuance. At the end of the exposure period, generally 60 days or more, all the comments, letters and position papers are analysed once again by the staff and all subsequent meetings are open for public observation. Five votes are required for adoption of a pronouncement. The Statement of Financial Accounting Standards sets forth, *inter alia*, basis for the Board’s conclusion, including the reasons for rejecting significant alternative solutions. It also identifies members of the Board

voting for and against its issuance and includes comments of dissenting members in support of their dissents.

Financial Accounting Standards Advisory Council (FASAC)

The FASAC has an integral advisory role in the standard setting process and is an operating arm of the FAF. The primary function of FASAC is to advise the Board on issues related to proposals on the Board's agenda, possible new agenda items, project priorities, procedural matters that may require the attention of the FASB. The FASAC meetings provide the Board with an opportunity to obtain and discuss the views of a very diverse group of individuals from a varied business and professional background. The FASAC works closely with the FASB in an advisory capacity to ensure that the views of FASAC members are consistently and effectively communicated to the FASB on a timely basis.

The members of FASAC are drawn from the ranks of CEOs and CFOs, senior partners of public accounting firms, executive directors of professional organisations, and senior members of academic and analyst communities, all with an interest in the integrity of full and complete financial reporting and disclosure. The Council provides an important sounding board to help FASB understand what different constituents think about a wide range of issues. The role of the council is not to reach a consensus or to vote on the issues that it considers but, provides a window through which Board can obtain and discuss the representative views of diverse groups the FASB affects. Thus the FASAC provides a forum for a two way communication.

United Kingdom

Financial Reporting Council (FRC) oversees the accounting standard setting in UK and has three operating arms, incorporated as companies:

- the Accounting Standards Board (ASB)

- the Financial Reporting Review Panel (FRRP); and
- the Urgent Issues Task Force (UITF)

These companies are the subsidiaries of the FRC under the Corporation Law, but are independent entities in practical and functional terms. (see Figure-2).

Financial Reporting Council (FRC)

The FRC arranges funds for its subsidiaries and is responsible for efficient functioning of these subsidiaries. The FRC guides the ASB on policy matters and provides a forum for public advocacy and support for accounting standards. Members of the FRC represent users, preparers and auditors drawn from accountancy profession, the financial community and business and administration at large.

Accounting Standards Board (ASB)

The ASB is headed by a full time Chairman and Technical Director. Seven other members, who must have knowledge or experience in accounting and financial matters, are appointed on a part time basis. ASB has been prescribed as the UK's standard setting body by the Companies Act 1989. Though ASB issues standards on its own authority, it seeks consensus of the accounting bodies and users of accounting standards to maintain credibility.

Financial Reporting Review Panel (FRRP)

The FRRP examines and queries departures from accounting standards by public limited companies. The panel can approach the court following a material departure from an accounting standard and if it appears that the accounts do not provide a true and fair view, the court may order the company to prepare revised accounts and circulate these to the likely constituents who might have relied upon the previous accounts.

Urgent Issues Task Force (UITF)

The UITF is supposed to assist ASB in areas where there is uncertainty or controversy in relation to the interpretation of an accounting standard or the Companies Act. It also advises the ASB on areas where no standard or legislation exists.

Canada

The setting of accounting standards in Canada has effectively been delegated to the Canadian Institute of Chartered Accountants (CICA) (see Figure-3). The Accounting Standards Board (AcSB) was established to issue standards for reporting by profit oriented enterprises in the private and public sectors and by non-profit organisations. The Board normally comprises of thirteen voting members as follows:

- a. a Chairperson with a two-year term of office; and
- b. twelve other members each with a normal term of three years

Approximately one-third of the membership of the AcSB changes annually. Each of the Board members appointed by CICA has one vote as do the members of the Board appointed by other organisations. No fewer than two-thirds of the Board's voting members are the members of the Institute.

The Standard Advisory Board (SAB) provides a forum for users to discuss the impact of Accounting and Auditing Recommendations. The SAB participates in setting priorities for the AcSB and advises it on professional matters.

Australia

Australian Accounting Standards Board (AASB)

Figure 4 shows the structure of the Australian Accounting Standards setting arrangements. There are currently 10 part time members of the AASB, including a part time Director, who have been appointed for three years. Appointments to the AASB are made by the Treasurer who may appoint who ever they choose provided they are

satisfied that the person is qualified for appointment by virtue of their knowledge of, or experience in accounting, law or business. However, prior to making appointments to the AASB, it has been a practice of the Govt. to invite a range of interest groups to submit names of suitable individuals. Appointments have usually, but not always, been made from nominations received.⁹

The AASB has a statutory backing to issue accounting standards. Members of the AASB are appointed by the Commonwealth Government Minister, on a part time basis.

Consistent with the requirements of the Australian Securities Commission Act 1989, the AASB is supposed to undertake public consultation when developing standards and seek inputs from interested and affected parties. The AASB follows a comprehensive "due process" when developing accounting standards and Statements of Accounting Concepts, and encourages the preparers and users of financial reports to participate actively by:

- a. communicating its views and policies to a broad range of interested parties via discussion papers, accounting theory monographs, invitations to comment and exposure drafts;
- b. meeting with representatives of a number of key organisations, in particular through the AASB's Consultative Group;
- c. inviting public comment on its policies, procedures, priorities and standards under consideration; and
- d. issuing media releases related to its activities.

Australian Accounting Research Foundation (AARF)

The foundation maintains a broad public interest perspective in pursuit of its principal objectives. The research and administrative support for the AASB is provided on an on-going basis by the staff of AARF. The Board of Management of the AARF manages the AARF's resources for the purpose of achieving the Board's objectives.

International Accounting Standards Committee

A broad institutional arrangement of IASC is provided in Figure-5.

Indian accounting standards setting processes: An International Comparison

A comparison of the accounting standards setting processes across the countries mentioned above would show that Indian accounting standard setting falls short of international practices on several dimensions. The Indian structure is simplistic, naive and rather informal. Some of the obvious differences are:

- a. The practices of ICAI with respect to standard setting is not quite transparent. Even the Preface to the Statements of Accounting Standards issued by ICAI is silent about the detailed steps followed in setting the accounting standards. Nor is the website of ICAI, unlike the websites of the apex accounting bodies of other countries, particularly helpful in this regard. On the other hand, the practices elsewhere in the world are on the whole much more transparent to information seekers.
- b. In India, the accounting standards setting is sponsored by the accounting profession. Although there are other countries in world where the standards setting is sponsored by the accounting profession, the processes followed by them, as we have seen above, are much more robust and transparent as compared to India.

- c. Even though the constitution of the ASB in India may ostensibly represent a wide interest group, the fact that the ultimate say in finalising the standards lies in the hands of the Council of the ICAI the accounting standards issued end up representing only one dominant interest group, namely, the accounting profession. As a consequence the standards are often short on acceptability.

The Indian process is silent on the nature of majority required in the ASB or the Council to recommend or set a standard. Note on the other hand, that, the majority requirement in the FASB's seven member committee to set a standard, are clearly stated.

- d. In India, the deliberations of the ASB are "confidential", while in the US, for example, "the Board's meetings are open to public observation and a public record is maintained. "
- e. The enormous 21 member Indian ASB appears to be ideally suited for prolonged inaction, while the world-wide norm appears to be slim and trim small boards dedicated to the task.

As can be observed from the foregoing discussions, the consultative process followed in India is not only very weak, but also indicates the relative lack of seriousness attached to the accounting standards setting in general. The processes followed are far behind the "due processes" followed in other countries.

The Companies Bill, 1997 recommended the setting up of the National Advisory Committee on Accounting Standards, which was not welcomed by the ICAI. The arguments of the ICAI were that such a step would hinder the process of self regulation of an autonomous body. This argument hardly cuts ice. Setting of accounting standards is not a part of the administrative activities of the ICAI, so that if taken away, would jeopardise the self-regulation of the professional accounting body.¹⁰ Whereas a

country like Australia is moving towards ever stiffer standards of transparency (see Figure-6), ICAI appears content opposing any move to change the current accounting standards setting arrangement

Conclusion

If the processes followed in setting accounting standards lack or appear to lack transparency and objectivity, the standards set out through these processes can barely command the users of such standards to be transparent in business reporting. The spectrum of stakeholders involved in the process of setting the accounting standard in India is rather narrow. As can be observed from the foregoing paragraphs, countries like USA, UK, Canada and Australia have not only distanced the accounting profession from the accounting standard setting process, but have also created robust institutional arrangements for setting of accounting standards. The robustness of these arrangements is evidenced from the fact that while the accounting/research foundation created in these countries is independent of the accounting profession, business and government, they nevertheless provide the users, preparers, auditors and regulators the opportunity to be involved directly in the standard setting process.

Yuri Ijiri sees the accounting relationship as a three-fold one, involving the accountant, the accountee, and the accountant.¹¹ In his view, the accountant (the provider of the information), the accountee (the user of the accounting information) and the accountant (the person responsible for the preparation of the accounting information) should all have a fair say in the standard setting process.

It is high time that the Government of India thought about these issues and set up an urgent task force/committee with an objective of putting in place a viable national accounting standards setting process, which should proffer an efficient and effective structure for setting accounting standards for all reporting entities in India. The mandate of such a committee could be as follows:

1. To review the existing institutional arrangements for setting of accounting standards in India,
2. To review such institutional arrangements in other relevant countries and
3. To recommend appropriate arrangements for India.

Although the accounting profession can provide valuable input to the job of setting accounting standards, it is only one of the many constituents that have an interest in the outcome of the accounting standards. In most countries with well developed accounting profession, the process of setting accounting standards takes into account, the interests of all the concerned groups, without favouring or prejudicing one over another. The need for putting a similar independent and objective arrangement in India is urgent. Such a move will go a long way to help India harmonise its accounting standards with that of the International Accounting Standards and make a major statement to the domestic and global investing community about the robustness of India's business reporting.

The issues raised in this article assume an enhanced significance in the light of the World Bank asking the Big Five global audit firms to stop putting their names to accounts published in the Asian economies unless these are drawn up using high-quality international financial reporting standards (Financial Times, October 19, 1998).

According to the report, this move of the World Bank highlights the need to accelerate the introduction of a global financial reporting code based on International Accounting Standards and tougher auditing requirements set down by the International Federation of Accountants. The World bank is concerned that the big audit firms in their keenness to build global brands and are expanding rapidly and signing off accounts based on

inferior local standards which can obscure liabilities and inspire false investor confidence. The bank hopes to be able to influence the local accounting and regulatory bodies around this line of thinking. The bank's concerns reflect market worries about the transparency of accounts audited in several countries.

In Malaysia, for example, even though international accounting standards are mandatory, The World Bank is concerned at the decision of the government to accept a caveat that allows exchange losses to be deferred instead of hitting profits, softening the impact of volatile currency movements. Clearly, without the co-operation of the local laws, regulations and relevant bodies, accounting standards cannot be internationalised. The philosophical question facing countries like India today is, whether or not investors in India have as much right to assurance of quality of accounting information as their brethren in the more developed world.

Figure-1: STANDARD SETTING IN THE UNITED STATES¹²

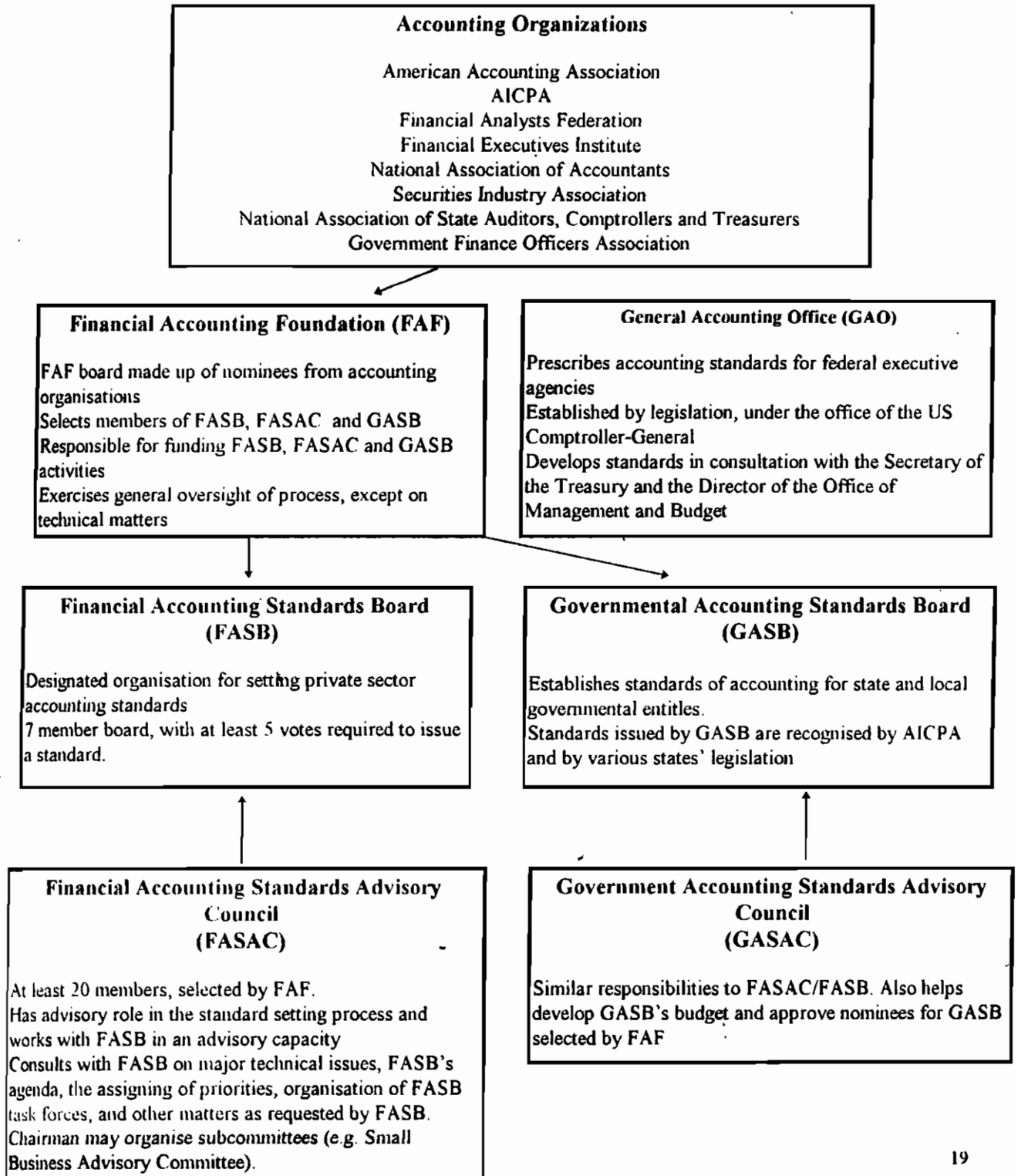


Figure -2: STANDARD SETTING IN THE UNITED KINGDOM

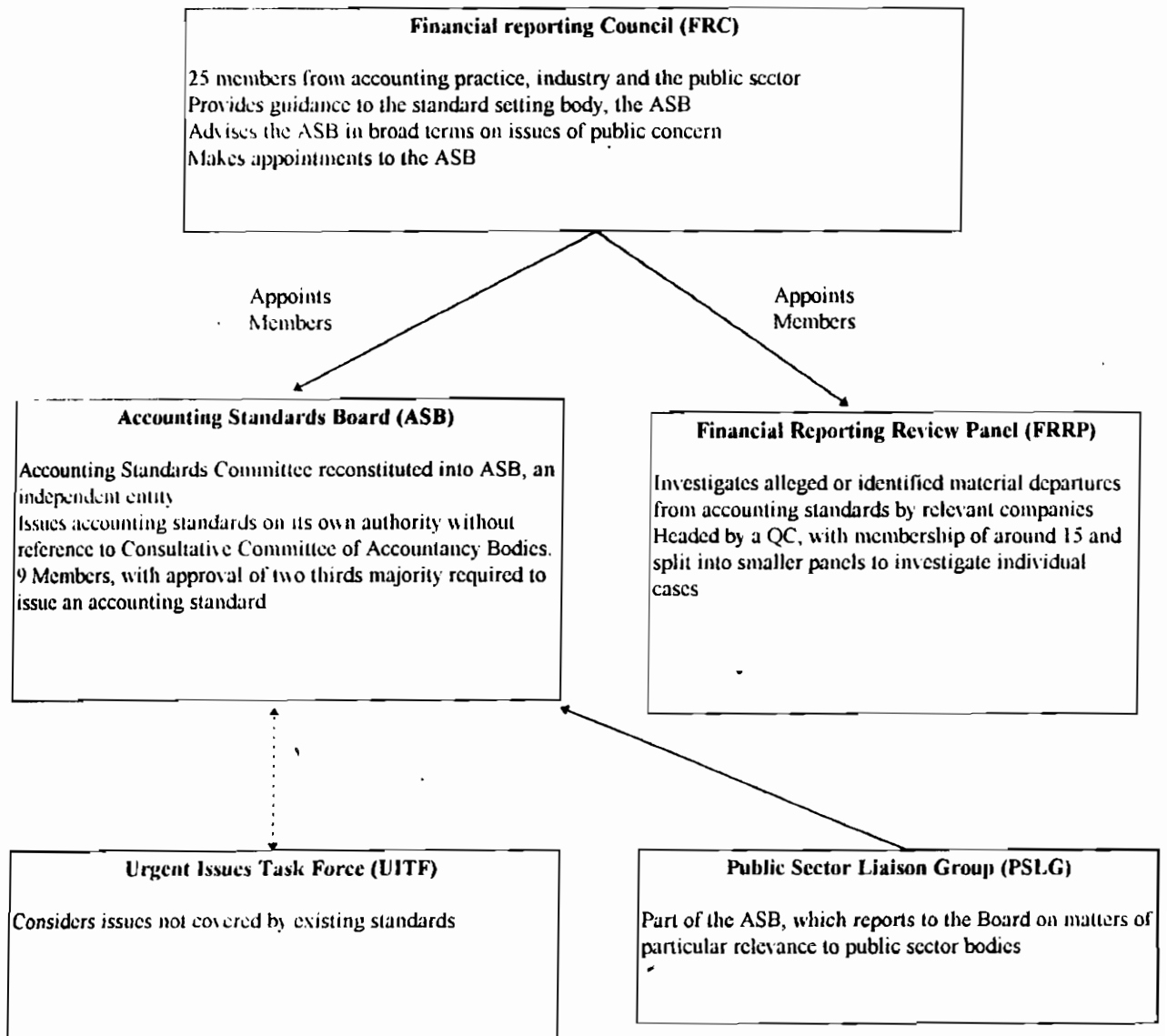


Figure-3: STANDARD SETTING IN CANADA

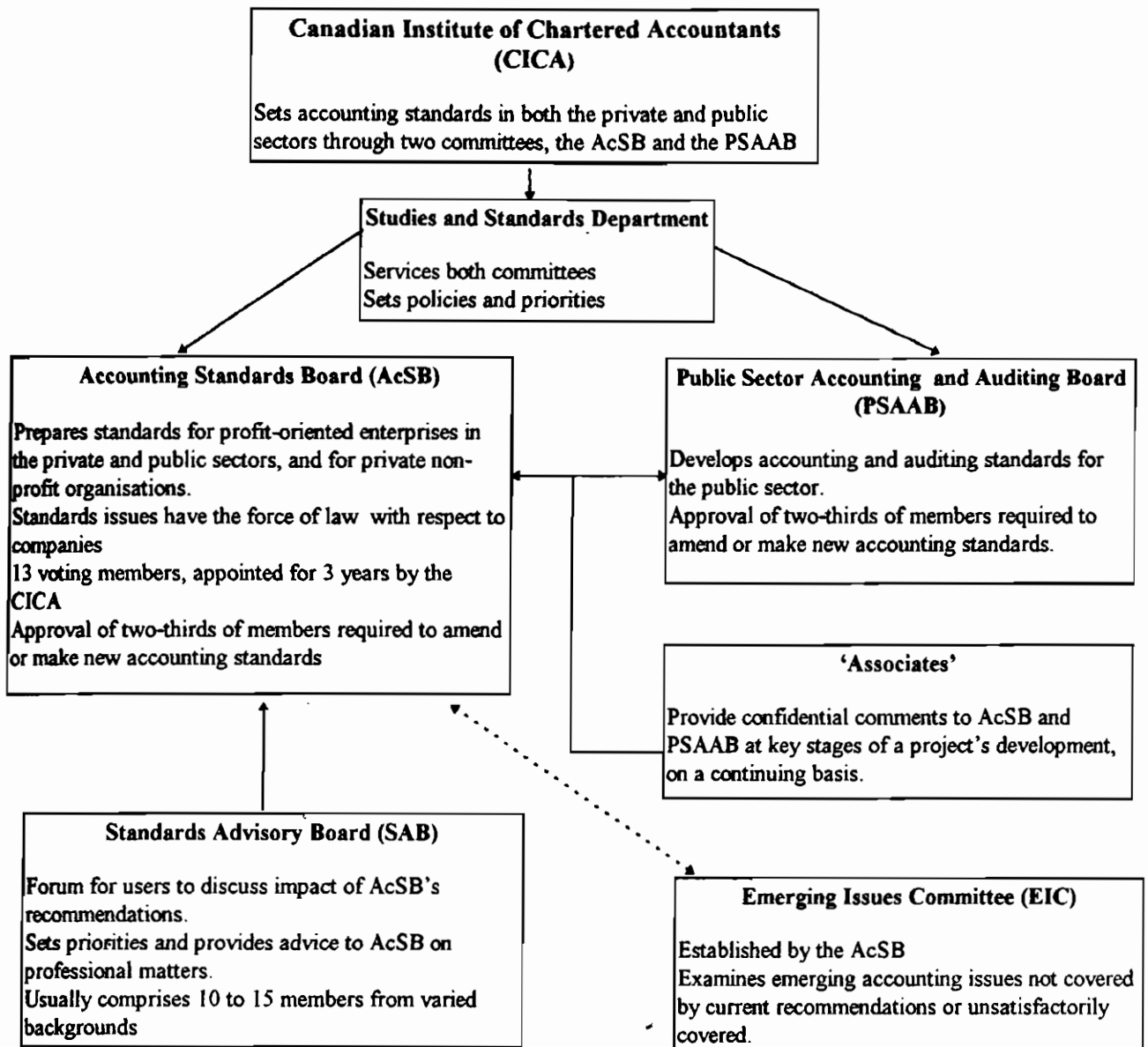


Figure 4: STANDARD SETTING IN AUSTRALIA

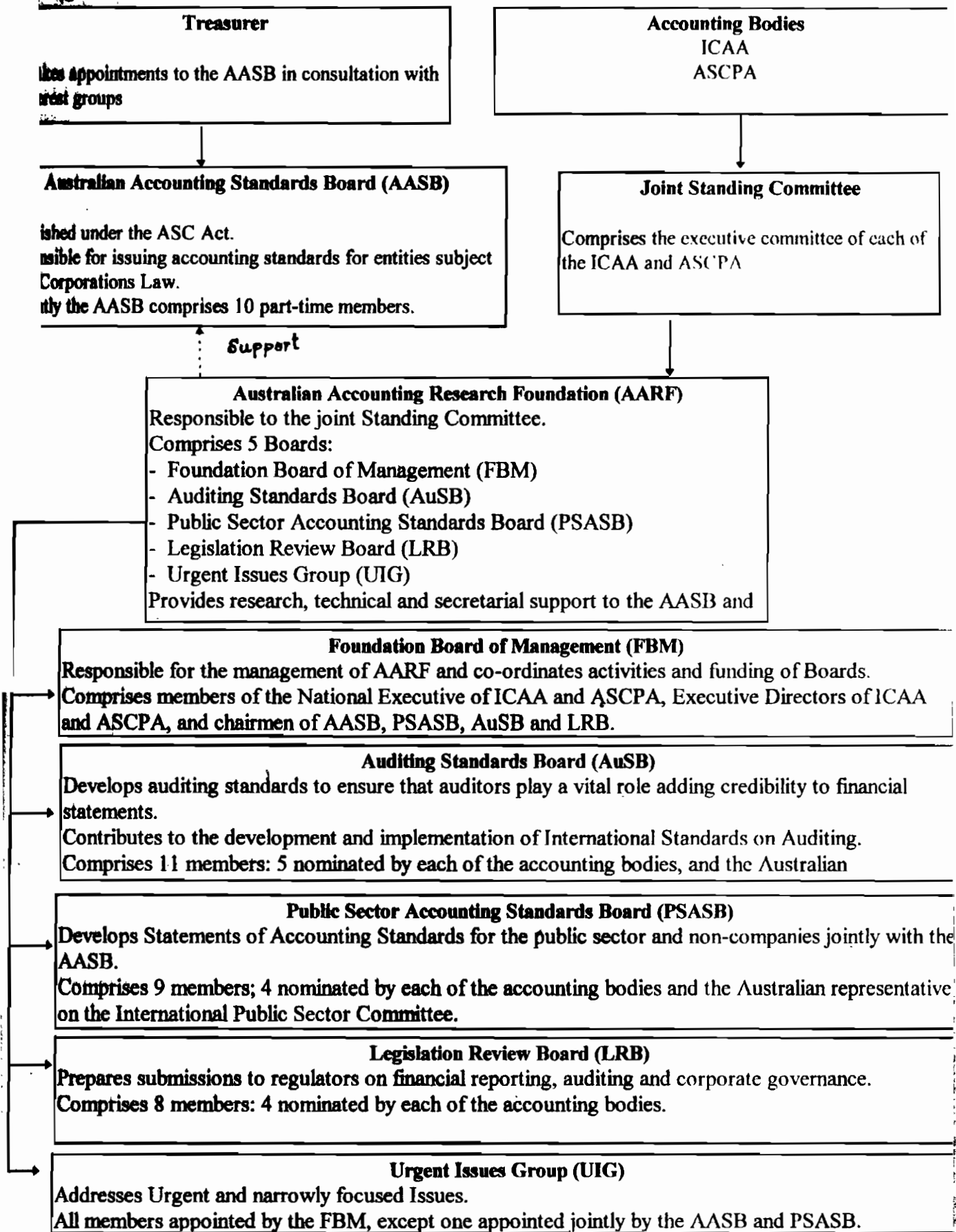


Figure -5: INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE

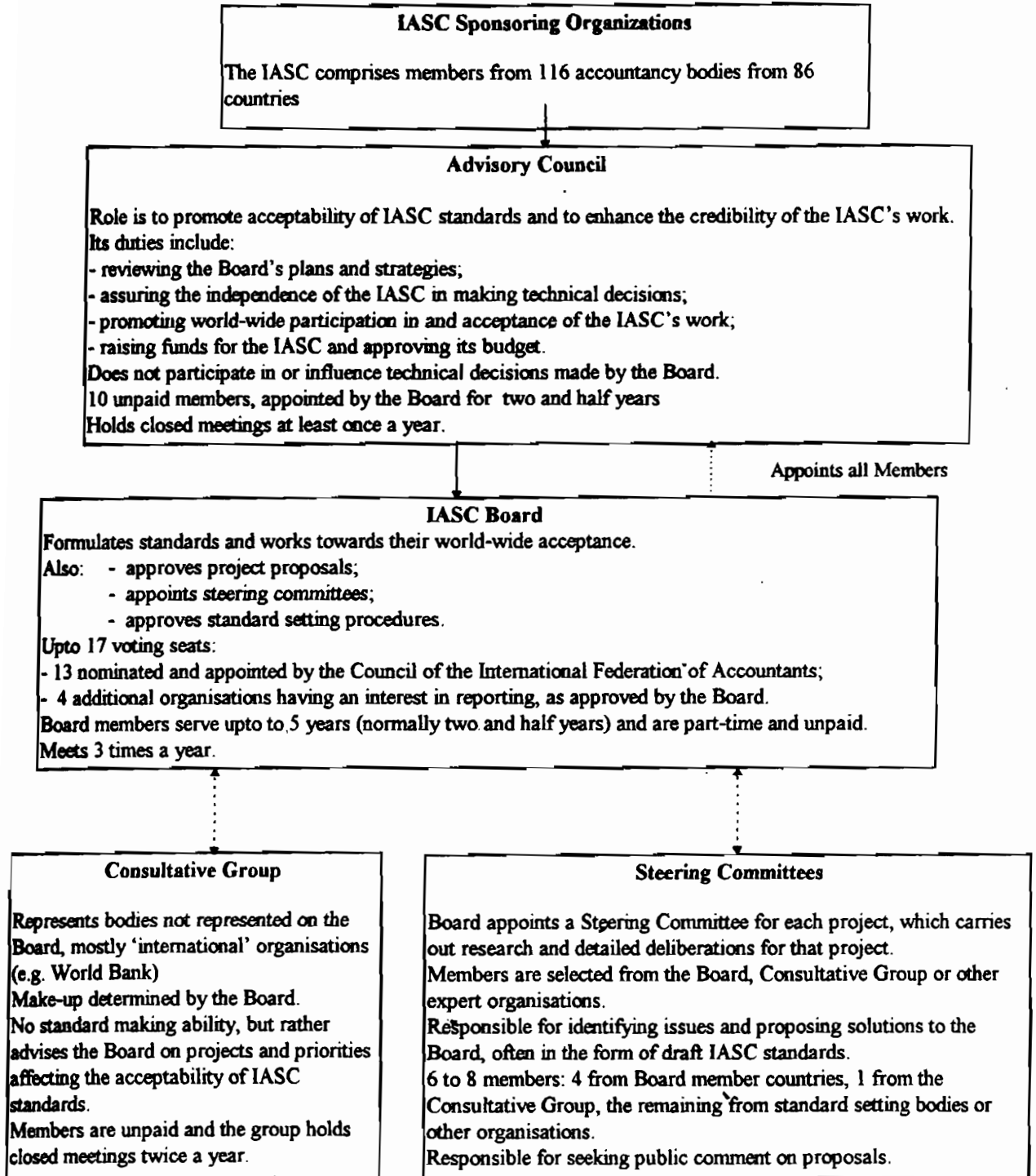
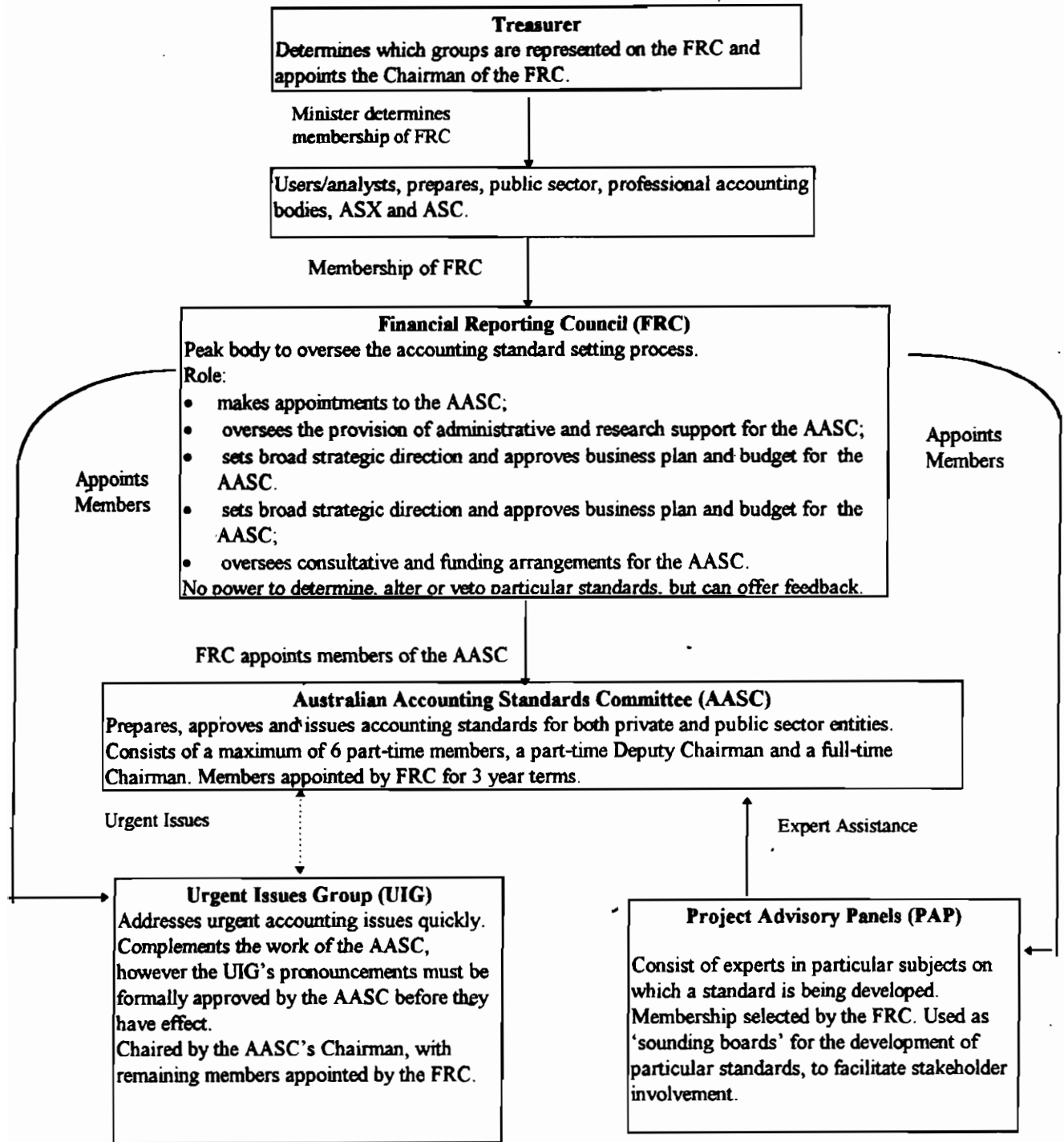


Figure-6: Proposed New Structure For Australian Standard Setting Arrangements



Endnotes:

¹ William T Baxter, "Accounting Standards : Boon or Curse" in "Readings and Note on Financial Accounting: Issues and Controversies" by Stephen A. Zeff and Bala G Dharan (McGraw Hill, Inc. 1994).

² David Solomons, "Making Accounting Policy : The quest for credibility in financial reporting" (Oxford University Press, 1986) pp. 86

³ Financial Accounting Standards Board, Statement of Financial Accounting Concepts No. 2, Qualitative Characteristics of Accounting Information, May 1980, pp. xvi.

⁴ This issue has been widely discussed by Mohamed Elmuttasim Hussein and J. Edward Ketz, "Ruling Elites of the FASB: A study of the Big Eight" in "Journal of Accounting, Auditing and Finance (Summer 1980), pp. 354-367 and Steven B. Johnson and William F. Messier, Jr., "The Nature of Accounting Standards Setting: An alternative Explanation" in "Journal of Accounting, Auditing and Finance (Spring 1982), pp. 195-213.

⁵ The American Institute of Certified Public Accountants Special Committee on Financial Reporting, "Improving Business Reporting - A Customer Focus" in Journal of Accountancy, October, 1994.

⁶ Setting Accounting Standards, p.34.

⁷ The Institute of Chartered Accountants of India, Compendium of Statements and Standards Accounting (including International Accounting Standards) as on March 31, 1995.

⁸ The portion on USA heavily draws upon the information contained in the website of the FASB, USA.

⁹ A Report of the Australian Accounting Standards Board.

¹⁰ From the President, The Institute of Chartered Accountants of India in "The Chartered Accountant" September 1997.

¹¹ Accountability-Based Conceptual Framework of Accounting in "Journal of Accounting and Public Policy" Vol. 2. No. 2 (Summer 1983), pp. 75-81.

¹² Figures 1 to 6 are sourced from "Accounting Standards: Building International Opportunities for Australian Business, Corporate Law Economic Reform Program, Proposal for Reform: Paper No. 1, Figures A-1 to A-4 & Appendix B & C, Australian Government Publishing Service (1997). Commonwealth of Australia copyright reproduced with permission.

