70th

Anniversary
of the Department
of Accounting
at the University
of Lodz

Global Financial Reporting

The Past, Present and Likely Future

David Alexander Stephen A. Zeff Radek Ignatowski





Contents

Preface i				
By Radek Ignatowski, University of Lodz, Poland				
Chapter 1				
Global Financial Reporting from European and UK Perspectives: Theoretical, Conceptual and Regulatory Approach	1			
By David Alexander, Emeritus Professor, University of Birmingham, UK				
1.1. Introduction	1			
1.2. Is reality real?	2			
1.3. So what about accounting?	15			
1.4. The public interest	19			
1.5. Valuation and accounting numbers	29			
1.6. The users and uses of financial reporting in a global and multi-	25			
-stakeholder world	37			
1.7. Sustainability	41			
1.8. The UK position regarding financial reporting	45			
1.9. The past, present and likely future of global financial reporting	51			
Appendix	56			
References	59			
Chapter 2				
Global Financial Reporting from Worldwide and American Perspectives	63			
By Stephen A. Zeff, Rice University, Texas, USA				
2.1. Introduction	63			
2.2. Evolution of the IASC into the IASB, 1973 to 2001	64			

2.3.	Membership in the standard-setting body	67			
2.4.	The important role of The World Bank in gaining worldwide acceptance of IFRS				
2.5.	Convergence between the IASB and the FASB	70			
	The controversy over stewardship: An important difference between the USA and other countries	71			
2.7.	The indispensable role of regulators and auditors in the achievement of global comparability	72			
2.8.	An apparent failure by auditors and a regulator: The case of Société Générale	75			
2.9.	The IASB's engagement with constituent bodies	76			
2.10.	The Board's occasional accommodations on unique jurisdictional problems	78			
2.11.	Raising funds for the IASB	80			
2.12.	Establishment of a new oversight body in 2009: The Monitoring Board	82			
2.13.	'Political' intrusions in the standard-setting process	83			
2.14.	Challenges facing the IFRS Foundation and the Board in coming years	88			
2.15.	IFRS for SMEs	90			
2.16.	Progress in bringing the USA, Japan, China and India into the adoption ring	91			
2.17.	The standard-setting environment in the USA	92			
2.18.	What has been, and is likely to be, the US attitude towards mandating the adoption of IFRS?	103			
2.19.	The movement towards increased nonfinancial reporting	106			
2.20.	Two financial reporting issues: Non-GAAP reporting and the under-reporting of intangibles	107			
Conc	lusion	110			
Refe	rences	111			
-	oter 3				
	national Financial Reporting Standards as Global Standards Poland's Perspective	115			
By Ra	ndek Ignatowski, University of Lodz, Poland				
3.1.	Introduction	115			
	International financial reporting standards in Poland's regulatory				
	system	116			
	3.2.1. IAS in the early stage of the system transformation in Poland	116			
1	3.2.2. IAS in the original Act on Accounting of 1994	119			

Contents

	3.2.3.	IAS in the Act on Accounting of 2000	120		
	3.2.4.	IFRS in Poland's regulations in the context of the EU regulation on IAS	122		
	3.2.5.	IFRS in the pronouncements of the Accounting Standards Committee	129		
	3.2.6.	Scope of IFRS application in Poland against the European background	134		
3.3.		national financial reporting standards in Poland's capital market ations	137		
	3.3.1.	Evolution of the acceptance for IFRS application on Poland's capital markets	137		
	3.3.2.	Some remarks on the use of IFRS in Poland's capital market regulations	145		
3.4.	Application of IFRS in the accounting practice of publicly traded companies on Poland's capital markets: A review of studies				
3.5.	Impa of Po	ct of IFRS on publicly traded companies in Poland: Conservatism land's regulations as against IFRS	154		
	3.5.1.	General assumptions, scope of research, and sources of data	154		
	3.5.2.	Degree of conservatism of Poland's regulations: Research findings and general remarks	155		
3.6.		tative analysis of certain elements of the financial statements of cly traded companies, prepared in accordance with IAS	157		
	3.6.1.	Scope of qualitative analysis	157		
	3.6.2.	Fair value as a measurement basis for assets	159		
	3.6.3.	Application of IAS in the preparation of annual accounts	160		
	3.6.4.	Formats used for primary financial statements	161		
	3.6.5.	Exceptions to the retrospective application of IFRS in the first IFRS-based financial statements	166		
	3.6.6.	Some other issues concerning the application of IAS	167		
		Reports of the Polish Financial Supervision Authority on the application of IFRS	169		
3.7.		ral remarks on the adoption, adaptation and application of IFRS and in the EU context	172		
3.8.	.8. General remarks on the likely future of global financial reporting from Poland's perspective				
Ref		s	173 176		
Abo	out the	Authors	185		
Inde	ex		187		