Evaluating the impact of changes in accounting standards: The South African Case

R Koen

21070547

Dissertation submitted in fulfilment of the requirements for the degree *Magister Commercii* in Accountancy at the Potchefstroom Campus of the North-West University

Supervisor: Prof DP Schutte

November 2015

Personal Information

Title:	Miss
Name and surname:	Rozanne Koen
Proposed degree:	M.Com Accountancy
Student number:	210 705 47
Postal address:	P O Box 1747
	Polokwane
	0700
Study leader:	Prof DP Schutte

CERTIFICATE OF LANGUAGE EDITOR

Lorna Keough (APTrans (SATI))
(Accredited Professional Translator
South African Translators' Institute)
Membership no. 1001951

PO Box 31
Klerksdorp
2570

TO WHOM IT MAY CONCERN

I, the undersigned, LORNA KEOUGH, confirm herewith that I have carried out the proofreading and language editing of the text of Rozanne Koen's dissertation submitted in fulfilment of the requirements for the degree *Magister Commercii* in Accountancy at the Potchefstroom Campus of the North-West University, with the title ***"Evaluating the impact of changes in accounting standards: The South African case".***

I have 20 years' experience in proofreading and translating and 10 years' experience in simultaneous interpretation. I am an accredited member of the South African Translators' Institute, membership number 1001951.

Yours sincerely

LORNA K EOUGH
APTrans (SATI)

9 November 2015

Acknowledge

I would like to give special acknowledgement to Prof DP Schutte for his continuous time and guidance during the duration of my study.

I also wish to thank my parents for their support and motivation throughout some tough times.

A special thanks to my friends and colleagues who always showed an interest in my study and encouraged me to not give up.

My sincere gratitude to Mr R Crosby and Mrs L Keough for assistance with language editing and sentence construction.

My final word of acknowledgement is to my heavenly Father for giving me the opportunities to study.

Abstract

The journey towards uniformity in financial reporting is challenged by the many changes and amendments made to accounting standards. In its development, accounting has made a number of changes to prevent the gaps and conflicts that have arisen amongst the various users of financial information. In fact, the accounting structure has been called an ever-changing collection of rules and regulations.

With the globalisation of accounting standards, it is expected that the adoption of accounting standards will be applied consistently to provide reliability and relevance to investors and users of financial statements listed on capital markets. While a single set of standards ensure global comparability of financial statements, the changes to the accounting standards may affect a number of companies' day-to-day functions or even impact the reported profitability of the business itself.

The objective of this study is to consider the incidences of adoption and/or amendments in accounting standards in the financial information disclosed by South African companies. The changes disclosed in accounting policies notes may be significantly influenced by the implementation of new accounting standards, interpretations, and amendments as issued by the IASB. The question to be asked is whether the numerous changes made annually to the financial standards do not negate the application and comparability of the financial statements.

This study is presented as a content analysis of the accounting notes presented in the financial statements of the top 40 listed South African companies. A simplified statistical assessment of the content analysis addresses the objective of the study by analysing the information and details regarding the adoption of new standards and the amendment of standards as disclosed by entities.

The study leads to recommendations for further study to investigate the comparability of an entity's financial information year on year in the light of the adoption of amendments and improvements to the standards.

KEYWORDS:

IFRS, IASB, IAS, JSE, accounting uniformity, comparability, convergence, accounting regulation, accounting standards, adoption, consistency, amendments

Table of Contents

Table of Annexures

List of Figures

List of Tables

ABBREVIATION LIST

AAPA	American Association of Public Accountants
ACCA	Association of Chartered Certified Accountants
AICPA	American Institute of Certified Public Accountants
APB	Accounting Principles Board
ARBs	Accounting Research Bulletins
ASAF	Accounting Standards Advisory Forum
CAP	Committee on Accounting Procedures
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIMA	Chartered Institute of Management Accountants
CPA	Certified Public Accountant
EC	European Commission
EU	European Union
EPS	Earnings per share
FAF	Financial Accounting Foundation
FASAC	Financial Accounting Standards Advisory Council
FASB	Financial Accounting Standards Board
FIFO	First-in-first-out
FRG	Financial Reporting Guides
FRSC	Financial Reporting Standards Council
FSB	Financial Stability Board
FTSE	Financial Time Stock Exchange
GAAP	General Accepted Accounting Policies
GASAC	Governmental Accounting Standards Advisory Council
GASB	Governmental Accounting Standards Board
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
IC	Interpretations Committee
ICAEW	Institute of Chartered Accountants in England and Wales
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee

IIRC	International Integrated Reporting Council
IOSCO	International Organisation of Securities Commissions
JSE	Johannesburg Stock/Securities Exchange
LIFO	Last-in-first-out
MoU	Memorandum of Understanding
SA GAAP	South African Statement of General Accepted Accounting Policies
SAICA	South African Institute of Chartered Accountants
SFAC	Statement of Financial Accounting Concepts
SFAS	Statement of Financial Accounting Standards
SME	Small and Medium-Sized Enterprise
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UN	United Nations
US	United Stated
USA	United States of America
US SEC	United States Securities and Exchange Commission
US GAAP	United States generally accepted accounting principles

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

Globalisation, "defined as an increasingly integrated world economy," resulted in a shift of policy in many countries towards a more open, market based, system of economic governance (Dennis, McMorrow & Rodger, 2006:3). This phenomenon in an accounting context resulted in an increased demand for uniform financial reporting standards and accounting practices. The International Accounting Standards Board (IASB) developed a comprehensive set of accounting standards to address this demand. Further these standards provide a framework for comparison amongst international participants. An objective of the IASB was indeed to develop "high quality" accounting guidelines for use by international participants. These standards are officially referred to as the "International Financial Reporting Standards" (IFRS).

Although there were numerous challenges during the development and implementation of standardised guidelines, evidence suggests that the introduction of the IASB standards was an overwhelming success. Moreover, it appears the IASB's goal in developing a uniform global accounting language was achieved in a relatively short period of time (Carmona & Trombetta, 2008).

1.2 DEVELOPMENT OF IFRS

The quest for uniform accounting practices began in 1973 when the International Accounting Standards Committee (IASC) was established by professional accountancy bodies from Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom, Ireland, and the United States of America. The years between 1973 and 2000 saw International Accounting Standards (IAS) being issued by the IASC.

In 2001 the IASC Foundation was incorporated as a "not-for-profit corporation" in the State of Delaware, United States of America (USA). In the same year the IASC became known as the IASB, the International Accounting Standards Board (AICPA, 2014:1). Since the formation of the IASC Foundation international accounting standards are issued by the IASB, an independent organisation based in London, the United Kingdom (UK) (FSB, 2013:1; Cellucci, 2013:15).

The IASC Foundation legally became the IFRS Foundation in 2010 (IFRS, 2010:1). The IRFS Foundation is currently the legal parent of the IASB (IFRS, 2014d:1). The role of the IFRS Foundation is to endorse and facilitate the adoption of internationally adopted accounting standards (IFRS, 2014g:1).

According to Tokar (2005:1) accounting standards are the authoritative conventions, the rules and the guidelines that are used to measure and report the resources, obligations, income and expenses of entities. Globalisation requires a continuous review of international standards. Despite the prior accounting principles issued by the international body there have been numerous interpretations, amendments, and new accounting standards issued in the pursuit of international conformity (Ernst & Young, 2012; MNP, 2010:1).

1.3 THE ADOPTION OF IFRS IN SOUTH AFRICA

After the formation of the first democratically elected government in 1994, “the focus in South Africa shifted from political and economic isolation” to one of “global international participation” (Edwards, Schelluch, Du Plessis, Struweg & West, 2007). To be worthy global role players entities started to shape their corporate practices and policies. From an accounting perspective the South African Accounting Practice Board (APB) committed itself to eliminate the differences between the South African accounting standards and the international accounting standards. By 2004 a dual numbering system, referring to and incorporating both the IFRS and the South African Statements of General Accepted Accounting Policies (SA GAAP) was adopted in South Africa (SAICA, s.a.).

The adoption of IFRS enhanced South Africa's role as a global player in the accounting arena. Sehoole, Executive President of the South African Institute of Chartered Accountants (SAICA), claimed that the adoption of IFRS by 2005 meant that South Africa had led not only the African continent, but was also a forerunner for the rest of the world (SAICA, 2007:1). Moreover, according to Sehoole (SAICA, 2007:1), the harmonisation of accounting practices strengthened uniformity within the accountancy profession. More specific benefits of accepting the accounting practices include:

- South African companies appeal to foreign investment;
- South Africa's capital markets are more efficient;
- The financial statements of South African companies are more credible in the global market; and
- The need for dual-listed entities to prepare financial statements in accordance with more than one set of accounting standards is eliminated.

1.4 UNIFORM ACCOUNTING PRACTICE AND PRINCIPLES

The introduction of a uniform accounting regime was expected to ensure "greater comparability and transparency of financial reporting" around the world (Daske & Gebhardt, 2006:1). Analysts however warned that companies were not fully prepared to implement the changes required by IFRS (PriceWaterhouseCoopers, 2004:1; KPMG, 2004). The harmonisation programme adopted by SAICA was important because the South African Statements of GAAP were based on the accounting standards issued by the IASB and in many respects were similar to those accounting standards. Notwithstanding the similarities a number of challenges became apparent as local companies sought to transform from a set of South African accounting standards to the globally adopted IFRS standards.

Companies should be aware that the adoption of IFRS is a complex and time-consuming process due to the retrospective nature of implementation. One of the consequences of the retrospective nature of implementation was that comparative financial statements needed to be restated upon adoption of IFRS (Gornik-Tomaszewski, 2010:1).

Effective from 2005, listed companies in South Africa were required to comply with IFRS (JSE, 2010:2) in accordance with the Johannesburg Stock/Securities Exchange (JSE) Securities Exchange Listing Requirements. The differences between the SA GAAP and the IFRS required South African companies to follow the provisions of IFRS 1 - "First-time adoption of International Financial Reporting Standards" in order to enable the transition from SA GAAP to IFRS (SAICA, 2005). This transition to the international standard involved a number of reclassifications and amendments when the majority of South African companies converted to IFRS for the first time.

The IASB is required to undertake post-implementation reviews and to receive feedback on the implementation of IFRS. This feedback is in the context of formal arrangements with regulators and standard setting institutions (Anon., 2012b:1). The complex and time-consuming process of amendments and reclassifications has not come to an end with the first time adoption of IFRS. Although the IASB aims to establish a universal accounting framework changes in the accounting environment necessitates that amendments and new standards are announced by the IASB from time to time (FSB, 2012:20).

1.5 RESEARCH PROBLEM AND OBJECTIVE

Accounting standards must be applied consistently to promote comparability between financial statements of different accounting periods. However, changes in accounting regulation and disclosure requirements may be necessary to enhance the relevance and reliability of information contained in the financial statements (Anon., 2012a:1). The research problem is that changes in accounting standards and policies may impair the comparability of an enterprise's financial statements (Everingham, Kleynhans and Posthumus 2007:35).

The objective of this study is to consider the incidences of adoptions of changes in accounting standards and interpretations in the financial information disclosed by South African companies. The changes in accounting policies and principles may be significantly influenced by the implementation of new accounting standards, interpretations and amendments as issued by the IASB (Ernst & Young, 2012; MNP, 2010:1).

1.6 RESEARCH METHODOLOGY

To achieve the study objectives, a theoretical study of recent literature as well as an empirical study will be conducted.

1.6.1 Literature Study

The literature study will provide a historical background of the development and announcement of accounting standards on both an international level and within the South African context. In addition the relevant accounting guidelines and interpretations will be considered. The literature study will also form the basis for the empirical study, which will focus on the disclosure of changes in accounting standards and interpretations by South African companies.

1.6.2 Empirical Study

The empirical study will involve an analysis of the information disclosed in the financial statements of selected South African companies. The sample will comprise of the largest 40 companies ranked by full market value on the JSE All-Share Index (FTSE, 2012:1). The study will cover a five year period of South African companies which have adopted IFRS. A content analysis and a simplified statistical assessment of the information disclosed in connection with changes and adoption of new and amended accounting standards will be presented.

1.7 OVERVIEW

1.7.1 Chapter 1 – Introduction

The key objective of this chapter is to provide a concise background of the development of accounting standards and the application in a global and South African context. Further, the chapter will formulate a problem statement to describe the research method and will serve as an introduction to the study.

1.7.2 Chapter 2 – History of Standard-setting in the Global Accounting Environment

The theoretical basis of this chapter is to present a historical background for the development and expansion of global standard setting institutions. Both positive and negative aspects are considered *en route* to the acceptance and adoption of global accounting standards. The chapter concludes with the adoption and application of the IASB standards in South Africa.

1.7.3 Chapter 3 – Development of Accounting Standards

Following on the theoretical background in chapter 2, this chapter will address the conceptual framework and the procedures acknowledged by the IASB in developing new accounting standards, amendments and the development of interpretations. This chapter will highlight the various phases and procedures followed by the IASB in adopting and amending global standards to meet changing global needs. Chapters 2 and 3 then serve as the basis for the empirical study.

1.7.4 Chapter 4 – The Adoption of Accounting Standards in South Africa

Following the theoretical background presented in chapters 2 and 3 this chapter will address the study objective in the South African environment. The study will involve a content analysis of the largest 40 companies on the JSE All-Share Index over a period of five years. A simplified statistical assessment of the information disclosed by South African companies will be presented.

1.7.5 Chapter 5 – Conclusion and Recommendations

This chapter will present the conclusions from the findings and analysis of the study. The limitations and the value of the study will be discussed and recommendations for future studies will be presented.

CHAPTER 2: HISTORY OF STANDARD-SETTING IN THE GLOBAL ACCOUNTING ENVIRONMENT

"Accountancy, as a progressive science, must be the same yesterday, today and tomorrow, except that as a development it is older and wiser as time goes on. Its past, present and future will always have the family likeness and will pass before us hand-in-hand. To know our past, then, is the better to understand our present and to forecast or control our future."

(Haskins, 1904:141)

2.1 INTRODUCTION

Initial efforts towards the acceptance of international accounting standards focused on harmonisation so that there are fewer differences between the accounting principles that are used in the key capital markets around the world (Schipper, 2005:101). The use of diverse accounting systems made it difficult and costly for investors to assess foreign investing opportunities. Making informed investment decisions in the international equity capital market was challenging because financial results lacked comparability (White, 2007:1).

By the 1990s the idea of harmonisation was replaced by the concept of union – "the expansion of a single set of high-quality, international accounting standards" that would be used in at least all major capital markets (FASB, 2013:1). "Global adoption of a single set of accounting standards would thereby improve the functioning of local capital markets and enable the comparison of financial information" without requiring expensive reconciliations of financial reports (Frost, Henry & Lin*,* 2009:67).

The business world is becoming more global. The importance of standardised financial information plays a fundamental role in the international markets and contributed to the demand for uniform financial reporting (Gallery, Cooper & Sweeting 2008:258; Bova & Pereira, 2012:85). The global expansion of capital markets thus facilitated the adoption of uniform financial reporting standards and regulations substituting the reliance on existing country-specific accounting standards (Gallery *et al*., 2008:258). These uniform reporting standards and regulations were compiled with contributions from various national and international institutions tasked with defining the accounting standards.

2.2 ACCOUNTING REGULATION IN THE USA

2.2.1 American Institute of Certified Public Accountants (AICPA)

The American Institute of Certified Public Accountants (AICPA) traces its beginning back to 1887. This national trade organisation for accountants promulgated the original accounting standards in America, known today as the United States Generally Accepted Accounting Principles (US GAAP).

In 1916 the Institute of Public Accountants became known as the American Association of Public Accountants (AAPA) (Reda, Reifler & Thatcher, 2005:176; AICPA, 2013:1). The following year, in 1917, the name was changed to the American Institute of Accountants, a name which it retained for nearly forty years. The name was changed to its current name, the American Institute of Certified Public Accountants (AICPA) in 1957 (AICPA, 2013:1).

2.2.2 United States Securities and Exchange Commission (US SEC)

The first agency to oversee the key participants in the security world was the United States Securities and Exchange Commission (US SEC). The US SEC is an organisation that was established in 1933 and is regulated by the United States legislation with authority to establish accounting standards for publicly traded companies (US SEC, 2013a:1).

In October 1929 at the time of the "stock market crash", there was no standard-issuing body in the United States of America (Anon., 2013a:10; US SEC, 2013a:1). The US SEC was subsequently formed in 1933 at the peak of the depression with the main purpose of restoring investor confidence. The

Securities Act of 1933 together with the Securities Exchange Act of 1934 was legislation promulgated at the time, providing investors and the market with more dependable information and clear policies on honest dealing in capital markets (US SEC, 2013a:1).

The main purpose of the legislation was firstly to ensure that public companies offering securities for investment, honestly reflected their businesses and the risks involved in trading and investing in them. Secondly, legislation required that brokers and traders who sold and traded securities were expected to put investors' interest first by treating them fairly and honestly (US SEC, 2013a:1).

Currently the US SEC has five Commissioners who are appointed by the President of the USA with the advice and consent of the Senate. The President also designates one of the Commissioners as Chairman, the US SEC's top executive (US SEC, 2013:1). The US SEC requires all companies, foreign or domestic, to disclose important financial and other pertinent information to the public. This information, including registration statements and periodic reports, provides a common pool of knowledge for all investors to use judgement on whether to buy, sell or hold a particular security (US SEC, 2013:1).

2.2.3 Committee on Accounting Procedures (CAP)

The US SEC encouraged the AICPA to form the Committee on Accounting Procedure (CAP) in 1939 (Reda *et al.*, 2005:176). From 1939 to 1959 the CAP issued 51 Accounting Research Bulletins (ARBs) (Zeff, 1972:217). The CAP had only a restricted accomplishment because it did not develop an influential accounting framework (Reda *et al.*, 2005:176), rather focusing their attention on accounting issues as they became relevant (Zeff, 2001:147). For example when World War II commenced, the development of accounting rules stalled (Anon., 2007:58) as CAP addressed accounting-specific issues concerning war transactions (Anon., 2007:58).

The CAP was responsible for two valuable contributions to the development of uniform accounting policies. Firstly, the advancement of accounting practices in terms of uniformity gained momentum. Secondly the private sector increasingly acted as the foundation for accounting policy creation.

2.2.4 Accounting Principles Board (APB)

In 1959, the AICPA replaced the CAP with the Accounting Principles Board (APB) (Walton, Haller & Raffournier, 2003:68). The newly founded board issued a total of thirty-one opinions and four statements until it was dissolved in 1973 (Walton *et al*., 2003:68). An example of one of these opinions is "APB Opinion No.1 – New Depreciation Guidelines and Rules" which was issued in November 1962 (APB, 2014:1). A number of these opinions were influential in progressing the theory and practice in various areas of accounting which contributed to the development of the standards known as GAAP (All Business, 2014:1).

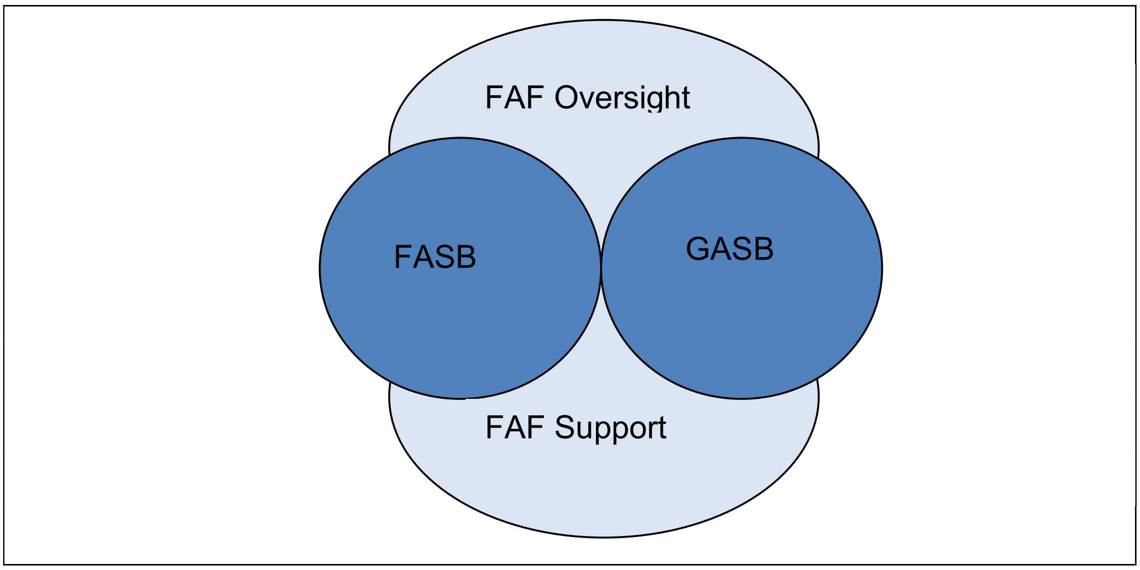
2.2.5 Wheat and Trueblood Committee

In 1971 the AICPA formed two special study groups to consider accounting practices. The first study group known as the Wheat Committee was chaired by Francis Wheat and was established to evaluate the "Establishment of Accounting Principles" (Walton *et al*., 2003:68; Anon., 2007:64). The objectives of the second group chaired by Robert M. Trueblood, were to investigate the "Objectives of Financial Statements" (Anon., 2007:65). The Trueblood Committee acknowledged numerous objectives of financial statements but did not encourage any specific proposal regarding implementation (Anon., 2007:65).

The Wheat Committee completed its report in March 1972. The report highlighted major changes in the establishment of financial accounting standards (Anon., 2007:65). The report suggested that a new standard-setting structure should be established consisting of three organisations, namely the "Financial Accounting Foundation" (FAF), the "Financial Accounting Standards Board" (FASB) and the "Financial Accounting Standard Advisory Council" (FASAC) (Hunt, Kieso, Weygandt & Warfield, 2012:10).

The three organisations were eventually established following the recommendations of the Wheat Committee. Figure 1 illustrates the current structure and relationship of these organisations.

Figure 1 – Financial Accounting Group Structure



(Source: FAF 2013:1)

2.2.6 Financial Accounting Foundation (FAF)

By the 1970's a large number of professionals called for the creation of a full-time, independent standards-setting group. This led to the formation of the FAF in 1972. The mission of FAF was to act as "the apolitical, independent organisation focused on establishing and improving financial accounting standards and thus enhancing the information found in financial reports" (FAF, 2013:1).

In its supportive function, the FAF is charged with educating constituents about new and improved standards. In its oversight function, FAF oversees the work of the bodies tasked with setting private and public sector accounting standards in the FASB and Governmental Accounting Standards Board (GASB) (FAF, 2013:1). Further, the FAF is also responsible for raising and managing the FASB's funds (Walton *et al.,* 2003:69).

2.2.7 Financial Accounting Standards Board (FASB)

In addition to the formation of the FAF in 1972, the Financial Accounting Standards Board (FASB) or "the Board" was established in 1973 (FASB, 2013:1; FAF, 2013:1; Walton *et al*., 2003:68). According to Walton *et al*., (2003:68), the FASB is the key functioning organisation and was proposed to be a self-governing board, consisting of seven members who are appointed by the FAF.

The FASB issues two primary types of pronouncements. Firstly "Statements of Financial Accounting Concepts" (SFACs), which are the primary concepts upon which financial accounting and reporting standards are based. Secondly "Statements of Financial Accounting Standards" (SFASs) which determine accounting procedures and principles for financial reporting purposes (Walton *et al*., 2003:69). The pronouncements made by FASB are adopted as the benchmark for accounting concepts and standards (Morrow, 2009:1).

2.2.8 Financial Accounting Standards Advisory Council (FASAC)

In 1973 the Financial Accounting Standards Advisory Council (FASAC) or "the Council" was formed, simultaneously with FASB (FASAC, 2013:1). The most important role of the FASAC is to support and advise FASB. FASAC meetings present opportunity for the FASB to obtain and examine the views of the group of individuals serving on the council. To ensure a wide range of opinion and input, members of this council are from diverse business and professional backgrounds (FASAC, 2013:1).

The FASAC may raise issues connected to projects and project priorities on the FASB's agenda. They may also suggest new agenda items and can address practical matters that may require the awareness of the FASB. Furthermore FASAC may give support in any other matters as requested by the chairman of the FASB (Moyes, Saadouni, Simon & Williams, 2001:50; FASAC, 2013:1).

2.2.9 Governmental Accounting Standards Board (GASB)

Government institutions are also affected by the norm of global accounting standards. The Governmental Accounting Standards Board (GASB) was established in 1984 with the approval of the FAF and 10 national associations of state and local government officials. The GASB is the self-governing organisation that "establishes and improves standards of accounting and financial reporting" for USA state departments and local governments (GASB, 2013:1). The GASB is recognised by governments, the accounting industry and the capital markets as the official source of GAAP for state and local governments (GASB, 2013:1).

2.2.10 Governmental Accounting Standards Advisory Council (GASAC)

The Governmental Accounting Standards Advisory Council (GASAC) is responsible for consulting and advising the GASB. The GASAC may raise issues connected to projects and project priorities on the GASB's agenda. They may also highlight the main concern for projects and present the selection and organisation of task forces. GASAC also involve themselves with other issues that might need the awareness of the GASB. The 25 members of the GASAC are also tasked with the structuring of the annual budget and assisting the FAF in the raising of funds for "the Board" (FAF, 2013:1).

2.3 THE NEED FOR INTERNATIONAL ACCOUNTING STANDARDS WHICH LED TO THE ADOPTION OF IFRS

Financial statements are prepared with the purpose of meeting the basic needs of most users (Wiley Text, 2011:9). Financial statements do not provide all the information that users may need because they largely portray the financial details of past events and do not always provide non-financial data. After the corporate failures of the current decade, regulators needed to enforce stricter and more comparable and transparent accounting standards. The aim of international accounting standards was to disallow alternatives in accounting handling (Grant Thornton, 2013:1).

The adoption of international accounting standards will make the comparison of financial statements possible. According to AICPA (2013:1), by adopting the IFRS standards a business can submit its financial statements on the same basis as its foreign competitors. Companies with subsidiaries in countries that necessitate or authorise IFRS may be able to use one accounting language company-wide (AICPA 2013:1).

According to KPMG (2010:1) the adoption of IFRS is aimed at making financial results more transparent and comparable for the eventual users of financial statements. Companies might also have to change to IFRS if they are a subsidiary of a foreign company which is required to use IFRS. Should a foreign investor be an IFRS user, it will automatically require the subsidiary company to use IFRS as well. By using IFRS companies wishing to raise capital abroad may benefit when appealing to more investors (AICPA, 2013a:1).

The adoption of IFRS will improve the transparency in both the financial information and in the development in the corporate governance practices (KPMG, 2008:1). Having financial statements that are transparent and easier to compare, makes them useful, “assisting the decision-making process and increasing investors’ confidence” (Wang, 2011:1; KPMG, 2008:1).

Accounting standards vary on a global scale in terms of disclosure and comparability. IFRS was believed to have brought conformity by harmonising regulations, accounting standards and procedures relating to the preparation and presentation of financial statements (Grant Thornton, 2013:1). Even in the USA the US SEC has issued a guideline for the acceptance of IFRS by 2014 (CIMA, 2009:3). According to Ramanna and Sletten (2009:9) the value of having a mutual body of accounting standards is that IFRS are developed particularly for extensive international use.

2.4 ACCOUNTING REGULATION IN EUROPE AND ELSEWHERE

2.4.1 General

A key event in the history of financial reporting and convergence of national accounting standards was the adoption of IFRS (Jermakowicz, Prather-Kinsey & Wulf, 2007:152). Since the adoption of IFRS in countries like Australia, New Zealand, Germany and other European Union countries, that which have experienced reduced cost of capital, improved corporate transparency, improved financial reporting quality and enhanced financial information comparability (Hope, Jin & Kang, 2006:4; Armstrong, Barth, Jagolinzer & Riedl, 2008:1). Armstrong *et al*., (2008:1) concluded that these countries' capital markets are more accessible for investors from other jurisdictions because the financial information is perceived to be comparable across companies. One of the contributing factors is the use of uniform accounting standards provided by IFRS. In the international context of globalisation, the consequence of decreased cost will result in further cross-listing and cross-border investments (Beke, 2011:25).

According to Armstrong *et al*., (2008:1) prior to 2005 most European firms applied domestic accounting standards. The adoption of IFRS in Europe thus represented one of the biggest changes in the financial reporting structure in recent years. Further the adoption was controversial and generated debate that reached the highest levels of government. The corporate sector has long since recognised that there is a demand for a "single global set of accounting standards" (CIMA, 2009:3).

2.4.2 Institute of Chartered Accountants in England and Wales (ICAEW)

The double-entry system in accountancy was first introduced in the UK (ICAEW, 2014a:1) and dates back as far as 1852. Between 1853 and 1880 accountancy was established as an organised profession (ICAEW, 2014a:1). Professional conduct standards were introduced and set between 1881 and 1913 (ICAEW, 2014a:1). The expanding profession introduced new ideas, to the extent that in 1919, Mary Harris Smith was registered as the first woman Chartered Accountant in the world (ICAEW, 2014b:1).

2.4.3 International Accounting Standards Committee (IASC)

The International Accounting Standards Committee (IASC) was formed in 1973 by means of an agreement by the professional accountancy bodies from Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom and Ireland and the United States of America (Deloitte, 2014a:1). Although each country had its own GAAP or an appropriate accounting practice, countries with active equity capital markets and listed companies relied on international markets for financial support (Zeff, 2012:2).

The main purpose of the IASC was to improve the harmonisation of financial accounting standards (Street & Gray, 1999:135). The first International Accounting Standards (IAS) was published in 1975 by the IASC. The aim of the IAS was to encourage international co-operation in "developing consistent, world-wide accounting principles" (Barth, Landsman & Lang, 2008:471; Wagenhofer, 2009:69).

During its term the IASC promulgated an extensive body of standards, interpretations and a conceptual framework for internationally adopted accounting standards. Many of these standards were looked at by various national accounting standard-setters and were used in developing national accounting standards. These standards were adopted directly by numerous companies (Deloitte, 2014a:1).

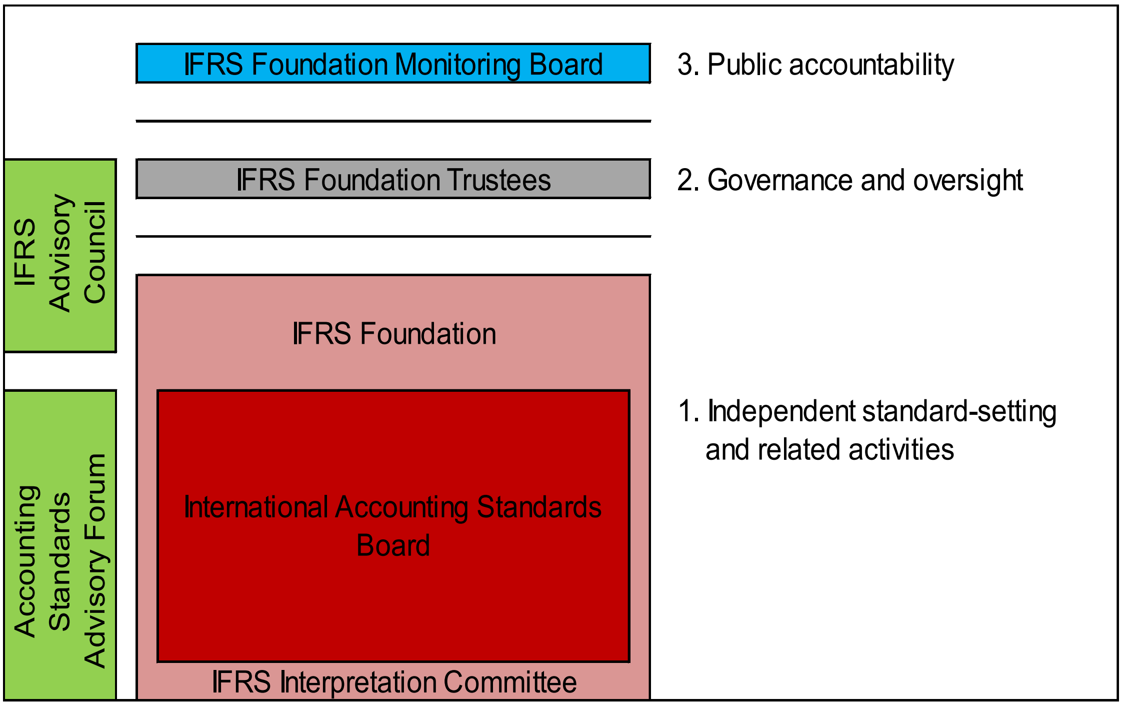
In 1997, after 25 years of achievement, the IASC concluded that to perform its role more effectively, a convergence between national accounting standards should be found to ensure high-quality global accounting standards. To achieve this, IASC needed to change its structure (Deloitte, 2014a:1). The IASC was transformed from 1 April 2001 to become the IASB, a self-governing private sector body which was structured to be similar to the American FASB (Cellucci, 2013:15; Deloitte, 2014a:1).

The foundation laid by IASC during its 27 year history, from 1973 to 2000, opened the path for the IASB, which has since 2001 "immeasurably restructured the world map of company financial reporting" (Zeff, 2012:1).

2.4.4 International Accounting Standards Board (IASB)

On 1 April 2001, the IASB took over accounting standards-setting responsibilities from its forerunner body, the IASC (AICPA, 2014:1). The International Accounting Standards Board (IASB) is a self-regulating, privately-funded accounting standards-setter based in London, UK (FSB, 2013:1; Cellucci, 2013:15). The IASB is accountable for accounting standard-setting (Chiapello & Medjad, 2009:449) which is internationally recognised and adopted. The current structure of the IASB and the related organisations tasked with international accounting standards are illustrated in
Figure 2 below.

Figure 2 – Structure of the IASB



(Source: IFRS, 2014d:1)

With its inception, the IASB adopted the IAS body of standards issued by its predecessor, the IASC. However the IASB decided that any new standards would be published in a series called the "International Financial Reporting Standards" (IFRS) (ICAEW, 2014:1).

In its pursuit to reach the goal of international standards, the "IASB works in co-operation with stakeholders, including investors, national standard-setters, regulators, auditors, academics and others who have an interest in the growth of first-class world-wide standards" (Strong, Aronshon & Elder, 2013:1). The IASB is "committed to developing, in the public interest, a single set of high quality, clear and enforceable global accounting standards that require transparent and comparable information in general purpose financial statements" (Barth *et al*., 2008:471). Although the IASB develops international financial reporting standards in the public interest, the IASB has no power to enforce these standards internationally (FSB, 2008:1).

2.4.5 International Financial Reporting Standards (IFRS) Foundation Monitoring Board "the Monitoring Board"

The IFRS Foundation Monitoring Board or "Monitoring Board" was structured with the intention of "providing a formal link between the trustees of the foundation and public authorities" in order to improve the public accountability of the IFRS Foundation (IFRS, 2014e:1). The main purpose of the "Monitoring Board" is to ensure communication between capital markets, authorities and the IFRS Foundation. The "Monitoring Board" therefore facilitates the use of IFRS in capital markets that allow or require its use (Deloitte, 2014b:1).

2.4.6 IFRS Foundation Trustees

The trustees of the IFRS Foundation are tasked with the governance and oversight of the IASB. In their governance and oversight the trustees are accountable to the Monitoring Board (IFRS, 2014f:1). The trustees are not responsible for the technical matters regarding standards as this responsibility rests with the IASB. The trustees should however have a good understanding and be aware of international issues that may influence the success of this "international organisation responsible for the structuring of high quality international accounting standards" (IFRS, 2014f:1). The credibility of these financial standards is important because they are used in the world's capital markets.

2.4.7 The IFRS Foundation

The IFRS Foundation was previously known as the IASC Foundation until its name was legally changed in 2010 (IFRS. 2010:1). The main mission of the IFRS Foundation is to develop a set of globally adopted financial reporting standards. These standards should be developed in the public interest and should be understandable and easily implemented. To be globally adopted the reporting standards should be based on clearly articulated principles (IFRS, 2014g:1).

The principal objectives of the IFRS Foundation are:

- "To expand IFRS through its standard-setting body the IASB;
- To endorse the use and exact application of IRFS;
- To ensure the financial reporting needs of emerging economies and small and medium-sized entities are met; and
- To endorse and facilitate adoption of IFRS, through the convergence of national accounting standards and IFRS" (IFRS, 2014g:1).

2.4.8 IFRS Interpretations Committee

The IFRS Interpretations Committee was formerly known as IFRIC and is the interpretative body of the IASB (IFRS, 2010:1). The main purpose of the Interpretations Committee is to consider issues that arise with the implementation of IFRS and to provide authoritative guidance on these issues. The Interpretations Committee works closely with similar national committees when developing an interpretation that is internationally adopted.

The Interpretations committee is appointed by the trustees of the IFRS Foundation. Members of the Committee are selected for their skill to not only detect and interpret current issues, but to also be able to practically resolve these issues (IFRS, 2014h:1).

2.4.9 IFRS Advisory Council

The IFRS Advisory Council is the formal advisory body to both the IASB and the trustees of the IFRS Foundation. Known previously as the Standards Advisory Council (SAC) (IFRS, 2010:1), it has a wide range of representation from groups who are influenced by the work of the IASB. Consisting of 48 individual members, the Advisory board represents 43 organisations from around the world. The diverse council includes investors, financial analysts and other users of financial statements. There are even standards-setters, academics, auditors, regulators and professional accounting bodies in the distinguished list of members who are appointed by the Trustees of the IFRS Foundation (IFRS 2014i:1).

2.4.10 Accounting Standards Advisory Forum (ASAF)

The main purpose of the ASAF is to "offer an advisory forum where members can helpfully add to the achievement of the IASB's goal of structuring globally adopted high-quality accounting standards." The objectives of the ASAF are listed as follows:

- "Support the IFRS Foundation in its objectives and add towards the development, in the public interest, of a single set of high quality understandable enforceable and globally accepted financial reporting standards;"
- "To serve investors and other market participants in making informed resource allocations and other economic decisions;"
- "Formalise and streamline the IASB's collective engagement with the global community of national standard-setters and regional bodies in its standards-setting process;"
- "To ensure that a broad range of national and regional input on major technical issues related to the IASB's standard-setting activities are discussed and considered;"
- "Facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan, but which may also include other issues that have major implications for the IASB's work. In order to be valuable the discussions should be in sufficient depth, and with

representatives with a high level of professional capability and with a good knowledge of their jurisdictions and regions" (IFRS, 2014j:1).

As discussed previously, FASB was responsible for the development of the US GAAP, commonly adopted as the US accounting standard. IASB on the other hand was responsible for the development of IFRS, commonly adopted as the accounting standard of Europe and elsewhere. It is then prudent to compare the two accounting standards of these significant international role players in the journey towards understanding the theory and implementation of internationally adopted standards.

2.5 A COMPARISON BETWEEN IFRS AND US GAAP

The adoption of IFRS as issued by the IASB would result in the use of a common set of financial reporting standards within Europe and between countries where the use of IFRS is expected or allowed (Odia & Ogiedu, 2013:389). The approval of IFRS in Europe reflects the European Union (EU) goal of accomplishing capital market amalgamation. Companies in the UK, as well as listed companies in the EU, are obligated to use IFRS (Grant Thornton, 2013:1). According to Armstrong *et al.*, (2008:1) in March 2002, the European Parliament acknowledged a resolution requiring all firms listed on the stock exchanges of European member states to apply IFRS when compiling their financial statements for financial years beginning on or after January 1, 2005 (Shamkuts, 2010:8). Far reaching, this requirement affected about 7 000 entities.

Although the resolution requires firms to use IFRS, the European Commission (EC) must authorise the standards before they are adopted in the EU. Thus, the EC retains the power to refuse any standard, or part of a standard it believes does not meet the criteria for approval (Armstrong *et al.*, 2008:1). The three main criteria are: "the standard does not violate the EU's true and fair principle; the standard meets the criteria of understandability, relevance, reliability and comparability; and that adopting the standards is in the European public interest" (Cunningham, 2008:43). The approval of the IFRS standards is an essential step towards convergence of financial reporting, not only across Europe, but also between Europe and the rest of the world (Armstrong *et al*., 2008:1).

It was predicted that there would be a considerable shift in financial reporting for many European firms when they adopt IFRS. This shift is due to the differences between the international reporting standard and the domestic standards of European countries (Erdemoglu, 2013:2). Investors believed that the application of a common set of standards would bring benefits such as lowering the costs of comparing a firm's financial position and performance across countries. The adoption of IFRS would assist European capital markets to become more globally competitive thus increasing the liquidity for European firms (Armstrong *et al*., 2008:1; EUCE 2013:2).

The discussion regarding the acceptance and implementation of IFRS was not only about the benefits and costs, but also about the positive aspects relating to the convergence of global financial reporting (Armstrong *et al*, 2008:1). Investors in European firms reacted optimistically to a movement towards IFRS adoption. Investors believed that the application of IFRS would result in higher quality financial reporting information (Hail, Leuz & Wysocki, 2009:39).

According to Grant Thornton (2013:1) the next global milestone for IFRS will be the convergence of US GAAP to IFRS. In August 2008 the US SEC announced a timetable that would allow American companies to report under IFRS as soon as 2010. In January 2009, the US SEC announced that a compulsory two year dual-reporting period would commence for most companies in 2012. Canada was expected to follow (Grant Thornton, 2013:1; ICAEW, 2013:2). The announcement also placed a requirement on all companies to implement IFRS by 2014. Despite the convergence efforts made on financial performance reporting, it appears that the key issues lie with the variation in the approach of the US GAAP and IFRS.

Comparing the US GAAP and IFRS, Leader (2014:1) noted that while the US GAAP is rules-based, the IFRS is more principles based. This difference in approach has posed, and continues to pose challenges in aspects of financial reporting. Accounting professionals in the US are familiar with the US GAAP as it has been used for years and this is the knowledge base in American entities (Pologeorgis, 2013:1). Further, Pologeorgis (2013:1) argues that IFRS is “more dynamic and is continually being revised in response to the ever-changing financial environment” (Rashad Abdel-Khalik, 2014:25). For a change to IFRS in the accounting profession, US companies will require the implementation of major educational efforts, knowledge transfers and system alterations (Gill, 2007:1).

Negash (2013:3) notes that US companies are reluctant about converging US GAAP with IFRS. The reluctance is based on concerns that the IFRS does not provide the structured guidance typical in the US Standards. These concerns are well founded and not unexpected as the US Standards are fundamentally rules-based while the IFRS methodology is primarily principles-based (Feeley & Driscoll, 2014:1). Applying a principles-based standard such as IFRS may present implementation complications to US entities as, in the opinion of some, it provides limited options for judgment by financial professionals. Rules-based standards in comparison frequently supply a vehicle for circumventing the meaning of the standards (US SEC, 2003:1).

Rosivach (2011:1), referring to a letter written by Barry Melancon, AICPA president and CEO and Paul Stahlin, AICPA chairman to the US SEC dated 17 August 2011, recommends that “public companies in the United States should be allowed the preference of adopting use of IFRS as the US SEC considers a likely future framework for incorporating IFRS into the US financial reporting system.” Melancon and Stahlin wrote: “We believe US issuers should be given the option to adopt IFRS as issued by the IASB.” According to AICPA (2011:1) the letter suggested that the IFRS option would not bring additional complexity to what is already a very difficult issue: “Anecdotal evidence suggests that the number of companies that would choose such an option would not be such that system-wide readiness would become an issue.”

Currently the US SEC model assumes the ongoing use of both IFRS and US GAAP. It will, however, be necessary for the commission to decide how to incorporate future IFRS into US GAAP. Rosivach (2011:1) continues by explaining that the US SEC is likely to resolve how public companies should incorporate IFRS into their financial reporting. If the US SEC decides to accept IFRS for US issuers, it will also have to make a decision whether to agree to the timetables of the IASB and the FASB convergence projects or to use a different convergence/endorsement model projected by the US SEC staff (Rosivach, 2011:1).

Melancon and Stahlin wrote that, "The AICPC supports the goal of a single set of high-quality, comprehensive financial reporting standards to be used by public companies in the preparation of transparent and comparable financial reports throughout the world. We believe the standards issued by the IASB are best positioned to become those global standards. We therefore, agree with the objective outlined in the Staff Paper, that a US issuer compliant US GAAP should also be able to present that it is compliant with IFRS as issued by the IASB," (Rosivach, 2011:1).

Once the US embraces the framework as the foundation for its financial reporting, "IFRS will become beyond doubt an international framework, with a uniform approach to financial reporting" (ICAEW, 2013:2). The adoption of the IFRS framework has not been without obstacle, and there will most certainly be changing judgements made by individuals on certain elements of these accounting standards. Practically, the disagreements that arise will need to be resolved in the long journey towards standardisation (Grant Thornton, 2013:1). Adding emphasis, Grant Thornton (2013:1) notes that while the process has been arduous those that have endorsed IFRS have kept their vision and are seeing the fruits and benefits of their commitment.

2.5.1 Differences between IFRS and US GAAP

In an increasingly global economy, US markets continue to invest in non-US companies although the financial statements are prepared using IFRS. Current estimation implies that over $7 trillion of US capital is invested in foreign securities. Against this background PWC (2014:4) notes that from an investor perspective it is not only necessary, but crucial to understand IFRS.

Essential variations between the US GAAP and IFRS have been highlighted in a study conducted by the Office of the Chief Accountant (2012:14). These variations influence how investors consider and interpret financial disclosure. These variations occur for a number of reasons and the consideration of the reasons for the variations is as important as understanding the impact of the differences.

Firstly, the standards were developed by the controlling bodies with different aims. The two bodies varied in their approach towards the disclosure of certain economic aspects of a transaction. The differences are highlighted when we note that the objectives of standard setting have been influenced by the milieu in which the standards were developed. This might indicate as to why the standards setting in general are so diverse (Office of the Chief Accountant, 2012:14).

Secondly, in a number of cases, standards have been developed differently in response to needs in the market or regulatory structures. The variation in the calculation and disclosure of certain non-financial liabilities and Last-in-first-out (LIFO) inventory costing is an illustration of how the two Boards responded differently to market needs (Office of the Chief Accountant, 2012:14).

Thirdly, some of the standards were specifically developed as anti-abuse protections. One example of this variation is the constraint placed on the sale of real estate as described in the US Accounting Standards Codification - subtopic 360-20, (Office of the Chief Accountant, 2012:14).

At first glance some of the standards' objectives may seem comparable. However, the underlying principles on which the standards are based lead to standards that are rather different. These fundamental differences between the standards mean that resolution of the issues towards mutual acceptance will not be a quick process (Office of the Chief Accountant 2012:23-27).

2.5.1.1 Impairment

The US GAAP and IFRS impairment models for property, plant and equipment (PPE), inventory and intangible assets are very different. For example, within certain constraints IFRS compensation for the loss or impairment of PPE is receivable up to a limited amount, and then it is recognised in profit or loss (KPMG, 2013:34). In contrast, however, the US GAAP model does not allow the reversal of impairments (PWC 2014:56). This irregularity could lead to variations in the timing and degree of recognised impairment losses. Making use of the US GAAP method, users could experience greater income statement fluctuation if the IFRS models were to be incorporated (Office of the Chief Accountant 2012:14-15).

2.5.1.2 Certain Non-financial Liabilities

The difference in the definition of the term “probable” (Office of the Chief Accountant 2012:15) has an impact on the different way that IFRS and US GAAP recognise non-financial liabilities. With IFRS describing “probable” as “more likely than not to occur,” liabilities are often recognised earlier than the US GAAP which describes “probability” as “future event or events that are likely to occur”. The difference in the responsiveness is because “likely” is regarded to be higher ranking than “more likely than not.” (KPMG, 2013:50; PWC, 2014:114; Office of the Chief Accountant, 2012:15). The result of this variation is that under IFRS a liability is frequently acknowledged earlier than under US GAAP (PWC, 2014:114).

2.5.1.3 Measurement of Certain Asset Classes

In terms of IFRS assets are originally acknowledged at cost (KPMG, 2013:37). For ensuing measurement, entities have to compile an accounting policy determination by asset class. This is to enable entities to carry on with a cost model or to re-evaluate the assets within a class to fair market value, less any accumulated amortisation or depreciation. Under IFRS an entity is thus able to accept either the fair value model or the cost model to account for assets (KPMG, 2013:37). The US GAAP on the other hand prohibits the use of a revaluation model (Office of the Chief Accountant, 2012:15), and only in the case of investment properties can the fair value model be used. The option allowed under IFRS could result in major differences in the carrying value of assets as when calculated against US GAAP (KPMG, 2013:37).

2.5.1.4 Inventory

A further difference between IFRS and US GAAP is seen in the approach to inventory. The US GAAP provides various options for inventory valuation, including LIFO, average cost, or First-in-first-out (FIFO). IFRS does not allow the LIFO option for inventory valuation (Ragan, Hadley & Raymond, 2007:20; KPMG 2013:44), making provision for only average cost and FIFO. The most significant effect of the withdrawal of the LIFO method from the US GAAP relates to tax implications, particularly taxes payable (PWC 2014:70), and may well be better addressed with changes in the US tax policy rather than in financial reporting. The differences are, however, an important consideration because they influence the acceptance of the IFRS in the US (Office of the Chief Accountant, 2012:16).

2.5.1.5 Research and Development

The approach to costs incurred for research and development is applied differently when comparing IFRS and US GAAP. The US GAAP considers costs for research and development actions as expenses, while IFRS allows for the capitalisation of research and development costs if they meet certain criteria (PWC, 2014:207). The impact is primarily related to the timing of the acknowledgement of the expense. With IFRS the capitalisation of the particular costs can be amortised over the useful life of the asset (Office of the Chief Accountant, 2012:16). This difference in approach of cost and expense acknowledgment could possibly influence US issuers (Brice, 2009:1).

2.5.1.6 Income taxes

Both the US GAAP and IFRS calculate income taxes using an asset and liability method. This method acknowledges both the current tax result and the anticipated future tax period (KPMG, 2013:53). However the two standards differ when issues like uncertain tax positions occur. In line with the more rules-based approach of the US GAAP, the previous practice of leveraging a contingency model has been replaced by expert guidelines issued by FASB. IFRS continues to use the universal contingency model when evaluating accounting for uncertain tax positions. These variations in approach may result in dissimilar tax conclusions with different disclosure obligations for uncertain tax positions (Office of the Chief Accountant, 2012:16-17).

2.5.1.7 Property, Plant and Equipment

Under IFRS each component of a PPE item with a significant cost in relation to the total cost can be depreciate separately. This idea is often referred to as "asset componentisation" (PWC 2014:63). While this concept is not disallowed under the US GAAP, it is not a method normally applied. By making use of US GAAP, an item of PPE that has numerous parts is normally depreciated over the useful life of the item as a whole (Office of the Chief Accountant, 2012:17). The method of "asset componentisation" could drastically impact US issuers with the application of IFRS standards (Office of the Chief Accountant, 2012:17).

2.5.1.8 Extraordinary Items

While IFRS does not separate extraordinary items in the income statement US GAAP shows them as net income (Ragan *et al*., 2007:18). Unlike IFRS, rare and extraordinary gains and losses included in a company's financial statements are disclosed as a separate line item under US GAAP (Bellandi, 2012:1).

2.5.2 Similarities between IFRS and US GAAP

A study carried out by the Office of the Chief Accountant (2012:13) indicates that in a number of areas the US GAAP and IFRS show comparable objectives, are considerably converged, or both. The comparability of these standards is a result of the attempts by the Boards of the Memorandum of Understanding (MoU) projects. The following factors illustrate some of the areas between IFRS and US GAAP where similarities were noted.

While the amount of financial statement disclosures may not be the same despite the similarity in the text of IFRS and US GAAP, the amounts and disclosures are considered to be similar in nature when a change from US GAAP to IFRS is made (Office of the Chief Accountant, 2012:13).

2.5.2.1 Business Combinations

US GAAP (Topic 805) and IFRS (IFRS 3) include the same values and requirements for accounting of business combinations. This is because there was a combined effort by the Boards to developing the existing standards (PWC, 2014:178). There are, however, variations that still occur and that could influence the recognition and measurement of particular transactions. These variations may be related to non-controlling interests, contingent consideration and ordinary control transactions (PWC, 2014:178).

2.5.2.2 Debt

In both the US GAAP and IFRS the calculation of financial liabilities and debt is shown as amortised cost on the balance sheet. Both standards give a fair value selection available for qualifying instruments. The US GAAP continues to offer more “arrangements- and industry particular” guidance than IFRS (Office of the Chief Accountant, 2012:13).

2.5.2.3 Share-Based Compensation

The cooperation of the Boards has resulted in a common approach and guidance for share-based compensation transactions. The objectives of both sets of standards are considered to be the same (Office of the Chief Accountant, 2012:13). The scoping of the standards is however diverse and there is more illustrative and application guidance under US GAAP. This diversity could provide increased differences in categorisation, measurement dates and expenditure acknowledgement for transactions calculated under

IFRS as compared to US GAAP (PWC, 2014:102; Office of the Chief Accountant, 2012:14).

2.5.2.4 Compensation – Excluding Share-Based Payments

Both the US GAAP and IFRS detail a variety of compensation arrangements. While diversity occurs in some of the detailed requirements of the particular standards (Office of the Chief Accountant, 2012:14), the principle-level objectives of the standards are similar.

2.5.2.5 Earnings per Share

Earnings per share (EPS) are calculated similarly in both the US GAAP and IFRS. There are, however, variations in the detailed requirements, which could result in discrepancy in terms of the amounts reported under either standard (KPMG, 2013:77). IFRS requires that the EPS calculation is not an average of the individual interim period of the shares, while the US GAAP allows for the average of the individual interim period of the shares to be used (Zain, 2014:1).

2.5.3 General findings towards the Implementation of IFRS

Seven significant themes were highlighted in a study conducted by the Office of the Chief Accountant in the US (2012:4-6) towards the implementation of IFRS. It was firstly noted that the IASB have taken tremendous steps toward the development of a comprehensive set of accounting standards. Despite the high standard of good work by the IASB, some aspects are considered to be underdeveloped and guidance is required for effective implementation. U.S. users are of the opinion that more guidance would be required during the implementation of IFRS than would be required when using the US GAAP (Office of the Chief Accountant, 2012:4-6).

Secondly, the ability of the IFRS Interpretation Committee to address international accounting issues in a timeous manner is not yet known. The prompt amendments of the IFRS standards would be an important factor in the implementation of the standard internationally (Office of the Chief Accountant, 2012:4-6).

A further challenge faced by proponents of the IFRS standards is that the standards need to address local and national requirements, while adhering to international needs. Although the IASB has a set of procedures for working together with national standard-setters on individual projects, amendments need to be reviewed after implementation (Office of the Chief Accountant, 2012:4-6).

Fourthly, the Office of the Chief Accountant noted that for any standard to be internationally adopted, it would need to be applied consistently. The benefit of "a single set of high-quality world-wide adopted accounting standards is that investors can read a set of financial statements of any company, understand the financial results and make associations with the results of other companies" (Office of the Chief Accountant, 2012:4-6). Global consistency will be facilitated by the ongoing co-operation between the various international role players.

The protection of the U.S. capital markets may require retaining FASB, since IRFS has no mandate to specifically address the unique needs of local markets. An active FASB is seen as an option that would meet the needs of the U.S. capital market, while retaining the independence of the IASB (Office of the Chief Accountant, 2012:4-6).

Further, the sustainability of the IASB is dependent on the securing of the necessary funding. While IFRS is used in more than 100 countries around the world, currently funding is currently provided by businesses, not-for-profits and governments in fewer than 30 of these countries. According to the Office of the Chief Accountant the U.S. component of the IASB budget has not yet been secured (Office of the Chief Accountant, 2012:4-6).

Finally, the study found that the understanding and user education relating to the implementation of IFRS are not uniform. While most users rely on information they receive from large accounting firms and publications, a more uniform approach to user education will be required to standardise the understanding of IFRS among users (Office of the Chief Accountant, 2012:4-6).

2.6 ARGUMENTS AGAINST ADOPTING ACCOUNTING STANDARDS CONVERGENCE

Despite the appeal of international accounting standards, a number of arguments have been raised against the practice. The premise of international standards introduces a diversity of nations involved in the acceptance of these standards. The first argument against the adoption of such a standard is the unwillingness of these countries, each with its own and different culture, ethics, religions, standards, beliefs, types of economies and political systems to collaborate (Cohen, Pant & Sharp, 1992:689; Pologeorgis, 2013:1). The reluctance to adopt international standards might indicate the incapacity or low capacity to culturally relate to other countries' accounting systems or a shortfall of good knowledge of the international principles (Oracle, 2013:3).

A second primary argument against the adoption of international accounting standards is the extended time and the complexity of influences that it takes to develop and implement standards that are internationally adopted (Pologeorgis 2013:1; Accounting Today, 2010:1).

2.6.1 Cultural Differences as Arguments against the Adoption of International Standards

"Culture consists of patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached value" (Kluckhohn, 1951:86, cited in Hofstede, 2001:9). Culture is described as "the collective programming of the mind which distinguishes the members of one human group from another" (Hofstede, 1984:21).

All nations and cultures have their own societal norms. These norms consist of common characteristics, such as value systems. For example a general tendency to favour specified states of affairs over others. These norms are then usually adopted by the majority of citizens (Finch, 2009:2), and become an integral part of what we call culture.

According to Gray (1988:8) a country's accounting system is built on the culture of that country. Further, the system is influenced by the accounting value dimensions used. When considering these dimensions the following should be considered: "professionalism, statutory control, uniformity, flexibility, conservatism, optimism, secrecy and transparency". The values of professionalism, statutory control, uniformity, and flexibility point towards the power and obligation of accounting practice in a particular country. In contrast, the values of conservatism, optimism, secrecy and transparency are important when considering the calculation and disclosure of accounting information at country level.

Taking these factors into account it may be concluded that these values and factors influence one another. It has been said that "one cannot separate economics, political science and history. Politics are the control of the economy and history, when accurately and fully recorded, tells that story. In most textbooks and classrooms, not only are these three fields of study separated, but they are further compartmentalised into separate subfields, obscuring the close interconnections between them." (Smith 1994 as cited by Shah, 2006:1).

Considering the diverse cultures and their influence on values, it becomes apparent that culture might have a significant role to play in the accounting standards of a country. This diversity may complicate the standards convergence between countries with different cultural backgrounds (Gray 1988:8). It is thus considered that countries that are culturally closer to Europe are more likely to adopt IFRS due to the fact that systems might be closely aligned (Ciesielski 2007:3; Ding, Jeanjean & Stolowy, 2005).

2.6.2 International Influences on Accounting Bodies and Issuing of Standards

"Accounting is not defined by nature but, rather, is made by humans. It evolves from the environment in which humans exist and defines itself in a way which serves the needs of that environment" (Fischer, Taylor & Cheng, 2012:505).

Unfortunately financial reporting is not only influenced by accounting bodies or standard-setting institutions, but also by external factors (Mukhlisin & Hudaib, 2014:42; Sawani, 2013:1). Financial reporting and accounting standards have long been guided by national needs and need to be in line with the values expressed by the authorised standards to assure the reliability and importance of financial information (Sawani, 2013:1). While each country's national standards, accounting officials and educators seek to contribute to internationally adopted standards, these standards have taken nearly 20 years to reach their peak in the financial world (Sawani, 2013:1).

Taking into account the political and legal system and the influence it had on the development of accounting over time (Fischer *et al.*, 2012:505), nations that were formerly ruled or colonised by another country tend to have developed principals comparable to those of the ruling nation. For example, nations such as the United States, Canada and the Bahamas have accounting principles that historically were patterned after those found in the United Kingdom (Fischer *et al.*, 2012:505).

The differences in accounting at international level depend not only on the differences between the various nations, but also on the intensity or variation of individual factors between countries. Ten dominant factors, while not an exclusive list, are listed as contributing to the influence on accounting standard-setting bodies. The following factors are listed: type of capital markets, financial reporting systems, types of business entities, legislative systems, application degree of legislation, inflation level, political and economic relations with other countries, status of the accounting profession, existence of a conceptual framework and quality of education in accounting (Saudagaran, 2009:3). Other factors influencing accounting standards are: the relationships between business entities and sources of capital, political and economic relations with other countries, legal system and level of inflation, size and complexity of business entities, level of sophistication of business management, financial community and general level of education (Černe, 2009:2).

These dominant factors can be classified as differences in: legal and political systems, nature of ownership, differences in the size and complexity of business entities, social and cultural climate, level of sophistication of administration and the financial community, level of legislative interference in the operations of entities, existence of specific accounting legislation, speed of business innovations, level of economic and business development, growth pattern of an economy, status of professional education and profession associations, standard-setting processes, forms of ownership and capital markets and co-operative effort between nations (Černe 2009:2; Fischer *et al.*, 2012:505).

Nations that have more democratic political environments tend to expand principles more through private standard-setting groups than through government ruling or regulations. Although a number of environmental factors have influenced the development of accounting standards throughout the world, there is growing momentum to move towards a single set of International Accounting Standards (Fischer *et al.*, 2012:505), but this takes time.

2.7 ARGUMENTS IN FAVOUR OF ACCOUNTING STANDARDS CONVERGENCE

"We welcome the process of globalisation. It is inescapable and irreversible. If globalisation is to create real peace and stability across the world, it must be a process benefiting all. It must not allow the most economically and politically powerful countries to dominate and submerge the countries of the weaker and peripheral regions. It should not be allowed to drain the wealth of smaller countries towards the larger ones or to increase inequality between richer and poorer regions" (Mandela, 2000).

Pologeorgis (2013:1) explains that there is some resistance to the convergence of accounting standards from all stakeholders involved, including accounting professionals (CPAs, auditors, etc.) and the top management of corporations (CFOs, CEOs). There are various reasons for such reluctance to accept change, and some are relevant to the accounting line of work, some to corporate management and some reasons are shared by both. To ensure broad acceptance, any new set of standards should provide transparency and full disclosure similar to the US Standards (Pologeorgis, 2013:1).

During the last few years a number of countries have experienced pressure to adopt internationally adopted standards. Factors that have contributed to this pressure are increased globalisation, the US SEC acceptance of international standards, the economic and financial meltdown, and the abolishment of the breach between the IFRS and the US GAAP (Pologeorgis, 2013:1).

According to Pologeorgis (2013:1) the lack of streamlined accounting standards in financial reporting brings difficulty, disagreement and bewilderment between users. However, the attitude of those who do use international standards are influenced and they become more open minded towards the harmonisation of international accounting. As more users start adopting the international standards, so the quality of the standards will improve and there will be a convergence of accounting standards (LeJeune, 2013:2).

The acceptance and implementation of international standards streamline accounting practice. Corporate management, investors, stock markets, accounting professionals and accounting standard-setters are all influenced by the convergence of the various international standards, particularly the US GAAP with IFRS (Pologeorgis, 2013:1). This convergence is also aimed at providing useful information to a selection of users such as shareholders, creditors, lenders, management, investors, suppliers, competitors, researchers, regulatory bodies and society at large (Shil, Das & Pramanik, 2009:194).

2.7.1 Corporate Management

Corporate management will benefit in at least two ways from the convergence of accounting standards. Firstly, corporate management will benefit from standards that are internationally adopted, are straightforward and streamlined and are followed world-wide (Horváth & Partners, 2013:1). Adoption of these standards will afford corporate management the opportunity to raise capital as IFRS is a high-quality, transparent regulatory standard. Together with convergent corporate governance standards, the adoption of IFRS can reduce additional cost of compliance across jurisdictions (Pine, 2010:483).

Secondly, entities may incur lower administration costs with more prompt acknowledgement and improved value in the relevance of accounting amounts when compared to national US entities following the GAAP. Also, firms implementing IFRS usually display improvement in accounting quality compared to when they formerly adhered to GAAP (Cordazzo, 2008:7). Further, by applying the international standards entities do reflect the following: a higher net income, an improved change in cash flows, a less negative association between accruals and cash flows, a lower occurrence of higher negative income and higher value relevance in accounting amounts (Edu CBA, 2014:1).

Costs relating to the implementation of IFRS may be higher in instances where institutions are collectively not compatible with the international standards (Owolabi, Onwere & Dada, 2013:27). Corporate management will need to balance the higher cost of the adopting of IFRS and the potential loss of any benefits from past and potential future innovations in local reporting standards specific to their economics (Owolabi & Iyoha, 2012:79) against the benefit of applying an international standard.

2.7.2 Investors

Investors will benefit greatly from the adoption of internationally adopted standards. Initially investors will, however, need to brush up on the interpretation and their understanding of accounting reports (Edu CBA, 2014:1). According to Pologeorgis (2013:1), the implementation goals of the US SEC are to ensure consistent perusal of fair, liquid and proficient capital markets. This will provide investors with information that is “accurate, timely, comparable and reliable”. This will also eliminate the need to convert the financial reports from a specific country (Daske, Hail, Leuz & Verdi, 2008:1124) when comparing information. This will facilitate the increased flow of international capital, which will be to the advantage of investors (Turner Investments, 2014:1).

2.7.3 Stock Markets

The acceptance of international standards will impact the stock market in a number of ways. Firstly, companies will only need to prepare a single set of accounts which will be comparable on the international stock markets. The adoption of the international standard will mean that there will be a decreased cost when listing on foreign exchanges (Edu CBA, 2014:1).

Secondly, for investors to participate internationally for worldwide investment opportunities, it would be beneficial if all markets adhered to the same rules and standards (SEC, 2013:1). The international standards required and the ability to compare trusted reports will place companies in a more favourable position when competing on the international stock market.

Thirdly, while governments in countries that suffer from corruption, slow-moving governments or governments that are incompetent may resist the conversion to international standards, companies may benefit as the opportunity and conversion costs are lower, which makes the option of adopting IFRS beneficial (La Porta, Lopez-de-Silanes, Shleifer & Vishny, 1999:225; Owolabi *et al.*, 2013:27; Ball, Kothari & Robin, 2000:46; Owolabi & Iyoha, 2012:79). Such companies are more accessible to the foreign investor as foreign investors no longer need to incur costs to familiarise themselves with domestic accounting practices (Tarca, 2013:9).

The relative quality of local governance institutions is expected to be an important determinant in the decision to adopt IFRS. Local accounting standards are part of a complex system of governance institutions that include auditor training, auditing standards, enforcement (regulatory and judicial), precedent for the protection of property rights, government, corruption and the role of the press amongst others (Ball, 2006:16). Countries where foreign trade is an important part of the economy, can be expected to adopt IFRS for investors to be able to compare global investment opportunities more efficiently (Centre for Audit Quality, 2009; Ramanna & Sletten, 2009:9). Adopters of IFRS maintain that by adopting a common body of international standards, countries will expect to lower the cost of information processing and auditing to capital market participants (Barth, 2007:62).

2.7.4 Accounting Professionals

The acceptance of international accounting standards will promote consistency in accounting practices (Deloitte, 2008:6). For this to happen, accounting professionals will have to learn the new accounting standards if the transfer and convergence of the current standards to internationally adopted ones are put into place. Although this sounds like a straightforward initiative, the reality is that “it may be a very long time indeed before the world’s six and a half billion people can all speak in the same tongue” (SEC Chairman Christopher Cox as cited by AICPA, 2014:1). This means that accounting professionals will need help to grasp and understand IFRS and to obtain the needed skills to make use of IFRS effectively (AICPA, 2014:1). Training opportunities will need to be available to professionals involved directly or indirectly with IFRS (BDO, 2013:2). The final benefit of the convergence of the accounting standards will be consistency in the accounting profession. Consistency will mean that preparers, users and auditors of financial reports can be expected to become familiar with one common set of international accounting standards rather than with various local accounting standards (Centre for Audit Quality, 2009).

2.7.5 Accounting Standard-setters

As previously discussed, numerous boards and entities have been involved in the development of international standards. This has unfortunately implied a longer process which was both time consuming and often frustrating for the parties involved. The adoption of international standards will, however, allow the procedure of developing and placing new international standards into practice to be less complex (Pologeorgis, 2013:1). Not only will the process of developing standards be less complex, but the dependence on individual accounting standard-setters to approve a decision on any standard will be abolished as the standards will be converged (Pologeorgis, 2013:1).

2.7.6 Economy

In summary, and according to Pologeorgis (2013:1), arguments for the convergence of accounting standards are “firstly renewed clarity, secondly possible simplification, thirdly transparency and lastly comparability between different countries on accounting and financial reporting”.

It can then be argued that the convergence of the accounting standards may result in an increase of capital flow and international investment. This conformity may further lessen interest rates and result in an economic expansion due to the convergence of standards (Hail *et al.,* 2009:12). The prompt acquisition of identical information to all affected stakeholders will further result in a smoother and more economical process (Pologeorgis, 2013:1).

Finally, the acceptance of accounting standards will allow for the positioning of preventative safeguards which, in turn, may help to avoid another global economic and financial meltdown (Edu CBA, 2014:1). According to ACCA (2013:1) the need to prevent a financial crisis is very important. The ACCA (2013:1) continues that the global nature of the economy and IFRS is a precious tool because of its transparency and comparability of financial accounts to prevent a financial meltdown.

2.8 COUNTRIES THAT HAVE IMPLEMENTED IFRS

The main purpose of financial statements is to provide information about the financial position and performance of an organisation that will be useful to a range of people in making economic decisions and additionally for public sector accounts (CIMA, 2009:3). According to IFRS (2013:1) the intent of the IFRS Foundation and the IASB is to “enlarge, in the public interest, a single set of high-quality, understandable, enforceable and world-wide established financial reporting standards built upon clearly expressed principles.” In this regard the IASB “works in close collaboration with stakeholders around the world, including investors, national standard-setters, regulators, auditors, academics and others who have an interest in the development of high-quality global standards” (IFRS, 2013:1; Grant Thornton, 2013:1).

According to Deloitte (2012a:1) the accounting policies are described as the specific “principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements”. Policies need to be applied consistently to promote comparability between financial statements of different accounting periods (Hall & Aldridge, 2007:1). A change in accounting policy may be required to enhance the relevance and reliability of information contained in the financial statements (Anon., 2012a:1).

When an entity applies a new accounting policy retrospectively, it applies the new accounting policy to comparative information for prior periods as far back as is practical (IPSAS, 2006:117). Retrospective application is defined as “applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied” (EN-EU, 2009:2). Retrospective application to a prior period cannot be done unless it is possible to determine the cumulative result on the amounts in both the opening and closing statement of financial position for that period (EN-EU, 2009:5).

On initial application of IFRS, organisations will have to explain in detail how the conversion from local GAAP to IFRS affected their financial statements (Chlala & Lavigne, 2013:1). In order to generate their first IFRS financial reports for 2005, companies will need to set up comparative information for 2004 and an opening position under IFRS as at January 1 2004 (Shrikant, 2005:1044). This will result in additional reconciliations, for which analysis and documented evidence will be required (CIMA, 2009:5). In order for a company to compile financial statements using IFRS a standard, IFRS 1 needs to be used (Deloitte, 2013:1).

IFRS 1 is a midway statement that must be applied to the entity's first IFRS financial statements which are those in which the entity adopts IFRSs by a basic and unreserved statement of compliance with IFRS (BDO, 2013:2). The required need is that IFRS 1 "First-time Adoption of IFRS" requires an entity to use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements (BDO, 2013:3).

The amount of the resulting adjustment relating to periods previous to those presented in the financial statements is made to the opening balance of each affected component of equity of the earliest former period presented. Frequently the adjustment is made to retained earnings (EN-UN, 2009). The European companies IAS guideline was passed in June 2002 (Deloitte 2013a:1). According to Shrikant (2005:1044) the date of 2005 has been set for the implementation of IFRS.

This requires that all the European Union incorporated companies that are listed on European Union regulated markets must prepare their first full consolidated IFRS financial reports for 2005 (Deloitte, 2013a:1). IFRS replaced the "National Generally Accepted Accounting Principles" (CIMA, 2009:5).

The obligation to adopt IFRS applies only to those companies that are active direct participants in the capital market – in other words those that have securities that are publicly traded on recognised stock markets (Wee, Tarca & Chang, 2014:268). The aim was to: "... bring benefits in consistency and comparability between financial reports in the global economy and to follow private sector best practice" (CIMA, 2009:5). Non-adoption of IFRS by listed companies on the other hand, could lead to delisting from the stock exchange (Shrikant, 2005:1045). Listed companies, and occasionally unlisted companies, are obligated to oblige in their financial statements to the standards set by the boards (ICAEW, 2013a:1).

Those financial statements must meet the terms with each IFRS effective at the end of its first IFRS reporting period, with particular exceptions (BDO, 2013:2). According to KPMG (2008:1) the publication of particular rules for the first-time IFRS implementation undoubtedly contributed to IFRS becoming regarded as the international accounting standard. As of 2009, the European Union and over 100 countries either require or permit the use of IFRS issued by the IASB (FASB, 2013:1).

There has been a constant development towards this goal of global acceptance. IFRS adoption has offered opportunity for research, with more than 7 000 companies having adopted IFRS for consolidation purposes (Guggiola 2010:1; KPMG 2008:1). All major economies have now set up time lines to unite with or accept IFRSs in the near future. The efforts by the IFRS Foundation and the IASB towards the acceptance of global standards are supported by the Group of 20 Leaders (G20). Table 1 presents the status of countries which have implemented IFRS or have plans to do so.

Table 1 – Countries which have adopted IFRS

Country	Status for listed companies
Argentina	Required for fiscal years beginning on or after January 2012. Require IFRSs for all other than financial institutions.
Australia	Required for all private sector reporting entities as the basis for public sector reporting since 2005.
Brazil	Required for consolidated financial statements of banks and listed companies since 31 December 2010 and for individual company progressively since January 2008.
Canada	Required since 1 January 2011 for all listed entities and permitted for private sector entities including not-for-profit organisations. Allows US GAAP for some and has deferred IFRSs for some others.
China	Substantially converged national standards.
European Union	All member states of the EU are required to use IFRSs as adopted by the EU for listed companies since 2005.
France	Required via EU adoption and implementation process since 2005.
Germany	Required via EU adoption and implementation process since 2005.
India	IFRS is permitted on a limited voluntary basis for domestic and/or foreign issuers
Indonesia	Has adopted national standards that are substantially in line with 2 IASs/IFRSs but has not announced a plan or timetable for full adoption.
Italy	Required via EU adoption and implementation process since 2005.
Japan	IFRSs on a limited voluntary basis for domestic and/or foreign issuers

Country	Status for listed companies
Mexico	Required since 2012. Require IFRSs for all other than financial institutions.
Republic of Korea	Required since 2011.
Russia	Required since 2012.
Saudi Arabia	Required for banking and insurance companies; full convergence with IFRSs currently under consideration.
South Africa	Required for listed entities since 2005.
Turkey	Required for listed entities since 2005.
United Kingdom	Required via EU adoption and implementation process since 2005.
United States of America	Allowed for foreign issuers in the US since 2007; US SEC committed to global accounting standards and IFRS best placed to meet that need in the US, awaiting decision regarding use of IFRSs for domestic companies. IFRSs on a limited voluntary basis for domestic and/or foreign issuers

(Source: IFRS 2013:1)

2.9 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN SOUTH AFRICA

Over 100 countries, including those in the European Union, Australia and Japan, including more than two thirds of the G20 countries oblige or permit their listed companies to prepare their financial statements using IFRS or national standards based closely on IFRS (Grant Thornton, 2013:1; ICAEW, 2013:2). Officially adopted by South Africa in January 2005, IFRS immediately became a legal requirement for all listed companies to use as a basis for preparing their annual financial statements (Grant Thornton, 2013:1).

In 1973, SAICA, together with other business bodies, formed the APB to develop SA GAAP. SAICA established an Accounting Practices Committee to be the technical advisory body together with the APB (IFRS, 2014k:1). In 1995, the APB harmonised SA GAAP with IFRSs. Until 2003 the APB issued IFRSs as SA GAAP with no amendment. All companies in South Africa, listed, unlisted or private companies, made use of SA GAAP. The listing requirements of the Johannesburg Stock Exchange (JSE) changed and companies were required to use IFRSs and no longer the harmonised SA GAAP from January 2005 (IFRS 2014k:2).

SAICA's role as technical advisor to the national standard-setter the APB, continued until 2011 when the revisions of the Companies Act resulted in the structuring of a new governmental body known as the Financial Reporting Standards Council (FRSC). The FRSC will have the responsibility to act as advisor to the Minister of Trade and Industry on financial reporting standards (IFRS, 2014k:1). As a result of the structuring of the FRSC and changes to the Companies Act to refer directly to IFRSs and IFRS for SMEs as issued by the IASB as the available reporting frameworks, the APB has fallen away. Subsequently, with the ending of APB, SA GAAP was withdrawn for the year commencing on or after 1 December 2012 (IFRS 2014k:1).

"One of many important lessons is that our early IFRS adoption has strengthened uniformity in the application of IFRS in South Africa. Listed companies and the accountancy profession have tackled the task of implementing IFRS diligently and have achieved great successes, facilitating the early resolution of teething problems." (Sehoole as cited by SAICA, 2007:1).

According to Kolitz (2007:1) one of the important messages conveyed by Ignatius Sehoole, Executive President of SAICA, was to the Inter-governmental Working Group of Experts on International Standards of Accounting and Reporting at the United Nations Conference on Trade and Development (UNCTAD) in Geneva, Switzerland. Only three countries were asked to speak on their lessons learned in adopting IFRS. Early adoption of IFRS meant that South Africa had led Africa and much of the rest of the world. Sehoole expressed the hope that other countries would learn from South Africa's experience.

Ignatius Sehoole recommended a "big bang approach", as opposed to "a piecemeal solution", while allowing time for transition and implementation issues. Sehoole flagged another lesson as the need for a local technical body to contribute to the International Accounting Standard Board's accounting standard-setting process, while resolving specific local issues and divergences in practice (SAICA, 2007:1).

The adoption of international standards is a two edged sword for South Africa. On the one hand there has been a significant growth in the technical accounting departments of audit firms to cope with the increased technical demands. On the other hand, sadly many accounting specialists that have been trained in South Africa have left the country because their skills are now recognised internationally, and they are able to meet the global demand (SAICA, 2007:1).

Sehoole identified this as one of South Africa's prime challenges, along with that of creating legal backing for accounting standards by proper monitoring and enforcement structures and to implement a system of differential reporting. "Happily, we are well on the way towards meeting and surmounting these challenges" (SAICA, 2007:1). According to Kolitz (2007:1) the following will apply:

- In the future only widely held public interest companies would have to comply with IFRS;
- The APB, administratively supported by SAICA, had early adopted IFRS for SMEs as a transitional standard for limited interest companies; and
- The APB would be replaced by the Financial Reporting Standards Council to facilitate legal backing for financial reporting.

According to Hern and Hurwitz (2005:1) IFRS have been required for companies listed on the JSE for accounting periods commencing on or after 1

January 2005. For the reasons set out below, it was recommended that non-listed entities adopt IFRS during their first accounting period after this date. Companies need to administer their first application of the new standards carefully, particularly as the adoption of particular standards could lead to volatility in reported earnings and other key performance criteria.

The harmonising of local accounting standards with international accounting standards has been practiced in South Africa since 1993. The process was so successful that by February 2004, the APB issued the text of IFRS as South African Statements of Generally Accepted Accounting Practices without any amendments. The adoption of IFRS resulted in a change in the JSE Listing Requirements. For financial reporting periods beginning on or after 1 January 2005, all listed companies were compelled to comply with IFRS. “Given the way in which these objectives have evolved, South Africa’s decision to become one of the world’s first nations to adopt IFRS is being increasingly vindicated.” (SAICA, 2007:1).

As a result of the harmonisation process undertaken by SAICA over the years our South African statements were by now closely aligned to the IASs. Thus, many of the transitional changes and implications envisaged by the IASB in other countries are not applicable to South Africa. (Hern & Hurwitz, 2005:1).

According to Hern (2006:2) at the time of the “improvement project” in March 2004, SAICA made the South African aligned AC statements the same as the amended IASs and the new IFRS. Thus, all old AC statements have been improved (in accordance with the improvements project) revised (in addition to the improvements project) or aligned (to align the text thereof with the equivalent international statement). All new IFRS statements are now issued as South African statements without any amendments with a dual AC number (e.g. IFRS3 was issued in South Africa as AC 140).

According to Hern and Hurwitz (2005:1) non-listed entities may decide to either adopt IFRS or to remain on SA GAAP. On conversion to IFRS the entity will have to make a clear and unreserved statement that it has now converted to IFRS and it can then apply IFRS 1. This allows certain exemptions that make it easier to handle the effect of the implementation on prior year balances.

According to Hern and Hurwitz (2005:1) an unlisted entity may select to continue to prepare its financial statements in line with SA GAAP. As SA GAAP has been aligned with international standards the entity will, in effect, still have to implement the same accounting policies as under IFRS. The implementation exemption allowed by IFRS 1 will, however, not be available to the entity and all changes will have to be made retrospectively.

On the international front, the development of integrated reporting is being driven by the International Integrated Reporting Council (IIRC), which is going towards the creation of a globally adopted standard for integrated reporting (EY, 2013:1). The IIRC is working to produce a framework for integrated reporting worldwide, which brings collective financial, environmental and social and governance information in a clear, concise, consistent and comparable format (IIRC, 2010:1).

The upshot is that, whereas JSE-listed companies were once expected only to deliver the annual financial statements to shareholders, they are now also required to generate annual sustainability and governance reports. In line with the King III report on corporate governance, an integrated report should be the organisation’s main report to investors and other stakeholders – in effect, its annual report (Hampton, 2013:1). An integrated report is intended to give shareholders and other stakeholders a more holistic view of the organisation’s strategy, risks and viability, by linking financial and sustainability information and providing forward-looking information on how the company deals with sustainability risks and opportunities (Hampton 2013:1). According to Grant Thornton (2013:1), as one of the first countries to adopt IFRS, South Africa has played a ground-breaking role in the development of the accounting framework.

South Africa's early adoption of IFRS had enhanced the country's role as a global player in the accounting field (Kolitz, 2007:1). Though many countries, such as the US and Canada have yet to adopt IFRS, South Africa's early adoption of these practices has led to key changes locally. In some way it also has an effect on the evolution of IFRS on a global basis (Grant Thornton, 2013:1).

The implication for South African and global companies has been a more uniform approach to the disclosure of certain principles. The use of these new standards resulted in specific companies having had to restate comparative numbers and prepare financial statements on a different basis. By and large, this was accomplished when companies formally adopted IFRS (Grant Thornton, 2013:1). However, a number of discrepancies have led to a flurry on interpretations and guidance on financial reporting issues not specifically addresses in IFRS from IFRIC (Grant Thornton, 2013:1).

The most recent IFRS improvement has been the publication of IFRS for small and medium-sized entities, which has been customised for those companies which are not publicly listed and for which the costs of using full IFRS will be excessive. Because of South Africa's early adoption of IFRS as a whole, it has been leading the way and has influenced ongoing global development and revisions to the standards (Grant Thornton, 2013:1).

Although IFRS has meant that preparers of financial statements have had to implement a new range of accounting rules, the function of the auditor has not changed. The auditor's role is still to issue an opinion as to the fairness of the financial statements and whether these statements have been prepared according to the IFRS framework and requirements. Responsibility for the financial statements still lies with the directors. "Because of South Africa's early adoption of IFRS as a whole, it has been leading the way and has impacted on ongoing global developments and revisions to the standards." – David Reuben, Partner and head of audit, Grant Thornton Johannesburg (Grant Thornton, 2013:1).

According to the United Nations (2007:47), the JSE required that all listed companies comply with IFRS for financial periods beginning on or after 1 January 2005. Two groups of listed companies existed in South Africa in 2005: those that had already implemented IFRS before 2005 by willingly electing to convert and those that had converted in 2005. Some of the companies in the first group had adopted IFRS before 2005 as they were dually listed on other security exchanges and IFRS was more internationally recognised. Continuous regulatory and legislative change is the latest trend for stock exchange listed companies over the world, and South Africa is no exception (Hampton, 2012:1).

2.10 SUMMARY

Mackintosh, (2014:3) states that the process to adopt IFRS has experienced some achievements and some disappointments, but that the success should not be forgotten, because it "improved the quality and comparability of financial information around the world". The model of a single set of standards applied on a globally consistent basis bodes well for international co-operation and success (Mackintosh, 2014:2).

This chapter highlighted the historical background of the different standard-setting bodies and presented arguments for and against convergence of these accounting standards. The factors which influence acceptance of global standards were also presented to be considered for the acceptance and use of IFRS on a global scale. This chapter also highlighted the countries which have adopted IFRS. Finally, attention is focused on the South African setting, one of the first countries to adopt IFRS, making her a leader on the African continent.

CHAPTER 3: DEVELOPMENT OF ACCOUNTING STANDARDS

"We have long looked to the time when financial statements prepared in accordance with international accounting standards are recognised by stock exchanges throughout the world. This prospect moved closer to reality with IASC's recent completion of the program of core standards agreed with IOSCO in 1995. It should result in improved access to cross-border capital and lower costs for business."

English ICA deputy president Graham Ward
(Accountancy Age, 2000:1)

3.1 INTRODUCTION

The primary objective of accounting is to provide information that is useful for decision making purposes. Accounting is defined by Warren, Reeve and Fess (2005) as "information systems that produce financial information about a company's performance and condition." According to Considine, Parkes, Olesen, Speer and Lee (2010) the role of an accountant is to gather financial data and to convert this data into useful information. Jones, Price, Werner and Doran (1996) describe accounting as a process of transforming data into financial information that can be used to make economic decisions. The main benefits of appropriate financial data are: improved planning, improved scheduling, less uncertainty and better decision-making (Romney & Steinbart, 2012). There are a number of qualities required in financial information that make it useful. These qualities are encapsulated within conceptual frameworks. Within these frameworks, the following characteristics of accounting standards are considered important components to ensure that financial data is relevant for decision-making purposes.

The IASC approved the "Framework for the Preparation and Presentation of Financial Statements" in 1989, but it was only adopted by IASB in April 2001. (Deloitte, 2014:1). At about the same time FASB established a conceptual accounting framework. A conceptual framework is defined as a "coherent system of interrelated objectives and fundamentals that can lead to consistent standards that prescribe the nature, function and limits of financial accounting and financial statements" (FASB, 1976 as cited by Booth, 2003:310). Both of these framework documents were used in the development and revision of a set of internationally adopted accounting standards. The conceptual framework was only a guideline with a "lower status" and was not intended to be prescriptive in nature (Crook, 2004: 5). Present accounting standards, even though still in an ongoing state of change in order to ensure relevance, illustrate "practical and political compromises of the conceptual framework principles" (Bradbury, 2003:395).

Although similar, the conceptual frameworks of the IASB and FASB are different. Both had the purpose of advising and assisting the development and revision of accounting standards (Booth, 2003:320). The IASB framework, however, does go further and also has a broader purpose in assisting "preparers, auditors and users of financial statements" (Crook, 2004: 5) in decision-making. This difference in purpose is reflected in the different status that the two accounting bodies place on their framework. Within the general accepted accounting practices, the IASB rank their framework at a higher position than the FASB do theirs (Crook, 2004: 5).

As a component of their convergence project, the IASB and the U.S. FASB started in 2004 with considerations to amend their conceptual frameworks (Gebhardt, Mora & Wagenhofer, 2014:1). The initial arrangement was to discuss framework issues in eight various project stages (Deloitte, 2014:1). Since the two frameworks already shared similar elements, the initial expectations were that the convergence process would take only a few years to issue the new framework (Whittington, 2008:140).

The project to develop a joint conceptual framework was expected to develop from the two existing frameworks, and will probably impact the development of accounting standards for years to come (Whittington, 2008:140). The main purpose of the project was to remove the existing differences between the two conceptual frameworks, to add to areas not stating information clearly, and to make improvement where needed (Whittington, 2008:498).

In September 2010 the FASB and the IASB published two sections of a revised Conceptual Framework (FASB, 2014:1). Since the IFRS would be used in various countries with very different accounting customs and uses of accounting information, the suggestions towards a joint framework were intensely discussed (Gebhardt *et al*., 2014:1). The suggested changes seem to have been shaped heavily by the US environment, with a clear emphasis on the usage of accounting information by capital market members (Gebhardt *et al*., 2014:1).

According to Weetman (1996:426) the users of accounting information are categorised into two categories, namely external and internal users. Both of these users have different uses for and needs from the accounting information to make certain decisions. FASB (1980:12) therefore identified the characteristics to make accounting information useful. If there is a lack of usefulness for decision-making there is no benefit from information to set against its costs.

The function of the Conceptual Framework is to define the concepts on which financial statements are prepared and presented for external users (IFRS, 2012a:1). The Conceptual Frameworks provides guidance in a number of important areas. Firstly the framework defines the reporting entity and the "objective of financial reporting". The framework also addresses the "qualitative characteristics of useful financial information," and the "definition, recognition and measurement of the elements from which financial statements are constructed." Finally the framework document informs the concepts of "capital and capital maintenance" (IFRS 2012a:1).

3.2 THE OBJECTIVE OF FINANCIAL REPORTING

According to the Conceptual Framework, the main purpose of financial reporting is "to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity" (IFRS, 2010:6). The primary function of financial reporting is thus for the entity to provide the necessary and important information to users so that they can make informed decisions (IFRS, 2010:6). The information about the resources of the entity need to be disclosed to the primary users for them to consider not only the future net cash flows, but also the management effectiveness, efficiency and responsibility in using the current entity resources (IASB, 2010:10).

3.3 CONCEPTS OF CAPITAL AND CAPITAL MAINTENANCE

It is important to define the idea of capital maintenance because only the income earned in excess of what is needed to maintain capital, may be referred to as profit (IFRS, 2013a:1). Financial capital maintenance implies that the value of net assets at the end of a financial period needs to be equal to, or more than the value at the beginning of the period. Physical capital maintenance on the other hand refers to the productive capacity of the entity. Profit may only be calculated if the physical productive capacity at the end of the financial period exceeds the capacity at the beginning of the period (IFRS, 2013a:1).

The concept of capital maintenance is mainly adopted by entities, even though the current Conceptual Framework does not recommend a specific model of maintenance (IFRS, 2013c:191). It is noted in the Conceptual Framework that the management of an entity should implement professional judgment. This judgment should be used in the choice for a concept of financial maintenance. For the users of the financial statements, the selected concept has to supply the most valuable information (IFRS, 2013c:191).

3.4 QUALITATIVE CHARACTERISTICS OF USEFUL FINANCIAL INFORMATION

It is important to identify the "qualitative characteristics of useful financial information", because it is this information that is both valuable and practical to users in making choices about the reporting entity on the basis of information in its financial report (Deloitte, 2014:1). Financial information is most beneficial when it is relevant and it represents faithfully what it claims to stand for. Being comparable, verifiable, timely and understandable (IFRS, 2013b:21) increases or enhances the value of the financial information.

Although at first sceptical about the qualitative characteristics of the conceptual framework, former FASB vice-chairman, Robert T Sprouse, noted the value of these characteristics in his appearance at a Harvard Business School conference entitled *Conceptual Frameworks for Financial Accounting* in October 1982. He said, "I must confess that initially, although it was clear that certain identified qualitative characteristics of accounting information constituted an essential component of a conceptual framework of general purpose and external financial reporting, I was sceptical about their contribution to the standard-setting process. It seemed to go without saying that accounting information should be relevant and reliable; I doubted that explicit acknowledgement of such qualities would be very useful to preparers, auditors, users, and standard-setters in making decisions about financial reporting issues. I was wrong. The qualitative characteristics project has proven to be extremely valuable, particularly in improving communication among many and varied organisations and individuals who are involved in resolving financial reporting issues," (Carmichael *et al.,* 2012).

The value of improved communication as part of defining the essential components of the qualitative characteristics, is seen in the collaboration between the two standard-setting bodies towards an integrated conceptual framework. The two frameworks have similar desirable accounting characteristics and although structured differently, represent comparable concepts towards the integrated framework. The FASB conceptual framework addresses the primary accounting properties of relevance and reliability. The ingredients of these primary qualities are predictive value, feedback value, timeliness, verifiability, representational faithfulness and neutrality. Figure 3 illustrates the FASB structure and the relationship between some of the desirable characteristics of accounting qualities as defined in the 2008 version of the desirable accounting qualities in the "Statement of Financial Accounting Concepts". The IASB on the other hand identifies the fundamental qualitative characteristics of relevance and faithful representation. The secondary or enhancing qualitative characteristics are recognised as comparability, verifiability, timeliness and understandability.

3.4.1 Costs and Benefits

From the perspective of FASB, the cost to benefit is a pervasive constraint for financial reporting (Walton *et al.*, 2003:74). The price of providing the information should be weighed against the benefits of using the information (FASB, 2008:3). Cost-benefit decision is extremely difficult as both costs and benefits are often subjective and difficult or impossible to measure reliability (Obaidat, 2007:29).

From the benefit perspective, a standard-setting body needs to address the requirements of society as a whole when it circulates a standard that sacrifices one qualitative characteristic for another. The standard setting body should be constantly alert of the interaction between the costs and benefits of acquiring financial information (FASB, 1980:3).

From the cost perspective, providers of financial information know that information is valuable, while most decision-makers assume that it is not (Obaidat, 2007:29).

3.5 FUNDAMENTAL QUALITATIVE CHARACTERISTICS

3.5.1 Relevance

Decision-makers vary widely in the types of decisions they make, the way they access information, the way they make decisions and their ability to process the information (Obaidat, 2007:27). According to Walton *et al.*, (2003:74) the two most vital characteristics that make accounting information useful to decision-makers are relevance and reliability. Financial information should firstly be relevant to assist users in making financial decisions. Financial information should be readily available to ensure that decisions are made and related actions are taken on a timeous basis. While IASB refers to relevance as a fundamental qualitative characteristic, FASB assigns similar importance by referring to relevance as a primary quality (Figure 3). Relevance is defined by the FASB (1980:2) as the capacity of information to influence decisions and assist users to form predictions about the outcomes of past, present and future events or to confirm or correct prior expectations. Users can make decisions when they have relevant financial information. Financial information can influence the choices that users make if it has “either predictive value, confirmatory value or both” (Deloitte, 2014:1). The ***predictive value*** of financial information assists users to accurately forecast the outcome of past or present events. According to Walton *et al.* (2003:74) the predictive value of financial information improves decision-makers’ ability to foretell, confirm or correct earlier decisions. FASB identifies predictive value as one of the ingredients of relevance (Figure 3).

As a constraint, FASB describes materiality (Figure 3) as a threshold for recognition in financial reporting (Walton *et al.*, 2003:74), while in IASB, ***materiality*** in an entity is a feature of relevance and is based on the “nature” or the “magnitude” of the item to which the information refers (Deloitte, 2014:1). Materiality evaluations are made in light of surrounding conditions and necessarily involve both quantitative and qualitative considerations (Steinbart 1987:97). The amount (quantity) and nature (quality) of misstatements are both to be considered by preparers of financial reports. Inadequate and improper description of accounting policy are examples of qualitative misstatements, this might lead to a user of the financial statements being misled by the description (SAS, 2005:2). An item of information is material if it is likely that users will be influenced by it (Walton *et al.*, 2003:74). Materiality and relevance are described in terms of influences or the difference it makes to a decision-maker (FASB, 1980:28).

3.5.2 Faithful Representation

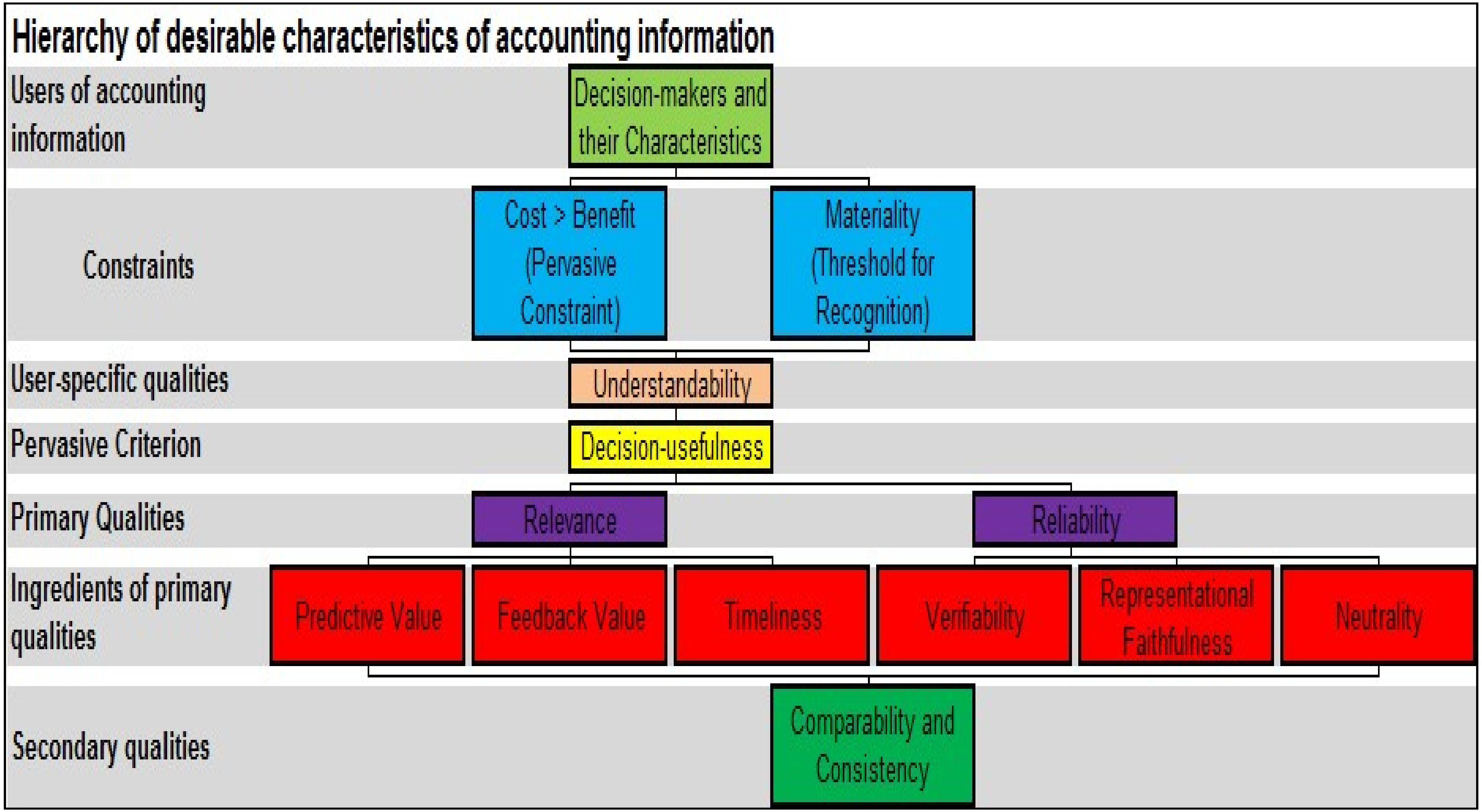
In addition to being relevant, financial information should also be reliable or be presented in a faithful manner. The “general purpose financial statement and report” is a picture of the economic position of an organisation represented in words and numbers. Representational faithfulness or validity refers to the relation between the measurement unit or description and the phenomenon described (Walton *et al.*, 2003:74). In essence representational faithfulness means that the numbers and descriptions represent what really existed or happened (Obaidat, 2007:28). While IASB refers to faithful representation as a fundamental characteristic, FASB defines faithful representation as an ingredient of the primary quality of reliability (Figure 3).

The reliability of the information relates to the quality of information that ensures that financial information is free from errors, unbiased and faithfully represents what it claims to represent (Herrmann, Saudagaran & Thomas, 2006:51). The underlying effort of this characteristic is to exploit the underlying characteristics which are “completeness, neutrality and freedom from error” (IFRS, 2013b:200).

Completeness is defined as the inclusion of all the relevant information that is necessary for faithful representation (FASB, 1980:20). The non-disclosure, for example, of an unprofitable segment could result in incorrect judgment of the financial performance or position of a company.

Neutrality means that accounting information is not intended to cause a predetermined outcome or type of behaviour (Walton *et al.*, 2003:74) or an absence of bias intended to attain a predetermined result (FASB, 1980:24). Neutrality is seen by FASB as an ingredient of the primary quality of reliability (Figure 3).

Figure 3 – FASB – A Hierarchy of Accounting Qualities



(Source: FASB 2008:13)

3.6 ENHANCING QUALITATIVE CHARACTERISTICS

3.6.1 Comparability

Accounting information relating to an entity is more useful if compared with similar information about a similar entity for a different period or date (Deloitte, 2014:1). According to DeFond, Hu, Hung and Li (2011:256) comparability will be enhanced if there is an increase in uniformity. Comparability is thus viewed as the ability to identify similarities and differences between two sets of economic events (Herrmann *et al.*, 2006:43). Further, according to De Franco, Kothari and Verdi (2009:29), the comparability reduces the cost of obtaining information and amplifies the overall quantity and quality of information available to analysts about the entity.

In order for accounting information to be comparable, there needs to be a consistent application of accounting methods (Carmichael *et al*., 2012). Although there is a difference in definition, there is a definite relationship between *comparability* and *consistency*. *Consistency* is defined as "conformity from period to period with unchanging policies and procedures" (F*A*SB, 1980:28). Consistency refers to the use of similar accounting policies and procedures, not only from period to period within an entity, but also in a single period across entities (Van Beest, Braam & Boelens, 2009:15). When it is calculated and reported similarly for the same enterprises from one year to the next, the information presented should be consistent (Walton *et al.*, 2003:74). Similar to the IASB, which classifies comparability as an enhancing characteristic, FASB defines both comparability and consistence as secondary qualities of accounting information (Figure 3).

3.6.2 Verifiability

Verifiability refers to what extent financial information can be confirmed or substantiated (Obaidat 2007:28; FASB, 1980:21). Verifiability and whether the accounting numbers can be agreed to the corresponding financial resources it represents are an important aspect of reliability (Figure 3). In this regard reliability gives surety to decision-makers that they can rely on financial information (Carmichael *et al*., 2012). Verifiability is often linked to objectivity (Walton *et al.*, 2003:74) and it is argued that if information has been verified it is expected to be reliable (Obaidat, 2007:30).

Verifiability means that independent valuators would reach consensus about the faithful representation of financial information. Although complete agreement may not be achieved, according to Bozzolan, Trombetta and Beretta (2009:469) the percentage of financially verifiable progressive information is certainly associated with accuracy and the information is thus deemed to be useful (IFRS, 2013b:73). According to Bovee, Roberts and Srivastava (2009:7) the presence of verifiability should differentiate useful from less useful information.

3.6.3 Timeliness

Timeliness means that information is ready and available (Deloitte, 2014:1) when it is needed to make informed economic decisions (Iyoha, 2012:42). Information that is not on time loses its value and its ability to influence decisions. Information that is not timely lacks relevance (Figure 3) in the decision-making process (Carmichael *et al.,* 2012). It is therefore of the utmost importance that information is ready and available as part of the decision-making process before it loses its relevance to influence decisions.

3.6.4 Understandability

Although some economic concepts are not easily understood, by classifying, categorising and presenting the information clearly helps to make it understandable (IFRS, 2013b:73). While it may be complex to the layman, understandability is the quality of information that allows informed users to perceive its significance (Obaidat, 2007:27). Hence financial information should be presented in a way that is readily understood by users who have a basic knowledge of business, economic activities and accounting and who are willing to apply their minds in a diligent manner (Herrmann *et al.*, 2006:48). Financial statements should be understood by both investors and financial analysts for the purpose of investments or to be able to compare the financial statements to foreign entities (Stoian, Morariu, Mitea & Crecana, 2009:345). FASB recognises the importance of understandability by defining it as a “user-specific quality” that leads to the “pervasive criterion” of decision usefulness (Figure 3).

3.7 IMPLEMENTATION OF THE CONCEPTUAL FRAMEWORK

As discussed in chapter 2, the IASB issues the IFRSs and the interpretations which comprise a collection of International Accounting Standards and IFRIC interpretations (FSB, 2008:1; Cellucci, 2013:15). Further the IASB also developed the Conceptual Framework for Financial Reporting as previously discussed.

The conceptual framework is not the accounting standard. It does, however, set out the basic theory of accounting and informs the development of new standards. The conceptual framework may be considered as a “theoretical base, statement of principles, a philosophy or a map for the user or developer of accounting standards”. Going further, Clendon (2015:1) recognises that the conceptual framework is a significant document that helps users to “understand the purpose of and the limitations of financial reporting.”

The Conceptual Framework provides a guideline to the IASB Board in developing new IFRSs and acts as a guideline when addressing unique situations or accounting concerns that are not directly dealt with by an International Accounting Standard or by the International Financial Reporting Standard or Interpretations (Deloitte, 2012:1; Walker, 2003:342). The definitions, recognition criteria-, and the measurement concepts for assets, liabilities and income and expenses are some of the important contributions from the framework towards addressing specific accounting situations (Deloitte, 2012:1).

This Framework can assist those using IFRS to address matters not covered by IFRSs although it is not a “Standard” and does not take preference over IFRS standards (FSB, 2008:1). The main purpose of the Conceptual Framework is thus to aid the IASB to recognise concepts that the IASB will use time after time when developing and amending International Financial Reporting Standards (IFRS, 2014l:2).

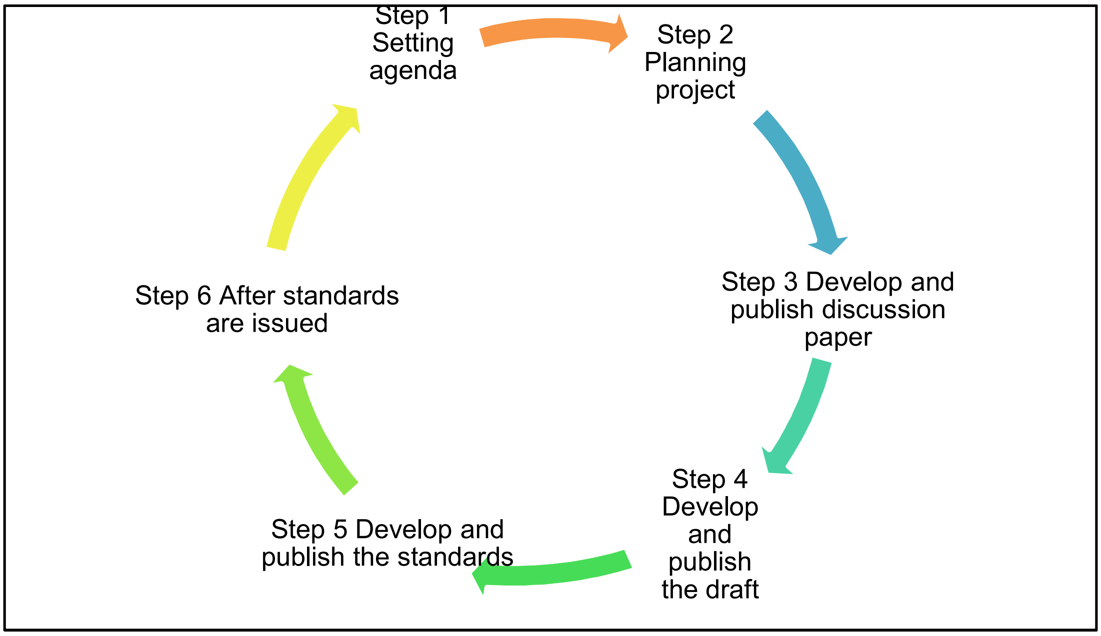
3.8 THE STEPS TO THE DEVELOPMENT OF IFRS

The qualitative characteristics in the framework are essential in the development and amendment of standards. McConnell (2011:1) summarises the important qualitative characteristics and suggests that firstly one needs to consider an economic occurrence that might be useful to investors, borrowers and other creditors and which may influence decision-making. Secondly, the kind of information about the most relevant occurrence needs to be recognised and identified. If the information is obtainable and if it can be faithfully represented at a sensible cost then the information can be used. If, however, the information is not available, then the process will be repeated with the next most relevant information. The way in which IASB decides if financial information is relevant is by issuing an exposure draft requesting the opinions of investors, borrowers and other creditors. The criteria would be that the suggested information would influence their decision-making process (McConnell, 2011:1).

The international consultation process to develop and amend IFRSs ensures that a “due process” is followed. The “due process” comprises a six stage process which includes both interested individuals and international organisations. This process ensures that the Trustees of the IFRS Foundation have every opportunity to guarantee agreement on an ongoing basis (IFRS, 2013a:1).

Figure 4 illustrates the steps leading towards the development of IFRS. The development of an IFRS starts when the initial agenda item is set. The process continues through a project planning phase, and eventually to the development and publishing of discussion papers. An exposure draft then sets out the proposal of the standard, which is followed by the actual development and publishing of the IFRS. Finally the post-publishing procedure includes consultation with various stakeholders to ensure a consistent application of the standard. New agenda items may then be initiated, based on the feedback received from the industry, triggering a following iteration leading to a new standard or an amendment of the old.

Figure 4 – Steps of Setting a Standard



(Source: own research)

The following stages explain how a standard is developed:

3.8.1 Step 1 - Setting the agenda

The focus of the IASB is to develop high quality accounting standards that are relevant and functional to all users of financial statements. It would thus be important to address the needs and the requests for improved quality information that will bring value to the accounting fraternity. The IASB consequently needs to determine whether to add a highlighted issue by assessing the needs of investors. If warranted, these needs may then be translated to an item being added to the agenda of the IASB, also known as "the work plan".

In order to add a new item to the agenda list, the IASB will first consider if the new item is relevant to the users and if reliable information can be obtained. A second step would then be to check that there are no current guidelines already offered in this regard. Thirdly, the IASB considers whether the new item offers the opportunity to enhance convergence. The next check point before adding the agenda item would be to ensure that the standard offers value to users. Finally the constraint on resources is considered when setting the agenda.

In addition to agenda items being informed by the needs of investors, the IASB staff is also asked to identify issues that may require the IASB's attention. In addition to internal staff, other standard-setters, the IFRS Advisory Council and the IFRS Interpretations Committee also assist and raise discussion items for the agenda list. New agenda items may also be necessary when amendments are made to the IASB's "Conceptual Framework".

All requests that are received to "interpret, review or amend" current publications are evaluated and summarised for presentation at the periodic public IASB meetings as possible discussion points for the next agenda. It is at these public IASB meetings where possible projects are considered, adopted and prioritised by means of a majority vote after consultation with the IFRS Advisory Council and upon the advice of other accounting standard-setting bodies (IFRS, 2013a:1; Foley, 2015:2; Naciri, 2010:154; Collings, 2010:13; Schenk, 2011:6; Ram & Newberry, 2013:7).

3.8.2 Step 2 - Planning the project

Not all projects are undertaken single-handedly by the IASB. The first consideration when faced with a new project is to decide on the relevant role-players and who should be involved. The IASB may seek to co-opt other standard-setting bodies at the very early stages of implementation. Irrespective of the approach, the same due processes are followed to ensure consistency and accountability.

A team or consultative group is selected for the project by the director of technical activities and the director of research, the two most senior members of the technical staff. The team is constituted after considering the nature of the issues and the level of interest among constituents. The advantage of a team such as this is that the consultative group has access to additional practical experience and expertise. The team is thus made up by bringing in members of staff from other accounting standard-setters, as deemed suitable by the IASB in order to achieve the best results.

Together with the team and under the under the management of the directors, the project manager now compiles a project plan (IFRS, 2013a:1; Foley, 2015:2; Naciri, 2010:155; Collings, 2010:13; Schenk, 2011:6; Ram & Newberry, 2013:7).

3.8.3 Step 3 - Development and publishing of the Discussion Paper

Although not required, the IASB usually publishes a discussion paper on any major new subject. The discussion paper will give a broad outline of not only the topic, but also a proposal on how the matter is to be addressed. The purpose of the discussion paper is to present the opinions of the authors and to request early comments from constituents. If a discussion paper is not issued, then reasons for its omission will be published in its stead.

Discussion papers may then be seen as the first stage of a new project on the agenda to be conducted by the IASB. A discussion paper may also be the result of a research project being implemented by either the IASB or by another accounting standard-setting body.

The IASB may need extra research before it can decide on the inclusion of a new item to its active agenda. A research project may thus be initiated when the IASB considers possible agenda points. The research project may be a collaborative initiative with other standard-setters or similar organisations with adequate skills, time and staff. The results of the research project may not always lead to a new project as the IASB may decide, based on the outcome of the research project, to remove an issue from the research projects on its active agenda. It is also possible that a research project can be elevated to a new agenda item after publication of the discussion paper.

If another standard-setter is tasked to outline the discussion paper, it will still be published by the IASB. Issues associated with the discussion paper are deliberated in the IASB meetings. For the discussion paper to be approved a majority vote is required by the IASB. If the initial views of other authors are included in the discussion paper, the outline of the discussion paper is reviewed by the IASB. This is to confirm that the discussion paper is suitable for the public to remark upon.

If the IASB decides to outline the discussion paper the initial views are firstly included. The IASB then draws up the discussion paper based on the staff research and submission, proposals made by the IFRS Advisory Council, consultative groups and proposals made by invited standard setting bodies. During public sessions the deliberation of technical issues are then taken into account.

The IASB usually allows a period of 120 days for the public to comment on all proposals that are published as a discussion paper, but this is not always the case. A period of 60 days is usually given for comments regarding IFRIC interpretations, but even this may be reduced if the circumstances warrant it.

To facilitate maximum involvement of stakeholders, letters received by the IASB are evaluated and posted online for further comment. Comments are compiled and summarised on specific project pages and included as part of the IASB meeting observer notes. Feedback and decisions are communicated on the major issues raised during comment after having been considered by the IASB.

The IASB does not only rely on the comment letters received from the public, but will from time to time arrange public sessions to gather the comments from interested and affected organisations. These public sessions are advertised in advance and may take the form of “public hearings” or “public round tables”.

In addition to public sessions, public hearings may also be hosted. The IASB may set up “public round-table meetings” to give the opportunity for organisations to discuss issues. These public hearings may contribute additional helpful information to the IASB. During the hearings participants are invited to give concise presentations, submit their remarks and give feedback (IFRS, 2013a:1; Foley, 2015:2; Naciri, 2010:154; Collings, 2010:13; Schenk, 2011:6; Ram & Newberry, 2013:7).

3.8.4 Step 4 - Developing and publishing the Exposure Draft

While the issuing of a discussion paper is optional, the publication of an exposure draft is a compulsory step in the “due process”. The Exposure Draft is the primary mechanism for the IASB to present the new standard in consultation to the public, irrespective of whether a Discussion Paper was outlined or not.

The development of the exposure draft takes both the feedback received from the research and the recommendations of the staff into account. The comments received from the discussion paper and input from the IFRS Advisory Council, consultative groups and accounting standard-setting bodies are also considered and resolved before the compilation of the Exposure Draft.

The staff is then tasked by the IASB to outline the Exposure Draft. After the staff compilation of the draft, the IASB will vote on it and, based on the favourable outcome of the vote, the IASB will publish the Exposure Draft, framed and structured as a proposed accounting standard (IFRS, 2013a:1; Foley, 2015:2; Naciri, 2010:154; Collings, 2010:13; Schenk, 2011:6; Ram & Newberry, 2013:7).

3.8.5 Step 5 - Developing and publishing the Standards

Comments on the Exposure Draft are received and considered by the IASB at its meeting. Once all the issues are discussed and resolved, the IASB needs to then decide whether its discussions can lead to the formulation of a Standard, or if further public comment is required by the issuing of a “second exposure draft”. Ensuring that all relevant comments are adequately considered and addressed is the central criteria for deciding whether to issue a second exposure draft or not. The IASB will also review the evidence already considered and evaluate whether in the issues were understood and addressed. In the event that a second exposure draft is issued, the same due process followed during the first exposure draft is pursued. The IASB instructs staff to draft the IFRS only when all the issues that were raised during the comment period are satisfactorily resolved.

IFRIC needs to review a “pre-ballot draft” before a new final draft is posted to the “eIFRS” website. After completion of the due process, any outstanding issues are resolved. When the IASB members have voted in favour of the standard, the IFRS is issued (IFRS, 2013a:1; Foley, 2015:2; Naciri, 2010:156; Collings, 2010:13; Schenk, 2011:6; Ram & Newberry, 2013:7)

3.8.6 Step 6 - After the standard is issued

After the release of IFRS, the IASB members, other standard-setting bodies, and interested organisations meet regularly to discuss unforeseen issues and the possible impact of the newly issued standard. A number of factors may lead to a review of the IFRS. Although the correct use of the IFRS is encouraged by ongoing training and educational activities directed at users, feedback from users and the success of implementing the standard may direct the IASB to consider further studies. Secondly, a change in statutory requirements in the financial world may require a new approach to the IFRS. Finally remarks made by the IFRS Advisory Council, the IFRS Interpretations Committee, standard-setting bodies and partakers about the quality of the IFRS are also considered and may lead to a review of the issued standard.

These factors may now lead to further studies and research. The item is accepted to the agenda of IASB if substantial changes are required, which then starts the following iteration towards setting an IFRS. However, not all changes require the formal process, where annual improvements and amendments are defined as minor and narrow scope changes required to ensure relevance of the IFRS (IFRS, 2013a:1; Foley, 2015:2; Naciri, 2010:157; Collings, 2010:13; Schenk, 2011:6; Ram & Newberry, 2013:7).

3.9 DEVELOPMENT OF MINOR OR NARROW-SCOPE AMENDMENTS TO STANDARDS

There are a number of slight or small changes to standards that may not need to follow the official discussion procedure with the IFRS Advisory Council, its Accounting Standards Advisory Forum and accounting standard-setting bodies before being added to the Standards-levels programme (IFRS, 2014:1). Despite the changes being "small or slight", and although the full process is not followed, the Advisory Council should always first be notified of any such changes.

The Interpretations Committee is often included by the IASB for assistance with the wording and development of the amendments to a standard because of their experience with the implementation of standards. Most of these changes relate to annual improvements and rewording of standards to enhance clarity and are part of the implementation or maintenance of standards (IFRS, 2014:1; Collings, 2010:14; Ernst & Young, 2015;1).

An effective annual improvement process has been adopted by the IASB because any change, no matter how small, is time consuming and onerous on users. By combining a number of small, even unrelated changes in an exposure draft, a streamline process leading to the annual improvements is facilitated. After publishing the exposure draft, a timeframe of 90 days is usually given for comment on the annual improvements.

Annual processes typically bring clarity to IFRSs and may include changing vague words in the current standards or giving guidance where there are concerns. It is important that annual changes thus defined will not propose a new, or amend a current principle. Annual changes are limited and narrow in scope bringing clarity to existing Standards.

If the IASB needs a number of meetings to reach a conclusion, it may be a sign that the changes are more fundamental and might not be resolvable within the "annual improvement" process. In such instances the IASB will publish a specific exposure draft and the due process as with the standard setting process will be followed (IFRS, 2014:1; Collings, 2010:14; Ernst & Young, 2015;1).

3.10 DEVELOPMENT OF INTERPRETATIONS BY THE INTERPRETATIONS COMMITTEE

From time to time interpretations of IFRS are required to provide guidance in the use of standards. Interpretations are developed for general application and are far reaching in their application in providing authoritative guidance to a standard. Interpretations are not designed for resolving specific issues peculiar to a user or a particular entity.

The Interpretation Committee is tasked with the responsibility of developing interpretations (IFRS, 2014a:1; York Kenny & Larson, 2009:1; Deloitte, 2015c:1; Needles & Powers, 2013:8; Larson, 2007:210). The Committee is made up of 14 voting members who are drawn from a variety of countries and from different professional backgrounds. In addition to the members, three representatives from the IASB also attend the meetings. Further, any interpretation needs to be presented at the IASB's public meetings by the Interpretation Committee as part of the due process towards the acceptance of new interpretations.

The process follows a number of similar steps to the steps which would follow an amendment to a standard. From the development of a draft interpretation, to the consideration of public comment, right through to agreement and ratification before a new interpretation is adopted (IFRS, 2014a:1; York Kenny & Larson, 2009:1; Deloitte, 2015c:1; Needles & Powers, 2013:8; Larson, 2007:210).

3.10.1 The Development of a Draft Interpretation

The publication of a draft interpretation is a compulsory step required as part of the due process towards developing a new interpretation. The draft interpretation is presented at a public meeting. Consensus on the adoption of the draft is reached when no more than four members have voted against the proposal. This draft interpretation may now be presented for comment.

A timeframe of 90 days is usually given for comment on the draft interpretation. In extraordinary cases, where either the matter is very urgent, or the scope is very narrow, the IASB may contemplate on a period of no less than 30 days for comment. Comments are summarised by staff and presented to the Interpretation Committee. If the comments can be addressed, then the Interpretation Committee considers the draft interpretation and prepares a final version of the interpretation for ratification. A re-exposure of the draft may be considered if there are significant changes to the draft document (IFRS, 2014a:1; York Kenny & Larson, 2009:1; Deloitte, 2015c:1; Needles & Powers, 2013:8; Larson, 2007:210).

3.10.2 The Finalisation of an Interpretation

The onus of accepting an interpretation rests on the IASB. The IASB considers the final interpretation at a public meeting as it is presented by the Interpretations Committee. This final interpretation document needs to include all the relevant information that the committee has used in drawing up the document. This information firstly needs to include a summary of the accounting issues pertinent to the interpretation. Secondly, details of the agreement that was reached by the Interpretations Committee on how to resolve the accounting issue, need to be presented. Motivation for the agreement should be supported by reference to Standards, Conceptual Framework and other statements. Finally, the effective date and provisions for the transition and implementation of the interpretation need to be presented to the IASB. The technical report accompanying the final interpretations document to the IASB must include the reasons that Interpretations Committee members may have had when they objected to the interpretation. These objections can then also be considered by the IASB as part of the process (IFRS, 2014a:1; York Kenny & Larson, 2009:1; Deloitte, 2015c:1; Needles & Powers, 2013:8; Larson, 2007:210).

3.10.3 Agreement and Ratification of an Interpretation

The ratification of an interpretation needs to be by "supermajority" (IFRS, 2014a:1; Deloitte 2015c:1; Needles & Powers, 2013:8) in a public meeting of the IASB. The Interpretation Committee is given reasons for the objection if the IASB does not support the interpretation. Depending on the objections raised, the IASB may choose to refer the matter back to the Interpretation Committee. Alternatively the matter may be added to the IASB agenda. The interpretation can be ratified if no objections are raised or if a "supermajority" is reached. The IASB will then issue the interpretation. Table 6 in Annexure 2 presents a summary of interpretation standards issued by the IASB to date (IFRS, 2014a:1; York Kenny & Larson, 2009:1; Deloitte, 2015c:1; Needles & Powers, 2013:8; Larson, 2007:210).

3.11 ADOPTION AND AMENDMENTS OF ACCOUNTING STANDARDS: A PRACTICAL EXAMPLE

The IAS 27 "Consolidated and Financial Statements and Accounting for Investments in Subsidiaries" provides a practical example of the process of the ongoing changes and amendments made to the accounting standards. Although not the most recent example of an amended standard, the IAS 27 is an appropriate example for the South African context as it deals with the consolidation of financial statements, a reality for many South African companies and groups.

Rigorous following of the steps as discussed in the sections above leads to the acceptance or amendment of a new standard. Tracking the development of IAS 27, some of these steps are highlighted in this section and illustrate the various phases and procedures followed by the IASB in accepting and implementing standards to meet changing global needs.

The standard "IAS 27" was first proposed in September 1987 after the Exposure Draft E30, entitled "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" was presented for comment. The standard was adopted with an effective date of January 1990 (Deloitte, 2015:1).

In response to a need for consolidating a special purpose entity, an interpretation SIC-12 "Consolidation – Special Purpose Entities" was issued in November 1998, with an effective date of July 1999. The interpretation was later amended by IFRIC (in November 2004) to remove the exclusion of equity compensation plans for the scope of the interpretation (Deloitte, 2015a:1).

Annual improvement from 2007 made changes to IAS 27 by amending the measurement of investments held for sale (IFRS 5). The annual improvement was effective from 1 January 2009. Another annual improvement in 2010 was made effective in July 2010 (Deloitte, 2015:1).

Finally, in May 2011, a significant change to IAS 27 was implemented when the standard was superseded by IAS 27 "Separate Financial Statements (2011)" and IFRS 10 "Consolidated Financial Statements (effective 2013). The purpose of IFRS 10 was to have a single base for consolidation and replaced parts of IAS 27 and the SIC-12. The accounting for subsidiaries, joint ventures and associates in separate financial statements was retained in IAS 27 (EY, 2015:1; Deloitte, 2011:1). The ongoing changes and amendments are a practical example of how the IASB have kept the standards relevant and effective in an ever-changing environment.

3.12 SUMMARY

The need for convergence of accounting standards was highlighted in Chapter 2 where arguments for and against the adoption of internationally adopted standards were discussed. In addition to the need for convergence Ball, Robin and Wu (2003:259) suggested that integration of economic and political systems would be required for entire comparability of financial statements that are prepared and reported under international standards.

Ball (2006:25) suggests that, in the background of more than 70 years of deliberating about international conformity in accounting standards, the adoption of IFRS by the international financial community is nothing short of a "leap of faith". Notwithstanding the many challenges, numerous nations adopted the IFRS, including South Africa, making her a leader on the African continent. Not only does the acceptance of IFRS offer incentives for the international market, it also allows organisations a fresh set of standards that gives the entity the opportunity to adopt new and better practices (Christensen, Lee & Walker, 2007:9).

The approval of the IASC's standards in 2000 culminated in the thirty years of work by the IASB and marks the important change in future anticipation of international standards (Whittington, 2005:130). Chapter 3 presents the development of the conceptual framework and the subsequent implementation of the framework through the various steps, phases and processes leading to the issuing of the standards that are then ratified by the IASB. Not only are new standards issued, but the IASB has also continued the work of honing and amending the many accounting standards despite, the time consuming process required to effect even the slightest change (IFRS, 2014c:1). These amendments may be either large or small and include annual improvements that are regularly issued by the IASB in an effort to keep standards relevant and in line with economic changes.

When considering comparability as previously discussed in Chapter 3, the uncomfortable yet lingering question is whether financial information is still comparable, period on period, despite the numerous changes that are made to standards. In Chapter 4 it will be considered, the extent to which companies adopt new standards and the annual improvements, using the financial statements of the top 40 South African companies as listed on the JSE over a recent 5- year period. The number of adoptions implemented by an organisation in the financial statements may unfavourably influence the comparability of financial information.

The transparency and comparability arguments suggest that accounting quality should improve (Jeanjean & Stolowy, 2008:485). According to DeFond, Hu, Hung and Li (2011:256) comparability will be enhanced if there is an increase in uniformity. Uniformity is reached when the accounting standards based on the adopted conceptual frameworks decide the policies and limitations related to accounting work (Mittal & Bansal, 2009: 20). Uniformity is reached when all companies apply the same accounting methods under the same circumstances (Cole, Branson and Breesch, 2011:116).

The importance of uniformity becomes evident when considering the comparability of financial statements. The consistent application of rules and policies ensure uniformity, which in turn allows for comparative assessment between organisations. “Global adoption of a single set of accounting standards would therefore improve the functioning of local capital markets and enable the comparison of financial information” without requiring expensive reconciliations of financial reports (Frost, Henry & Lin*,* 2009:67). While uniformity between institutions has largely been achieved in South Africa the comparability, period on period, may be influenced in the light of changes made to the accounting standards.

CHAPTER 4: THE ADOPTION OF ACCOUNTING STANDARDS IN SOUTH AFRICA

4.1 INTRODUCTION

The journey towards understanding the adoption and/or amendments of new accounting standards started by tracing the history of the most important international standard setting bodies. In chapter 2 it was noted that the South African accounting fraternity adopted the IASB procedures and was a leader on the African continent in this regard. This journey towards uniformity in financial reporting doesn't stop here though, it is challenged by the many additions and amendments made to accounting standards.

In its development, accounting has made a number of changes to prevent the "gaps" and "conflicts" that have arisen amongst the various users of financial information (Duvvuri, 2012:157). In fact, Demski (2007:155) described the accounting process as an "ever-changing collection of rules and regulations." Coetzee and Schulman (2012:85) go even further and describe the changes in accounting as "a miscellaneous scope of ever-changing actions." The importance of uniformity in accounting is highlighted when one understands that accounting has been defined as the "verbal communication tool of business." Duvvuri (2012:157) notes that accounting "gathers and communicates the business operations and gives results to the individuals involved in such business."

The development of the conceptual framework and the subsequent implementation of the framework through the various steps, phases and processes leading to the issuing of the standards that are then ratified by the IASB were investigated in Chapter 3. It was further shown that the IASB continues the work of honing and amending the many accounting standards in an attempt to keep standards relevant and in line with economic changes internationally. The consistent application of these rules and policies ensure uniformity, which in turn allows for comparative assessment between organisations.

Using this accounting verbal tool, the effect of these changes and the adoption of new accounting standards are analysed in chapter 4 using the financial information disclosed from the five year period between 2009 and 2013 of the largest 40 companies ranked by full market value on the JSE All-Share Index. While the adoption of new standards and improvements indicates compliance with international uniformity, the possible impact of adopting changes year on year may influence on the comparability of financial information.

A content analysis of the available disclosed information to consider the comparability of an enterprise's financial statements using South African companies as a practical example was conducted. The data and results reflect the standards adopted by an organisation as disclosed in the financial statements, irrespective of the new standards and/or amendments implemented by the IASB. This implies that we expect that the standard and/or amendments are implemented even though they only become effective on a later date. The study ultimately leads to recommendations for further studies that investigate the comparability of financial information in the light of the adoption of amendments and improvements to the standards.

4.2 METHODOLOGY

This chapter presents the details of the empirical study as defined by the objectives in Chapter 1. The study involves a content analysis of information disclosed in the financial statements of selected South African companies. An assessment of the content analysis addresses the objective of the study by analysing the information and details regarding the adoption of new standards and the amendment of standards as disclosed by companies in the South African environment. The simplified statistical analysis highlights the largest number of incidents, the smallest number of incidents and the average number of incidents of adoptions and/or amendments of standards. These incidents of changes and adoptions are then interpreted and the findings are illustrated graphically. The study is based on the content disclosed in the accounting policy notes relating to adoptions and/or amendments of standards as included in the financial statements of the selected South African companies.

Content analysis is generally used as a qualitative research technique (Hsieh & Shannon, 2005:1). Weber (1990:5) defines content analysis as the process that "categorises written information, decreasing it to more relevant and manageable bits of data." "Social scientists who must make sense of chronological documents, newspaper articles, political verbal communication, open-ended discussions, ambassadorial messages, psychosomatic diaries, or authoritative publications, will find the method vital" (Weber, 1990:5). Content analysis is increasingly finding its way into academic literature, with the amount of studies reporting the use of the technique increasing from only 97 in 1991 to 332 in 1997. By 2002 there were 601 reported cases where content analysis was used as an academic tool to categorise information (Hsieh & Shannon, 2005:1).

The aim of content analysis is "to provide knowledge and an understanding of the phenomenon under study" (Downe-Wamboldt, 1992 as cited by Hsieh & Shannon, 2005:2). Content analysis is appropriate for this study as the nature of the study involves the examination of the disclosure of adoptions and/or amendments in the financial statements. The ability to evaluate and analyse the compiled information from these financial statements makes content analysis an ideal tool and is appropriate for this study.

Content analysis goes further than merely identifying the occurrence of words. It categorises large amounts of text into a resourceful number of categories that represent similar meaning (Weber, 1990). By identifying the occurrences of adoptions and/or amendments to accounting standards, one is able to categorise the incidents of changes and draw conclusion from the results.

Two content analysis studies based on the narrative included in the financial reporting documents were reviewed. In a study titled "The chairman's statement - A content analysis of discretionary narrative disclosures", Smith and Taffler (2000) explored whether the unaudited discretionary narrative presented by the chairman is an indication of the firm's financial risks. The content analysis focused on the information contained in the chairman's report. By analysing not only specific words, but also the meaning behind the words, the authors were able to determine a high correlation between the textual information presented and the financial health of the entity.

A second study was reviewed, namely “Accounting information and analyst stock recommendations decisions: a content analysis approach” (Breton and Taffler, 2001). The study performed by Breton and Taffler (2001:93) used content analysis on the “sell-side of the analyst report” to determine the timing of recommendations made by financial analysts to buy or sell shares. In order to do this the researchers first needed to categorise the textual information contained in analyst’s reports into “common meaning categories.” The content analysis of their findings was used to show that 49% of recommendations to trade stock were triggered by the publication of the firm’s interim results. A further 37% of the recommendations made were based on the annual results. Using content analysis the authors clearly demonstrated a relationship between the textual information and recommendations on the sell-side of the analyst’s report and the issuing of the firm’s results (Breton and Taffler, 2001:96).

Based on these two studies, the content analysis study of Breton and Taffler (2001) will be applied in this study as a textual analysis of the financial statements is made. The regularity of occurrence of the standards adopted and/or amendments made to the standards disclosed by the entities, will be summarised and the data will be categorised. Conclusions regarding the number of incidences in a financial year will be made from the data.

4.3 POPULATION AND SAMPLE

A content analysis starts with a reputable data source. For this study the financial data for the top 40 listed companies on the Johannesburg Stock Exchange (JSE) will be utilised. The data that is used is credible because the World Economic Forum (2011:328) rated the regulation and supervision of the securities exchange in South Africa as being first in the world. The high standard contributes to the guidelines and standards set by the JSE. Further, the JSE is ranked equal to the 20 prime equity exchanges in the world (Watson & Rossouw, 2012:422), and is regarded as the largest exchange on the African continent (JSE, 2014:1).

The data will be used to identify changes in the accounting standards which are disclosed in the company's annual financial statements. Firstly, the JSE was selected as the population source since all JSE listed entities are obligated to adopt IFRS (IFRS 2014k:1). Secondly, the sample was selected from the top 40 listed entities as it is expected that the listed entities will conform to the regulations of IFRS and will be able to report the information required for the study.

A formal request for information to be used for the study was sent by electronic communication to the contact centre at the JSE. The JSE kindly supplied a spreadsheet list of the top 40 listed entities. An internet search for the financial statements for the last five years was conducted for each of the entities listed. The accounting policy notes regarding new accounting standards adopted or changes resulting from amendments to existing standards for each of the entities and for each financial year were then subjected to a content analysis in order to generate the data required for the study.

A number of decisions were made during the study regarding the application of data. These are listed as a note to the reader to avoid any misinterpretation of results:

The top 40 listed entities were selected, based on their ranking on the last business day of a calendar year and not on the financial year-end of the entity. The period of investigation spans the calendar years from 2009 up to and including 2013. In some of the years more than 40 companies were listed by the JSE in the top 40 list because the ranking may have included instances where companies shared the position at the top of the list. This has resulted in data being presented for 41 or even 42 entities in a year.

In a number of instances the notes in the financial statements disclosed the adoption of the Annual Improvements from a specific cycle. Where the specific IFRS standards are identified these are counted as individual incidents of the adoption of the amendments. Where the specific IFRS standards were not identified individually in the notes, all the amendments relating to a cycle were included in the number of changes adopted in the occurrence. A list of the cycle-specific annual improvements is included in Table 14, Annexure 11 for reference purposes. Further, as the content analysis progressed, it was deemed prudent and in the interest of completeness to include the instances where interpretations of the standards were specifically disclosed by an entity.

It was also noted in the investigation of the financial statements that AC standards and Circular standards are also included as part of the adoptions and/or amendments by the companies. In particular circumstances the requirement to clarify certain features, transactions or other issues that only take place in the South African environment, is adhered to. Under such circumstances the Financial Reporting Guides (FRG) previously called the AC 500-series is published to help with the interpretation of these particular South African issues (SAICA, 2014:1).

Finally, in the interest of anonymity, the names of the entities are not disclosed in the reporting of the results of this study. Random numbers were assigned to each entity.

4.4 DATA AND RESULTS

As discussed in the methodology, the number of incidences where adoptions and/or amendments of new accounting standards were disclosed is identified by using content analysis of the financial information. The incidences of IAS standards and IFRS standards are grouped together and reported and discussed jointly. The occurrence of and incidents where interpretation standards are noted in the disclosed accounting policy notes, are also discussed.

At first the number of incidences per standard in the calendar year is considered and presented graphically. Following this, the incidences per entity are then discussed and are also illustrated graphically. Possible reasons for the number of incidences and the adoption of specific standards and amendments are then considered.

4.4.1 Accounting Standards 2009

Analysis of the 2009 data, the first year of the five year period, revealed that there were two standards with an equally high number of occurrences. Both these standards were disclosed a total of 28 times by the selected sample, representing 68% of the companies. According to Figure 5 the two accounting standards with the highest incidence of adoptions and/or amendments were IAS 39 and IFRS 7.

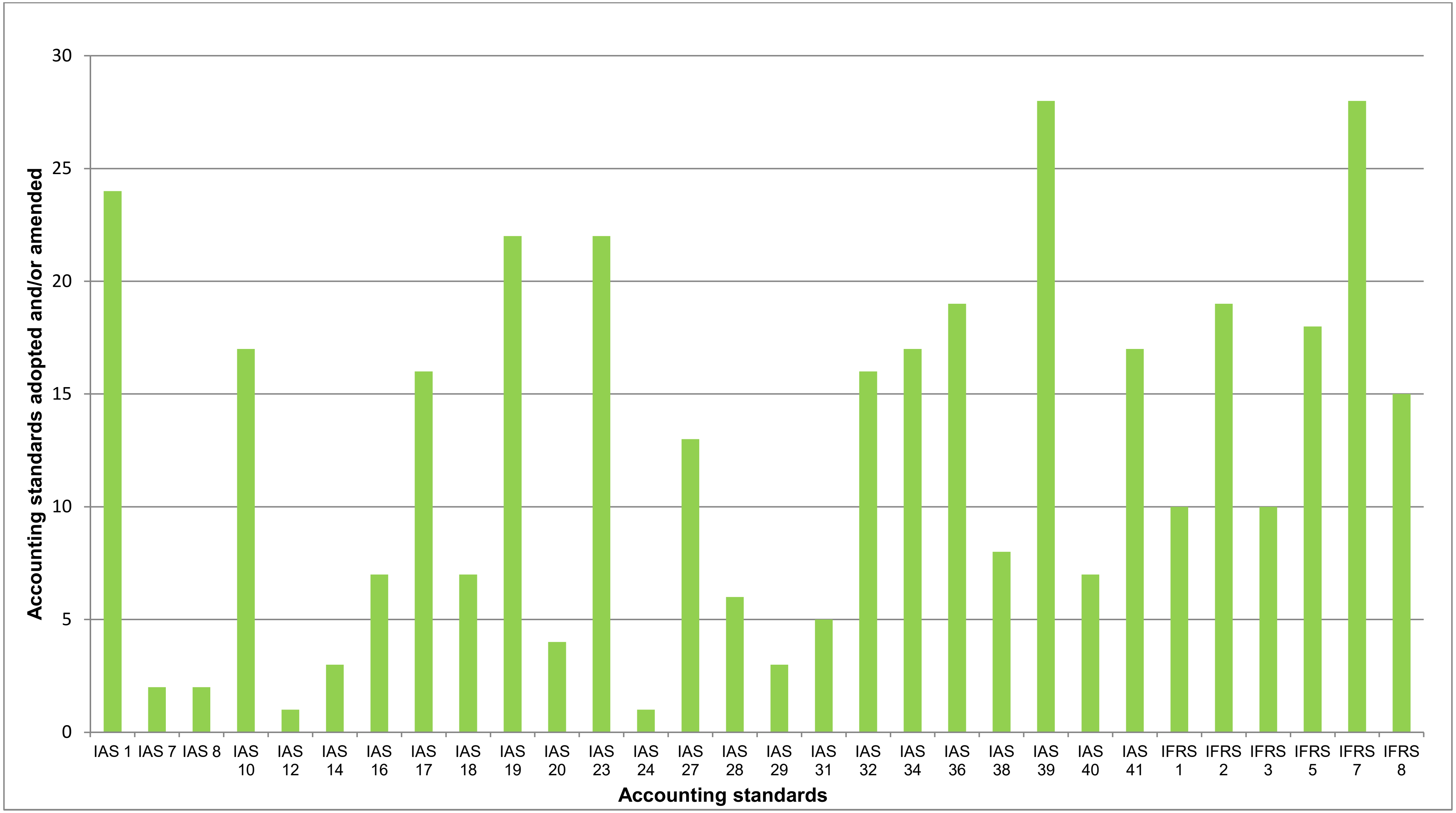
In Table 5, Annexure 2 IAS 39 was issued in 2003. Line items 13 and 14 of Table 12 in Annexure 9 indicate that the amendment to this standard, as discussed in chapter 3, was implemented in 2009. The newly adopted amendment may thus be a plausible explanation for the high incidence of changes noted during this period.

According to Table 4 in Annexure 1, IFRS 7 was issued in 2005. A possible explanation for the high occurrence of adoptions noted during the 2009 period is provided in line items 17, 19 and 20 of Table 13 in Annexure 10, which indicates that the amendment to the standard (as discussed in chapter 3) was implemented in that specific year.

The standards with the least adoptions and/or amendments were IAS 12 and IAS 24, with only 1 reported instance per standard. It is evident from Annexure 2, Table 5 that IAS 12 was already issued in 1996. It is expected that amendments to this standard were dealt with over the years. However, it was noted that IAS 24 was only reported once and did not reflect a high number of incidences. It was expected that since this is a newly issued standard it would be more widely adopted by the companies in 2009.

The average number of incidences per standard relating to the adopted and/or amended accounting standards in 2009 was 12.23 per standard. Full details of accounting standard adoptions and/or amendments are illustrated in Annexure 19, Table 22

Figure 5 – Accounting Standards 2009



(Source: own research)

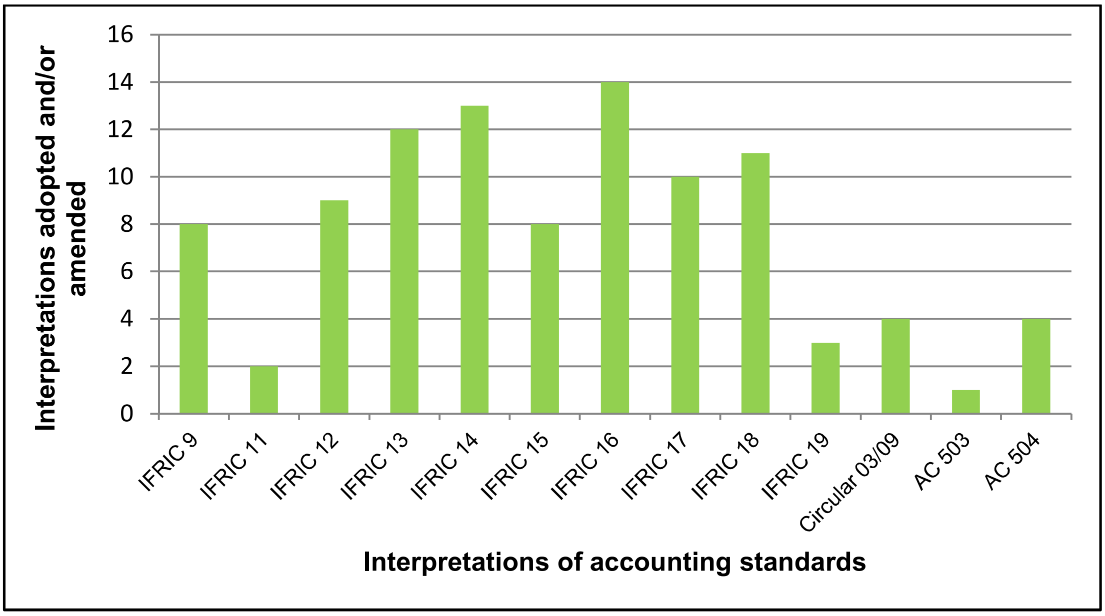
4.4.2 Interpretations of Accounting Standards 2009

IFRIC 16 was the interpretation that 14 organisations disclosed in the accounting policy. These 14 organisations represent 34% of the companies investigated in this period. According to Figure 6 this was the highest number of occurrences from the selected sample. According to the discussion in Chapter 3 and Table 6 in Annexure 3, the IFRIC 16 was issued in 2008. A possible explanation for the high number of incidences noted during the 2009 period is given in line item 9 of Table 15 in Annexure 12, which indicates that the amendment to this interpretation that became effective in this specific year.

AC 503 was the interpretation implemented the least number of times by organisations regarding adoptions and/or amendments of interpretations. It is notable that this interpretation was adopted by only one organisation since the AC 500 series of interpretations are issued by SAICA and are published to help interpret South African issues peculiar to the South African context (SAICA, 2014:1). According to Annexure 6, Table 9, AC 503 was adopted in 2009 and issued in 2010. It would be expected that a South African interpretation would be more often implemented by South African organisations, particularly in the year in which it was issued.

The average number of adoptions and/or amendments to interpretations in the 2009 calendar year was 7.62. Full details of interpretations adopted and/or amended are illustrated in Annexure 19, Table 23.

Figure 6 – Interpretations of Accounting Standards 2009



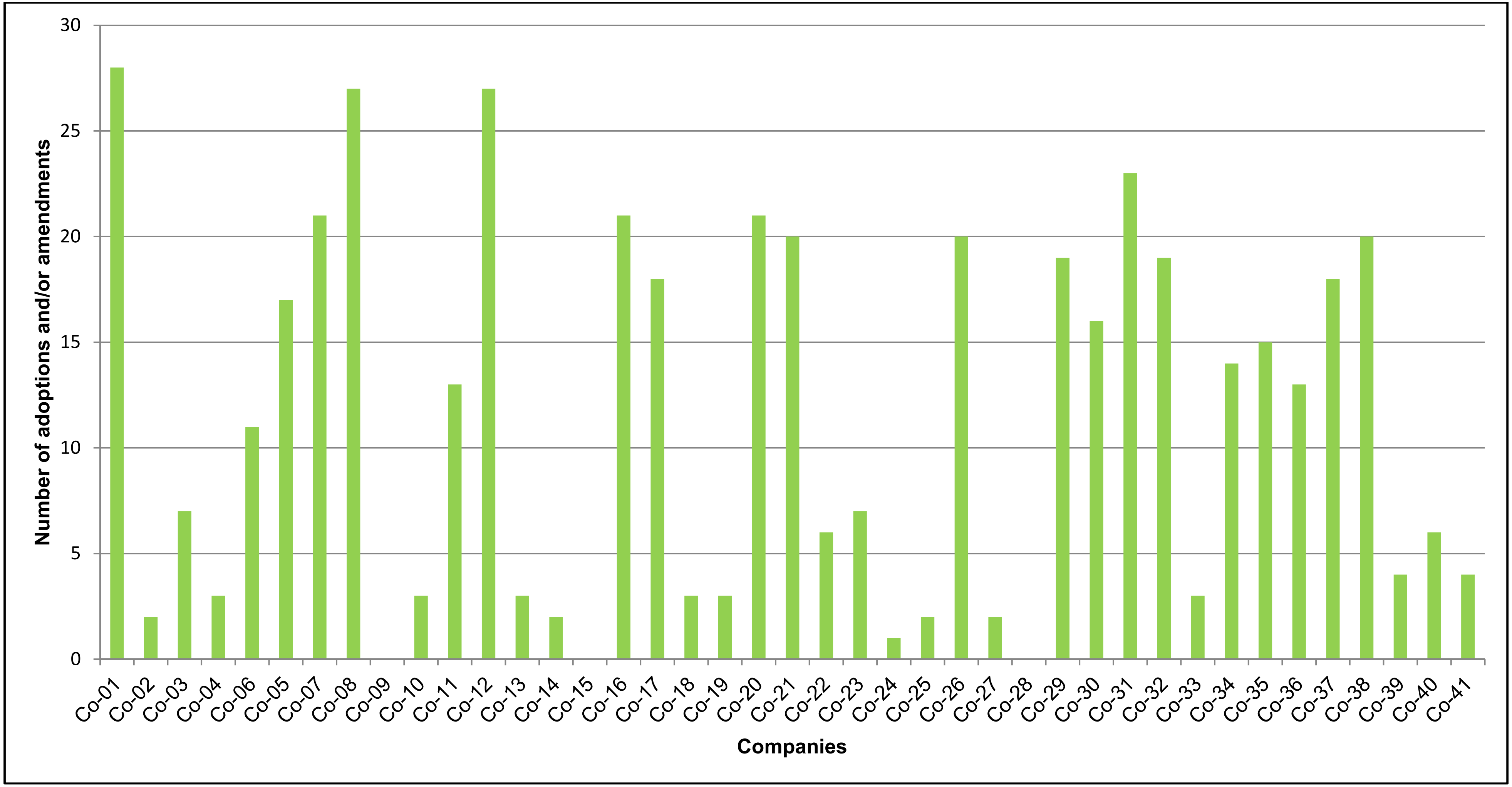
(Source: own research)

4.4.3 Summary of Companies 2009

According to Figure 7 the company with the most adoptions and/or amendments of standards and/or interpretations was Co-01, with 30 standards and/or interpretations being implemented. With only 2 standards and/or interpretations adopted, the companies with the least number of adoptions and/or amendments were Co-09, Co-15 and Co-28.

The average number of adoptions and/or amendments in 2009 was 11.37. The information is summarised in Annexure 19, Table 22 and Table 23.

Figure 7 – Summary of Companies 2009



(Source: own research)

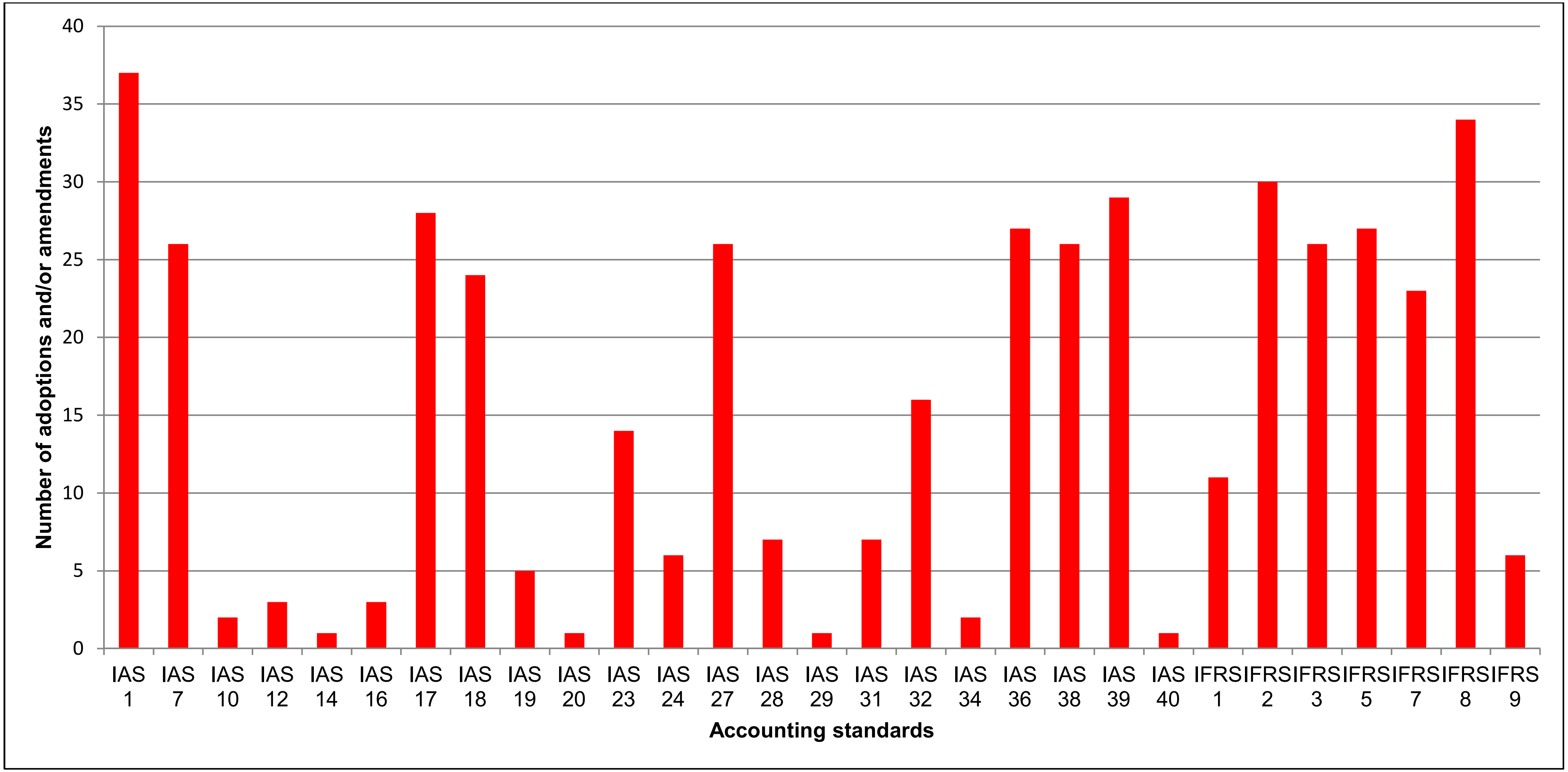
4.4.4 Accounting Standards 2010

According to Figure 8, IAS 1 was the standard with the highest number of occurrences within the selected sample. Thirty seven organisations disclosed that they had adopted changes relating to the standard, or had adopted the IAS 1 standard during this year. According to the discussion in Chapter 3 and Table 5 in Annexure 2, IAS 1 was issued in 2007. A possible explanation for the high number adoptions and/or amendments implemented during the 2010 period is evident from line item 20 of Table 12 in Annexure 9, which indicates an amendment to the standard in the previous year.

The standards with the least number of occurrences of adoptions and/or amendments are IAS 14, IAS 20, IAS 29 and IAS 40. All of these standards were only implemented once by each of the 40 companies selected during this year. Referring to Annexure 2, Table 5 indicates that IAS 14 was issued in 1997, IAS 20 in 1983, IAS 29 in 1989, and IAS 40 in 2003. The low incidences of these standards being implemented may be explained by the absence of amendments or changes relating to these particular standards in recent years.

The average number of incidences in 2010 is 15.48. Full details of accounting standard adoptions and/or amendments are illustrated in Annexure 20, Table 24.

Figure 8 – Accounting Standards 2010



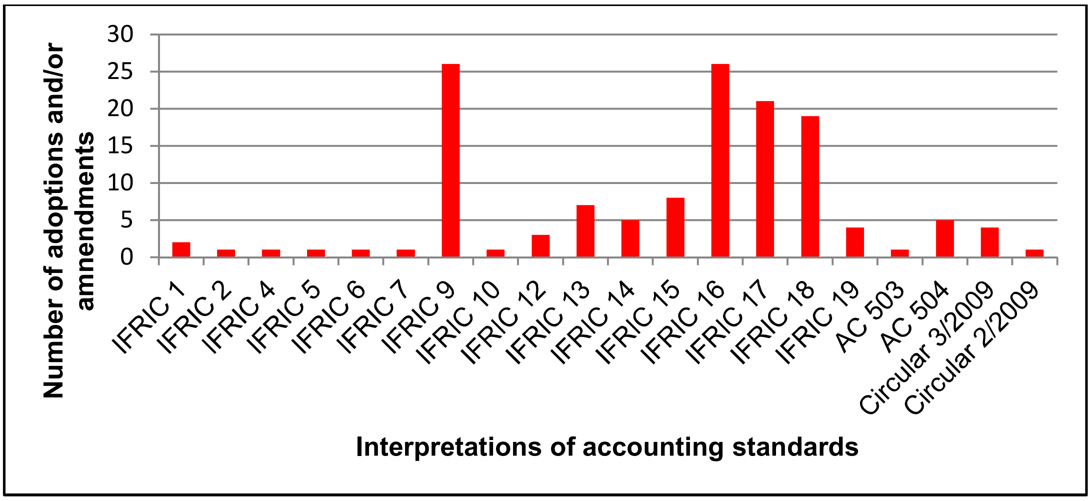
(Source: own research)

4.4.5 Interpretations of Accounting Standards 2010

According to Figure 9 the interpretations that were disclosed most often by the organisations in the sample were IFRIC 9 and IFRIC 16, with 26 occurrences representing 62% of the companies. According to the discussion in Chapter 3 and Table 6 in Annexure 3, lines 9 and 16, IFRIC 9 was issued in 2006 and IFRIC 16 was issued in 2008. A possible explanation for the high number of occurrences implemented for IFRIC 9 during the 2010 period is given in line item 5, Table 15 of Annexure 12 which indicates an amendment to the interpretation in the previous year.

With only 1 instance of occurrence in each case, the interpretations with the least number of occurrences were IFRIC 2, IFRIC 4, IFRIC 5, IFRIC 6, IFRIC 7, IFRIC 10, AC 503 and Circular 2/2009. According to Table 6, Annexure 3, IFRIC 2 was issued in 2004, IFRIC 4 (line 4) was issued in 2004, IFRIC 5 (line 5) was issued in 2004, IFRIC 7 (line 7) was issued in 2005, and IFRIC 10 (line 10) was issued in 2006. According to Table 9, Annexure 6, line 4, AC 503 was issued in 2010. With reference to line item 5 of Table 15 in Annexure 12, IFRIC 9 was amended in 2009 and IFRIC 16 was amended in 2008. The average number of adoptions and/or amendments relating to interpretations in 2010 was 6.90. Full details of interpretation adoptions and/or amendments are illustrated in Annexure 20, Table 25.

Figure 9 – Interpretations of Accounting Standards 2010



(Source: own research)

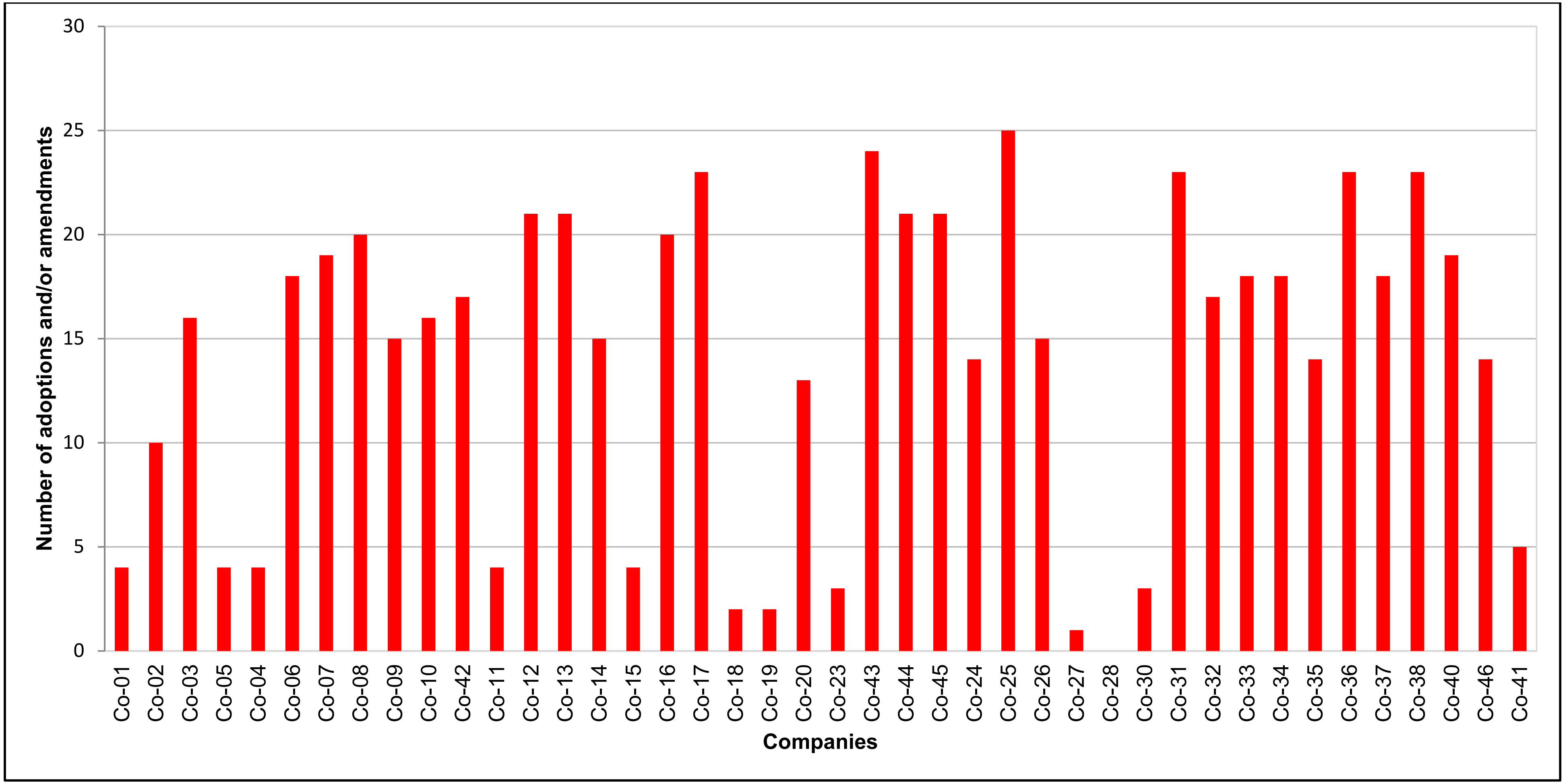
4.4.6 Summary of Companies 2010

According to Figure 10, Co-25 implemented the most accounting standard and/or interpretation adoptions and/or amendments with 25 standards implemented. Co-28 reflected the least number of accounting standard and/or interpretation adoptions and/or amendments with no standards and/or interpretations being implemented for the calendar year.

The standard and/or interpretation with the largest number of occurrences was implemented for 88% of the companies. This represents the highest percentage of adoption of an amendment to a standard and/or interpretation during the 5-year period.

The total number of adoptions and/or amendments for the 40 selected companies in 2010 was 587 instances. The average number of adoptions and/or amendments for the 2010 year was 13.98. This information is summarised in Annexure 20, Table 24 and Table 25.

Figure 10 – Summary of Companies 2010



(Source: own research)

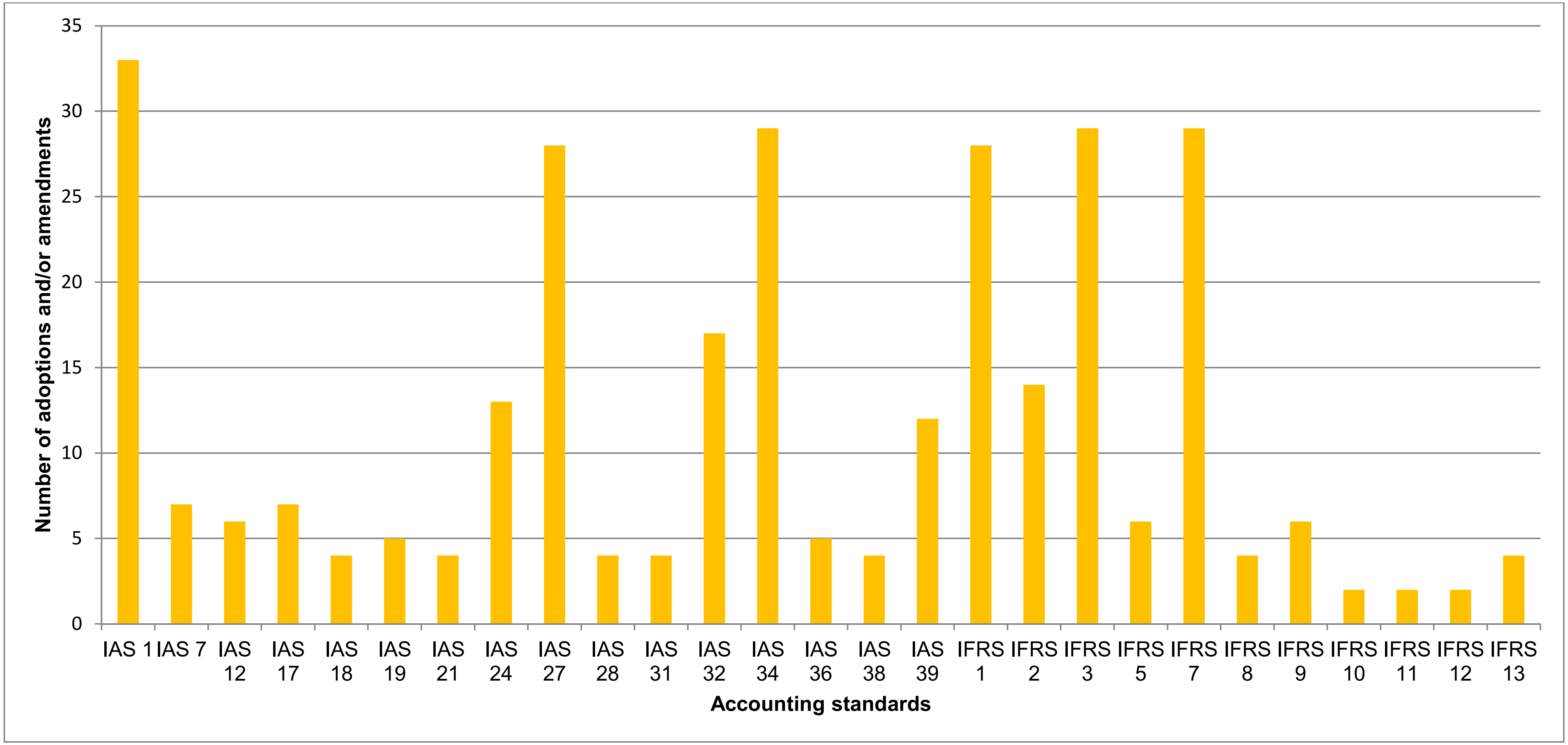
4.4.7 Accounting Standards 2011

As in 2010, IAS 1 was once again the accounting standard most often disclosed by organisations. According to Figure 11, IAS 1 was implemented by 33 different companies in the 2011 calendar year. However, the number of occurrences, although the highest for the year, decreased from the 37 instances implemented in the previous year.

The standards with the least adoptions and/or amendments were IFRS 10, IFRS 11, and IFRS 12. Each of these standards was implemented only twice in the 2011 year. Table 4 of Annexure 1 indicates that IFRS 10, IFRS 11 and IFRS 12 were issued in 2011. Although a number of companies implemented these amendments and/or adoptions the standards only became effective in 2013. It is expected that there will be an increase of incidences of adoptions in the year 2012 and even 2013.

The average number of incidences per standard that was adopted and/or amended in 2011 is 11.41 per standard. Full details of accounting standard adoptions and/or amendments are illustrated in Table 26 and Table 27 of Annexure 21.

Figure 11 – Accounting Standards 2011



(Source: own research)

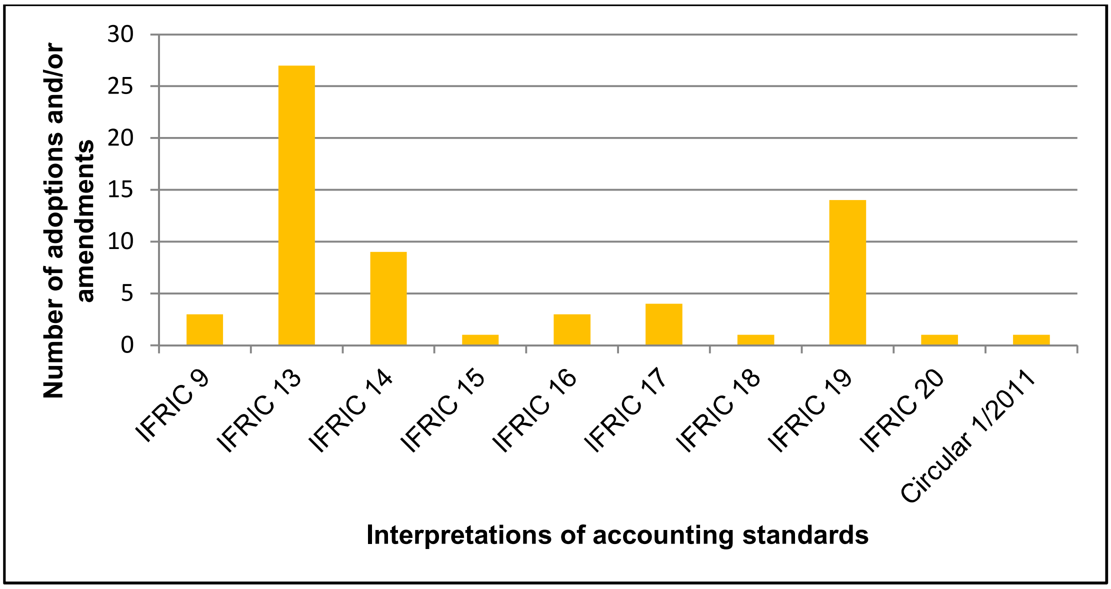
4.4.8 Interpretations of Accounting Standards 2011

IFRIC 13 was the interpretation with the largest number of adoptions and/or amendments disclosed. According to Figure 12 a total of 27 instances were reported in the 2011 year. IFRIC 13 was adopted by 64% of the companies investigated. This represents the higher percentage of adoption of an interpretation during the 5-year period. According to the discussion in Chapter 3 and Table 6 in Annexure 3, line 13, IFRIC 13 was issued in 2007. A possible explanation for the high number of adoptions and/or amendments implemented during the 2011 period is given in line item 4 of Table 14, Annexure 11, which indicates that an amendment to the interpretation that became effective in that year.

The interpretations implemented the least number of times for the 2011 year are IFRIC 15, IFRIC 18, IFRIC 20 and Circular 1/2011. Each of these interpretations was only implemented once. According to Table 6 in Annexure 3, IFRIC 15 was issued in 2008 and IFRIC 18 was issued in 2009. The low occurrence of IFRIC 20, Annexure 3, Table 6, line 20 and Circular 1/2011, Annexure 8, Table 11, line 4 was unexpected since both these interpretations were issued in 2011.

The average number of adoptions and/or amendments of interpretations in the 2011 calendar year was 6.40 per standard. Full details of interpretation adoptions and/or amendments are illustrated in Table 27 of Annexure 21.

Figure 12 – Interpretations of Accounting Standards 2011



(Source: own research)

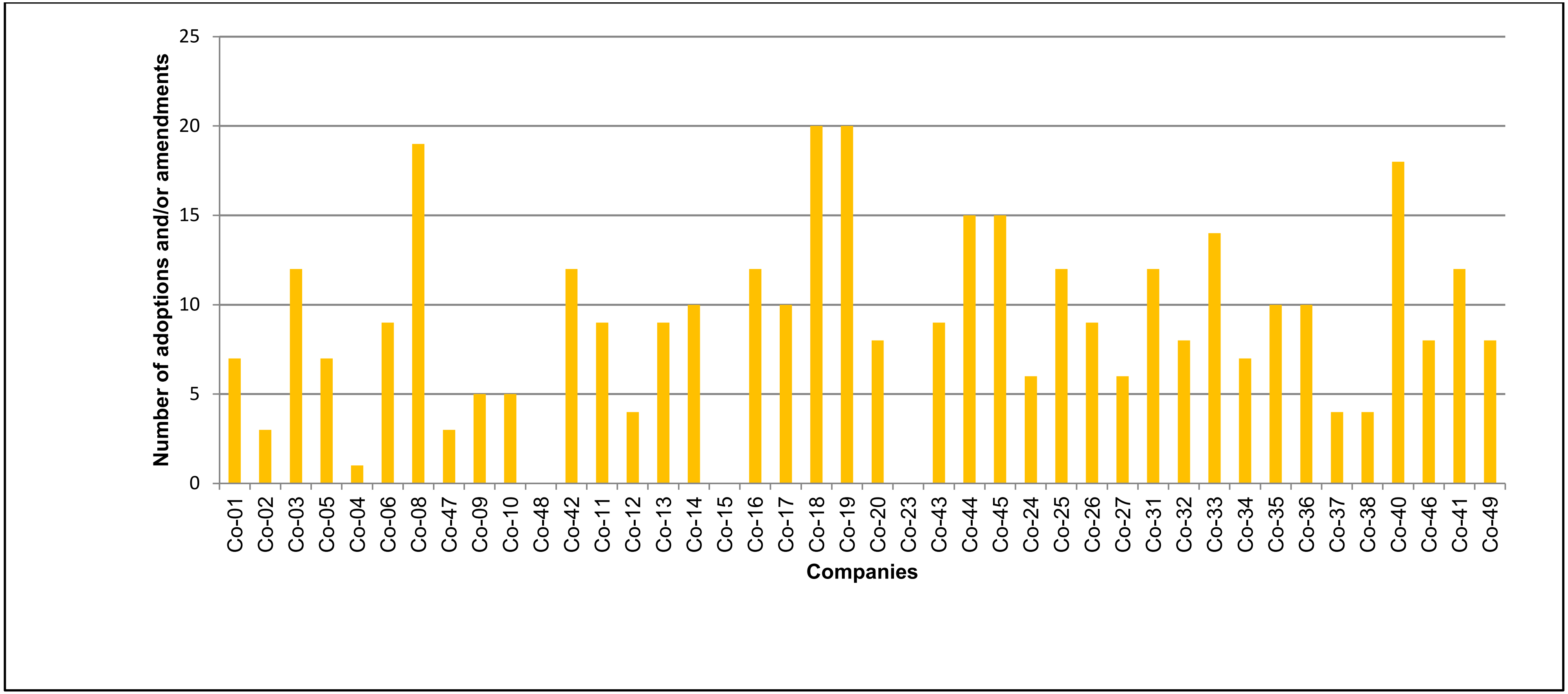
4.4.9 Summary of Companies 2011

According to Figure 13, Co-18 and Co-19 reflected the most accounting standard and/or interpretation adoptions and/or amendments, with 20 standards implemented by each organisation. Co-48, Co-15 and Co-23 reflected the least number of accounting standard and/or interpretation adoptions and/or amendments, with no standards being implemented for the calendar year.

The standard with the highest number of occurrences was implemented by 79% of the companies. The high adoption percentage is an indication of the ongoing changes and adoption of the IAS 1 standard.

The total number changes and/or adoptions of standards and/or interpretations for the 40 selected companies in 2011 were 372 instances. The average number of adoptions and/or amendments of the standards and/or interpretations for the 2011 year were 8.86. The above information is summarised as Annexure 21 in Table 26 and Table 27.

Figure 13 – Summary of Companies 2011



(Source: own research)

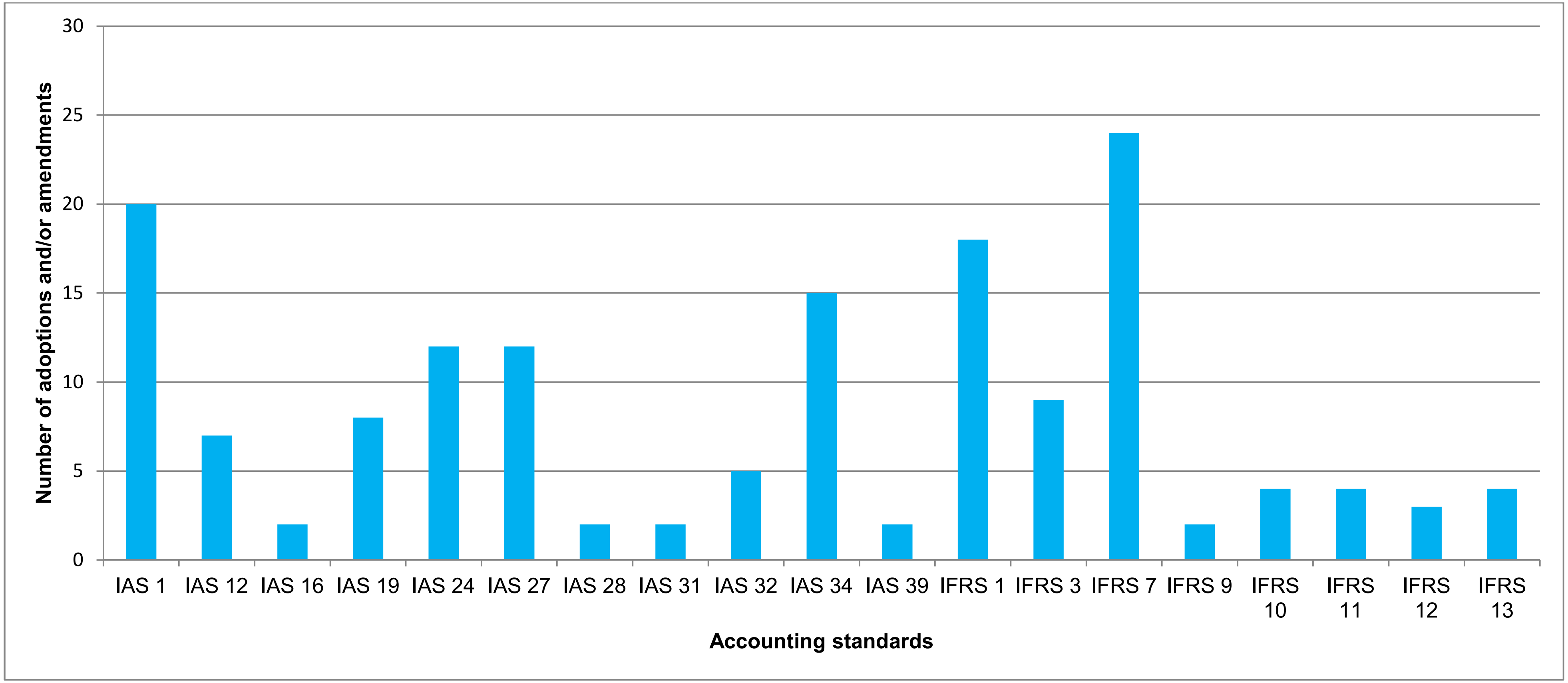
4.4.10 Accounting Standards 2012

Although IAS 1 did not reflect the highest number of occurrences, with only 20 organisations disclosing the standard, it once again, as in 2010 and 2011, ranked very high. With 24 instances of occurrence, Figure 14, indicates that IFRS 7 was the standard most often implemented by organisations in the 2012 year. According to the discussion in Chapter 3 and Table 4 in Annexure 1, IFRS 7 was issued in 2005. A possible explanation for the high number of adoptions and/or amendments implemented during the 2012 period is given in line item 12 of Table 13, Annexure 10, which indicates that the amendment to the standard occurred in July of the previous year. Many organisations would thus report this change in their financial year.

The standards with the least adoptions and/or amendments were IAS 16, IAS 28, IAS 31, IAS 39, and IFRS 9. According to Table 5 of Annexure 2, IAS 16 was issued in 2003, IAS 28 was issued in 2011, IAS 31 was issued in 2003, and IAS 39 was issued in 2003. The absence of recent changes and amendments may account for the low number of incidences. Table 4 of Annexure 1 regarding IFRS 9, illustrates an interesting component of early adoption of a standard. Although IFRS 9 was only adopted in 2014, some organisations indicate an early adoption of the standard. The low number of instances indicates that although it occurred, the early adoption was not widely implemented. However, further research indicated that IFRS 9 is still in a process of development and is only proposed for implementation in January 2018 (IFRS, 2015:1).

The average number of incidences per standard that was adopted and/or amendments for accounting standards in 2012 is 8.16 per standard. Full details relating to accounting standard adoptions and/or amendments are illustrated in Table 28 and Table 27 of Annexure 22.

Figure 14 – Accounting Standards 2012



(Source: own research)

4.4.11 Interpretations of Accounting Standards 2012

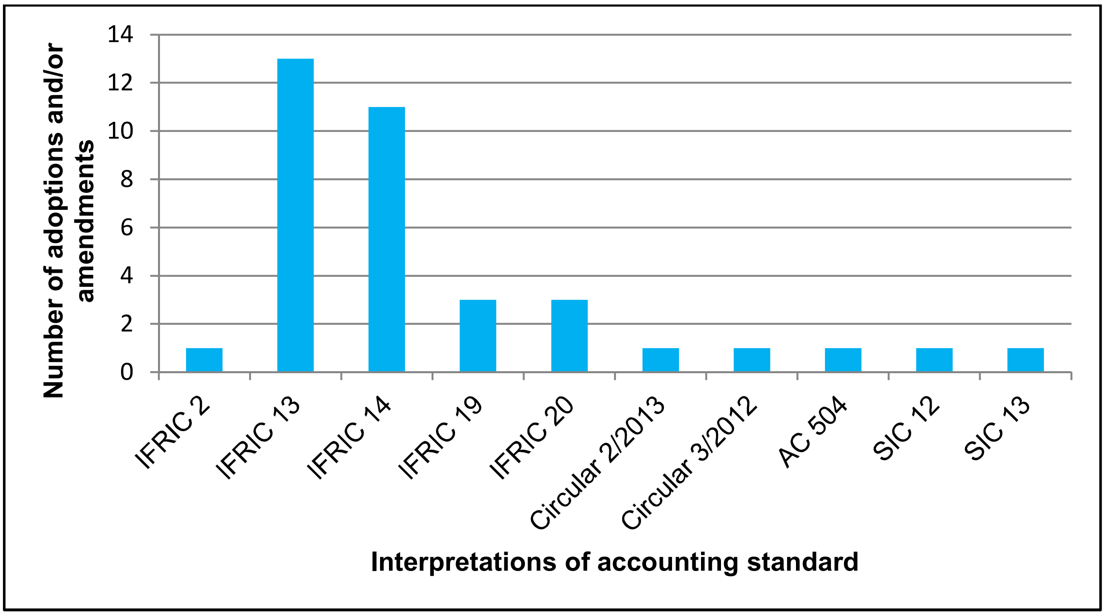
As in 2011, Figure 15 indicates that IFRIC 13 was once again the interpretation most disclosed by organisations. The 13 instances reported in 2012 represent just more than 50% of the 27 instances disclosed in 2011. The 13 instances represent 33% of the companies investigated.

With only one occurrence each, the interpretations least implemented were IFRIC 2, Circular 2/2013, Circular 3/2012, AC 504, SIC 12 and SIC 13. According to Table 6 of Annexure 3, line 2, IFRIC 2 was issued in 2004. According to Table 7 of Annexure 4, lines 11 and 12, SIC 12 and 13 were issued in 1998. According to Table 9 of Annexure 6, line 5, AC 504 was issued in 2010. The low occurrences are not unexpected as the interpretations are all at least a few years old.

Table 10 of Annexure 7, line 2 once again illustrates the early adoption of an interpretation where Circular 2/2013 was only issued in 2013. The low incidence of disclosure of Circular 3/2012 issued in 2012 was unexpected as reflected in Annexure 8, Table 11, line 1.

The average number of changes relating to interpretations, adoptions and/or amendments in the 2012 calendar year was 3.60 per standard. Full details of interpretation adoptions and/or amendments are illustrated in Annexure 22, Table 29.

Figure 15 – Interpretations of Accounting Standards 2012



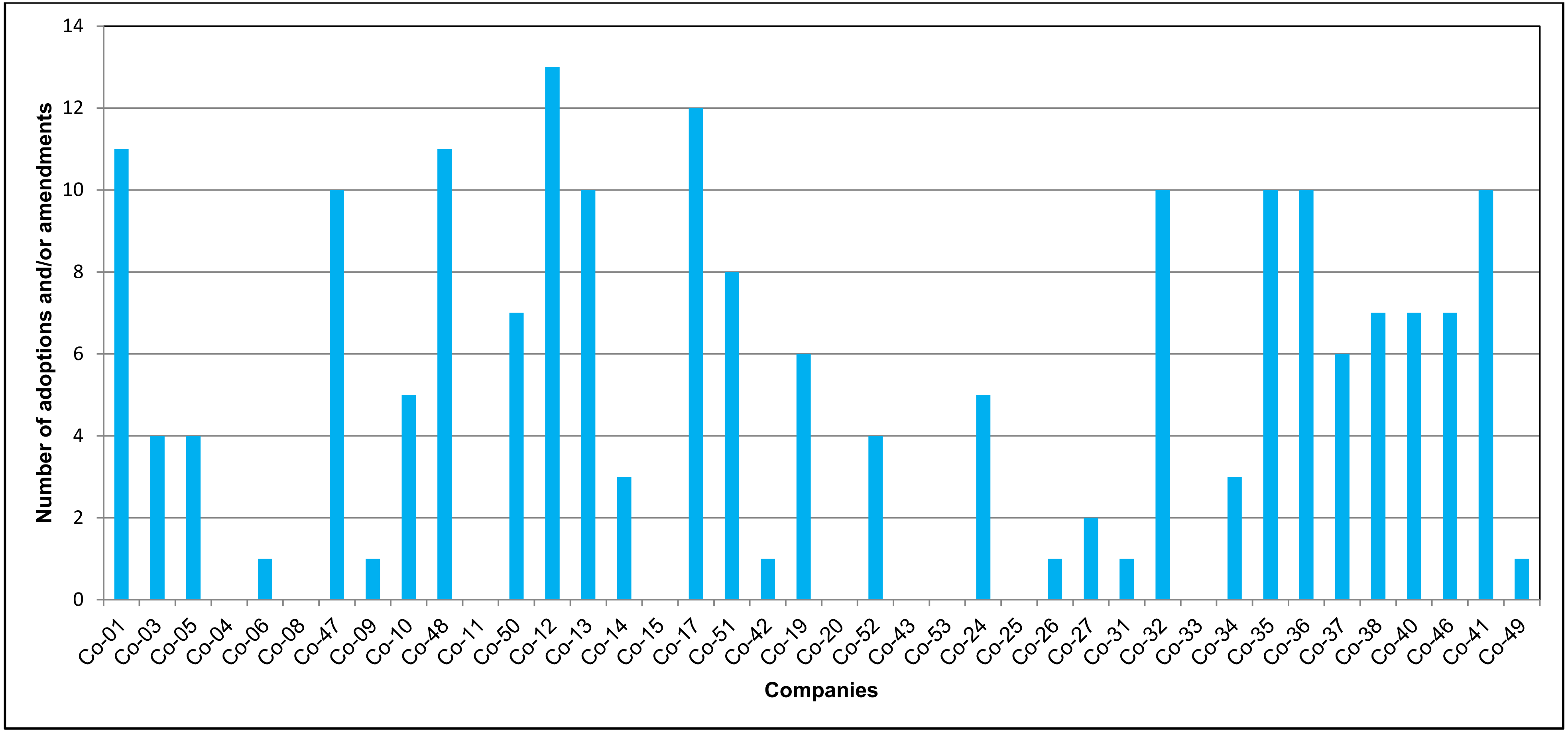
(Source: own research)

4.4.12 Summary of Companies 2012

According to Figure 16 the company with the most adoptions and/or amendments was Co-12, with a total of 13 standards and/or interpretations being implemented. The companies with the least number of adoptions and/or amendments were Co-04, Co-08, Co-11, Co-15, Co-20, Co-43, Co-53, Co-25 and Co-33. All of these organisations reflected no adoptions and/or amendments implemented for the calendar year.

The standard and/or interpretation with the largest number of occurrences was implemented by 60% of the companies. This is the lowest percentage of companies implementing an adoption and/or amendment across the 5-year period. The total number of adoptions and/or amendments of standards and/or interpretations for the 40 selected companies in 2012 were 191 instances. The average number of adoptions and/or amendments of standards for the 2012 year was 4.78. A summary of this information is contained in Table 28 and Table 29 of Annexure 22.

Figure 16 – Summary of Companies 2012



(Source: own research)

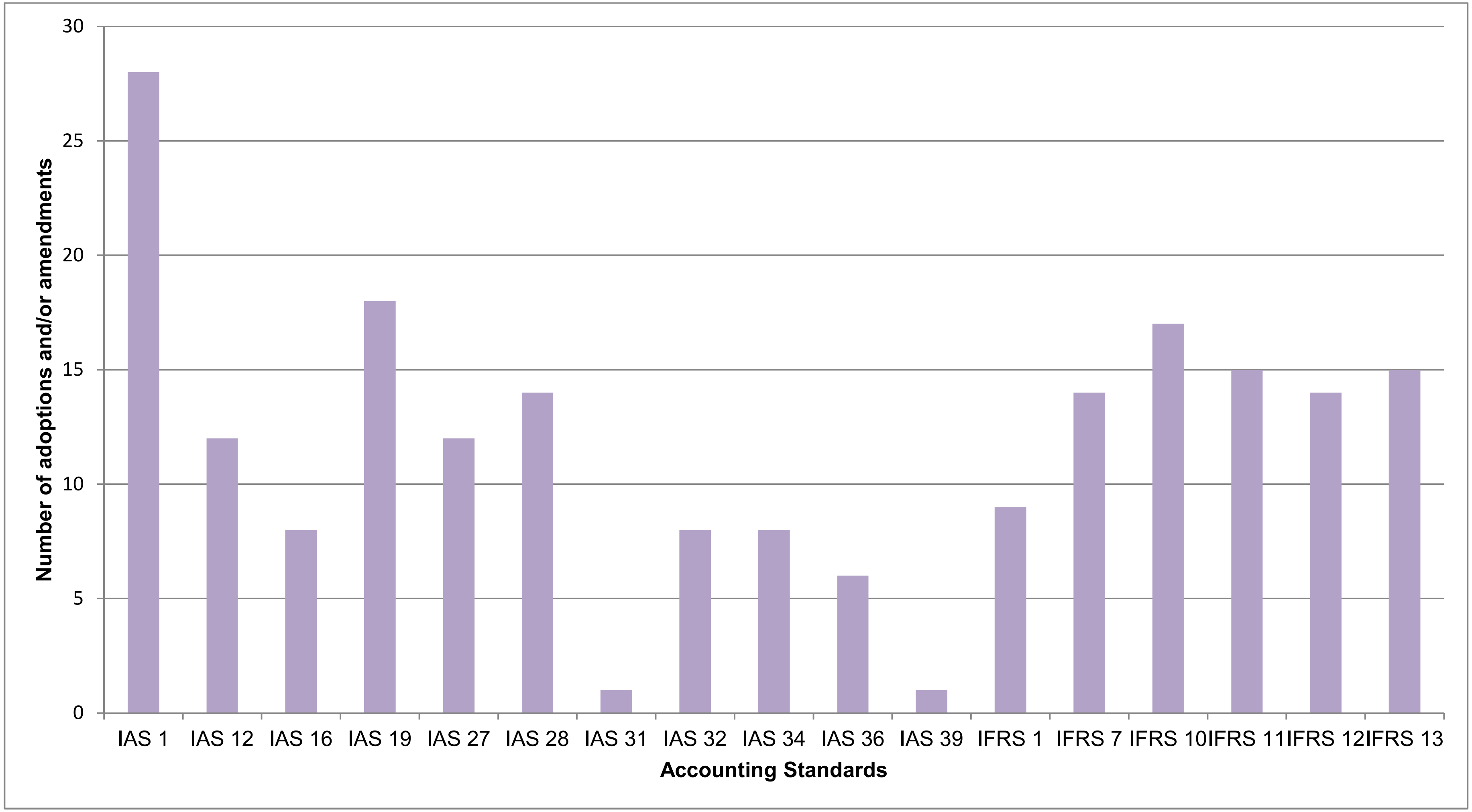
4.4.13 Accounting Standards 2013

IAS 1 was once again the standard that was most implemented by companies in 2013. It was implemented 28 times which is lower than in 2010 and the 2011 year, when 37 and 33 occurrences were reported respectively. As illustrated in Figure 17, IAS 1 regained the top ranking position in 2013 after having ranked second with 20 occurrences is 2012, trailing IFRS 7 with 24 instances. According to the discussion in Chapter 3 and Table 5 in Annexure 2, IAS 1 was issued in 2007. The reoccurrence of the IAS 1 “Presentation of Financial Statements” is not surprising since the standard was amended in July 2012 (line item 7, Table 12 of Annexure 9), and will appear for the first time in many of the companies’ books in the 2013 calendar year. It is interesting to note the regular occurrence of a standard that deals with the presentation of the financial statements, while newer standards that address the calculation and disclosure of values for a specific period, do not occur so often.

The standards with the least changes and/or new adoptions were IAS 31 and IAS 39. Each of these standards was implemented only once in the 2013 year. Table 5 of Annexure 2 line 33 and line 41 indicates that IAS 31 and IAS 39 were both issued in 2003. IAS 39 was last amended in 2009, (Annexure 9, Table 12, line 2).

The average number of incidences per standard that was adopted and/or amended for accounting standards in 2013 is 11.76 per standard. Full details of accounting standard adoptions and/or amendments are illustrated in Table 30 of Annexure 23.

Figure 17 – Accounting Standards 2013



(Source: own research)

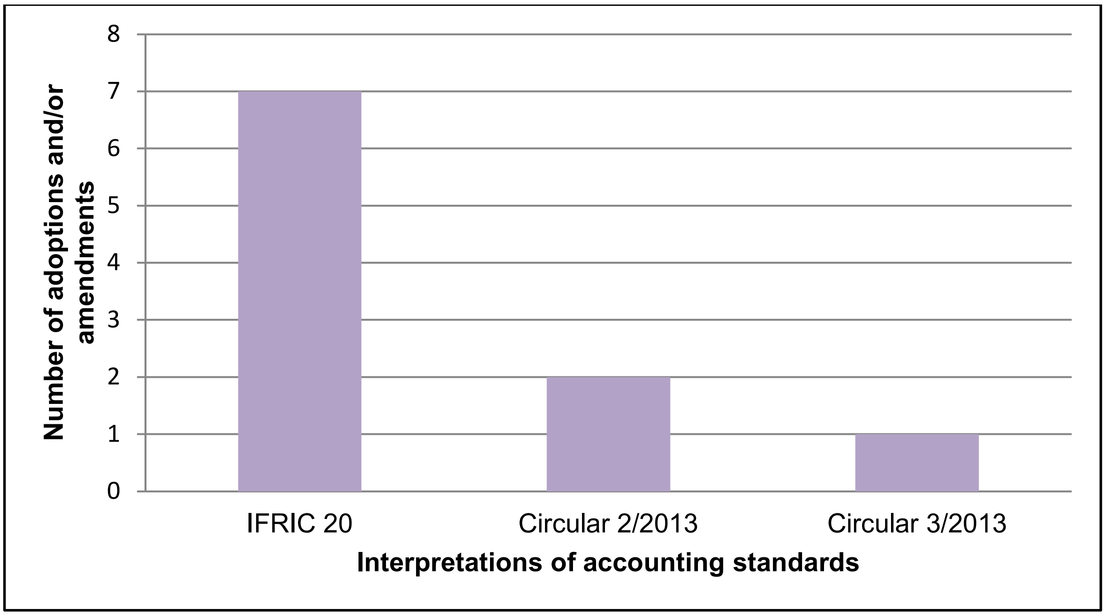
4.4.14 Interpretations of Accounting Standards 2013

According to Figure 18 the interpretation with the highest number of adoptions and/or amendments was IFRIC 20, with 7 occurrences, representing 18% of the companies. According to the Table 6 in Annexure 3, line 20 IFRIC 20 was issued in 2011, but line item 2 of Table 15 in Annexure 12 indicates that the amendment only became effective in January 2013, a possible explanation for the high number of occurrences in that year.

There were noticeably less interpretations implemented in the 2013 year compared to the previous four years investigated. Only 3 IFRIC interpretations were implemented in total, with Circular 3/2013 being adopted only once. This was the lowest number of occurrences in the 2013 year. The lowest number of occurrences is surprising since the interpretation was issued in 2013 as illustrated in Table 11 of Annexure 8, line 1, but has subsequently been withdrawn.

The average number of adoptions and/or amendments for interpretation standards in 2013 was 3.33 per company. Full details of interpretation adoptions and/or amendments are illustrated in Annexure 23, Table 31.

Figure 18 – Interpretations of Accounting Standards 2013



(Source: own research)

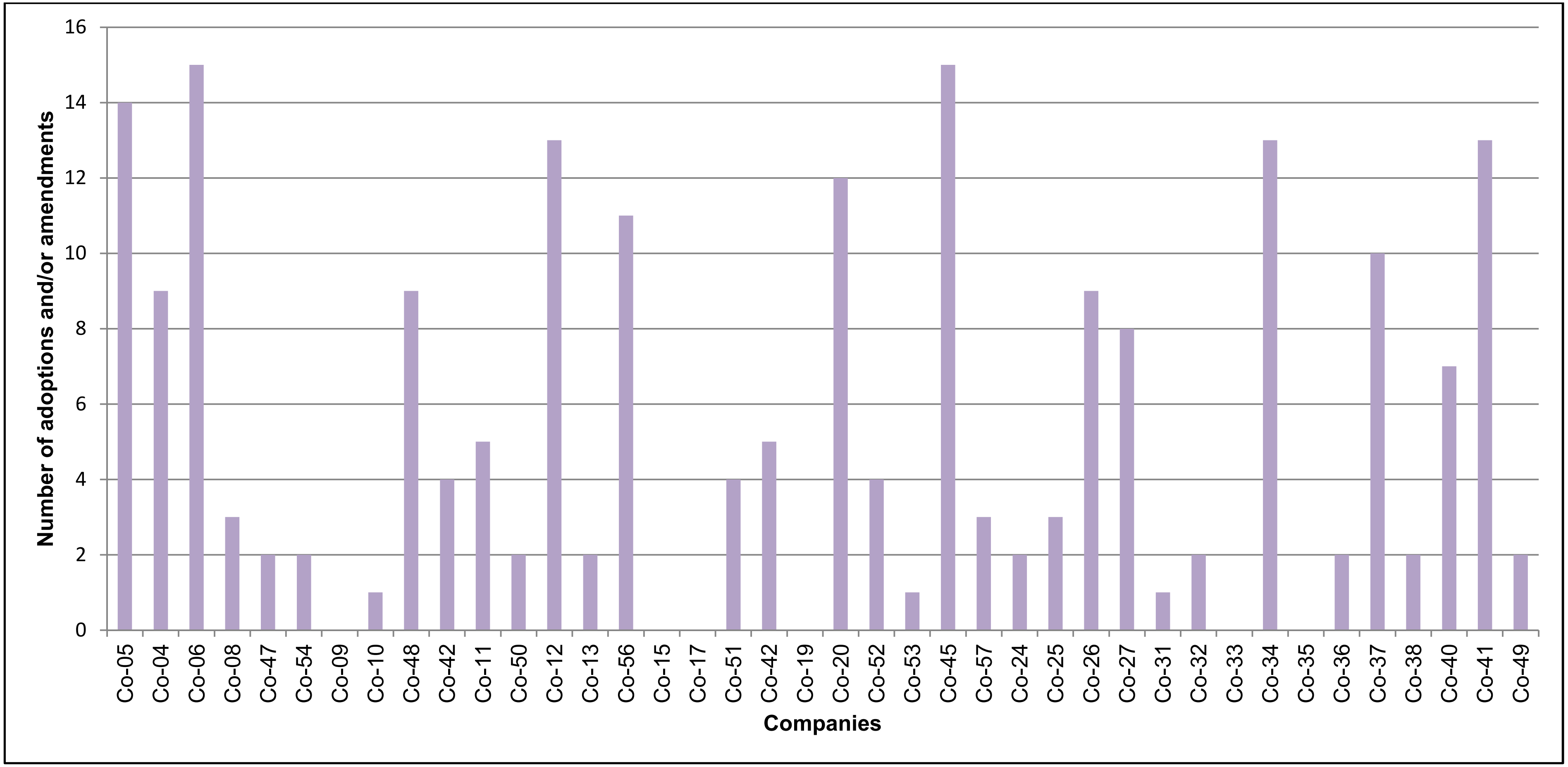
4.4.15 Summary of Companies 2013

According to Figure 19, the companies with the most adoptions and/or amendments were Co-06 and Co-45, each with 15 changes implemented. Six of the 40 companies selected namely, Co-09, Co-15, Co-17, Co-19, Co-33 and Co-35 implemented no adoptions and/or amendments in the 2013 year. These six companies thus represent the companies with the lowest number of adoptions and/or amendments in this period.

The standard and/or interpretations with the largest number of occurrences was implemented by 70% of the companies. The high adoption percentage is an indication of the willingness to accept the amendment to IAS 1.

The total number of adoptions and/or amendments of standards and/or interpretations for the 40 selected companies in 2013 were 210 instances. The average number of adoptions and/or amendments of standards and/or interpretations for the 2013 year were 5.25. The information is summarised in Table 30 and Table 31 of Annexure 23.

Figure 19 – Summary of Companies 2013



(Source: own research)

4.5 DATA OVERVIEW

Table 2 presents a summary of the findings relating to the adoptions and/or amendments of standards and/or interpretations implemented by the 40 companies selected on the JSE for the five years under review. The table presents the accounting standards (IAS and IFRS) adoptions and/or amendments, and the interpretation notes that were implemented most often by the companies in each year. The number of occurrences of the most prevalent standards and interpretations is then presented. The standards and interpretations with the least number of occurrences are also noted in the table. Based on the number of occurrences of each standard implemented, an average number of occurrences is calculated per standard or interpretation. These statistics are presented per year and for all five years under investigation to provide a comparison between the years. These figures lead to a number of observations and notable trends. Although observations can be made from the data and the occurrences of standards, it is not the purpose of this study to determine predictive patterns.

It is observed that the highest number of adoptions and/or amendments for an individual standard occurred in 2010, with 37 occurrences in respect of IAS 1, representing 88% of the companies. At 15.48 changes per standard, 2010 is the year with the highest average number of adoptions and/or amendments in respect of the 29 individual standards that were implemented.

The number of individual standards implemented by companies decreased every year from 2009, when 30 standards were implemented, to 2013, when only 17 were adopted. 29 individual standards were implemented in 2010, 27 in 2011 and 19 in 2012.

Table 2 – Summary of yearly standard changes and/or new adoptions

Standard	2009	2010	2011	2012	2013
IAS and IFRS					
Highest occurrence of adoptions and/or amendments	28	37	33	24	28
Number of standards implemented	30	29	27	19	17
Average number of occurrences	12.23	15.48	11.41	8.16	11.76
IAS and IFRS with highest occurrence	IAS 39 IFRS 7	IAS 1	IAS 1	IFRS 7	IAS 1
IAS and IFRS with the lowest number of occurrences	IAS 12, IAS 24	IAS 14, IAS 20, IAS 29, IAS 40	IFRS 10, IFRS 11, IFRS 12	IAS 16, IAS 28, IAS 31, IAS 39, IFRS 9	IAS 31, IAS 39
Interpretations					
Most adoptions and/or amendments	14	26	27	13	7
Number of interpretations	13	20	10	10	3
Average number of occurrences	7.62	6.90	6.40	3.60	3.33
Interpretations with the highest occurrence	IFRIC 16	IFRIC 9, IFRIC 16	IFRIC 13	IFRIC 13	IFRIC 20
Interpretations with the lowest number of occurrences	AC 503	IFRIC 2, IFRIC 4, IFRIC 5, IFRIC 6, IFRIC 7, IFRIC 10, AC 503, Circular 2/2009	IFRIC 15, IFRIC 18, IFRIC 20, Circular 1/2011	IFRIC 2, Circular 2/2013, Circular 3/2012, AC 504, SIC 12, SIC 13	Circular 3/2013

The average number of occurrences per individual standard implemented was calculated as 12.23 in 2009 and peaked in 2010 with 15.48 occurrences per standard adopted. The average decreased to 11.41 in 2011 and reached a low point in 2012 with an average of only 8.16 occurrences per standard implemented. The average increased to 11.76 in 2013. There is a correlation between the average occurrences per standard and the number of occurrences of the standard most often implemented by companies in a year. In other words, in a year when a standard is adopted by more companies, there is also a higher average of occurrences overall for all the standards implemented in that year.

As previously highlighted, the amendments to IAS 39 and IFRS 7 were implemented by 28 companies in 2009. This was one of the standards with the highest number of occurrences in that year, with 68% of the companies adopting the change. Both IAS 39 “Financial Instruments: Recognition and Measurement”, and IFRS 7 “Financial Instruments: Disclosures” deal with financial instruments. The amendments to these standards are jointly ranked as the most adopted and/or amended standard in 2009. It was noted that in 2012 and 2013, IAS 39 was only included by one company in each of the years. However, unlike IAS 39, IFRS 7 once again shows a high occurrence in 2012, with 24 companies adopting the standard.

As previously observed, the amendment to IAS 1 may account for the high number of companies that adopted the accounting standard in 2010. The amendment to IAS 1 may also account for the high occurrence in subsequent years where it ranks as the most prevalent amendment to a standard adopted in 2011, with 33 occurrences, and with 28 occurrences in 2013. The amendments to IAS 1 were adopted by 79% of the companies in 2011 and 70% of the companies in 2013. IAS 1 remained high on the list in 2012, when it was ranked second with 20 occurrences. The impact of the occurrence of IAS 1 on average is noted when comparing the statistics for 2011 and 2013. Although IAS 1 ranked highest in 2013, the total number of occurrences was lower than in 2011. The average number of occurrences per individual standard was higher in 2013, indicating that standards were on average adopted more often by companies in 2013, than in 2011. Furthermore, 27 standards were implemented in 2011 while only 17 were adopted in 2013. Thus, despite being the most often implemented standard in 2013, IAS 1 was not as significant as in 2010 and 2011.

In 2009 a total of 13 interpretations were implemented by the selected sample of companies. In 2010 the number of interpretations increased to 20 individual interpretations for the year. 2011 and 2012 show a halving of the number of interpretations to only 10 in each of the years. This downward trend seems to continue, with a significant decline to only 3 interpretations adopted in this year.

IFRIC 16 was the interpretation most often implemented in both 2009 and 2010. The interpretation deals with hedges of a net investment in foreign operations. IFRIC 16 was implemented by 14 companies in 2009, representing 34% of the companies. The occurrence of IFRIC 16 shows a significant increase, almost doubling to 26 instances in 2010, when 62% of the companies implemented the interpretation. Showing a sudden decrease in occurrence, IFRIC 16 was adopted by 3 companies in 2011, and then not again in the remaining 2 years of the study.

Of all the interpretations, the amendment to IFRIC 13 had the most number of incidences with 27 occurrences in 2011, representing 64% of the companies in that year. IFRIC 13 again had the highest number of occurrences in 2012. In 2012, however, the interpretation was only implemented 13 times. It is once again interesting to note how the interpretation with the most number of occurrences influences the average number of occurrences per interpretation. In 2011 the average was calculated at 6.40, while in 2012 the average dropped to only 3.60 occurrences per interpretation. It is interesting to note that IFRIC 13 deals with customer loyalty programmes. The high occurrence of interpretation of IFRIC 13 in 2011 and 2012 reflects the emerging trend of customer loyalty programmes in the market place (Johnson, 2011:1). Following the trend of Clicks, many of the retail outlets, including one of the domestic chain stores, launched their loyalty programmes in March 2011 (Oxford Business Group, 2013: 130).

Table 3 presents a summary of the findings per company. The companies with the most number of adoptions, amendments and/or interpretations per year are identified. The number of standards and/or interpretations implemented by the company is also presented. Finally, the average number of adoptions, amendments and/or interpretations per company is calculated per year.

Considering the companies that implemented adoptions and/or amendments of standards and interpretations, we find that 2009 has the most number of standards, namely 28 individual standards which were adopted a total of 466 times. Following the trend noted in Table 2, 2010 reflects a similar peak in the number of occurrences that are implemented. A total of 587 occurrences were recorded for the 25 individual standards adopted.

The lowest number of occurrences was recorded in 2012 when only 191 incidences were implemented. Although this was the year with the lowest number of incidences, it is not the year with the lowest number of individual standards being adopted, namely 29 standards and interpretations were implemented. The lowest number of standards that were implemented in a year was in 2013, when 20 individual standards and interpretations were implemented. Further, 2012 is the year in which 9 companies, almost 22% of those investigated, noted no changes in their financial notes. This represents the highest number of companies showing no change in the five year period.

On a final note, it was observed that Company Co-15 did not disclose any information about accounting standards adopted and/or amended during 4 of the 5 years under review. It was only in 2010 where adoptions and/or amendments were implemented, with four standards adopted and/or amended in that year. Based on an interpretation of the content analysis and the information gathered from the financial notes, it was observed that the adoptions and amendments of standards and interpretations by companies is an ongoing process.

Table 3 – Summary of Yearly Changes and Amendments for Companies

	2009	2010	2011	2012	2013
Companies					
Average adoptions and/or amendments overall	11.37	13.98	8.86	4.78	5.25
Total changes	466	587	372	191	210
Percentage of companies adopting the standard with the highest occurrence	68%	88%	79%	60%	70%
Percentage of companies adopting the interpretation with the highest occurrence	34%	62%	64%	33%	18%
Most adoptions and/or amendments by company	Co-01	Co-25	Co-18, Co-19	Co-12	Co-45
Lowest number of adoptions and/or amendments by company	Co-09, Co-15, Co-28	Co-28	Co-48, Co-15, Co-23	Co-04, Co-08, Co-11, Co-15, Co-20, Co-43, Co-53, Co-25, Co-33	Co-09, Co-15, Co-17, Co-19, Co-33, Co-35

(Source: own research)

4.6 SUMMARY

This chapter attempts to address the research question included in chapter 1 of this study, which was to consider the effect of newly adopted accounting standards, changes and amendments on existing standards and the adoption of interpretations of standards that are made yearly by companies. The content analysis in this chapter indicates that numerous changes are made to accounting standards every year. It is further seen that these changes and amendments are implemented by companies as part of the adoption of international standards and global compliance.

In 2009 a total of 466 new accounting standards, adoptions and/or amendments were implemented by the 40 selected companies listed on the JSE. The number of occurrences increased in 2010 to 587 and then shows a drop to a low in 2012, with only 191 occurrences. This trend is, however, not maintained, with 2013 reflecting 210 adoptions and/or amendments to the standards.

43 standards and interpretations were implemented during the 2009 year, increasing to 49 instances for 2010. A downward trend started in 2011 when 37 instances were recorded, dropping to 29 instances in 2012. The lowest number of standards and interpretations noted during the 5- year period is the 20 instances in 2013. The study indicates that during the 5- year period under investigation, the number of changes and amendments decreased. This may indicate that there are fewer amendments on the journey towards standardisation. This demonstrates that global standards are “desirable, achievable and inevitable” (Mackintosh, 2014:3).

Table 3 indicates that an average of 11.37 new accounting standards or amendments was made per company in 2009. This average increases in 2010 to an average of 13.98 and then decreases in 2011 to an average of 8.86 changes per company. In 2012 there is a significant drop in the average number of changes and/or adoptions with only 4.78 per company. This downward trend is, however, not maintained in 2013 when an average of 5.25 instances per company was reported.

The high number of incidences of newly adopted standards and/or amendments and the high average number of changes per company highlight the extent to which companies do indeed adopt newly issued and/or amended accounting standards as issued by the IASB. Not only are companies willing to adopt new standards and amendments, the increase in the number of changes and the higher average of adoptions by the 40 selected companies listed on the JSE highlight the continued adoption of new standards and/or amendments. This continued adoption of new standards indicates not only a willingness to comply with the international standards - it also shows a readiness to keep up to date with the new standards.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The key objective of Chapter 1 in this study was to provide a historical background of the development of accounting standards and the application of these standards in the global and South African context. In Chapter 2 the theoretical basis and the historical background of the development and expansion of global standard-setting institutions were investigated. Both the positive and negative aspects of the implementation of global accounting standards were considered in this chapter. Chapter 2 culminates with the adoption and application of the IASB standards in South Africa. Following this historical background, Chapter 3 focuses on the conceptual framework used for the development and amendment of the internationally adopted standards. The standard-setting procedures and the due process were also presented in this chapter.

In Chapter 4 the study objective to consider the incidences of adoptions of changes in accounting policies and principles was analysed, using a content analysis of the information disclosed in the financial statements of the accounting notes presented in the financial statements of the selected 40 listed South African companies. A simplified statistical assessment of a content analysis addresses the objective of the study by analysing the information and details regarding the adoption of new standards and the amendment of standards as disclosed by entities.

In this, the final chapter, a number of conclusions are drawn from the findings in the study. Although the adoptions and/or amendments to the accounting standards were disclosed as being “not significant” or “not material” by most of the entities, the possible impact of these adoptions and/or amendments, leads to a number of recommendations for future studies, which may include the quantification of these effects in financial terms.

5.2 SUMMARY OF FINDINGS

In Chapter 1 the research problem was raised that accounting policies and principles should be applied consistently to promote comparability and transparency of financial reporting. The enhancement of the relevance and reliability of information contained in the financial statements requires ongoing changes in accounting regulation, necessitating the disclosure requirements. The challenge is that the changes in accounting standards and policies may impair the comparability of an entity's financial statements year on year.

In Chapter 2 it was shown that efforts have been made to harmonise accounting standards internationally. Arguments for and against accounting standard convergence were discussed, considering the international impact of standardised financial reporting. The national and international standard-setting bodies were discussed, with special focus on the FASB structure in the USA and the IASB structure in Europe and elsewhere. Countries that have adopted and implemented the IASB standards were presented as forerunners towards international adoption of IFRS. Although there is still a long way to go in respect of the comparability of financial statements across countries and regions, the IFRS standards constitute a step forward in the process of accounting harmonisation.

The IASB and the U.S. FASB started to amend their conceptual frameworks as a component of their convergence project. The ongoing development of accounting standards that would be adopted internationally led to the approval of the IASB standards, which in turn marked an important change and created anticipation for the future of international standards. The processes that led to the development of and amendments to the IFRS standards are presented in detail in Chapter 3.

The results of the content analysis and the simplified statistical assessment, using the accounting notes from the financial statements of the selected 40 listed companies on the JSE, were presented and analysed in Chapter 4. The content analysis indicates that numerous changes are made to accounting standards continuously. It is further seen that these changes and amendments are implemented yearly by companies as part of the adoption of international standards and global compliance. However, some of the accounting policy notes that were investigated as part of this study indicate that while new standards and changes to standards are being adopted, the entities report that the changes are “not significant” or “not material” and thus do not reflect a financial impact in the financial statements. The comparability year on year is considered since entities are not required to state the financial impact when changes are “not significant” or “not material.”

5.3 PRACTICAL IMPLICATION

Accounting and financial reporting have always responded to movements and changes in the economic and business environment. The challenge for internationally adopted financial standards is that these ever-changing accounting systems should not compromise comparability of the accounting information disclosed. The practical implication is that the accounting standards, while addressing the changes in the business environment, should also take cognisance of the financial impacts and maintain comparability.

Despite the numerous changes and the practical challenges of implementation, the US SEC stated that it believes that IFRS has the potential to become the global accounting standard, by providing comparability between companies across the globe (White & Raley, 2010:3).

The value of using international accounting standards is that a single set of standards ensures that similar transactions are treated in the same way by companies around the world. This single set of standards ensures global comparability of financial statements. Changing accounting techniques may result in a change in the way that transactions are processed. The practical implication is that information relating to similar transactions or events will only be comparable if these transactions or events are treated in a similar way.

The changes to the accounting standards may affect a number of companies’ day-to-day functions or even impact the reported profitability of the business itself. The lack of direct linking of changes in the financial standards to the possible associated financial impact was noted during the study. The practical implication is that for the investor there is no easy link between the numerous changes noted in the accounting notes and the possible financial impact on the investment.

5.4 LIMITATION OF THE STUDY

The possible limitations of this study should be borne in mind when the findings of the content analysis are interpreted.

Firstly, while the financial statements of the selected 40 listed companies were readily available, the financial impact of the adoption of new standards or amendments is not disclosed in the financial notes investigated. The most significant limitation experienced during the study relates to the correlation between the financial impact of the adoption and changes of standards and the actual incidences of changes to the standards reflected in the financial statements.

It was found that most of the companies indicate in the financial statements that changes or new adoptions are seen as “not significant” or “not material”. By classifying the changes or new adoptions in this way, the necessity of restating previous period financial statements is avoided. The second significant limitation encountered during this study can be summarised by one unanswered question. Can changes or new adoptions really “not be significant” or “not be material” if the rules and regulations are an ever-changing language? The absence of relevant information meant that this study was not able to test the financial implications of the adoption of new standards or amendments of the accounting standards.

5.5 VALUE OF THE STUDY

The number of incidents of changes and new adoptions of accounting standards was calculated and analysed using content analysis of the information disclosed in the financial statements. The simplified statistical assessment gave valuable insight on whether companies do indeed disclose changes in accounting policies. The study highlighted not only the number of occurrences, but also which standards are adopted or amended annually.

Secondly, for the period under investigation, a downward trend in the number of adoptions and or amendments of accounting standards was noted. The downward trend may indicate an increasing understanding of the international standards. In addition there are fewer amendments as standards are becoming more internationally adopted.

Thirdly, the study highlights the specific standards that were adopted most often by the companies selected for this study. The high number of incidents involving specific standards may indicate that those specific standards are being amended more regularly or that new standards are issued in line with changing needs. The standards with a high number of occurrences may therefore indicate the standards that would have an impact on the largest number of entities, specifically those that have not yet adopted the international standards.

Finally, the value of this study is that a content analysis, using the information disclosed in the financial statements to analyse the incidents of adoptions and/or amendments of standards, has not previously been conducted. While the adoption of new standards and amendments is accepted as part of the ongoing journey to international adoption, this study identifies and quantifies the changes being made.

5.6 CONCLUSION

The value of implementing international standards is well documented and facilitates global interaction. Although it has been a long journey, the general adoption of international financial standards is testimony to the success that the IASB has achieved in harmonising global standards. It is expected that the mutual adoption of new standards and/or changes and amendments to standards by companies will facilitate the comparability between entities.

While a single set of standards ensure global comparability of financial statements, the changes to the accounting standards may affect a number of companies' day-to-day functions or even impact the reported profitability of the business itself. So, while companies are compliant in respect of the adoption of new standards and amendments, the absence of a direct linking of these changes in the financial statements may pose an unquantified financial impact. While the adoption of new standards and/or amendments may hamper comparability, the findings suggest that there is a downward trend in the number of adoptions and/or amendments. This downward trend during the period under review could indicate more consistent reporting and hence be a step closer to comparability.

5.7 RECOMMENDATION FOR FUTURE STUDIES

Based on the findings and limitations revealed by this study, the following recommendations for further studies should be considered. Firstly, the financial impact on an organisation should be assessed, based on the number of changes in accounting standards. While many organisations report no financial impact, the question of comparability year on year should be tested in the light of the adoption of new and amended standards.

Secondly, it is recommended that the disclosure of errors by companies should be evaluated and assessed using content analysis. This study may also highlight the impact of non-compliance which results in errors, on an entity's financial information.

Thirdly, it is recommended that the content analysis of one or more entities be extended over a longer period to determine whether the same standards keep occurring within an entity or whether different standards are adopted or amended over a period.

Finally, a study to investigate the reasons for a standard being implemented most frequently and to determine whether the standard keeps occurring, should be undertaken. The high number of incidences may relate to changes in the economic and financial environment or may relate to local market trends. There may be a strong "cultural" component that leads to the high occurrence of a standard in any particular year. On the other hand, a high occurrence may simply mean that the standard is ambiguous and requires more interpretation.

REFERENCE LIST

AccountancyAge. 2000. English ICA supports international accounting standards. http://www.accountancyage.com/aa/news/1775869/english-ica-supports-international-accounting-standards Date of access: 21 June 2013.

Accounting Principles Board (APB) Opinions. 2014. Generally Accepted Accounting Principles in the United States. http://www.cpaclass.com/gaap/apb/gaap-apb-01.htm Date of access: 26 October 2014.

Accounting Today. 2010. IFRS – Convergence or Adoption? http://www.accountingtoday.com/news/IFRS-Convergence-Adoption-55554-1.html Date of access: 16 November 2014.

ACCA *see* Association of Certified Chartered Accountants.

AICPA *see* American Institute of Certified Public Accountants.

All Business. 2014. Business Glossary. http://www.allbusiness.com/glossaries/accounting-principles-board-apb/4942924-1.html Date of access: 26 October 2014.

American Consortium on EU Studies European Union Centre of Excellence (EUCE). 2013. The EU and the Global Convergence in Accounting Standards http://europe.unc.edu/wp-content/uploads/2013/08/Brief0709-accounting-standards.pdf Date of access: 20 October 2013.

American Institute of Certified Public Accountants (AICPA). 2011. AICPA Recommends SEC Allow Optional Adoption of IFRS by U.S Public Companies. http://www.aicpa.org/press/pressreleases/2011/pages/aicparecommendssecallowoptionaladoptionofifrsbyuspubliccompanies.aspx Date of access: 14 March 2013.

American Institute of Certified Accountants (AICPA). 2013a. IFRS Resources. http://www.ifrs.com/ifrs_faqs.html Date of access: 16 March 2013.

American Institute of Certified Public Accountants (AICPA). 2013. History of the American Institute of Certified of Public Accountants http://www.aicpa.org/About/MissionandHistory/Pages/History%20of%20the%20AICPA.aspx Date of access: 9 July 2013.

American Institute of Certified Public Accountants (AICPA). 2014. IFRS Resources About the IASB. http://www.ifrs.com/updates/iasb/about_the_iasb.html Date of access: 31 October 2014.

American Institute of Certified Public Accountants (AICPA). 2008. Accounting Profession Reacts to IFRS Plan. *Journal of Accountancy,* http://www.ifrs.com/updates/aicpa/joa_news_oct.html Date of access: 14 November 2014.

Anon. 2012a. IAS 8 Changes in Accounting Policies. http://accounting-simplified.com/standard/ias-8/changes-in-accounting-policies.html. Date of access: 9 August 2012.

Anon. 2012b. Financial Reporting. http://www.journalofaccountancy.com/Issues/2012/Apr/FinancialReporting.htm Date of access: 27 September 2012.

Anon. 2013a. Quick MBA. Financial Accounting Standards. http://www.quickmba.com/accounting/fin/standards/ Date of access: 5 March 2013.

Anon. 2007. Development of the Institutional Structure of Financial Accounting. http://www.sagepub.com/upm-data/17543_Chapter_3 Date of access: 26 October 2014.

APB *see* Accounting Principles Board

Armstrong, C.S., Barth, E.B., Jagolinzer, A.D. & Riedl, E.J. 2008. Market Reaction to the Adoption of IFRS in Europe. http://www.hbs.edu/faculty/Publication%20Files/09-032.pdf Date of access: 23 May 2013.

Association of Chartered Certified Accountants (ACCA). 2013. Future of IFRS; what purpose(s) do we want annual accountants to serve? http://www.accaglobal.com/content/dam/acca/global/pdf/report%20IFRS%20FINAL.PDF Date of access: 8 November 2014.

Ball, R. 2006. International Reporting Standards (IFRS): pros and cons for investors. *Accounting and Business Research,* 36: (sup1):5-27.

Ball, R., Kothari, S.P. & Robin, A. 2000. The effect of International institutional factors on properties of accounting earnings. *Journal of Accounting and Economics,* 29:1-51.

Ball, R., Robin, A. & Wu, J.S. 2003. Incentives versus standards: properties of accounting income in four East Asian countries. *Journal of Accounting and Economics,* 36:235-270.

Barth, M.E., Landsman, W.R. & Lang, M.H. 2008. International Accounting Standards and Accounting Quality, *Journal of Accounting Research,* 46(3): 467-497.

Barth, M.E. 2007. Research, Standard Setting, and Global Financial Reporting.1st ed. Hanover, MA: now Publishers Inc.

BDO. 2011. BDO Research Project into JSE Listing. http://www.bdo.co.za/documents/jse-listings-research-project.pdf Date of access: 12 April 2013.

BDO. 2013. IFRS at a Glance IFRS 1 First Time Adoption of IFRSs http://www.bdointernational.com/Services/Audit/IFRS/IFRS%20at%20a %20Glance/Documents/IFRS%201.pdf Date of access: 12 August 2013.

Beke, J. 2011. How can International Accounting Standards support Business Management? *International Journal of Management and Business Research,* 1(1):25-34.

Bellandi, F. 2012. Dual Reporting for the Statements of Income. http://ifrs.wiley.com/chapters/9780470977125c04 Date of access: 27 October 2014.

Booth, B. 2003. The Conceptual Framework as a Coherent System for the Development of Accounting Standards. *ABACUS,* 39(3):310-324.

Bova, F. & Pereira, R. 2012. The Determinants and Consequences of Heterogeneous IFRS Compliance Levels Following Mandatory IFRS Adoption: Evidence from a Developing Country. *Journal of International Accounting Research*, 11(1):83-111.

Bovee, M.W., Roberts, T.L & Srivastava, R.P. 2009. Decision Useful Financial Reporting Information Characteristics: An Empirical Validation of the Proposed FASB/IASB International Accounting Model. http://aisel.aisnet.org/cgi/viewcontent.cgi?article=1371&context=amcis2009&sei-redir=1&referer=http%3A%2F%2Fscholar.google.co.za%2Fscholar%3Fq%3D%2522verifiability%2522%2BIASB%26btnG%3D%26hl%3Den%26as_sdt%3D0%252C5%26as_vis%3D1#search=%22verifiability%20IASB%22 Date of access: 9 October 2014.

Bozzolan, S., Trombetta, M. & Beretta, S. 2009. Forward- Looking Disclosures, Financial Verifiability and Analysts' Forecasts: A Study of Cross-Listed European Firms. *European Accounting Review,* 18(3):435-473.

Bradbury, M.E. 2003. Implications for the Conceptual Framework Arising from Accounting for Financial Instruments, *ABACUS,* 39(3):388-397.

Breton. G. & Taffler, R.J. 2001. Accounting Information and analyst stock recommendation decisions: a content analysis approach. *Accounting and Business Research,* 31(2):91-101.

Brice, S. 2009. Implications of Capitalizing Development Costs. http://www.cpa2biz.com/Content/media/PRODUCER_CONTENT/Newsletters/Articles_2009/CPA/Sep/DevCosts.jsp Date of access: 27 October 2014.

Carmichael, D.R., Whittington, O.R. & Graham, L. 2012. Accountants' Handbook Volume 1 Financial Accounting and General Topics. 12th ed. New Jersey, N.J: John Wiley & Sons Inc.

Carmona, S. & Trombetta, M. 2008. On the global acceptance of IAS/IFRS accounting standards: The logic and implications of the principle-based system. *Journal of Accounting and Public Policy,* 27(6):455-461.

Cellucci, R. 2013. The International Accounting Standards Board http://neumann.edu/academics/divisions/business/journal/Review2011/Cellucci.pdf Date of access: 16 July 2013.

Centre for Audit Quality. 2009. Guide to International Financial Reporting Standards http://www.thecaq.org/publications/GuidetoIFRS.pdf Date of access: 25 August 2013.

Černe, K. 2009. Influential Factors of Country's Accounting System Development. *Economic Research*, 22(2): unknown.

Chiapello, E. & Medjad, K. 2009. An unprecedented privatisation of mandatory standard-setting: The case of European accounting policy. *Critical Perspective on Accounting,* 20:448-468.

Chlala, N. & Lavigne, A. 2013. CA Magazine Seven Key Differences. http://www.camagazine.com/archives/print-edition/2009/june-july/features/camagazine19845.aspx Date of access 10 August 2013.

Chartered Institute of Management Accountansts (CIMA). 2009 IFRS and the public sector Topic Gateway Series no 58. http://www.cimaglobal.com/Documents/ImportedDocuments/cid_tg_IFRS_and_the_public_sector_jul09.pdf.pdf Date of access: 11 April 2013.

Christensen, H.B., Lee, E. & Walker, M. 2007. Incentives and Standards: What Determines accounting quality changes around IFRS adoption? https://research.mbs.ac.uk/investment-risk/Portals/0/docs/ChristensenLeeWalker2008-IncentivesStandards.pdf Date of access: 9 October 2014.

Ciesielski, J. 2007. Re: File Number S7-13-07. Proposed Rule: Acceptance From Foreign Private Issuers of Financial Statements Prepared in Accordance with International Financial Reporting Standards Without Reconciliation of U.S. GAAP (Proposed Rule) http://www.fasb.org/investors_technical_advisory_committee/itac_08-31-07.pdf Date of access: 27 October 2014

CIMA *see* Chartered Institute of Management Accountants

Clendon, T. 2015. IASB's Conceptual Framework for Financial Reporting. http://www.accaglobal.com/za/en/student/exam-support-resources/fundamentals-exams-study-resources/f7/technical-articles/iasb-conceptual-framework-financial-reporting.html Date of access: 4 August 2015.

Coetzee, S.A. & Schmulian, A. 2012. A Critical Analysis of the Pedagogical Approach Employed in an Introductory Course to IFRS. *Issues in Accounting Education,* 27(1):83-100.

Cohen, J.R., Pant, L.W. & Sharp, D.J. 1992. Cultural and Socioeconomic Constraints on International Codes of Ethics: Lessons from Accounting. *Journal of Business Ethics,* 11(9):687-700.

Cole, V., Branson, J. & Breesch, D. 2011. The Uniformity-Flexibility Dilemma when Comparing Financial Statements. *International Journal of Accounting and Information Management,* 20(2):114-141.

Collings, S. 2012. IFRS for Dummies. 1st ed. Chichester, West Sussex, England, John Wiley & Sons.

Considine, B., Parkes A., Olesen K., Speer D., & Lee, M. (2010). Accounting Information System: Understanding Business Processes, 3rd Edition. Milton, Old: John Wiley & Sons Australia, Ltd.

Cordazzo, M. 2008. The Impact of IAS/IFRS on Accounting Practices: Evidences from Italian Listed Companies. http://www.observatorioifrs.cl/archivos/05%20-%20Bibliograf%EDa/02%20-%20PA/BPA-004.pdf Date of access: 16 November 2014.

Crook, K. 2004. IASB Meeting, London, Agenda Paper 7 September 2004. http://www.ifrs.org/Meetings/MeetingDocs/IASB/Archive/Conceptual-Framework/Agenda%20Decision/0409b07.pdf Date of access: 14 June 2015.

Cunningham, L.A., 2008. The SEC's Global Accounting Vision: A Realistic Appraisal of a Quixotic Quest. *Northern Carolina Law Review,* 87:1-60.

Daske, H. & Gebhardt, G. 2006. International Financial Reporting Standards and Experts' Perceptions of Disclosure Quality. *ABACUS*, 42(3/4):461-498.

Daske, H., Hail, L., Leuz, C. & Verdi, R. 2008. Mandatory IFRS Reporting around the World: Early Evidence on the Economic Consequences. *Journal of Accounting Research,* 46(5):1085-1141.

De Franco, G., Kothari, S.P. & Verdi, R.S. 2009. The Benefits of Financial Statements Comparability. *Journal of Accounting Research,* 49(4):895-931.

DeFond, M., Hu, X., Hung, M. & Li, S. 2011. The Impact of Mandatory IFRS Adoption on Foreign Mutual Fund Ownership: The role of comparability. *Journal of Accounting and Economics* 51:240-250.

Deloitte. 2008. The IFRS Journey in Insurance: A Look beyond the Accounting Changes. http://www.deloitte.com/assets/Dcom-Serbia/Local%20Assets/Documents/rs_fsi_IFRSJourneyInsurance.pdf Date of access: 25 September 2013.

Deloitte. 2011. IFRS 10 – Consolidated Financial Statements. http://www.iasplus.com/en/publications/global/ifrs-in-focus/2011/ifrs-10 Date of access: 8 July 2015.

Deloitte. 2012. Effective date and transition method disclosure considerations. IASB meeting, Norwalk, CT, USA, 21-24 May 2012. http://www.iasplus.com/en/meeting-notes/iasb-meeting-2014-21-24-may-2012-norwalk-ct-usa/effective-date-and-transition-method-disclosure-considerations/ Date of access: 5 August 2012.

Deloitte. 2012a. IAS 8 – Accounting Policies, changes in Accounting Policies Estimates and Errors. http://www.iasplus.com/en/standards/standard8 Date of access: 28 July 2012.

Deloitte. 2013. IFRS 1 – First-time adoption of International Reporting Standards. http://www.iasplus.com/en/standards/ifrs/ifrs1 Date of access: 12 August 2013.

Deloitte. 2013a. Financial reporting framework in the United Kingdom http://www.iasplus.com/en/jurisdictions/europe/uk Date of access: 15 August 2013.

Deloitte. 2014. Conceptual Framework for Financial Reporting 2010. http://www.iasplus.com/en/standards/other/framework Date of access: 07 October 2014.

Deloitte. 2014a. About the International Accounting Standards Committee (IASC). http://www.iasplus.com/en/resources/ifrsf/history/resource25 Date of access: 31 October 2014.

Deloitte. 2014b. Formation of the Monitoring Board. http://www.iasplus.com/en/resources/ifrsf/governance/monitoring-board Date of access: 1 November 2014.

Deloitte. 2014c. Standards. http://www.iasplus.com/en/standards Date of access: 9 November 2014.

Deloitte. 2014d. Annual Improvements – 2006 – 2008 cycle. http://www.iasplus.com/en/projects/completed/aip/annual-improvements-2006-2008 Date of access: 22 November 2014.

Deloitte. 2014e. Annual Improvements – 2007 – 2009 cycle. http://www.iasplus.com/en/projects/completed/aip/annual-improvements-2007-2009 Date of access: 22 November 2014.

Deloitte. 2014f. Annual Improvements – 2008 – 2010 cycle. http://www.iasplus.com/en/projects/completed/aip/annual-improvements-2008-2010 Date of access: 22 November 2014.

Deloitte. 2014g. Annual Improvements – 2009 – 2011 cycle. http://www.iasplus.com/en/projects/completed/aip/annual-improvements-2009-2011 Date of access: 22 November 2014.

Deloitte, 2015. IAS 27 – Consolidated and Separate Financial Statements (2008). http://www.iasplus.com/en/standards/ias/ias27 Date of access: 8 July 2015.

Deloitte, 2015a. SIC-12 – Consolidated – Special Purpose Entities. http://www.iasplus.com/en/standards/sic/sic-12 Date of access: 8 July 2015.

Deloitte, 2015c. Preface to International Financial Reporting Standards. http://www.iasplus.com/en/standards/other/preface Date of access: 9 August 2015.

Demski, J.S. 2007. Is Accounting an Academic Discipline? *Accounting Horizons,* 21(2):153-157.

Dennis, C., McMorrow, K. & Roger, W. 2006. Globalisation: trends, issues and macro implications for the EU. http://ec.europa.eu/economy_finance/publications/publication668_en.pdf Date of access: 26 September 2012.

Ding, Y., Jeanjean, T. & Stolowy, H. 2005. Why do national GAAP differ from IAS? The role of culture. *The International Journal of Accounting,* 40:325-350.

Duvvuri, M. 2012. Innovation in Management – "Accounting" – An Ever-Changing Language. 1st ed. New Delhi, Sunil Sachdev Allied Publishers Private Limited.

Edu CBA. 2014. IFRS vs US GAAP. http://www.educba.com/ifrs/ifrs-vs-u-s-gaap/ Date of access: 16 November 2014.

Edwards, I., Schelluch, P., Du Plessis, A., Struweg, J. & West, A. 2007. Globalisation and Accounting Reforms in an Emerging Market Economy: A Case Study of South Africa. (*In* Godfrey, J.M. & Chalmers, K. Globalisation of Accounting Standards. Cheltenham, UK: Edward Elgar Publishing Limited. P. 275-285).

EN-EU. 2009. International Accounting Standards 8 Accounting Policies, Changes in Accounting Estimates and Errors. http://ec.europa.eu/internal_market/accounting/docs/consolidated/ias8_en.pdf Date of access: 9 August 2012.

Erdemoglu, E. 2013. The Institutional Economics of the Globalized Financial Regulation; Example on International Accounting Standards Board. Esnie.org/students/commun/download/erdemoglu_elif_13.pdf.html Date of access: 22 October 2013.

Ernst & Young. 2012. US GAAP versus IFRS The Basics. http://www.ey.com/Publication/vwLUAssets/US_GAAP_versus_IFRS:_The_basics_November_2012/$FILE/US_GAAP_v_IFRS_The_Basics_Nov2012.pdf Date of access: 24 September 2013.

Ernst & Young. 2015. International GAAP 2015 Generally Accepted Accounting Practice under International Financial Reporting Standards https://books.google.co.za/books?id=4MEoBwAAQBAJ&pg=PT46&lpg=PT46&dq=steps+the+iasb+follow+for+amending+ifrs+standards&source=bl&ots=l86t2s13MP&sig=EuFhDaoYtkIPopr3vmNJAafrWD0&hl=en&sa=X&ved=0CFUQ6AEwCTgUahUKEwi_xJej4ZvHAhVFjw0KHWPWCso#v=onepage&q=steps%20the%20iasb%20follow%20for%20amending%20ifrs%20standards&f=false Date of access: 9 August 2015.

EUCE *see* American Consortium on EU Studies European Union Centre of Excellence

Everingham, G.K., Kleynhans, J.A.E. & Posthumus, L.C. 2007. Principles of GAAP. 3rd ed. Cape Town: Juta&Co.

EY. 2013. EY's Excellence in Integrated Reporting Awards 2013 A Survey of integrated reports from South Africa's top 100 JSE listed companies and top 10 state owned companies. http://www.ey.com/Publication/vwLUAssets/EYs_Excellence_in_Integrated_Reporting_Awards_2013/$FILE/EY%20Excellence%20in%20Integrated%20Reporting.pdf Date of access: 19 November 2013.

EY. 2015. IFRS 10 Consolidated Financial Statements What you need to know. http://www.ey.com/GL/en/Industries/Financial-Services/Insurance/IFRS-10-Consolidated-Financial-Statements---What-you-need-to-know Date of access: 8 July 2015.

FAF *see* Financial Accounting Foundation.

FASAC *see* Financial Accounting Standards Advisory Council.

FASB *see* Financial Accounting Standards Board.

Feeley & Driscoll. 2014. GAAP vs IFRS The Evolution to IFRS from GAAP. http://www.fdcpa.com/Tax/IFRS_GAAP.htm Date of access: 16 November 2014.

Financial Accounting Foundation (FAF). 2013. What we do: Financial Accounting Foundation. http://www.accountingfoundation.org/jsp/Foundation/Page/FAFSectionPage&cid=1351027541289 Date of access: 9 July 2013.

Financial Accounting Standards Advisory Council (FASAC). 2013. An overview. http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1218220137466 Date of access 15 July 2013.

Financial Accounting Standards Board (FASB). 1980. Original Pronouncements as Amended Statement of Financial Accounting Concepts No. 2 Qualitative Characteristics of Accounting Information. http://www.fasb.org/cs/BlobServer?blobcol=urldata&blobtable=MungoBlobs&blobkey=id&blobwhere=1175820900526&blobheader=application%2Fpdf Date of access: 24 February 2013.

Financial Accounting Standards Board (FASB). 2013. International Convergence of Accounting Standards A Brief History http://www.gasb.org/cs/ContentServer?c=Page&pagename=FASB%2FPage%2FSectionPage&cid=1176156304264 Date of access: 24 February 2013.

Financial Accounting Standards Board (FASB). 2014. Project update Conceptual Framework. http://www.fasb.org/jsp/FASB/FASBContent_C/ProjectUpdatePage&cid=900000011090 Date of access: 8 October 2014.

Financial Stability Board (FSB). 2008. International Financial Reporting Standards (IFRS). http://www.financialstabilityboard.org/cos/cos_021001a.htm Date of access: 25 February 2014.

Financial Stability Board (FSB). 2012. Joint Update Note from the IASB and FASB on Accounting Convergence. http://www.financialstabilityboard.org/publications/r_120420d.pdf Date of access: 27 September 2012.

Financial Stability Boards (FSB). 2013. Who are Standard-Setting Bodies? http://www.financialstabilityboard.org/cos/wssb.htm Date of access: 17 March 2013.

Financial Time Stock Exchange (FTSE). 2012. FTSE/JSE Top 40 Index. http://www.ftse.com/Indices/FTSE_JSE_Africa_Index_Series/Downloads/FTSE_JSE_Top_40_Index_Factsheet.pdf Date of access: 27 September 2012.

Finch, N. 2009. Toward an Understanding of Cultural Influence on the International Practice of Accounting. *Journal of International Business and Cultural Studies.* http://aabri.com.nwulib.nwu.ac.za/manuscripts/09175.pdf Date of access: 7 October 2013.

Fischer, P.M., Taylor, W.J. & Cheng, R.H. 2012. Advanced Accounting. 11th ed. Norwalk, CT: LEAP Publishing Services.

Foley, C. 2015. The Standard-Setting Process of International Financial Reporting Standards by the International Accounting Standards Board (IASB). http://www.cpaireland.ie/docs/default-source/Students/Study-Support/P1-Corporate-Reporting/the-standard-of-setting-process-of-internation-financial-reporting-standards-by-the-international-accounting-standards-board.pdf?sfvrsn=0 Date of access: 8 August 2015.

Frost, C.A., Henry, E. & Lin, S.W. 2009. Response to the U.S. Securities and Exchange's Proposal Rule: Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by US Issuers. *Journal of International Accounting Research,* 8(2):61-85.

FSB *see* Financial Stability Board.

FTSE *see* Financial Time Stock Exchange

Gallery, G., Cooper, E. & Sweeting, J. 2003. Corporate Disclosure Quality: Lessons from Australian Companies on the Impact of Adopting International Financial Reporting Standards. *Australian Accounting Review,* 46(18):257-273.

GASB *see* Governmental Accounting Standards Board

Gebhardt, G., Mora, A. & Wagenhofer, A. 2014. Revisiting the Fundamental Concepts of IFRS. *ABACUS*, 50(1):107-116.

Gill, L.M. 2007. IFRS: Coming to America What CPAs need to know about the new global GAAP. http://www.journalofaccountancy.com/Issues/2007/Jun/IfrsComingToAmerica.htm Date of access: 16 November 2014.

Gornik-Tomaszewski, S. 2010. Adopting IFRS A Guidance for US Entities under IFRS 1. *The CPA Journal,* 80(3).

Governmental Accounting Standards Board (GASB). 2013. Facts about GASB. http://www.gasb.org/cs/BlobServer?blobkey=id&blobwhere=1175827287722&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs Date of access: 11 July 2013.

Grant Thornton. 2013. IFRS – Yesterday, Today, Tomorrow. http://www.gt.co.za/files/bottomline09_ifrs.pdf Date of access: 11 August 2013.

Gray, S.J. 1988. Toward a Theory of Cultural Influence on the Development of Accounting Systems Internationally. *ABACUS A Journal of Accounting, Finance and Business Studies,* 24(1):1-15.

Guggiola, G. 2010. IFRS Adoption in the E.U., Accounting Harmonization and Markets Efficiency: A Review. *International Business and Economic Research Journal,* 9(12):99-112.

Hail, L., Leuz, C. & Wysocki, P., 2009. Global Accounting Convergence and the Potential Adoption if IFRS by the United States: An Analysis of Economic and Policy Factors. http://www.lse.ac.uk/accounting/news/mafg/leuzpaper.pdf Date of access: 25 September 2013.

Hall, J.O. & Albridge, C.R. 2007. Changes in Accounting for Changes. Journal of Accountancy, http://www.journalofaccountancy.com/Issues/2007/Feb/ChangesInAccountingForChanges.htm Date of access 10 August 2013.

Hampton, R. 2012. Brace yourself more regulatory changes. http://www.cqs.co.za/wp-content/uploads/2013/02/CQS-Article_May-2012_ASA.pdf Date of access: 8 November 2014.

Hampton, R. 2013. Further Regulatory Changes on the Way For South Africa. *The Journal of the Global Accounting Alliance,* http://read.gaaaccounting.com/news/further-regulatory-changes-on-the-way-for-south-africa/ Date of access: 19 November 2013.

Haskins, C.W. 1904. Business Education and Accountancy. 1st ed. London and New York N.Y, Harper and Brothers Publishers.

Hern, J. 2006. eIFRSline. http://www.gt.co.za/files/eifrs_march06.pdf Date of access: 16 November 2013.

Hern, J. & Hurwits, G. 2005. IFRS – There's nowhere to hide http://www.gt.co.za/files/botline_nov05.pdf Date of access: 26 June 2013.

Herrmann, D., Saudagaran, S.M. & Thomas, W.B. 2006. The quality of fair value measures for property, plant and equipment. *Accounting Forum,* 30:43-59.

Hofstede, G. 1984. Culture's Consequences International Differences in Work – Related Values 1st ed. Library of Congress Cataloguing-in-Publication Data.

Hofstede, G. 2001. Culture Consequences: Comparing Values, Behaviours, Institutions and Organizations Across Nations. 2nd ed. London: Sage

Hope, O-K., Jin, J.,Kang, T. 2006. Empirical Evidence on Jurisdictions that Adopt IFRS. *Journal of International Accounting.* 5(2):1-20.

Horváth & Partners. 2013. IFRS and Harmonization. http://www.horvath-partners.com/IFRS-and-Harmonization.595.0.html?&L=1 Date of access: 24 September 2013.

Hsieh, H.F. & Shannon, S.E. 2005. Three Approaches to Qualitative Content Analysis. *Qualitative Health Research,* 15(9):1277-1288.

Hunt, M.F., Kieso, D.E., Weygandt J.J., Warfield, T.D. 2012. Intermediate Accounting Problem Solving Survival Guide. 14th ed. United States of America, John Wiley & Sons Inc.

IASB *see* International Accounting Standards Board.

ICAEW *see* Institute of Chartered Accountants in England & Wales.

IFRS *see* International Financial Reporting Standards.

IIRC *see* International Integrated Reporting Committee

Institute of Chartered Accountants in England & Wales (ICAEW). 2013. The Future of IFRS Information for Better Markets Initiative http://www.ion.icaew.com/ClientFiles/a42b9c80-6acd-4dca-980a-bac45d9a324d/The%20Future%20of%20IFRS.pdf Date of access: 24 October 2013.

Institute of Chartered Accountants in England & Wales (ICAEW). 2013a. Knowledge guide to International accounting standards. http://www.icaew.com/en/library/subject-gateways/accounting-standards/knowledge-guide-to-international-accounting-standards Date of access: 12 February 2013.

Institute of Chartered Accountants in England & Wales (ICAEW). 2014. Knowledge Guide to International Accounting Standards. http://www.icaew.com/en/library/subject-gateways/accounting-standards/knowledge-guide-to-international-accounting-standards Date of access: 31 October 2014.

Institute of Chartered Accountants in England & Wales (ICAEW). 2014a. Steps to a professional body – a timeline of the development of the Accountancy Profession in the United Kingdom. http://www.icaew.com/en/library/subject-gateways/accounting-history/resources/timeline Date of access: 20 November 2014.

Institute of Chartered Accountants in England & Wales (ICAEW). 2014b. 1914-1938. http://www.icaew.com/en/library/subject-gateways/accounting-history/resources/timeline/1914-1938 Date of access: 28 November 2014.

International Accounting Standard Board (IASB). 2010. Conceptual Framework for Financial Reporting 2010. http://www.ifrs.org/News/Press-Releases/Documents/ConceptualFW2010vb.pdf Date of access: 7 October 2014. International Financial Reporting Standards (IFRS). 2012a. The Conceptual Framework for Financial Reporting 2011. http://www.ifrs.org/IFRSs/Documents/ConceptualFramework.pdf Date of access: 24 November 2014.

International Financial Reporting Standards (IFRS). 2010. IASC Foundation to become IFRS Foundation on 1 July 2010. http://www.ifrs.org/news/announcements-and-speeches/Pages/iasc-foundation-name-change.aspx Date of access: 29 November 2014.

International Financial Reporting Standards (IFRS). 2013. The Move to global standards. http://www.ifrs.org/use-around-the-world/Pages/use-around-the-world.aspx Date of access: 14 March 2013.

International Financial Reporting Standards (IFRS) Foundation. 2013. IASB and IFRS Interpretations Committee Due Process Handbook. 1st ed. London: IFRS Foundation Publications Department.

International Financial Reporting Standards (IFRS). 2013a. How we develop IFRSs. http://www.ifrs.org/How-we-develop-standards/Pages/How-we-develop-standards.aspx Date of access: 10 March 2013.

International Financial Reporting Standards (IFRS). 2013a. Staff Paper Reg IASB Meeting 18 – 22 March 2013. http://www.ifrs.org/Current-Projects/IASB-Projects/Conceptual-Framework/Documents/05H-Conceptual%20Framework.pdf Date of access: 4 December 2014.

International Financial Reporting Standards (IFRS). 2013b. A Review of the Conceptual Framework for Financial Reporting Discussion Paper DP/2013/1. http://www.ifrs.org/Current-Projects/IASB-Projects/Conceptual-Framework/Discussion-Paper-July-2013/Documents/Discussion-Paper-Conceptual-Framework-July-2013.pdf Date of access: 8 October 2014.

International Financial Reporting Standards (IFRS). 2013c. Discussion Paper DP 2013/1 July 2013 A Review of the Conceptual Framework for Financial Reporting. http://www.ey.com/Publication/vwLUAssets/EY-IFRS-A-Review-of-the-Conceptual-Framework-for-Financial-Reporting-DP-July-2013/$FILE/EY-Discussion-Paper-Conceptual-Framework-July-2013.pdf Date of access: 4 December 2014.

International Financial Reporting Standards (IFRS). 2014. Development of minor or narrow-scope amendments to Standards. http://www.ifrs.org/How-we-develop-Interpretations/Pages/Development-of-a-draft-Interpretation.aspx Date of access: 9 October 2014.

International Financial Reporting Standards (IFRS). 2014a. Development of Interpretations. http://www.ifrs.org/How-we-develop-Interpretations/Pages/The-IASB-and-an-Interpretation.aspx Date of access: 9 October 2014.

International Financial Reporting Standards (IFRS). 2014b. Standards and Interpretation Chart. http://eifrs.ifrs.org/eifrs/Standards Date of access: 18 October 2014.

International Financial Reporting Standards (IFRS). 2014c. Annual Improvements. http://www.ifrs.org/Current-Projects/IASB-Projects/Annual-Improvements/Pages/Annual-Improvements-Landing.aspx Date of access: 22 October 2014.

International Financial Reporting Standards (IFRS). 2014d. How we are structured. http://www.ifrs.org/About-us/Pages/How-we-are-structured.aspx Date of access: 1 November 2014.

International Financial Reporting Standards (IFRS). 2014e. Monitoring Board. http://www.ifrs.org/About-us/Pages/Monitoring-Board.aspx Date of access: 1 November 2014.

International Financial Reporting Standards (IFRS). 2014f. Trustees of the IFRS Foundation. http://www.ifrs.org/About-us/IFRS-Foundation/Oversight/Trustees/Pages/Trustees.aspx Date of access: 1 November 2014.

International Financial Reporting Standards (IFRS). 2014g. The IFRS Foundation. http://www.ifrs.org/About-us/IFRS-Foundation/Pages/Home.aspx Date of access: 1 November 2014.

International Financial Reporting Standards (IFRS). 2014h. IFRS Interpretations Committee. http://www.ifrs.org/About-us/IASB/Members-of-IFRS-IC/Pages/Members-of-the-IFRS-IC.aspx Date of access: 1 November 2014.

International Financial Reporting Standards (IFRS). 2014i. IFRS Advisory Council. http://www.ifrs.org/About-us/IFRS-Advisory-Council/Pages/IFRS-Advisory-Council.aspx Date of access: 1 November 2014.

International Financial Reporting Standards (IFRS). 2014j. IASB advisory bodies. http://www.ifrs.org/About-us/IASB/Advisory-bodies/ASAF/Pages/Accounting-Standards-Advisory-Forum.aspx Date of access: 1 November 2014.

International Financial Reporting Standards (IFRS). 2014k. IFRS application around the world jurisdictional profile: South Africa. http://www.ifrs.org/Use-around-the-world/Documents/Jurisdiction-profiles/South-Africa-IFRS-Profile.pdf Date of access: 8 November 2014.

International Financial Reporting Standards (IFRS). 2014l. IASB Staff Paper May 2014 Effect of Board re-deliberations on DP. A Review of the Conceptual Framework for Financial Reporting. http://www.ifrs.org/Current-Projects/IASB-Projects/Conceptual-Framework/Documents/Effect-of-Board-decisions-on-DP-May-2014.pdf Date of access: 4 December 2014.

International Financial Reporting Standards (IFRS). 2015. Financial Instruments (replacement of IAS 39). http://www.ifrs.org/Current-Projects/IASB-Projects/Financial-Instruments-A-Replacement-of-IAS-39-Financial-Instruments-Recognitio/Pages/Financial-Instruments-Replacement-of-IAS-39.aspx Date of access: 25 August 2015.

International Integrated Reporting Committee (IIRC). 2010. Press Release Formation of the International Integrated Reporting Committee (IIRC). http://www.theiirc.org/wp-content/uploads/2011/03/Press-Release1.pdf Date of access: 19 November 2013.

International Public Sector Accounting Standard (IPSAS). 2006. Accounting Policies, Changes in Accounting Estimates and Errors. http://www.ifac.org/sites/default/files/publications/files/ipsas-3-accounting-polici.pdf Date of access 10 August 2013.

IPSAS *see* International Public Sector Accounting Standard

Iyoha, F.O. 2012. Company Attributes and the Timeliness of Financial Reporting in Nigeria. *Business Intelligence Journal,* 5(1):41-49.

Jeanjean, T. & Stolowy, H. 2008. Do accounting standards matter? An exploratory analysis of earnings management before and after IFRS adoption. *Journal of Accounting and Public Policy,* 27(6):480-494.

Jermakowics, E.K., Prather-Kinsey, J. & Wulf, I. 2007. The Value Relevance of Accounting Income Reported by DAX-30 German Companies. *Journal of International Financial Management and Accounting,* 18(3):152.

Johnson, M. 11 Key Customer Loyalty Trends for 2011. http://www.frogrecruitment.co.nz/Employer+Services/MARKET+UPDATE/Jan+2011.html Date of access: 1 September 2015.

Jones, K. H., Price, J.B., Werner, M. L., & Doran, M. S. 1996. Introduction to Financial Accounting: A User Perspective. Upper Saddle River, NJ: Prentice Hall.

JSE. 2010. The JSE Limited Listing Requirements Bulletin. https://www.jse.co.za/content/JSEBulletinItems/2010_01.pdf Date of access: 12 August 2012.

JSE. 2014. JSE Overview Who we Are. https://www.jse.co.za/about/history-company-overview Date of access: 20 October 2014.

Kolitz, D. 2007. Early Adoption of IFRS Enhances South African Position as Global Player in the Accounting Field http://www.accountingeducation.com/index.cfm?page=newsdetails&id=145940 Date of access: 9 June 2013.

KPMG. 2004. Introduction of IFRS: Analyst Research Survey. http://www.kpmg.ie/services/audit/ifrs/ifrs_survey_oct2004.pdf Date of access: 24 March 2012.

KPMG. 2008. Brazil and International Financial Reporting Standards (IFRS) First-time adoption of IFRS http://www.kpmg.com.br/publicacoes/audit/IFRS/Folder_IFRS_Perguntas_Respostas_ingles_2506.pdf Date of access: 8 June 2013.

KPMG. 2010. Preparing your stakeholders for IFRS. http://www.kpmg.com/Ca/en/IssuesAndInsights/ArticlesPublications/Documents/IFRS/Preparing%20your%20stakeholders%20for%20IFRS.pdf Date of access: 18 May 2013.

KPMG. 2013. IFRS compared to US GAAP: An overview. http://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/IFRS-compared-to-US-GAAP-An-overview-O-201311.pdf Date of access: 28 October 2014.

La Porta, R., Lopez-de-Silanes, F., Schleifer, A. & Vishny, R. 1999. The Quality of Government. *Journal of Law, Economics & Organization,* 15(1):222-278.

Larson, R.K. 2007. Constituent Participation and the IASB's International Financial Reporting Interpretations Committee. *Accounting in Europe,* 4(2):207-254.

Leader, N. 2014. IFRS Belong in the United States. http://www.usc.edu/org/InsightBusiness/ib/articles/articlescontent/09%2001Nicholas%20Leader.html Date of access: 26 October 2014.

LeJeune, A.T. 2013. An Examination of the Accounting Profession's Influence over its Members during the transition to IFRS. *International Journal of the Academic Business World,* 7(2):1-86.

Mackintosh, I. 2014. Are Truly Global Standards Achievable? http://www.ifrs.org/Alerts/Conference/Documents/2014/Ian-Mackintosh-speech-Are-global-standards-achievable-August-2014.pdf Date of access: 19 October 2014.

Mandela, N. 2000. Criticism of Current Forms of Free Trade. http://www.globalissues.org/article/40/criticisms-of-current-forms-of-free-trade Date of access: 19 September 2013.

McConnell, P. 2011. The Objective of Financial Reporting and the Qualitative Characteristics of Useful Information – What Investors Should Know. http://www.ifrs.org/investor-resources/2011-perspectives/january-2011-perspectives/Pages/objective-of-financial-reporting.aspx Date of access: 9 October 2014.

Mittal, R.K & Bansal, M.R. 2009. Financial Accounting Semester 1. 1st ed. V.K.(India) Enterprises

MNP. 2010. Future changes to IFRS. http://www.mnp.ca/en/services/assurance/international-financial-reporting-standards/changes-to-ifrs Date of access: 27 August 2012.

Morrow, S. 2009. General Accepted Accounting Principles or GAAP: What does it mean? https://www.legalzoom.com/articles/general-accepted-accounting-principles-or-gaap-what-does-it-mean Date of access: 5 December 2014.

Moyes, G.D., Saadouni, B., Simon, J., Williams, P.A. 2001. A comparison of factors affecting UK and US analyst forecast revisions. *The International Journal of Accounting,* 36:47-63.

Mukhlisin, M. & Hudaib, M. 2014. Is there a political economy of accounting in financial reporting standardization for the Islamic financial institutions? www.criticalperspectivesonaccounting.com/wp-content/.../paper-cpa-085.docx Date of access: 16 November 2014.

Naciri, A. 2010. Internal and External Aspects of Corporate Governance. 1st ed. New York, NY, Routledge.

Needles, B.E. & Powers, M. 2013. International Financial Reporting Standards An Introduction. 3rd ed. South Western Mason, Cengage Learning.

Negash, M. 2013. IFRS in the United States: A rejoinder to the debate between the SEC and the IFRS Foundation. http://aaahq.org/AM2014/display.cfm?Filename=SubID_1865.pdf&MIMEType=application%2Fpdf Date of access: 13 November 2014.

Pine, K.W. 2010. Lowering the Cost of Rent: How IFRS and the Convergence of Corporate Governance Standards Can Help Foreign Issuers Raise Capital in the United States and Abroad. *Northwestern Journal of International Law & Business*, 30(2):483-504.

Pologeorgis, N. 2013. The Impact of Combining the US GAAP and IFRS. http://www.investopedia.com/articles/economics/12/impact-gaap-ifrs-convergence.asp Date of access: 19 May 2013.

PriceWaterhouseCoopers. 2004. Ready for Take-off? http://pwc.blogs.com/ifrs/files/ready_for_takeoff.pdf Date of access: 27 August 2012.

PWC. 2014. IFRS and US GAAP: similarities and differences. http://www.pwc.com/en_US/us/issues/ifrs-reporting/publications/assets/ifrs-and-us-gaap-similarities-and-differences-2014.pdf Date of access: 28 October 2014.

Obaidat, A.N. 2007. Accounting Information Qualitative Characteristics Gap: Evidence from Jordan. *International Management Review,* 3(2):26-32.

Odia, J.O., Ogiedu, K.O., 2013. IFRS Adoption: Issues, Challenges and Lessons for Nigeria and other Adopters. *Mediterranean Journal of Social Sciences,* 4(3):389-399.

Office of the Chief Accountant United States. 2012. Securities and Exchange Commission. Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S Issuers Final Staff Report July 2012. http://www.sec.gov/spotlight/globalaccountingstandards/ifrs-work-plan-final-report.pdf Date of access: 6 October 2013

Oracle. 2013. Preparing US Companies for the Transition to IFRS: A Guide for the JD Edwards Customers. http://www.oracle.com/us/products/applications/062073.pdf Date of access: 6 October 2013.

Owolabi, A. & Iyoha, F.O. 2012. Adopting International Financial Reporting Standards (IFRS) in Africa: benefit, prospects and challenges. *African J. Accounting Auditing and Finance,* 1(1):77-86.

Owalabi, S.O., Onwere, L.C. & Dada, S.O. 2013. A Review of the pragmatic utility of the adoption of International Financial Reporting Standards (IFRS). *Merit Research Journal of Accounting, Auditing, Economics, and Finance,* 1(3):26-33.

Oxford Business Group. 2013. The Report: South Africa 2013. 1st ed. The Department of Trade and Industry.

Ragan, J.M., Hadley, A.J. & Raymond A.P. 2007. IFRS: Approaching A State of Convergence. *International Business & Economic Research Journal,* 6(12):15-24.

Ram, R. & Newberry, S. 2013. IFRS for SME's: The IASB's Due Process. *Australian Accounting Review,* 23(1):3-17.

Ramanna, K. & Sletten, E. 2009. Why do countries adopt International Financial Reporting Standards? http://www.hbs.edu/faculty/Publication%20Files/09-102.pdf Date of access: 18 April 2013.

Rashad Abdel-Khalik, A. 2014. Accounting for Risk, Hedging & Complex Contracts. 1st ed. New York: Taylor & Francis Group.

Reda, J.F., Reifler, S. & Thatcher, L.G. 2005 Compensation Committee Handbook. 2nd ed. Hoboken, New Jersey, John Wiley & Sons, Inc.

Romney, M.B. & Steinbart P.J. 2012. Accounting Information Systems, 12th Edition. Boston: Prentice Hall.

Rosivach, A. 2011. AICPA says U.S. companies should have option to use IFRS as issued by IASB. http://www.accountingweb.com/topic/accounting-auditing/aicpa-says-us-companies-should-have-option-use-ifrs-issued-iasb Date of access: 12 March 2013.

SAICA *see* South African Institute of Chartered Accountants.

SAS *see* Statement of Auditing Standards.

SEC *see* Securities and Exchange Commission

Saudagaran, S.M. 2009. International Accounting A User Perspective 3rd ed. Chicago, CCH Group

Sawani, A. 2013. The Changing Accounting Environment: International Accounting Standards and US Implementation *Journal of Finance and Accountancy,* 1(1):1-9.

Securities and Exchange Commission (SEC). 2013. Roadmap for the Potential use of Financial statements prepared in accordance with International Financial reporting standards by U.S Issuers. http://www.sec.gov/rules/proposed/2008/33-8982.pdf Date of access: 25 September 2013.

Schenk, K. 2011. IFRS: The Inevitable Evolution of U.S. Accounting Standards. file:///C:/Users/Rozanne/Downloads/IFRS%20-%20The%20Inevitable%20Evolution%20of%20U.S.%20Accounting%20Standards.pdf Date of access: 8 August 2015.

Schipper, K. 2005. The Introduction of International Accounting Standards in Europe: Implications for International Convergence. *European Accounting Review* 14(1):101-126.

Shah, A. 2006. Criticisms of Current Forms of Free Trade. http://www.globalissues.org/article/40/criticisms-of-current-forms-of-free-trade Date of access: 15 September 2013.

Shamkuts, V. 2010. Fair Value Accounting. University of Iceland. (BS Thesis in Business Administration).

Shil, N.C., Das, B. & Pramanik, A.K. 2009. Harmonisation of Accounting Standards through Internationalisation. *International Business Research,* 2(2):194-201.

Shrikant, S. 2005. Accounting Standards – Will the world be talking the same language? *The Chartered Accountant*, unknown: 1044 – 1049.

Smith, J.W., 1994 The World's Wasted Wealth. *Institute for Economic Democracy*, 1:22.

Smith, M. & Taffler, R.J. 2000. The chairman's statement # A content analysis of discretionary narrative disclosures. *Accounting, Auditing & Accountability Journal,* 13(5):624-647.

South African Institute of Chartered Accountants (SAICA). (s.a.) What are the differences between statements of GAAP and IFRS? http://www.saica.co.za/faqs/showAnswer.asp?FaqQuestionId=718&FaqSec Date of access: 14 September 2012.

South African Institute of Chartered Accountants (SAICA). 2005. How To Adopt IFRS. http://www.accountancysa.org.za/resources/ShowItemArticle.asp?Article=How+to+adopt+ifrs&ArticleId=491&Issue=442 Date of access: 12 August 2012.

South African Institute of Chartered Accountants (SAICA). 2007. SA emerges as global reporting standards role model. https://www.saica.co.za/News/NewsArticlesandPressmediareleases/2007/tabid/735/itemid/260/language/en-ZA/language/en-ZA/Default.aspx Date of access: 14 September 2012.

South African Institute of Chartered Accountants (SAICA). 2013. SA GAAP AC 500-series issued as SAICA Guides. https://www.saica.co.za/News/MediaKit/Publications/Communiqu%C3%A9issues/StandardsandLegislation17January2013/SAGAAPAC500seriesissuedasSAICAGuides/tabid/2952/language/en-US/Default.aspx Date of access: 22 November 2014.

South African Institute of Chartered Accountants (SAICA). 2014. SA Statements & Interpretations of Statement of GAAP. https://www.saica.co.za/Technical/FinancialReporting/MembersHandbook/SAStatementsInterpretationsofStatements/tabid/2715/language/en-US/Default.aspx Date of access: 22 November 2014.

South African Institute of Chartered Accountants (SAICA). 2014a. Circulars. https://www.saica.co.za/TechnicalInformation/Assurance/Circulars/tabid/876/language/en-ZA/Default.aspx Date of access: 22 November 2014.

South African Institute of Chartered Accountants (SAICA). 2014b. Circulars: Replaced/Withdrawn. https://www.saica.co.za/TechnicalInformation/Assurance/Circulars/CircularsReplacedWithdrawn/tabid/1120/language/en-ZA/Default.aspx Date of access: 22 November 2014.

Statement of Auditing Standards (SAS). 2005. Audit Materiality. Unknown. (SAS 220).

Steinbart, P.J. 1987. The Construction of a Rule-Based Expert System as a Method for Studying Materiality Judgments. *The Accounting Review,* LXII(1):97-116.

Street, D.L. & Gray, S.J. 1999. How Wide is the Gap between IASC and U.S. GAAP? Impact of the IASC comparability project and recent international developments. *Journal of International Accounting, Auditing and Taxation*, 8(1):133-164.

Strong, G., Aronshon, A. & Elder, B. 2013. Innovative Approaches to Spatially Enabling Land Administration and Management. https://www.fig.net/pub/monthly_articles/august_2013/strong_et_al.html Date of access: 31 October 2014.

Stoian, F., Morariu, A., Mitea, N. & Crecana, C. 2009. Financial Statements Understand ability Based on Explanatory Notes. *Annales Universitatis Apulensis Series Oeconomica,* 11(1):345-356.

Tarca, A. 2013. The Case for Global Accounting Standards: Arguments and Evidence. http://www.ifrs.org/Use-around-the-world/Documents/Case-for-Global-Accounting-Standards-Arguments-and-Evidence.pdf Date of access: 25 August 2013.

Tokar, M. 2005. Convergence and the Implementation of a Single Set of Global Standards: The Real Life Challenge. *Accounting in Europe,* 2(1):47-68.

Turner Investments. 2014. Will the US rather fight than switch to international accounting standards? http://www.turnerinvestments.com/will-the-us-rather-fight-than-switch-to-international-accounting-standards/ Date of access: 8 November 2014.

UN *see* United Nations

United Nations (UN). 2007. United Nations Conference on Trade and Development *International Accounting and Reporting Issues:* 47.

US SEC *see* United States Securities and Exchange Commission

United States Securities and Exchange Commission (US SEC). 2003. Study Pursuant to Section 108(d) of the Sarbanes-Oxley Act of 2002 on the Adoption by the Unites States Financial Reporting System of a Principles-Based Accounting System. http://www.sec.gov/news/studies/principlesbasedstand.htm Date of access: 27 October 2014.

United States Securities and Exchange Commission (US SEC). 2013 Current Securities and Exchange Commissioners http://www.sec.gov/about/commissioner.shtml Date of access: 4 July 2013.

United States Securities and Exchange Commission (US SEC). 2013a. How the SEC Protects Investors, Maintains Markets Integrity and Facilitates Capital Formation. http://www.sec.gov/about/whatwedo.shtml Date of access: 5 March 2013.

Van Beest, F., Braam, G. & Boelens, S. 2009. Quality of Financial Reporting: Measuring qualitative characteristics, 108:1-41

Wagenhofer, A. 2009. Global Accounting Standards: Reality and ambitions. *Accounting Research Journal,* 22(1):68-80.

Walker, R.G. 2003. Objectives of Financial Reporting. *ABACUS,* 39(3):340-355.

Walton, P.J., Haller, A., Raffournier, B. 2003. International Accounting. 2nd ed. TJ International, Padstow, Cornwall.

Wang, C. 2011. Accounting Standards Harmonization and Financial Statement Comparability: Evidence from Transnational Information Transfer. http://www.kellogg.northwestern.edu/accounting/papers/wang.pdf Date of access: 12 August 2013.

Warren, C.S., Reeve, J. M., & Fess, P.E. (2005). Accounting, 21st Edition. Australia: Thomson SouthWestern.

Watson, S. & Rossouw, J. 2012. JSE Efficiency and Share Price Reaction to Forced Financial Restatements. *Journal of Economic and Financial Sciences,* 5(2):417-436.

Weber, R.P. 1990 Basic Content Analysis. 2nd Edition. London: Sage Publication.

Wee, M., Tarca, A. & Chang, M. 2013. Disclosure Incentives, Mandatory Standards and Firm Communication in the IFRS Adoption Setting. *Australian Journal of Management,* 39(2):265-291.

Weetman, P. 1996. Financial and Management Accounting An Introduction. 4th Edition England: Pearson Education Limited.

White, J.W. 2007. Speech by SEC Staff: Seeing down the road: IFRS and the U.S. Capital Markets. http://www.sec.gov/news/speech/2007/spch032307jww.htm Date of access: 15 February 2014.

White, T.W. & Raley, C.C.B. 2010. The SEC's consideration of the convergence of global accounting standards and potential adoption of International Financial Reporting Standards in the United States. http://www.americanbar.org/content/dam/aba/publications/blt/2010/11/inside-buslaw-financial-reporting-201011.authcheckdam.pdf Date of access: 16 November 2014.

Whittington, G. 2005. The Adoption of International Accounting Standards in the European Union. *European Accounting Review,* 14(1):127-153.

Whittington, G. 2008. Fair Value and the IASB/FASB Conceptual Framework Project: An Alternative View. *ABACUS,* 44(2):139-168.

Whittington, G. 2008a. Harmonisation or discord? The critical role of the IASB conceptual framework review. *J. Account. Public Policy,* 27(6):495-505.

Wiley Text. 2011. IFRS 2011. 1st ed. Weinheim: Wiley-VCH Verlag GmbH & Co. KgaA.

World Economic Forum. 2011. The Financial Development Report. http://www3.weforum.org/docs/WEF_FinancialDevelopmentReport_2011.pdf Date of access: 20 October 2014.

York Kenny. S. & Larson, R.K. 2009. Interpreting IFRS Understanding the role of the International Financial Reporting Interpretations Committee. http://www.journalofaccountancy.com/issues/2009/oct/20091630.html Date of access: 9 August 2015.

Zain, A.F. 2014. What is the difference between GAAP and IFRS? http://www.bayt.com/en/specialties/q/61728/what-is-the-difference-between-gaap-and-ifrs/ Date of access: 27 October 2014.

Zeff, S.A. 1972. Chronology of Significant Developments in Establishment of Accounting Principles in the United States, 1926-1972. *Journal of Accounting Research,* 10(1):217-227.

Zeff, S.A. 2001. The Work of the Special Committee on Research Program. *Accounting Historians Journals,* 28(2):141-186.

Zeff, S.A. 2012. The Evolution of the IASC into the IASB, and the Challenges it Faces. *The Accounting Review*, 87(3):807-837.

Annexure 1

Table 4 – International Financial Reporting Standards

Standard Description	Name	Issued
IFRS 1	First-time Adoption of International Financial Reporting Standards	2008*
IFRS 2	Share-based Payments	2004
IFRS 3	Business Combinations	2008*
IFRS 4	Insurance Contracts	2004
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	2004
IFRS 7	Financial Instruments: Disclosures	2005
IFRS 8	Operating Segments	2006
IFRS 9	Financial Instruments	2014*
IFRS 10	Consolidated Financial Statements	2011
IFRS 11	Joint Arrangements	2011
IFRS 12	Disclosure of Interests in Other Entities	2011
IFRS 13	Fair Value Measurements	2011
IFRS 14	Regulatory Deferral Accounts	2014
IFRS 15	Revenue from Contracts with Customers	2014

(Source: Deloitte, 2014c:1)

* Where a pronouncement has been re-issued with the same or a different name, the date indicated in the above tables is the date on which the revised pronouncement was re-issued.

Annexure 2

Table 5 – International Accounting Standards

No.	Standard Description	Name	Issued
1.	IAS 1	Presentation of Financial Statements	2007*
2.	IAS 2	Inventories	2005*
3.	IAS 3	Consolidated Financial Statements – Superseded in 1989 by IAS 27 and IAS 28	1976
4.	IAS 4	Depreciation Accounting – Withdrawn in 1999	
5.	IAS 5	Information to be Disclosed in Financial Statements – Superseded by IAS 1 effective 1 July 1998	1976
6.	IAS 6	Accounting Responses to Changing Prices – Superseded by IAS 15, which was withdrawn December 2003	
7.	IAS 7	Statement of Cash Flows	1992
8.	IAS 8	Accounting Policies, Changing in Accounting Estimates and Errors	2003
9.	IAS 9	Accounting for Research and Development Activities – Superseded by IAS 38 effective 1 July 1999	
10.	IAS 10	Events After the Reporting Period	2003
11.	IAS 11	Construction Contracts – Will be superseded by IFRS 15 as of 1 January 2017	1993
12.	IAS 12	Income Taxes	1996*
13.	IAS 13	Presentation of Current Assets and Current Liabilities – Superseded by IAS 39 effective 1 July 1998	
14.	IAS 14	Segment Reporting – Superseded by IFRS 8 effective 1 January 2009	1997

No.	Standard Description	Name	Issued
15.	IAS 15	Information Reflecting the Effects of Changing Prices – Withdrawn December 2003	2003
16.	IAS 16	Property, Plant and Equipment	2003*
17.	IAS 17	Leases	2003*
18.	IAS 18	Revenue – Will be superseded by IFRS 15 as of 1 January 2017	1993*
19.	IAS 19	Employee Benefits (1998) – Superseded by IAS 19 (2011) effective 1 January 2013	1998
20.	IAS 19	Employee Benefits (2011)	2011*
21.	IAS 20	Accounting for Government Grants and Disclosures of Government Assistance	1983
22.	IAS 21	The Effects of Changes in Foreign Exchange Rates	2003*
23.	IAS 22	Business Combinations – Superseded by IFRS 3 effective 31 March 2004	1998*
24.	IAS 23	Borrowing Costs	2007*
25.	IAS 24	Related Party Disclosures	2009*
26.	IAS 25	Accounting for Investments – Superseded by IAS 39 and IAS 40 effective 2001	
27.	IAS 26	Accounting and Reporting of Retirement Benefit Plans	1987
28.	IAS 27	Separate Financial Statements (2011)	2011
29.	IAS 27	Consolidated and Separate Financial Statements – Superseded by IFRS 10, IFRS 12 and IAS 27 (2011) effective 1 January 2013	2003
30.	IAS 28	Investments in Associates and Joint Ventures (2011)	2011

No.	Standard Description	Name	Issued
31.	IAS 29	Financial Reporting in Hyperinflationary Economies	1989
32.	IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions – Superseded by IFRS 7 effective 1 January 2007	1990
33.	IAS 31	Interests in Joint Ventures – Superseded by IFRS 11 and IFRS 12 effective 1 January 2013	2003*
34.	IAS 32	Financial Instruments: Presentation	2003*
35.	IAS 33	Earnings Per Share	2003*
36.	IAS 34	Interim Financial Reporting	1998
37.	IAS 35	Discontinuing Operations	1998
38.	IAS 36	Impairment of Assets	2004*
39.	IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1998
40.	IAS 38	Intangible Assets	2004*
41.	IAS 39	Financial Instruments: Recognition and Measurements – Superseded by IFRS 9 effective 1 January 2018 where IFRS 9 is applied	2003*
42.	IAS 40	Investment Property	2003*
43.	IAS 41	Agriculture	2001

(Source: Deloitte, 2014c:1)

* Where a pronouncement has been re-issued with the same or a different name, the date indicated in the above tables is the date on which the revised pronouncement was re-issued.

Annexure 3

Table 6 – IFRIC Interpretations

No.	Standard Description	Name	Issued
1.	IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2004
2.	IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments	2004
3.	IFRIC 3	Emission Rights – Withdrawn June 2005	2004
4.	IFRIC 4	Determining Whether an Arrangement Contains a Lease	2004
5.	IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2004
6.	IFRIC 6	Liabilities Arising from Participating in a Specific Market – Waste, Electrical and Electronic Equipment	2005
7.	IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	2005
8.	IFRIC 8	Scope of IFRS 2 – withdrawn effective 1 January 2010	2006
9.	IFRIC 9	Reassessment of Embedded Derivatives	2006
10.	IFRIC 10	Interim Financial Reporting and Impairment	2006
11.	IFRIC 11	IFRS 2: Group and Treasury Share Transactions – withdrawn effective 1 January 2010	2006
12.	IFRIC 12	Service Concession Arrangements	2006
13.	IFRIC 13	Customer Loyalty Programmes – will be superseded by IFRS 15 as of 1 January 2017	2007

No.	Standard Description	Name	Issued
14.	IFRIC 14	IAS 19 – The Limit on a Defined Asset, Minimum Funding Requirements and their Interaction	2007
15.	IFRIC 15	Agreements for the construction of Real Estate – will be superseded by IFRS 15 as of January 2017	2008
16.	IFRIC 16	Hedges of a Net Investment in a Foreign Operation	2008
17.	IFRIC 17	Distributions of Non-cash Assets to Owners	2008
18.	IFRIC 18	Transfers of Assets from Customers – will be superseded by IFRS 15 as of 1 January 2017	2009
19.	IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	2009
20.	IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2011
21.	IFRIC 21	Levies	2013

(Source: Deloitte, 2014c:1)

Annexure 4

Table 7 – SIC Interpretations

No.	Standard Description	Name	Issued
1.	SIC-1	Consistency – Different Cost Formulas for Inventories – superseded	1997
2.	SIC-2	Consistency – Capitalisation of Borrowing Costs – superseded	1997
3.	SIC-3	Elimination of Unrealised Profits and Losses on Transactions with Associates – superseded	1997
4.	SIC-5	Classification of Financial Instruments – Contingent Settlement Provisions – superseded	1998
5.	SIC-6	Cost of Modifying Existing Software – superseded	1998
6.	SIC-7	Introduction of the Euro	1998
7.	SIC-8	First-Time Application of IASs as the Primary Basis of Accounting – superseded	1998
8.	SIC-9	Business Combinations – Classification either as Acquisitions or Uniting of Interests – superseded	1998
9.	SIC-10	Government Assistance – Not Specific to Operating Activities	1998
10.	SIC-11	Foreign Exchange – Capitalisation of Losses Resulting from Severe Currency Devaluations	1998
11.	SIC-12	Consolidation – Special Purpose Entities – superseded by IFRS 10 and IFRS 12 effective 1 January 2013	1998

No.	Standard Description	Name	Issued
12.	SIC-13	Jointly Controlled Entities – Non-Monetary Contributions by Ventures – superseded by IFRS 11 and IRFS 12, effective for annual periods beginning on or after 1 January 2013	1998
13.	SIC-14	Property, Plant and Equipment – Compensation for the Impairment or Loss of Items – superseded	1998
14.	SIC-15	Operating Leases – Incentives	1999
15.	SIC-16	Share Capital – Reacquired Own Equity Instruments (Treasury Shares) – superseded	1999
16.	SIC-17	Equity – Costs of an Equity Transaction – superseded	2000
17.	SIC-18	Consistency – Alternative Methods – superseded	2000
18.	SIC-19	Reporting Currency – Measurement and Presentation of Financial Statements under IAS 211 and IAS 29 – superseded	2000
19.	SIC-20	Equity Accounting Method – Recognition of Losses – superseded	2000
20.	SIC-21	Income Taxes – Recovery of Revalued Non-Depreciable Assets – superseded by and incorporated into, IAS 12 by amendments made by Deferred Tax: Recovery of underlying Assets, effective for annual periods beginning on or after 1 January 2012	2000
21.	SIC-22	Business Combinations – Subsequent Adjustments of Fair Values and Goodwill Initially Reported – superseded	2000

No.	Standard Description	Name	Issued
22.	SIC-23	Property, Plant and Equipment – Major Inspection or Overhaul Costs – superseded	2000
23.	SIC-24	Earnings Per Share – Financial Instruments and Other Contracts that May Be Settled in Shares – superseded	2000
24.	SIC-25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders	2000
25.	SIC-27	Evaluating the Substance of Transactions in the Legal Form of a Lease	2000
26.	SIC-28	Business Combinations – “Date of Exchange” and Fair Value of Equity Instruments – superseded	2001
27.	SIC-29	Disclosure – Service Concession Arrangements	2001
28.	SIC-30	Reporting Currency – Translation from Measurement Currency to Presentation Currency – superseded	2001
29.	SIC-31	Revenue – Barter Transactions Involving Advertising Services – will be superseded by IFRS 15 as of 1 January 2017	2001
30.	SIC-32	Intangible Assets – Web Site Costs	2001
31.	SIC-33	Consolidation and Equity Method – Potential Voting Rights and Allocation of Ownership Interests – superseded	2001

(Source: Deloitte, 2014c:1)

Annexure 5

Table 8 – Other Pronouncements

No.	Name	Issued
1.	Conceptual Framework for Financial Statements 2010	2010
2.	Preface to International Financial Reporting Standards	2002*
3.	IFRS for Small and Medium-Sized Entities	2009
4.	IFRS Practice Statement Management Commentary	2010

(Source: Deloitte, 2014c:1)

* Where a pronouncement has been re-issued with the same or a different name, the date indicated in the above tables is the date on which the revised pronouncement was re-issued.

Annexure 6

Table 9 – SA GAAP AC 500-series issued as SAICA Guides

No.	Standard Description	Name	Issued
1.	AC 500	Preface to South African Statements and Interpretations of Statements of GAAP – Not issued as a SAICA guide as it is redundant.	Nov. 2003
2.	AC 501	Accounting for Secondary Tax on Companies (STC) – Not issued as a SAICA guide as STC is no longer applicable in South Africa.	Nov. 2003
3.	AC 502	Substantively Enacted Tax Rates and Tax Laws – Issued as a SAICA guide entitled Financial Reporting Guide 1: Substantively Enacted Tax Rates and Tax Laws	Feb. 2006
4.	AC 503	Accounting for Black Economic Empowerment (BEE) Transactions – Issued as a SAICA guide entitled Financial Reporting Guide 2: Accounting for Black Economic Empowerment (BEE) transactions	Jan. 2010
5.	AC 504	IAS 19 (AC 116) The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment	Oct. 2010

(Source: SAICA, 2013:1)

Annexure 7

Table 10 – Current Circulars

No.	Standard Description	Name	Issued
1.	Circular 1/2014	Guideline on Fees for Audits done on behalf of the Auditor-General South Africa (AGSA)	March 2014
2.	Circular 2/2013	Headline Earnings	Dec. 2013
3.	Circular 1/2013	Guideline on Fees for Audits done on behalf of the Auditor-General South Africa	March 2013
4.	Circular 1/2012	Engagement Letter Template for Review Engagements (Updated and issued November 2012)	January 2012
5.	Circular 4/2011	Illustrative Reportable Irregularity Letters, for Independent Reviews	December 2011
6.	Circular 3/2011	Impact of the Dividends Tax on deferred tax assets arising from unutilised Secondary Tax on Companies (STC) credits	November 2011
7.	Circular 2/2007	Recognition and Measurement of Short-Term Insurance Contracts	January 2007
8.	Circular 12/2006	Operating leases	August 2006
9.	Circular 9/2006	Transactions giving rise to adjustments to revenue/purchases	May 2006
10.	Circular 4/2006	Afrikaans Translation – Illustrative Financial Statements	March 2006
11.	Circular 2/2006	Clarification of certain Sections of the Financial Intelligence Centre Act	March 2006
12.	11/2005	Reporting in terms of the Immigration Act (As amended) and the Immigration Regulations	September 2005

No.	Standard Description	Name	Issued
13.	9/2005	The Reporting Accountant's Responsibilities in Terms of Section 13 of the Listings Requirements of the JSE Limited	August 2005
14.	3/2005	Clarification of Certain Audit-Related Activities in Relation to the Financial Advisory Intermediary Services Act	April 2005
15.	3/2002	Letters of support	August 2002
16.	2/2002	Subordination agreements	August 2002
17.	6/2000	Amounts determined by the board in terms of the by-laws	October 2000
18.	1/00	Monitored compulsory continuing professional education	April 2000
19.	1/96	Managing the professional liability of accountant (reference update March 2007)	January 1996
20.	2/95	Use of the designations CA(SA) and Registered Accountants and Auditor (reference update March 2007)	March 1995

(Source: SAICA, 2014a:1)

Annexure 8

Table 11 – Circulars replaced and withdrawn

No.	Standard Description	Name	Issued
1.	Circular 3/2012	Headline Earnings	June 2012
2.	Circular 2/2012	Guidelines on Fees for Audits done on behalf of the Auditor-General South Africa	Feb. 2012
3.	Circular 2/2011	Guidelines on Fees for Audits done on behalf of the Auditor-General South Africa (AGSA)	March 2011
4.	Circular 1/2011	Statement of Generally Accepted Accounting Practice (GAAP): International Financial Reporting Standards For Small and Medium-sized Entities (IFRS for SMEs)	March 2011
5.	Circular 1/2010	Guideline on Fees for Audits done on behalf of the Auditor-General	March 2010
6.	Circular 3/2009	Headline Earnings	Aug. 2009
7.	Circular 2/2009	Statements of Generally Accepted Accounting Practice (GAAP): International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SME's)	August 2009
8.	Circular 1/2009	Guideline on Fees for Audits done on behalf of the Auditor-General	March 2009
9.	Circular 9/2007	Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities (SMEs)	Sep. 2007
10.	Circular 8/2007	Headline Earnings	July 2007

No.	Standard Description	Name	Issued
11.	Circular 7/2007	Implications of the Small Business Tax Amnesty on Accounting, Auditing, Legislation and Ethics	May 2007
12.	Circular 5/2007	Template letters for Auditors: Compliance with the reporting requirements of section 45 – duty to report on Reportable Irregularities	April 2007
13.	Circular 4/2007	Letters for Auditors to send to client outlying the requirements of section 45 of the Auditing profession Act – The duty to report on Reportable Irregularities	April 2007
14.	Circular 3/2007	Guideline on Fees for Audits done on behalf of the Auditor-General	March 2007
15.	Circular 1/2007	Medical Schemes' Summarised Financial Statements	Jan. 2007
16.	Circular 8/2006	Disclosure of Accounting Policy for Accounting of Black Economic Empowerment (BEE) Transactions	May 2006
17.	Circular 7/2006	Auditor's reporting responsibilities in terms of the Regulations to the Banks Act	April 2006
18.	1/2006	Disclosure in Relation to Deferred Tax	Feb. 2006
19.	10/2005	Reporting on Attorneys' Trust Accounts in Terms of the Attorneys Act and the Rules of the Law Societies	Aug. 2005
20.	8/2005	Status of professional pronouncements	Aug. 2005
21.	6/2005	Submission of Annual Returns of Private Companies to CIPRO	May 2005
22.	5/2005	Guidance on Access to Internal Audit Working Papers by the Auditor-General	May 2005

No.	Standard Description	Name	Issued
23.	4/2005	Guidance on the Term “State-Controlled Entities” in the Context of IAS 24 (AC 126) – Related Parties	April 2005
24.	10/2004	Institute Advisory Services	Oct. 2004
25.	7/2004	Status and Effective Dates of Statements of GAAP and Interpretations	June 2004
26.	Circular 6/2004	Guidance for Chartered Accountants in respect of the Financial Advisory and Intermediary Services Act	June 2004
27.	3/2004	Guidance for the Inclusion of items in the results of operating activities	March 2004
28.	2/2004	The Auditor’s Reporting Responsibilities in terms of Section 8.64 of the JSE Securities Exchange South Africa Listings	March 2004
29.	5/2003	Alignment of the Text Statements of Generally Accepted Accounting Practice with that of International Financial Reporting Standards	November 2003
30.	7/2002	Headline Earnings with Issue 1 – 8	December 2002
31.	3/2001	Professional Fees	September 2001
32.	1/2001	Continuing professional education: Competence self-appraisal	January 2001
33.	Circular 8/1999	Compliance with Section 268(3) and Paragraph 5 of Schedule 4 to the Companies Act, 61 of 1973 and Statements of Generally Accepted Accounting Practice	December 1999

No.	Standard Description	Name	Issued
34.	Circular 5/9	Auditor's report on the annual financial statements of private higher education institutions	June 1999
35.	Circular 5/1998	Right of the South African Revenue Services (SARS) to Call for Audit Files	July 1998
36.	11/94	The auditor's liability to a third party	November 1994
37.	03/94	Recovery of professional fees	February 1994
38.	06/93	Sequestration of the estate of a member (reference update March 2007)	December 1993
39.	10/91	Application for exemption from disclosure of information in the annual financial statements in terms of Section 15A(1)(b) of the Companies Act, 1973	July 1991

(Source: SAICA, 2014b:1)

Annexure 9

Table 12 – Changes of IAS standards

No.	IAS Standard amended	Publication Date * Effective date	Standards affected by changes
1.	IAS 19 - Employee Benefits	Nov. 2013 *1 July 2014	IAS 19
2.	IAS 39 - Financial Instruments: Recognition and Measurement	June 2013 *1 Jan. 2014	IAS 39
3.	IAS 36 - Impairment of Assets	May 2013 *1 Jan. 2014	IAS 36
4.	IAS 27 - Consolidated and Separate Financial Statements	Oct. 2012 *1 Jan. 2014	IAS 7, IAS 12, IAS 24, IAS 27, IAS 28, IAS 32, IAS 34, IAS 39, IFRS 1, IFRS 3, IFRS 5, IFRS 7, IFRS 10, IFRS 12, IFRS 13, IFRS 9
5.	IAS 32 - Financial Instruments: Presentation	Dec. 2011 *1 Jan. 2014	IAS 32
6.	IAS 19 - Employee Benefits	June 2011 *1 Jan. 2013	IAS 1, IAS 24, IAS 34, IAS 36, IAS 40 IFRS 1, IFRS 2, IFRS 8, IFRIC 5, IFRS 10, IFRS 13, IFRIC 14, IFRS 9
7.	IAS 1 - Presentation of Financial Statements	June 2011 *1 July 2012	IAS 1, IAS 12, IAS 20, IAS 21, IAS 32, IAS 33, IAS 34, IFRS 1, IFRS 5, IFRS 7

No.	IAS Standard amended	Publication Date * Effective date	Standards affected by changes
8.	IAS 27 - Consolidated and Separate Financial Statements	May 2011 *1 Jan. 2013	
9.	IAS 28 - Investments in Associates	May 2011 *1 Jan. 2013	
10.	IAS 12 - Income Taxes	Dec. 2010 *1 Jan. 2012	IAS 12
11.	IAS 24 - Related Party Disclosures	Nov. 2009 *1 Jan. 2011	IAS 19, IFRS 8
12.	IAS 32 - Financial Instruments: Presentation	October 2009 *1 Feb. 2010	IAS 32
13.	IAS 39 - Financial Instruments: Recognition and Measurement	March 2009 *30 June 2009	IAS 39, IFRIC 9
14.	IAS 39 - Financial Instruments: Recognition and Measurement	Nov. 2008 *1 July 2008	IAS 39, IFRS 7
15.	IAS 39 - Financial Instruments: Recognition and Measurement	Oct. 2008 *1 July 2008	IAS 39, IFRS 7
16.	IAS 39 - Financial Instruments: Recognition and Measurement	July 2008 *1 July 2009	IAS 39
17.	IAS 27 - Consolidated and Separate Financial Statements	May 2008 *1 Jan. 2009	IAS 18, IAS 21, IAS 27, IAS 36, IFRS 1
18.	IAS 32 - Financial Instruments: Presentation and IAS 1 - Presentation of Financial Statements	Feb. 2008 *1 Jan. 2009	IAS 1, IAS 32, IAS 39, IFRS 7, IFRIC 2

No.	IAS Standard amended	Publication Date * Effective date	Standards affected by changes
19.	IAS 27 - Separate Financial Statements	Jan. 2008 *1 July 2009	IAS 1, IAS 7, SIC-7, IAS 14, IAS 21, IAS 28, IAS 31, IAS 32, IAS 33, IAS 39, IFRS 1, IFRS 4, IFRS 5
20.	IAS 1 - Presentation of Financial Statements	Sept. 2007 *1 Jan. 2009	IAS 7, IAS 8, SIC-7, IAS 10, IAS 11, IAS 12, IAS 14, IAS 16, IAS 19, IAS 20, IAS 21, IAS 24, IAS 27, IAS 28, IAS 29, IAS 32, IAS 33, IAS 34, IAS 36, IAS 37, IAS 38, IAS 39, IAS 40, IAS 41, IFRS 1, IFRS 2, IFRS 4, IFRS 5, IFRS 6, IFRS 7, IFRS 8, SIC-10, SIC-13, SIC-15, SIC-25, SIC-29, SIC-32, IFRIC 1, IFRIC 5, IFRIC 7, Preface, IFRIC 10, IFRIC 12, Framework
21.	IAS 19 - Employee Benefits	July 2007 *1 Jan. 2008	IFRIC 14

No.	IAS Standard amended	Publication Date * Effective date	Standards affected by changes
22.	IAS 23 - Borrowing Costs	March 2007 *1 Jan. 2009	IAS 1, IAS 7, IAS 8, IAS 11, IAS 16, IAS 38, IFRS 1, IFRIC 1, IFRIC 12
23.	IAS 21 - The Effects of Changes in Foreign Exchange Rates	Dec. 2005 *1 Jan. 2006	IAS 21
24.	IAS 29 - Financial Reporting in Hyperinflationary Economies	Nov. 2005 *1 March 2006	IAS 29
25.	IAS 1 - Presentation of Financial Statements	Aug. 2005 1 Jan. 2007	IAS 1
26.	IAS 39 - Financial Instruments: Recognition and Measurement	Aug. 2005 *1 Jan. 2006	IAS 32, IAS 37, IAS 39, IFRS 4, IFRS 7
27.	IAS 39 - Financial Instruments: Recognition and Measurement	June 2005 *1 Jan. 2006	IAS 32, IAS 39, IFRS 1
28.	IAS 39 - Financial Instruments: Recognition and Measurement	April 2005 *1 Jan. 2006	IAS 39
29.	IAS 19 - Employee Benefits	Dec. 2004 *1 Jan. 2006	IAS 1, IAS 19, IAS 24, IFRS 1
30.	IAS 39 - Financial Instruments: Recognition and Measurement	Dec. 2004 *1 Jan. 2005	IAS 39, IFRS 1
31.	IAS 39 - Financial Instruments: Recognition and Measurement	March 2004 *1 Jan. 2005	IAS 32, IAS 39

No.	IAS Standard amended	Publication Date * Effective date	Standards affected by changes
32.	IAS 36 - Impairment of Assets and IAS 38 - Intangible Assets	March 2004 *31 March 2004	IAS 1
33.	IAS 32 - Financial Instruments: Presentation	Dec. 2003 *1 Jan. 2005	
34.	IAS 39 - Financial Instruments: Recognition and Measurement	Dec. 2003 *1 Jan. 2005	IAS 12, IAS 18, IAS 19, IAS 30, IAS 36, IAS 37, IFRS 1
35.	IAS 19 - Employee Benefits	May 2002 *31 May 2002	IAS 19

(Source: IFRS 2014b:1)

Annexure 10

Table 13 – IFRS standard changes

No.	IFRS Standard amended	Publication Date * Effective date	Standards affected by changes
1.	IFRS 10 - Consolidated Financial Statements and IFRS 12 - Disclosure of Interests in Other Entities	Oct. 2012 *1 Jan. 2014	IAS 7, IAS 12, IAS 24, IAS 27, IAS 28, IAS 32, IAS 34, IAS 39, IFRS1, IFRS 3, IFRS 5, IFRS 7, IFRS 10, IFRS 12, IFRS 13, IFRS 9
2.	IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of Interests in Other Entities	June 2012 *1 Jan. 2013	IFRS 1, IFRS 10, IFRS 11, IFRS 12
3.	IFRS 1 - First-time Adoption of International Financial Reporting Standards	March 2012 *1 Jan. 2013	IFRS 1
4.	IFRS 9 - Financial Instruments, IFRS 7 - Financial Instruments: Disclosures	Dec. 2011 *1 Jan. 2015	IFRS 7, IFRS 9
5.	IFRS 7 - Financial Instruments: Disclosures	Dec. 2011 *1 Jan. 2013	IAS 32, IFRS 7

No.	IFRS Standard amended	Publication Date * Effective date	Standards affected by changes
6.	IFRS 10 - Consolidated Financial Statements	May 2011 *1 Jan. 2013	IAS 1, IAS 7, SIC-7, IAS 21, IAS 24, IAS 27, IAS 32, IAS 33, IAS 36, IAS 38, IFRS 1, IFRS 2, IFRS 3, IFRS 4, IFRS 5, IFRS 7, IFRS 8, IFRIC 4, IFRIC 5 IFRIC 17, IAS 19, IAS 39, IFRS 9
7.	IFRS 11 - Joint Arrangements	May 2011 *1 Jan. 2013	IAS 7, IAS 12, IAS 18, IAS 21, IAS 24, IAS 32, IAS 33, IAS 36, IAS 38, IFRS 1, IFRS 2, IFRS 3, IFRS 5, IFRS 7, IFRIC 5, IFRIC 9, IFRIC 16, IAS 39, IFRS 9
8.	IFRS 12 - Disclosure of Interests in Other Entities	May 2011 *1 Jan. 2013	IAS 1, IAS 24

No.	IFRS Standard amended	Publication Date * Effective date	Standards affected by changes
9.	IFRS 13 - Fair Value Measurement	May 2011 *1 Jan. 2013	IAS 1, IAS 2, IAS 8, IAS 10, IAS 16, IAS 17, IAS 18, IAS 20, IAS 21, IAS 27, IAS 31, IAS 33, IAS 36, IAS 38, IAS 40, IAS 41, IFRS 1, IFRS 2, IFRS 3, IFRS 4, IFRS 5, SIC-31, SIC-32, IFRIC 4, IFRIC 12, IFRIC 13, IFRIC 14, IFRIC 17, IAS 19, IAS 28, IAS 31, IAS 32, IAS 34, IAS 39, IFRIC 19, IFRIC 2, IFRS 7, IFRS 9
10.	IFRS 1 - First-time Adoption of International Financial Reporting Standards	Dec. 2010 *1 July 2011	IFRS 1, IFRS 9

No.	IFRS Standard amended	Publication Date * Effective date	Standards affected by changes
11.	IFRS 9 - Financial Instruments	Oct. 2010 *1 Jan. 2015	IAS 1, IAS 2, IAS 8, IAS 12, IAS 17, IAS 18, IAS 20, IAS 21, IAS 27, IAS 28, IAS 31, IAS 32, IAS 36, IAS 37, IAS 39, IAS 40, IAS 41, IFRS 1, IFRS 2, IFRS 3, IFRS 4, IFRS 5, IFRS 7, SIC-27, IFRIC 2, IFRIC 4, IFRIC 5, IFRIC 10, IFRIC 12, IFRIC 17, IFRIC 19
12.	IFRS 7 - Financial Instruments: Disclosures	Oct. 2010 *1 July 2011	IFRS 1, IFRS 7
13.	IFRS 7 - Financial Instruments: Disclosures, IFRS 1 - First-time Adoption of International Financial Reporting Standards	Jan. 2010 *1 July 2010	IFRS 1, IFRS 7

No.	IFRS Standard amended	Publication Date * Effective date	Standards affected by changes
14.	IFRS 9 - Financial Instruments	Nov. 2009 *1 Jan. 2015	IAS 1, IAS 2, IAS 8, IAS 12, IAS 17, IAS 18, IAS 19, IAS 21, IAS 27, IAS 28, IAS 31, IAS 32, IAS 36, IAS 39, IAS 40, IAS 41, IFRS 1, IFRS 2, IFRS 3, IFRS 4, IFRS 5, IFRS 7, IFRIC 4, IFRIC 5, IFRIC 9, IFRIC 10, IFRIC 12, IFRIC 17
15.	IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 2009 *1 Jan. 2010	IFRS 1
16.	IFRS 2 - Share-based Payment	June 2009 *1 Jan. 2010	IFRS 2
17.	IFRS 7 - Financial Instruments: Disclosures	March 2009 *1 Jan. 2009	IFRS 4, IFRS 7
18.	IFRS 1 - First-time Adoption of International Financial Reporting Standards	Nov. 2008 *1 July 2009	IAS 27, IAS 39, IFRS 6
19.	IFRS 7 - Financial Instruments: Disclosures	Nov. 2008 *1 July 2008	IAS 39, IFRS 7
20.	IFRS 7 - Financial Instruments: Disclosures	Oct. 2008 *1 July 2008	IAS 39, IFRS 7
21.	IFRS 1 - First-time Adoption of International Financial Reporting Standards	May 2008 *1 Jan. 2009	IAS 18, IAS 21, IAS 27, IAS 36, IFRS 1

No.	IFRS Standard amended	Publication Date * Effective date	Standards affected by changes
22.	IFRS 3 - Business Combinations	Jan. 2008 *1 July 2009	IAS 12, IAS 16, IAS 28, IAS 32, IAS 33, IAS 34, IAS 36, IAS 37, IAS 38, IAS 39, IFRS 1, IFRS 2, IFRS 4, IFRS 5, IFRS 7, IFRIC 9
23.	IFRS 2 - Share-based Payment	Jan. 2008 *1 Jan. 2009	IFRS 2
24.	IFRS 8 - Operating Segments	Nov. 2006 *1 Jan. 2009	IAS 2, IAS 7, IAS 14, IAS 19, IAS 27, IAS 33, IAS 34, IAS 36, IFRS 1, IFRS 4, IFRS 5, IFRS 6, IFRS 7
25.	IFRS 2 - Share-based Payment	Nov. 2006 *1 March 2007	IFRIC 11
26.	IFRS 2 - Share-based Payment	Jan 2006 *1 May 2006	IFRS 2
27.	IFRS 4 - Insurance Contracts	Dec. 2005 *1 Jan. 2007	IFRS 4
28.	IFRS 7 - Financial Instruments: Disclosures	Aug. 2005 *1 Jan. 2007	IAS 1, IAS 14, IAS 17, IAS 32, IAS 33, IAS 39, IAS 41, IFRS 1, IFRS 4, IAS 32, IAS 39
29.	IFRS 4 - Insurance Contracts	Aug. 2005 *1 Jan. 2006	IAS 32, IAS 37, IAS 39, IFRS 4, IFRS 7

No.	IFRS Standard amended	Publication Date * Effective date	Standards affected by changes
30.	IFRS 1 - First-time Adoption of International Financial Reporting Standards and IFRS 6 - Exploration for and Evaluation of Mineral Assets	June 2005 *1 Jan. 2006	IFRS 1, IFRS 6
31.	IFRS 6 - Exploration for and Evaluation of Mineral Assets	Dec. 2004 *1 Jan. 2006	IAS 16, IAS 38, IFRS 1
32.	IFRS 4 - Insurance Contracts	March 2004 *1 Jan. 2005	IAS 18, IAS 19, IAS 37, IFRS 1, IAS 32, IAS 39, IAS 40
33.	IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	March 2004 *1 Jan. 2005	IAS 10, IAS 14, IAS 27, IAS 28, IAS 31, IAS 37, IAS 41, IFRS 1, IFRS 3, IAS 1, IAS 16, IAS 17, IAS 36, IAS 38, IAS 40
34.	IFRS 3 - Business Combinations	March 2004 *31 March 2004	IAS 12, IAS 14, IAS 19, IAS 27, IAS 28, IAS 31, IAS 33, IAS 34, IAS 37, IFRS 1, SIC-25, SIC-32, IAS 16, IAS 32, IAS 39
35.	IFRS 2 - Share-based Payment	Feb. 2004 *1 Jan. 2005	IAS 12, IAS 16, IAS 19, IAS 32, IAS 33, IAS 38, IAS 39, IFRS 1

No.	IFRS Standard amended	Publication Date * Effective date	Standards affected by changes
36.	IFRS 1 - First-time Adoption of International Financial Reporting Standards	June 2003 *1 Jan. 2004	IAS 39

(Source: IFRS 2014b:1)

Annexure 11

Table 14 – Summary of annual improvements of standards

No.	Annual Improvements	Publication Date *Effective date	Standards affected by changes
1.	Annual Improvements to IFRSs 2010–2012 Cycle	Dec. 2013 *1 July 2014	IAS 16, IAS 24, IAS 37, IAS 38, IAS 39, IFRS 2 IFRS 3, IFRS 8, IFRS 13, IFRS 9
2.	Annual Improvements to IFRSs 2011–2013 Cycle	Dec. 2013 *1 July 2014	IAS 40, IFRS 1, IFRS 3, IFRS 13
3.	Annual Improvements to IFRSs 2009–2011 Cycle	May 2012 *1 Jan. 2013	IAS 1, IAS 16, IAS 32, IAS 34, IFRS 1
4.	Improvements to IFRSs	May 2010 *1 Jan. 2011	IAS 1, IAS 34, IFRS 1, IFRS 7, IFRIC 13
5.	Improvements to IFRSs	May 2010 *1 July 2010	IAS 21, IAS 28, IAS 31, IAS 32, IAS 39, IFRS 3, IFRS 7
6.	Improvements to IFRSs	April 2009 *1 Jan. 2010	IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 39, IFRS 5, IFRS 6, IFRS 8
7.	Improvements to IFRSs	April 2009 *1 July 2009	IAS 38, IFRS 2, IFRIC 9, IFRIC 16
8.	Improvements to IFRSs	May 2008 *1 July 2009	IFRS 5
9.	Improvements to IFRSs	May 2008 *1 Jan. 2009	IAS 1, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41, IFRS 7, IAS 27

No.	Annual Improvements	Publication Date *Effective date	Standards affected by changes
10.	Improvements to IASs: IAS 1 - Presentation of Financial Statements	Dec. 2003 *1 Jan. 2005	IAS 12, IAS 19, IAS 34, IAS 35, IAS 41, SIC-29, Preface
11.	Improvements to IASs: IAS 10 - Events After the Reporting Period	Dec. 2003 *1 Jan. 2005	IAS 22, IAS 35 IAS 37
12.	Improvements to IASs: IAS 2 - Inventories	Dec. 2003 *1 Jan. 2005	IAS 14 IAS 34, IAS 41
13.	Improvements to IASs: IAS 24 - Related Party Disclosures	Dec. 2003 *1 Jan. 2005	IAS 30
14.	Improvements to IASs: IAS 27 - Consolidated and Separate Financial Statements	Dec. 2003 *1 Jan. 2005	SIC-9, IAS 22, SIC-12
15.	Improvements to IASs: IAS 28 - Investments in Associates and Joint Ventures	Dec. 2003 *1 Jan. 2005	
16.	Improvements to IASs: IAS 31 - Interests In Joint Ventures	Dec. 2003 *1 Jan. 2005	SIC-13
17.	Improvements to IASs: IAS 33 - Earnings Per Share	Dec. 2003 *1 Jan. 2005	
18.	Improvements to IASs: IAS 40 - Investment Property	Dec. 2003 *1 Jan. 2005	

No.	Annual Improvements	Publication Date *Effective date	Standards affected by changes
19.	Improvements to IASs: IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	Dec. 2003 *1 Jan. 2005	IAS 7, IAS 12, IAS 14, IAS 19, IAS 20, IAS 22, IAS 23, IAS 34, IAS 35, IAS 36, IAS 37, IAS 38, IFRS 1, SIC-12, SIC-13, SIC-21, SIC-22, SIC-25, SIC-27, SIC-31
20.	Improvements to IASs	Dec. 2003 *1 Jan. 2005	

(Source: IFRS 2014b:1)

Annexure 12

Table 15 – Summary of IFRIC standard changes

No.	IFRIC Standard amended	Publication Date *Effective date	Standards affected by changes
1.	IFRIC 21 - Levies	May 2013 *1 Jan. 2014	
2.	IFRIC 20 - Tripping Costs in the Production Phase of a Surface Mine	Oct. 2011 *1 Jan. 2013	IFRS 1
3.	IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Nov. 2009 *1 Jan. 2011	IFRIC 14
4.	IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	Nov. 2009 *1 July 2010	IFRS 1
5.	IFRIC 9 - Reassessment of Embedded Derivatives	March 2009 *30 June 2009	IAS 39, IFRIC 9
6.	IFRIC 18 - Transfers of Assets from Customers	Jan. 2009 *1 July 2009	IFRS 1
7.	IFRIC 17 - Distributions of Non-cash Assets to Owners	Nov. 2008 *1 July 2009	IAS 10, IFRS 5
8.	IFRIC 15 - Agreements for the Construction of Real Estate	July 2008 *1 Jan. 2009	IFRIC 15
9.	IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	July 2008 *1 Oct. 2008	IFRIC 16

No.	IFRIC Standard amended	Publication Date *Effective date	Standards affected by changes
10.	IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	July 2007 *1 Jan. 2008	IFRIC 14
11.	IFRIC 13 - Customer Loyalty Programmes	June 2007 *1 July 2008	IFRIC 13
12.	IFRIC 12 - Service Concession Arrangements	Nov. 2006 *1 Jan. 2008	IFRS 1, SIC-29, IFRIC 4
13.	IFRIC 11 - Group and Treasury Share Transactions	Nov. 2006 *1 March 2007	IFRIC 11
14.	IFRIC 10 - Interim Financial Reporting and Impairment	July 2006 *1 Nov. 2006	IAS 34
15.	IFRIC 9 - Reassessment of Embedded Derivatives	March 2006 *1 June 2006	IAS 39
16.	IFRIC 8 - Share-based Payment	Jan. 2006 *1 May 2006	IFRS 2
17.	IFRIC 7 - Financial Instruments: Disclosures	Nov. 2005 *1 March 2006	IAS 29
18.	IFRIC 6 - Exploration for and Evaluation of Mineral Assets	Sept. 2005 *1 Dec. 2005	IAS 37
19.	IFRIC 4 - Insurance Contracts	Dec. 2004 *1 Jan. 2006	IAS 17
20.	IFRIC 5 - Non-current Assets Held for Sale and Discontinued Operations	Dec. 2004 *1 Jan. 2006	IAS 27, IAS 28, IAS 31, SIC-12
21.	IFRIC 3 - Business Combinations	Dec. 2004 *1 March 2005	IAS 20, IAS 37, IAS 38

No.	IFRIC Standard amended	Publication Date *Effective date	Standards affected by changes
22.	IFRIC 2 - Share-based Payment	Nov. 2004 *1 Jan. 2005	IAS 32
23.	IFRIC 1 - First-time Adoption of International Financial Reporting Standards	May 2004 *1 Sep. 2004	IAS 37

(Source: IFRS 2014b:1)

Annexure 13

Table 16 – Summary of SIC standard changes

No.	SIC Standard amended	Publication Date *Effective date	Standards affected by changes
1.	SIC-32 - Intangible Assets – Website Costs	March 2002 *25 March 2002	IAS 38
2.	SIC-30 - Reporting Currency – Translation from Measurement Currency to Presentation Currency	Dec. 2001 *1 Jan. 2002	IAS 21, IAS 29
3.	SIC-33 - Consolidation and Equity Method – Potential Voting Rights and Allocation of Ownership Interests	Dec. 2001 *1 Jan. 2002	IAS 27, IAS 28, IAS 39
4.	SIC-27 - Evaluating the Substance of Transactions in the Legal Form of a Lease	Dec. 2001 *31 Dec. 2001	IAS 1, IAS 17, IAS 18
5.	SIC-28 - Business Combinations – 'Date of Exchange' and Fair Value of Equity Instruments	Dec. 2001 *31 Dec. 2001	IAS 22
6.	SIC-29 - Disclosure – Service Concession Arrangements	Dec. 2001 *31 Dec. 2001	IAS 1
7.	SIC-31 - Revenue – Barter Transactions Involving Advertising Services	Dec. 2001 *31 Dec. 2001	IAS 18

No.	SIC Standard amended	Publication Date *Effective date	Standards affected by changes
8.	SIC-19 - Reporting Currency – Measurement and Presentation of Financial statement	Nov. 2000 *1 Jan. 2001	IAS 21, IAS 29
9.	SIC-24 - Earnings Per Share – Financial Instruments and Other Contracts that May Be Settled in Shares	Nov. 2000 *1 Dec. 2000	IAS 33
10.	SIC-20 - Equity Accounting Method – Recognition of Losses	July 2000 *15 July 2000	IAS 28
11.	SIC-21 - Income Taxes – Recovery of Revalued Non-Depreciable Assets	July 2000 *15 July 2000	IAS 12
12.	SIC-22 - Business Combinations – Subsequent Adjustment of Fair Values and Goodwill Initially Reported	July 2000 *15 July 2000	IAS 22
13.	SIC-23 - Property, Plant and Equipment – Major Inspection or Overhaul Costs	July 2000 *15 July 2000	IAS 16
14.	SIC-25 - Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders	July 2000 *15 July 2000	IAS 12

No.	SIC Standard amended	Publication Date *Effective date	Standards affected by changes
15.	SIC-18 - Consistency – Alternative Methods	Jan. 2000 *1 July 2000	IAS 1
16.	SIC-17 - Equity – Costs of an Equity Transaction	Jan. 2000 *30 Jan. 2000	IAS 32
17.	SIC-15 - Operating Leases – Incentives	July 1999 *1 Jan. 1999	IAS 17
18.	SIC-16 - Share Capital – Reacquired Own Equity Instruments (Treasury Shares)	Jan. 1999 *1 July 1999	IAS 32
19.	SIC-12 - Consolidation – Special Purpose Entities	Nov. 1998 *1 July 1999*	IAS 27
20.	SIC-14 - Property, Plant and Equipment – Compensation for the Impairment or Loss of Items	Nov. 1998 *1 July 1999	IAS 16
21.	SIC-13 - Jointly Controlled Entities – Non-Monetary Contributions by Ventures	Nov. 1998 *1 Jan. 1999*	IAS 31
22.	SIC-10 - Government Assistance – No Specific Relation to Operating Activities	July 1998 *1 Aug. 1998	IAS 20
23.	SIC-11 - Foreign Exchange – Capitalisation of Losses Resulting from Severe Currency Devaluations	July 1998 *1 Aug. 1998	IAS 21

No.	SIC Standard amended	Publication Date *Effective date	Standards affected by changes
24.	SIC-8 - First-Time Application of IASs as the Primary Basis of Accounting	July 1998 *1 Aug. 1998	IAS 1
25.	SIC-9 - Business Combinations – Classification either as Acquisitions or Uniting of Interests	July 1998 *1 Aug. 1998	IAS 22
26.	SIC-5 - Classification of Financial Instruments - Contingent Settlement Provisions	May 1998 *1 June 1998	IAS 32
27.	SIC-6 - Costs of Modifying Existing Software	May 1998 *1 June 1998	IAS 38
28.	SIC-7 - Introduction of the Euro	May 1998 *1 June 1998	IAS 21
29.	SIC-1 - Consistency – Different Cost Formulas for Inventories	Dec. 1997 *1 Jan. 1999	IAS 2
30.	SIC-3 - Elimination of Unrealised Profits and Losses on Transactions with Associates	Dec. 1997 *1 June 1998	IAS 28
31.	SIC-2 - Consistency – Capitalisation of Borrowing Costs	Dec. 1997 *1 Jan. 1998	IAS 23

(Source: IFRS 2014b:1)

Annexure 14

Table 17 – Table of company codes

Code	Code
Co-01	Co-30
Co-02	Co-31
Co-03	Co-32
Co-04	Co-33
Co-05	Co-34
Co-06	Co-35
Co-07	Co-36
Co-08	Co-37
Co-09	Co-38
Co-10	Co-39
Co-11	Co-40
Co-12	Co-41
Co-13	Co-42
Co-14	Co-43
Co-15	Co-44
Co-16	Co-45
Co-17	Co-46
Co-18	Co-47
Co-19	Co-48
Co-20	Co-49
Co-21	Co-50
Co-22	Co-51
Co-23	Co-52
Co-24	Co-53
Co-25	Co-54
Co-26	Co-55
Co-27	Co-56
Co-28	Co-57
Co-29	Co-57

(Source: own research)

Annexure 15

Table 18 – Annual Improvements cycle 2006 to 2008

Effective for annual periods commencing on or after either 1 January 2009 or 1 July 2009.

Standard Description	Name
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IAS 41	Agriculture
IAS 36	Impairment of Assets
IAS 17	Leases
IAS 10	Events After the Reporting Period
IAS 19	Employee Benefits
IAS 23	Borrowing Costs
IAS 34	Interim Financial Reporting
IAS 1	Presentation of Financial Statements

(Source: Deloitte, 2014d:1)

Annexure 16

Table 19 – Annual Improvements cycle 2007 to 2009

Effective for annual periods commencing on or after either 1 July 2009 or 1 January 2010.

Standard Description	**Name**
IFRS 2	Share-based Payments
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash Flows
IAS 17	Leases
IAS 18	Revenue
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurements
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

(Source: Deloitte, 2014e:1)

Annexure 17

Table 20 – Annual Improvements cycle 2008 to 2010

Effective for annual periods commencing on or after 1 January 2011.

Standard Description	Name
IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures
IAS 1	Presentation of Financial Statements
IAS 27	Consolidated and Separate Financial Statements
IAS 34	Interim Financial Reporting
IFRIC 13	Customer Loyalty Programmes

(Source: Deloitte, 2014f:1)

Annexure 18

Table 21 – Annual Improvements cycle 2009 to 2011

Effective for annual periods commencing on or after 1 January 2013.

Standard Description	Name
IFRS 1	First-time Adoption of International Financial Reporting Standards
IAS 1	Presentation of Financial Statements
IAS 16	Property, Plant and Equipment
IAS 32	Financial Instruments: Presentation
IAS 34	Interim Financial Reporting

(Source: Deloitte, 2014g:1)

Annexure 19

Table 22 – Accounting Standards 2009

	Co-01	Co-02	Co-03	Co-04	Co-06	Co-05	Co-07	Co-08	Co-09	Co-10	Co-11	Co-12	Co-13	Co-14	Co-15	Co-16	Co-17	Co-18	Co-19	Co-20	Co-21	Co-22	Co-23	Co-24	Co-25	Co-26	Co-27	Co-28	Co-29	Co-30	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-39	Co-40	Co-41	Total	%
IAS 1	✓			✓	✓	✓		✓			✓	✓				✓	✓			✓	✓	✓	✓			✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓				24	59
IAS 7																				✓																		✓				2	5
IAS 8	✓																													✓												2	5
IAS 10	✓					✓	✓				✓	✓				✓				✓						✓			✓	✓	✓	✓		✓	✓	✓	✓	✓				17	41
IAS 12							✓																																			1	2
IAS 14																		✓	✓												✓											3	7
IAS 16	✓						✓	✓				✓					✓			✓	✓																					7	17
IAS 17	✓					✓	✓				✓	✓				✓				✓						✓			✓		✓	✓		✓	✓	✓	✓	✓				16	39
IAS 18	✓		✓									✓								✓	✓									✓								✓				7	17
IAS 19	✓		✓			✓	✓	✓		✓	✓	✓				✓	✓			✓						✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				22	54
IAS 20	✓						✓					✓					✓																									4	10
IAS 23	✓					✓	✓	✓			✓	✓				✓	✓			✓	✓	✓	✓	✓		✓			✓		✓	✓		✓	✓	✓	✓	✓				22	54
IAS 24							✓																																			1	2
IAS 27	✓				✓			✓				✓				✓				✓	✓					✓			✓	✓	✓	✓			✓							13	32
IAS 28	✓							✓				✓								✓	✓					✓																6	15
IAS 29								✓				✓					✓																									3	7
IAS 31	✓							✓				✓								✓						✓																5	12
IAS 32	✓				✓	✓	✓	✓				✓				✓	✓				✓		✓			✓			✓		✓	✓		✓			✓					16	39
IAS 34	✓					✓	✓				✓	✓				✓				✓						✓			✓	✓	✓	✓		✓	✓	✓	✓	✓				17	41
IAS 36	✓					✓	✓	✓			✓	✓				✓	✓			✓						✓			✓	✓	✓	✓		✓	✓	✓	✓	✓				19	46
IAS 38	✓							✓			✓	✓								✓	✓								✓									✓				8	20
IAS 39	✓	✓	✓		✓	✓		✓				✓		✓		✓	✓	✓	✓	✓	✓				✓	✓			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	28	68
IAS 40	✓							✓				✓					✓				✓	✓															✓					7	17
IAS 41	✓					✓	✓	✓			✓	✓				✓				✓						✓			✓		✓	✓		✓	✓	✓	✓	✓				17	41
IFRS 1					✓	✓		✓								✓					✓								✓		✓	✓			✓		✓					10	24
IFRS 2	✓				✓	✓	✓	✓			✓	✓				✓	✓			✓	✓	✓	✓			✓				✓	✓	✓		✓			✓					19	46
IFRS 3							✓	✓								✓							✓			✓			✓	✓	✓	✓			✓							10	24
IFRS 5	✓					✓	✓	✓			✓	✓				✓	✓			✓						✓			✓		✓	✓		✓	✓	✓	✓	✓				18	44
IFRS 7	✓	✓	✓	✓	✓			✓				✓		✓		✓	✓			✓	✓	✓	✓		✓	✓	✓		✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	28	68
IFRS 8				✓	✓	✓		✓				✓				✓	✓	✓	✓	✓		✓	✓								✓	✓						✓				15	37
Total	**22**	**2**	**4**	**3**	**8**	**14**	**15**	**20**	**0**	**1**	**11**	**23**	**0**	**2**	**0**	**17**	**14**	**3**	**3**	**20**	**13**	**6**	**7**	**1**	**2**	**17**	**2**	**0**	**16**	**12**	**17**	**17**	**2**	**12**	**14**	**11**	**15**	**15**	**2**	**2**	**2**		

(Source: own research)

Table 23 – Interpretations of Accounting Standards 2009

	Co-01	Co-02	Co-03	Co-04	Co-06	Co-05	Co-07	Co-08	Co-09	Co-10	Co-11	Co-12	Co-13	Co-14	Co-15	Co-16	Co-17	Co-18	Co-19	Co-20	Co-21	Co-22	Co-23	Co-24	Co-25	Co-26	Co-27	Co-28	Co-29	Co-30	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-39	Co-40	Co-41	**Total**	**%**
IFRIC 9	✓				✓		✓														✓										✓			✓				✓		✓		**8**	**20**
IFRIC 11											✓																			✓												**2**	**5**
IFRIC 12			✓					✓					✓				✓													✓						✓			✓	✓	✓	**9**	**22**
IFRIC 13	✓		✓					✓		✓		✓	✓								✓					✓				✓	✓					✓				✓		**12**	**29**
IFRIC 14			✓					✓		✓	✓		✓								✓									✓			✓			✓	✓	✓	✓		✓	**13**	**32**
IFRIC 15	✓				✓	✓		✓				✓				✓					✓										✓											**8**	**20**
IFRIC 16	✓				✓	✓		✓			✓	✓				✓	✓				✓										✓	✓			✓			✓		✓		**14**	**34**
IFRIC 17						✓	✓	✓								✓	✓									✓			✓		✓	✓						✓				**10**	**24**
IFRIC 18	✓					✓	✓	✓								✓	✓				✓								✓		✓				✓			✓				**11**	**27**
IFRIC 19							✓														✓																✓					**3**	**7**
Circular 03/09							✓					✓								✓									✓													**4**	**10**
AC 503																																		✓								**1**	**2**
AC 504	✓						✓																			✓											✓					**4**	**10**
Total	**6**	**0**	**3**	**0**	**3**	**4**	**6**	**7**	**0**	**2**	**3**	**4**	**3**	**0**	**0**	**4**	**4**	**0**	**0**	**1**	**7**	**0**	**0**	**0**	**0**	**3**	**0**	**0**	**3**	**4**	**6**	**2**	**1**	**2**	**2**	**3**	**3**	**5**	**2**	**4**	**2**		

(Source: own research)

Annexure 20

Table 24 – Accounting Standards 2010

	Co-01	Co-02	Co-03	Co-05	Co-04	Co-06	Co-07	Co-08	Co-09	Co-10	Co-42	Co-11	Co-12	Co-13	Co-14	Co-15	Co-16	Co-17	Co-18	Co-19	Co-20	Co-23	Co-43	Co-44	Co-45	Co-24	Co-25	Co-26	Co-27	Co-28	Co-30	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-40	Co-46	Co-41	Total	%
IAS 1		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	37	88
IAS 7			✓			✓	✓	✓	✓		✓		✓	✓	✓		✓	✓			✓			✓	✓		✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		26	62
IAS 10																								✓	✓																		2	5
IAS 12																								✓	✓													✓					3	7
IAS 14					✓																																						1	2
IAS 16										✓								✓																					✓				3	7
IAS 17			✓			✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓			✓			✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		28	67
IAS 18						✓	✓	✓	✓		✓			✓	✓		✓				✓			✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		24	57
IAS 19							✓			✓				✓				✓																	✓								5	12
IAS 20																		✓																									1	2
IAS 23		✓	✓					✓		✓								✓				✓	✓				✓						✓	✓		✓	✓			✓		✓	14	33
IAS 24															✓			✓									✓					✓				✓			✓				6	14
IAS 27	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		✓	✓			✓	✓			✓		✓	✓	✓	✓	✓					✓	✓		✓		✓	✓	✓				26	62
IAS 28				✓						✓			✓					✓						✓	✓														✓				7	17
IAS 29																		✓																									1	2
IAS 31				✓						✓			✓					✓						✓	✓														✓				7	17
IAS 32		✓	✓			✓		✓		✓			✓	✓			✓	✓									✓	✓				✓		✓			✓		✓	✓			16	38
IAS 34													✓																										✓				2	5
IAS 36						✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓			✓			✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		27	64
IAS 38						✓	✓	✓	✓		✓		✓	✓	✓		✓	✓			✓			✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		26	62
IAS 39		✓	✓			✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓			✓			✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		29	69
IAS 40																																						✓					1	2
IFRS 1			✓					✓					✓				✓							✓	✓	✓	✓					✓		✓			✓						11	26
IFRS 2		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			✓			✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		30	71
IFRS 3	✓	✓	✓	✓		✓		✓	✓	✓	✓		✓	✓			✓	✓					✓	✓	✓	✓	✓					✓	✓		✓		✓	✓	✓	✓	✓		26	62
IFRS 5						✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓			✓			✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		27	64
IFRS 7		✓	✓		✓		✓			✓		✓	✓	✓		✓	✓	✓	✓	✓							✓				✓	✓	✓	✓			✓		✓	✓	✓	✓	23	55
IFRS 8	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			✓	✓	✓	✓	✓		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		34	81
IFRS 9															✓								✓				✓	✓	✓			✓											6	14
Total	**3**	**9**	**12**	**4**	**4**	**13**	**13**	**15**	**12**	**13**	**12**	**4**	**17**	**15**	**12**	**4**	**15**	**21**	**2**	**2**	**11**	**3**	**6**	**17**	**17**	**11**	**18**	**12**	**1**	**0**	**3**	**17**	**14**	**14**	**13**	**12**	**16**	**14**	**19**	**14**	**12**	**3**		

(Source: own research)

Table 25 – Interpretations of Accounting Standards 2010

	Co-01	Co-02	Co-03	Co-05	Co-04	Co-06	Co-07	Co-08	Co-09	Co-10	Co-42	Co-11	Co-12	Co-13	Co-14	Co-15	Co-16	Co-17	Co-18	Co-19	Co-20	Co-23	Co-43	Co-44	Co-45	Co-24	Co-25	Co-26	Co-27	Co-28	Co-30	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-40	Co-46	Co-41	**Total**	**%**
IFRIC 1																							✓															✓					**2**	**5**
IFRIC 2																							✓																				**1**	**2**
IFRIC 4																							✓																				**1**	**2**
IFRIC 5																							✓																				**1**	**2**
IFRIC 6																							✓																				**1**	**2**
IFRIC 7																							✓																				**1**	**2**
IFRIC 9						✓	✓	✓	✓		✓		✓	✓	✓		✓				✓		✓	✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		**26**	**62**
IFRIC 10																							✓																				**1**	**2**
IFRIC 12											✓												✓											✓									**3**	**7**
IFRIC 13													✓										✓				✓							✓				✓	✓			✓	**7**	**17**
IFRIC 14							✓								✓								✓					✓				✓											**5**	**12**
IFRIC 15			✓					✓			✓			✓			✓						✓														✓			✓			**8**	**19**
IFRIC 16			✓			✓	✓	✓	✓	✓	✓			✓	✓		✓				✓		✓	✓	✓		✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		**26**	**62**
IFRIC 17		✓	✓			✓	✓	✓		✓	✓		✓	✓			✓	✓					✓	✓	✓	✓	✓					✓	✓		✓		✓			✓			**21**	**50**
IFRIC 18			✓			✓	✓	✓	✓	✓			✓	✓			✓	✓					✓	✓	✓	✓	✓					✓			✓		✓			✓			**19**	**45**
IFRIC 19						✓																	✓				✓					✓											**4**	**10**
AC 503																																					✓						**1**	**2**
AC 504	✓						✓							✓																					✓		✓						**5**	**12**
Circular 3/2009																							✓				✓												✓			✓	**4**	**10**
Circular 2/2009																							✓																				**1**	**2**
Total	**1**	**1**	**4**	**0**	**0**	**5**	**6**	**5**	**3**	**3**	**5**	**0**	**4**	**6**	**3**	**0**	**5**	**2**	**0**	**0**	**2**	**0**	**18**	**4**	**4**	**3**	**7**	**3**	**0**	**0**	**0**	**6**	**3**	**4**	**5**	**2**	**7**	**4**	**4**	**5**	**2**	**2**		

(Source: own research)

Annexure 21

Table 26 – Accounting Standards 2011

	Co-01	Co-02	Co-03	Co-05	Co-04	Co-06	Co-08	Co-47	Co-09	Co-10	Co-48	Co-42	Co-11	Co-12	Co-13	Co-14	Co-15	Co-16	Co-17	Co-18	Co-19	Co-20	Co-23	Co-43	Co-44	Co-45	Co-24	Co-25	Co-26	Co-27	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-40	Co-46	Co-41	Co-49	**Total**	**%**
IAS 1	✓		✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	**33**	**79**
IAS 7			✓				✓											✓		✓	✓							✓											✓				**7**	**17**
IAS 12																			✓						✓	✓			✓	✓					✓								**6**	**14**
IAS 17			✓				✓						✓					✓		✓	✓																		✓				**7**	**17**
IAS 18							✓						✓					✓																					✓				**4**	**10**
IAS 19									✓			✓				✓														✓											✓		**5**	**12**
IAS 21																				✓	✓				✓	✓																	**4**	**10**
IAS 24						✓				✓		✓		✓		✓						✓			✓	✓			✓		✓						✓			✓	✓		**13**	**31**
IAS 27	✓		✓	✓		✓	✓					✓	✓		✓	✓			✓	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	**28**	**67**
IAS 28																				✓	✓				✓	✓																	**4**	**10**
IAS 31																				✓	✓				✓	✓																	**4**	**10**
IAS 32		✓	✓				✓	✓		✓		✓			✓					✓	✓				✓	✓		✓			✓		✓			✓		✓	✓				**17**	**40**
IAS 34	✓			✓		✓	✓					✓	✓	✓	✓	✓			✓	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	**29**	**69**
IAS 36							✓											✓		✓	✓																		✓				**5**	**12**
IAS 38							✓											✓		✓	✓																						**4**	**10**
IAS 39			✓				✓			✓								✓		✓	✓						✓	✓		✓	✓		✓						✓				**12**	**29**
IFRS 1	✓		✓	✓		✓	✓					✓	✓		✓	✓			✓	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	**28**	**67**
IFRS 2		✓	✓				✓	✓										✓		✓	✓							✓				✓	✓		✓	✓			✓			✓	**14**	**33**
IFRS 3	✓		✓	✓		✓	✓					✓	✓		✓	✓			✓	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	**29**	**69**
IFRS 5			✓				✓											✓		✓	✓																		✓				**6**	**14**
IFRS 7	✓			✓		✓	✓					✓	✓	✓	✓	✓			✓	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	**29**	**69**
IFRS 8			✓				✓											✓																					✓				**4**	**10**
IFRS 9							✓		✓															✓			✓			✓											✓		**6**	**14**
IFRS 10									✓																		✓																**2**	**5**
IFRS 11									✓																		✓																**2**	**5**
IFRS 12																											✓			✓													**2**	**5**
IFRS 13									✓																		✓			✓					✓								**4**	**10**
Total	**6**	**2**	**11**	**6**	**1**	**7**	**17**	**2**	**5**	**3**	**0**	**9**	**8**	**4**	**7**	**8**	**0**	**10**	**7**	**17**	**17**	**7**	**0**	**7**	**12**	**12**	**6**	**10**	**8**	**6**	**9**	**7**	**9**	**6**	**9**	**8**	**4**	**3**	**15**	**7**	**9**	**7**		

(Source: own research)

Table 27 – Interpretations of Accounting Standards 2011

	Co-01	Co-02	Co-03	Co-05	Co-04	Co-06	Co-08	Co-47	Co-09	Co-10	Co-48	Co-42	Co-11	Co-12	Co-13	Co-14	Co-15	Co-16	Co-17	Co-18	Co-19	Co-20	Co-23	Co-43	Co-44	Co-45	Co-24	Co-25	Co-26	Co-27	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-40	Co-46	Co-41	Co-49	**Total**	**%**
IFRIC 9																		✓		✓	✓																						**3**	**7**
IFRIC 13	✓			✓		✓	✓					✓	✓		✓	✓			✓	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	**27**	**64**
IFRIC 14						✓				✓		✓				✓			✓						✓	✓					✓										✓		**9**	**21**
IFRIC 15																																	✓										**1**	**2**
IFRIC 16							✓											✓															✓										**3**	**7**
IFRIC 17																				✓	✓							✓					✓										**4**	**10**
IFRIC 18																																	✓										**1**	**2**
IFRIC 19		✓	✓					✓		✓		✓			✓				✓						✓	✓					✓					✓		✓	✓		✓		**14**	**33**
IFRIC 20																																							✓				**1**	**2**
Circular 1/2011																								✓																			**1**	**2**
Total	**1**	**1**	**1**	**1**	**0**	**2**	**2**	**1**	**0**	**2**	**0**	**3**	**1**	**0**	**2**	**2**	**0**	**2**	**3**	**3**	**3**	**1**	**0**	**2**	**3**	**3**	**0**	**2**	**1**	**0**	**3**	**1**	**5**	**1**	**1**	**2**	**0**	**1**	**3**	**1**	**3**	**1**		

(Source: own research)

Annexure 22

Table 28 – Accounting Standards 2012

	Co-01	Co-03	Co-05	Co-04	Co-06	Co-08	Co-47	Co-09	Co-10	Co-48	Co-11	Co-50	Co-12	Co-13	Co-14	Co-15	Co-17	Co-51	Co-42	Co-19	Co-20	Co-52	Co-43	Co-53	Co-24	Co-25	Co-26	Co-27	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-40	Co-46	Co-41	Co-49	Total	%
IAS 1	✓	✓	✓				✓	✓		✓		✓	✓	✓			✓	✓		✓										✓			✓	✓	✓	✓	✓	✓	✓		20	50
IAS 12		✓	✓		✓										✓		✓											✓				✓									7	18
IAS 16																																			✓	✓					2	5
IAS 19	✓									✓			✓	✓			✓	✓												✓			✓								8	20
IAS 24							✓		✓			✓		✓				✓				✓							✓	✓				✓			✓		✓	✓	12	30
IAS 27	✓						✓			✓			✓	✓			✓			✓										✓			✓	✓				✓	✓		12	30
IAS 28	✓									✓																															2	5
IAS 31										✓			✓																												2	5
IAS 32									✓								✓																✓		✓	✓					5	13
IAS 34	✓						✓					✓	✓	✓			✓	✓												✓			✓	✓	✓	✓	✓	✓	✓		15	38
IAS 39									✓	✓																															2	5
IFRS 1		✓	✓				✓					✓	✓	✓	✓		✓	✓				✓								✓		✓	✓	✓	✓		✓	✓	✓		18	45
IFRS 3							✓						✓	✓			✓													✓			✓	✓				✓	✓		9	23
IFRS 7	✓	✓	✓				✓					✓	✓	✓	✓		✓	✓	✓	✓		✓					✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓		24	60
IFRS 9										✓															✓																2	5
IFRS 10	✓									✓			✓												✓																4	10
IFRS 11	✓									✓			✓												✓																4	10
IFRS 12	✓									✓															✓																3	8
IFRS 13	✓									✓							✓								✓																4	10
Total	10	4	4	0	1	0	7	1	3	11	0	5	10	8	3	0	10	6	1	3	0	3	0	0	5	0	1	2	1	8	0	3	8	7	6	5	5	6	7	1		

(Source: own research)

Table 29 – Interpretations of Accounting Standards 2012

	Co-01	Co-03	Co-05	Co-04	Co-06	Co-08	Co-47	Co-09	Co-10	Co-48	Co-11	Co-50	Co-12	Co-13	Co-14	Co-15	Co-17	Co-51	Co-42	Co-19	Co-20	Co-52	Co-43	Co-53	Co-24	Co-25	Co-26	Co-27	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-40	Co-46	Co-41	Co-49	Total	%
IFRIC 2																																				✓					1	3
IFRIC 13							✓					✓	✓	✓			✓	✓		✓										✓			✓	✓			✓	✓	✓		13	33
IFRIC 14							✓		✓			✓		✓				✓		✓		✓								✓				✓			✓		✓		11	28
IFRIC 19									✓											✓																			✓		3	8
IFRIC 20							✓										✓																✓								3	8
Circular 2/2013	✓																																								1	3
Circular 3/2012																																				✓					1	3
AC 504																																		✓							1	3
SIC 12													✓																												1	3
SIC 13													✓																												1	3
Total	**1**	**0**	**0**	**0**	**0**	**0**	**3**	**0**	**2**	**0**	**0**	**2**	**3**	**2**	**0**	**0**	**2**	**2**	**0**	**3**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**	**0**	**0**	**2**	**3**	**0**	**2**	**2**	**1**	**3**	**0**		

(Source: own research)

Annexure 23

Table 30 – Accounting Standards 2013

	Co-05	Co-04	Co-06	Co-08	Co-47	Co-54	Co-09	Co-10	Co-48	Co-42	Co-11	Co-50	Co-12	Co-13	Co-56	Co-15	Co-17	Co-51	Co-42	Co-19	Co-20	Co-52	Co-53	Co-45	Co-57	Co-24	Co-25	Co-26	Co-27	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-40	Co-41	Co-49	**Total**	**%**
IAS 1	✓	✓	✓	✓	✓			✓	✓	✓		✓	✓	✓	✓			✓	✓		✓	✓	✓	✓				✓	✓	✓	✓		✓		✓		✓	✓	✓	✓	**28**	**70**
IAS 12				✓	✓							✓		✓				✓	✓						✓		✓				✓				✓			✓		✓	**12**	**30**
IAS 16	✓		✓										✓								✓	✓		✓									✓						✓		**8**	**20**
IAS 19	✓	✓	✓	✓		✓			✓	✓	✓		✓		✓				✓					✓				✓	✓				✓			✓		✓	✓		**18**	**45**
IAS 27	✓	✓	✓						✓				✓		✓						✓			✓				✓					✓			✓		✓			**12**	**30**
IAS 28	✓	✓	✓						✓		✓		✓		✓						✓			✓				✓					✓			✓		✓	✓		**14**	**35**
IAS 31									✓																																**1**	**3**
IAS 32	✓		✓										✓								✓	✓		✓									✓						✓		**8**	**20**
IAS 34	✓												✓					✓			✓	✓		✓									✓						✓		**8**	**20**
IAS 36			✓												✓									✓					✓							✓			✓		**6**	**15**
IAS 39																																				✓					**1**	**3**
IFRS 1	✓		✓										✓								✓			✓	✓		✓						✓						✓		**9**	**23**
IFRS 7	✓		✓							✓					✓				✓					✓	✓		✓	✓	✓				✓			✓		✓	✓		**14**	**35**
IFRS 10	✓	✓	✓			✓			✓		✓		✓		✓						✓			✓		✓		✓	✓				✓			✓		✓	✓		**17**	**43**
IFRS 11	✓	✓	✓						✓		✓		✓		✓						✓			✓		✓		✓	✓				✓			✓			✓		**15**	**38**
IFRS 12	✓	✓	✓						✓		✓		✓		✓						✓			✓				✓	✓				✓			✓			✓		**14**	**35**
IFRS 13	✓	✓	✓						✓	✓			✓		✓				✓		✓			✓				✓	✓				✓			✓			✓		**15**	**38**
Total	**13**	**8**	**13**	**3**	**2**	**2**	**0**	**1**	**9**	**4**	**5**	**2**	**12**	**2**	**10**	**0**	**0**	**3**	**5**	**0**	**11**	**4**	**1**	**14**	**3**	**2**	**3**	**9**	**8**	**1**	**2**	**0**	**13**	**0**	**2**	**10**	**1**	**7**	**13**	**2**		

(Source: own research)

Table 31 – Interpretations of Accounting Standards 2013

	Co-05	Co-04	Co-06	Co-08	Co-47	Co-54	Co-09	Co-10	Co-48	Co-42	Co-11	Co-50	Co-12	Co-13	Co-56	Co-15	Co-17	Co-51	Co-42	Co-19	Co-20	Co-52	Co-53	Co-45	Co-57	Co-24	Co-25	Co-26	Co-27	Co-31	Co-32	Co-33	Co-34	Co-35	Co-36	Co-37	Co-38	Co-40	Co-41	Co-49	**Total**	**%**
IFRIC 20	✓	✓	✓										✓		✓						✓			✓																	**7**	**18**
Circular 2/2013			✓																																		✓				**2**	**5**
Circular 3/2013																		✓																							**1**	**3**
Total	**1**	**1**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**1**	**0**	**0**	**1**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**		

(Source: own research)