

## Analysis of Opinions Issued in Comment Letters on the Term Prudence

### Abstract

Since 2001, the International Accounting Standards Board (Iasb) has worked to revise the Conceptual Framework (CF). Therefore, it has issued Discussion papers (DP), aiming to collect the stakeholders' opinions about different aspects of the CF. One of the aspects discussed is the inclusion or not of Prudence in the CF. Therefore, this study aims to analyze the opinions issued in the comment letters in response to the DPs between 2006 and 2013 about the exclusion of the term Prudence from the CF. The research was undertaken through the content analysis of 420 comment letters forwarded to the Iasb, among which 176 were identified that contain the terms *Prudence/Conservatism*, 117 of which are in favor of including the term. Among those against the inclusion, the main justification is the existence of conflict between Prudence and neutrality. The respondents' opinions were also separated per location and interest groups, showing that the European respondents are more favorable to the inclusion of the term, while Anglo-Saxon America defends it least. What the interest groups is concerned, the group that was most in favor of the insertion of the term were the Preparers, while the Financial Institutions were the most unfavorable agents. Using Kappa Analysis, it was observed that the level of agreement among the respondents' opinions indicates weak agreement with the total number of samples, suggesting that further debate and reflection on the theme is needed.

**Key words:** Conceptual Structure, Prudence, Financial Information, Comment Letters.

### Victor Ranieri Bomfim Sampaio de Araújo

B.Sc. in Accountancy from UFAL and Master's student in Multi-institutional and Inter-regional Graduate program in Accountancy UnB/UFPB/UFRN. UFPB - CCSA – Graduate Program in Accountancy.  
**Contact:** Cidade Universitária, João Pessoa, PB, Brazil, CEP: 58.051-900.  
**E-mail:** ranieri.victor@gmail.com

### Ana Karla de Lucena Gomes

B.Sc. in Accountancy from UFPB and Master's student in Multi-institutional and Inter-regional Graduate program in Accountancy UnB/UFPB/UFRN. UFPB - CCSA – Graduate Program in Accountancy.  
**Contact:** Cidade Universitária, João Pessoa, PB, Brazil, CEP: 58.051-900.  
**E-mail:** aklucenagomes@gmail.com

### Wenner Glaucio Lopes Lucena

Ph.D. in Accountancy from UnB/UFPB/UFRN and Professor at Universidade Federal da Paraíba – UFPB. CCSA – Graduate Program in Accountancy.  
**Contact:** Cidade Universitária, João Pessoa, PB, Brazil, CEP: 58.051-900.  
**E-mail:** wdlucena@yahoo.com.br

### Edilson Paulo

Ph.D. in Accountancy from USP and Professor at Universidade Federal da Paraíba – UFPB. CCSA - Graduate Program in Accountancy. **Contact:** Cidade Universitária, João Pessoa, PB, Brazil, CEP: 58.051-900.  
**E-mail:** e.paulo@uol.com.br

## 1. Introduction

The external users are not active participants in organizations' daily management. While the managers can easily access any information to make better decisions, the capital providers are in a disadvantaged position towards the former. In the attempt to eliminate this information asymmetry, the companies elaborate and periodically disseminate general accounting-financial reports, aiming to provide accounting-financial information that is useful to existing and potential investors, to lenders and other creditors when they make decisions on whether to provide resources to the organization (Comitê de Pronunciamentos Contábeis [CPC], 2011).

Thus, Conservatism appears as a way to try and minimize "possible opportunistic behaviors by the managers" (Teixeira, Costa & Galdi, 2009, p. 81, authors' translation). Conservatism is about an element that has been present in the accounting models for a long time, which is Prudence, corresponding to the use of caution when uncertainties are involved, so as to safeguard companies' capital providers (investors and creditors) (Watts, 2003). It is highlighted that being prudent only refers to a posture towards the uncertainties inherent in the model and does not require the indiscriminate omission of assets and recognition of liabilities, as the information would not be neutral when proceeding as such (Teixeira et al., 2009).

The concept of Prudence has been described in paragraph 37 of the International Accounting Standards Board's (Iasb) *Framework for the Preparation and Presentation of Financial Statements*, as this document disseminated the idea that the practice of Prudence is not necessarily contradictory to neutrality. In 2010, Iasb published Chapter 1 - *The objective of general purpose financial reporting* - and Chapter 3 *Qualitative characteristics of useful financial information* - of the Conceptual Framework for financial statements, resulting from cooperation with the *Financial Accounting Standards Board* (Fasb), in which, in the development of Chapter 3, the allusions to the concept of Prudence were withdrawn (International Accounting Standards Board [IASB], 2013).

The withdrawal of the term Prudence from the CF was justified by the inconsistency with neutrality, affirming in addition that clearly underestimating the assets or overestimating the liabilities in one period tends to lead to an overvaluation of financial performance in future periods. Many stakeholders have demonstrated their concern with the withdrawal of the term Prudence from the EC, alleging among other aspects that being conservative may be necessary to eliminate implications of a possibly too optimistic estimate by company management (IFRS, 2013).

To revise the CF, Iasb published two Discussion Papers to collect the interested public's opinion on some aspects in the revision of the CF and its standards. The first Discussion Paper (DP), published in 2006, resulted in the 2010 *Conceptual Framework for Financial Reporting*. The second DP, published in 2013, is still under development. The inquiries observed in the two DPs include questions on the withdrawal of the term Prudence.

In view of the above and the opportunity the Iasb creates for feedback, the objective in this research is to comparatively analyze the opinions issued in comment letters on the Comment Letter from 2006 and 2013, sent by stakeholder groups in Accounting, regarding the exclusion of the term Prudence from the Iasb CF for Financial Reporting. In 2015, the Exposure Draft in which the Iasb clarifies the main role of Prudence is under discussion (IFRS, 2015).

The goal in this research is to contribute to the debate on Prudence in the CF by analyzing accounting operators' opinions, analyzing whether there is true dissatisfaction with the exclusion of the term Prudence and whether the contestations may culminate or not in changes in the CF. In addition, this permits checking for any changes in the users' opinions over time by comparatively analyzing the letters sent in response to the DP published in 2006 and that published in 2013.

It is assumed that the discussion in this study is of help to further research, with a view to exploring other aspects in those documents, as the study was restricted to the evaluation of the comment letters forwarded to the Iasb in response to the 2006 and 2013 DPs.

## 2. Literature Review

### 2.1. Conceptual Framework for Financial Reporting

In the financial reporting process, a framework needs to be established for the elaboration of the financial reports. This is mainly so when considering that most accounting users are external and do not participate in the elaboration of the statement, nor do they have the power to choose what auditor will examine the financial statements (Paulo, 2002). That gives rise to the need to develop guiding pillars which all developers of financial statements need to take into account as a common element with a view to harmonious information elaboration and, hence, comparability, so as to guarantee appropriate recognition, measuring and disclosure choices, in the attempt to provide information that is more in tune with the reality.

According to Godfrey, Hodgson, Holmes and Tarca (2010, p. 94), “Worldwide, accounting academics and standard setters alike have attempted to develop a conceptual framework that provides a definitive statement of the nature and purpose of financial accounting and reporting and which provides guidance for all accounting practice.”

Vatter (1964, p. 6 as cited in Paulo, 2002) affirms that “any Science, method or other body of knowledge is guided by some conceptual structure”, which is no different for the accounting-financial reports. Thus, the aim was to develop a CF for financial reporting that could serve as a guiding element to elaborate financial statements as well as standards.

In this context, Deegan and Unermam (2011) affirm that, without an accepted theory, the standards are developed in isolation, that is, for a specific goal. That makes them vulnerable to mutually diverging elements, as they were not based on a same guiding document. The submissive posture of the accepted structures and the prevalence of the specific standards can be observed, resulting in a loss of strength and meaning for the CF. Thus, divergences are found, such as the withdrawal of Prudence, which is still present in most standards (Gebhardt, Mora, & Wagenhofer, 2014).

Today, two conceptual structures for financial reporting stand out: (1) the Fasn Conceptual Structure and (2) the Iasn Conceptual Structure.

### 2.2. Fasn Conceptual Framework for Financial Reporting

The search for uniformity and for the elimination of alternative Accounting procedures gave rise to the need to develop a set of regulatory instruments and, thus, a CF of the accounting-financial statements. The discussion towards the development of a CF starts in the United States of America (USA). According to Zeff (1999), William A. Paton and John B. Canning are responsible for the initial attempts to develop a “conceptual structure” in the North American accounting literature.

Professor William Paton, head of research of the American Association of Accountants (AAA) publish six postulates in his doctoral dissertation, published in 1922 and entitled *Accounting Theory*, which this author considers as the basic premises of accounting, including the going-concern of the company (Hendriksen & Van Breda, 1999). Together with Canning (1929 as cited in Zeff & John, 2000), the professor was the first to develop and present a CF to value assets and measure profit in his work *The Economics of Accountancy*. These works have influenced many other writers over the years (Zeff & John, 2000). Until today, for example, the Fasn cites Canning’s definitions of assets and liabilities in discussion memoranda (Hendriksen & Van Breda, 1999).

In 1936, the AAA Executive Board issued and published in *The Accounting Review* the first institutional attempt to establish the bases for a CF, the *Tentative Statement of Accounting Principles Affecting Corporate Reports* (Zeff, 1999). In the same year, the *Committee on Accounting Procedures* (CAP) was organized, whose goal was to outline the proposals of the *American Institute of Accountants* (AIA) on the Generally Accepted Accounting Principles through the publication of the *Accounting Research Bulletins* (ARBs) between 1953 and 1959, which are considered to be the first documented series of American accounting principles (Paulo, 2002).

In 1938, professors Sanders, Hatfield e Moore published *A Statement of Accounting Principles*, which demonstrated rules and principles to be observed in the elaboration and disclosure of the balance sheets and income statements. In the same work, the authors briefly discussed the conventions established as implicit solid practices in the elaboration of the statements, like the going concern concept (Hendriksen & Van Breda, 1999). In 1940, AAA published *An Introduction to Corporate Accounting Standards*, by Paton and Littleton, which discusses the pricing model based on the historical cost, widely accepted in the United States (Zeff, 1999). In 1948, a revision was published, called *Accounting Concepts and Standards* (Hendriksen & Van Breda, 1999).

In 1958, the *American Institute of Certified Public Accountants* (AICPA) organized a special research committee to study how the Accounting practice should be better organized. That committee proposed the creation of the *Accounting Principles Board* (APB) to replace the CAP, besides an Accounting research division for support. This replacement was done in 1959. The abovementioned Committee highlighted four levels at which Accounting should be addressed. These are: 1) postulates; 2) principles; 3) rules or 4) other guides to apply principles to specific situations and research (Zeff, 1999).

The term “postulates” was not commonly used in the accounting literature. The research committee declared that the postulates are few, corresponding to the basic premises the principles rest on, that is, the principles need to be elaborated based on the postulates (Zeff, 1999). They necessarily are derived from the economic and political environment and from the modes of thought and customs of all segments of the business community” [p. 63]. It added that “a fairly broad set of co-ordinated accounting principles should be formulated on the basis of the postulates”. “Thus was born the first institutional program to establish a conceptual framework — with principles predicated on postulates — although the term “conceptual framework” itself did not come into vogue until the 1970s” (Zeff, 1999, p. 93).

Therefore, in 1961, Maurice Moonitz – the first director of research of that committee – produced Accounting Research Study 1 (ARS 1), entitled *The Basic Postulates of Accounting*, in which he outlined the basic postulates of accounting. Next, in 1962, together with Robert T. Sprouse, Moonitz performed Accounting Research Study 3 (ARS 3), entitled “*A Tentative Set of Broad Accounting Principles for Business Enterprises*”, which aimed to discuss the accounting principles. The accounting class rejected both studies, so that another study was ordered with Paul Grady to review the existing accounting principles, entitled *Inventory of Generally Accepted Accounting Principles for Business Enterprises* (ARS 7). Despite the wider acceptance of ARS 7, when compared to ARS 1 and 3, it did not reach the objective of explaining the accounting principles, so that accounting studies were still developed *ad hoc*. The concept of Conservatism was included (Hendriksen & Van Breda, 1999).

According to Hendriksen and Van Breda (1999), the focus on postulates/principles was rejected. Professor William Vatter affirmed that, instead of postulates, what should be observed as a fundamental element in the elaboration of an accounting theory were the objectives. In response to this attack, a document entitled *A Statement of Basic Accounting Theory* was produced, known as Asobat, which the *American Accounting Association* (AAA) published in 1966. This was the first pronouncement to guide the users and contained Accounting objectives, standards and guidelines. This work significantly contributed towards further studies, although, like other studies, it faced the difficulty of establishing the link between objectives and principles, mainly when considering the very heterogeneous group of users (Hendriksen & Van Breda, 1999).

Due to this user-oriented focus indicated in Asobat, Pronouncement 4 (APB 4) was published in 1970 under the title *Basic Concepts and Accounting Principles Underlying Financial Statements of Business Enterprises*. This pronouncement reaffirmed the provision of useful financial information for economic decision making as the objective of Accounting. In addition, APB 4 outlined different qualitative objectives to be able to achieve this objective, such as the need for relevant, understandable, timely information and so on (*Accounting Principles Board* [APB], 1970).

In addition, as verified, the pronouncement reflected the principles and was widely accepted (Deegan & Unermam, 2011). It was organized as follows: 1) Objectives, divided between general and quantitative (relevance, opportunity); 2) Basic Aspects, such as going concern; 3) Basic elements (assets; liabilities); 4) Principles, divided in a) general, b) modifying conventions – highlighting Conservatism; c) broad operating principles; and d) detailed (APB, 1970).

According to APB 4, the modifying convention principles, including Conservatism, are applied through generally accepted standards, as a means to replace the professionals' collective judgment by the judgment of an individual accountant.

The abovementioned pronouncement establishes that, in a context of significant uncertainties to measure assets and liabilities, Conservatism consists in the fact that the managers, investors and accountants prefer to choose the possibility of underestimated measuring errors instead of overestimating the net income and net assets. One example of the use of Conservatism is the measuring of inventories at the lowest of the cost or market value, highlighting that these rules can result in the disclosure of smaller amounts of net income and net assets than what could be reached without the use of the principle (APB, 1970).

Although APB 4 was accepted and did not cause controversy, the accounting class received some criticism due to the lack of a conceptual work, besides the demand for accounting standards for financial institutions. Thus, the AICPA created two study groups, the *Trueblood Committee* (responsible for the financial statement objectives) and the *Wheat Committee* (responsible for the discussions involving the accounting principles) (Niyama & Silva, 2011).

The *Trueblood Committee*, which worked on the financial statement objectives, published its report entitled *Report of the Study Group on the Objectives of Financial Statements* in 1973, expressing 12 objectives and seven characteristics of the financial information, that is: 1) relevance and materiality; 2) form and substance; 3) reliability; 4) freedom from bias; 5) comparability; 6) consistency, and 7) understandability.

The *Wheat Committee* published an opinion in which it proposed a new structure for the established of accounting standards, suggesting the extinction of the APB and the creation of the *Financial Accounting Standard Board* (Fasb) to develop the generally accepted accounting principles (Niyama & Silva, 2011).

The Fasb, created in 1973, "is a private institution that aims to identify new economic events, discuss distinguished forms for their accounting treatment and decide on what form is considered most appropriate" (Teixeira et al., 2009, p. 76, authors' translation).

As soon as the Fasb had been established, the CF project was set up and, in 1978, the *Statements of Financial Accounting Concepts* (SFAC) 1 was issued: Objectives of financial reporting by business enterprises, followed by other pronouncements influenced by ASOBAT and APB 4, transferring the focus of the accounting standardization from principles to standards (Deegan & Unermam, 2011). APB 4 itself defines Conservatism from the perspective of undervaluation of assets and overvaluation of liabilities. Next, SFAC 2 (*Qualitative Characteristics of Accounting Information*) was published, adopting considerable parts of APB 4 with regard to the qualitative objectives, whose name was replaced by qualitative characteristics, which were practically fully considered, presenting Conservatism with the sense of Prudence, as highlighted in paragraph 92.

According to Zeff (1999, p. 109), "in contrast to ASOBAT and the Trueblood report, the board envisioned a role for "conservatism," albeit constrained: "There is a place for a convention such as conservatism — meaning prudence — in financial accounting and reporting, because business and economic activities are surrounded by uncertainty, but it needs to be applied with care". But the board made clear that "conservatism in financial reporting should no longer connote deliberate, consistent understatement of net assets and profits".

SFAC 2 affirms, however, that Conservatism tends to conflict with qualitative characteristics and mentions neutrality as an example. The convention of conservatism, which was once commonly expressed in the admonition to "anticipate no profits but anticipate all losses," developed during a time when balance sheets were considered the primary (and often only) financial statement, and details of profits or other

operating results were rarely provided outside business enterprises. To the bankers or other lenders who were the principal external users of financial statements, understatement for its own sake became widely considered to be desirable, since the greater the understatement of assets the greater the margin of safety the assets provided as security for loans or other debts. (*Financial Accounting Standards Board [FASB]* (1980, paragraph 93).

In paragraph 94, SFAC 2 highlights that, once the practice of providing information about periodic income as well as balance sheets became common, however, it also became evident that understated assets frequently led to overstated income in later periods. It is also highlighted that Conservatism is a prudent reaction amidst the uncertainty to try and guarantee that these uncertainties and risks, inherent in business situations, are appropriately considered. If two estimates of amounts to be received or paid in the future are about equally likely, conservatism dictates using the less optimistic estimate; however, if two amounts are not equally likely, conservatism does not necessarily dictate using the more pessimistic amount rather than the more likely one. Conservatism no longer requires deferring recognition of income beyond the time that adequate evidence of its existence becomes available or justifies recognizing losses before there is adequate evidence that they have been incurred. In line with the above, this Fasb position regarding Prudence would later influence the withdrawal of this term from the Iasb CF.

### 2.3. Iasb Conceptual Framework for Financial Reporting

Concerning the development of the Iasb CF, strong influence from the Fasb CF is found, due to the United States' relevant position in the global markets, whose standards influence those of the other nations (Niyama & Silva, 2011).

Some notorious facts marked the development of the Iasb. The creation of the European Economic Community (EEC), which later turned into the European Union, aimed for the tightening of commercial relations, so that European countries started sharing the same market, which entailed the increased need to standardize the financial statements (Paulo, 2002).

In 1959, the chairman of the Institute of Chartered Accountants of the Netherlands proposed the establishment of international standards. That happened in a context in which the market growth and the advance of multinational companies resulted in the international development of Accounting, so that economic blocks like the European Union started to be constituted to discuss common parameters in the economic and political fields (Niyama & Silva, 2011).

In that conjuncture, in 1961, a group was created for the discussion and renewal of accounting issues, with a view to helping the European Community. This group, in turn, evolved and turned into the International Accounting Standards Committee (Iasc) in 1973 and, then, in 2000, into the International Accounting Standards Board (Iasb), an entity that studies accounting standards to develop a single set of global accounting standards, with a view to transparent and comparable information.

In 1975, the International Accounting Standards were issued and the General Directives and Community Directives were created, which were aimed at establishing commercial standards with the burden of law in all European Union countries. Directive 4 is highlighted (1978), which presented Prudence in the discussion about accounting principles used in the member countries of the European Union (Paulo, 2002; Barth, Landsman & Lang, 2008).

In 1989, Iasc published the Framework for the Preparation and Presentation of Financial Statements. The Iasc pronouncements were called International Accounting Standards (IAS) and, later, when the Iasc turned into the Iasb, the pronouncements were called the International Financial Reporting Standards (IFRS).

## 2.4 Current panorama of the Conceptual structure for financial reports

The start of the 21<sup>st</sup> century was marked by accounting scandals in renowned and large companies in the American economy, such as Enron, Worldcom and the audit firm Arthur Andersen, demonstrating weakness in the set of accounting standards. When the public found out about these events, investors demanded measures from the American government, which permitted further transparency in the financial statements. The consequences of this fact include the disclosure of the Sarbanes-Oxley act (SOX), whose purpose is to guarantee further protection to the investors, establishing reliability in the information the companies had provided (Teixeira et al., 2009), besides starting a debate on rule versus principle-based standards.

In view of this event, the USA were pressured to adopt the international standards for the elaboration of the financial statements. In 2002, the Iasb and Fasn decided on joint work to achieve the comparability of the standards to the extent that the American entity would finally adopt the IFRS, thus resulting in a set of accounting standards that would be used around the world (Deegan & Unermam, 2011), allowing the investors to make decisions in a global capital market (Barth, Landsman & Lang, 2012)

In July 2006, Iasb and Fasn jointly published a DP entitled: *“Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-useful Financial Reporting Information”* (IASB, 2006). The SDP is a document issued to obtain initial viewpoints and comments as to what the public considers about a range of themes (IASB, 2013).

In 2008, after having received about 200 answers to the DP, the Fasn and Iasb issued an Exposure Draft of the chapter about the objectives and qualitative characteristics (Deegan & Unermam, 2011). Next, the pronouncement itself was issued, in which proposed changes revealed strong influence from the USA, revealing emphasis on capital market participants' use of financial information. One example of this, among the changes made in the CF after the joint work, was the withdrawal of the term Prudence, keeping in mind that, to achieve “information neutrality”, the Fasn aims to impede Conservatism (Watts, 2003).

In 2010, the Iasb and Fasn issued a review of two sections of the CF on the objectives of the financial statements for general purposes and the qualitative characteristics of the useful financial information and, in the same year, they temporarily suspended the future studies on the CF, due to the urgency of working on other projects, in the aftermath of the financial crisis (IASB, 2013). As a result of this work, in September 2010, the Fasn issued SFAC 8, referring to chapters 1 and 3 of the Iasb CF.

During the next year, in turn, the Iasb undertook a public consultation that revealed the need to prioritize the end of the CF. Thus, in 2012, the Iasb restarted its deliberations to develop the CF, this time in a single project and within a challenging timeframe, leaving aside the first phased approach, but without the Fasn (IASB, 2013).

Therefore, in 2013, without the Fasn's participation, the Iasb also launched the DP to obtain opinions on the reformulation of the CF. One of the inquiries raised in the abovementioned DP is related to the change made in 2010, about the exclusion of the term Prudence. That is so because paragraphs 35-38 of the pre-2010 CF defended that, in order to be reliable, the information should be neutral and, hence, free from propensities. In addition, in the document, it was argued that, for the sake of Prudence, care should be taken in the practice of unavoidable judgments when making the estimates needed under conditions of uncertainty, so as not to maximize the assets or revenues and mitigate the liabilities or expenses (IASB, 2013).

The Iasb justified the withdrawal of the term Prudence, without including it as an aspect of the faithful representation, as that would go against the neutrality, so that it would lead to inclinations in the elaboration of the financial statements. In addition, there is the bottleneck that underestimating the assets or overestimating the liabilities in one period would generally lead to the overvaluation of the financial performance in future periods (IASB, 2013). According to Gebhardt, Mora and Wagenhofer (2014), the Iasb decision to withdraw the term Prudence was as controversial as the withdrawal of the term emphasis from the management, besides the fact that Prudence prevailed in many IFRS and even in new IFRS.

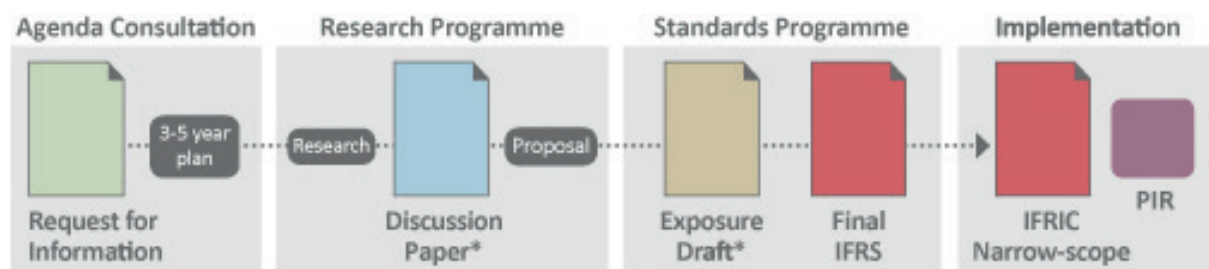
The objections to the withdrawal of the term are observed though, defending its inclusion and justifying that using Conservatism would combat too optimistic management estimates. In addition, it is argued that this withdrawal could result in the recognition of doubtful assets and gains, as well as in the non-recognition of possible liabilities and losses, and the increased use of current value measures, including the fair value, which can be considered as difficult to verify and predisposing to error (IASB, 2013).

In addition to this discussion, the CF represents a subordinate role to the existing IFRS, that is, in case of a conflict between a standard and the CF, the standard should prevail. Hence, Prudence is withdrawn from the qualitative characteristics, but what is observed is the presence of Conservatism in many existing and even in new IFRS (Gebhardt, Mora, & Wagenhofer, 2014).

It should be highlighted that, for the sake of this study, the terms Prudence and Conservatism are considered synonyms, as the term “Prudence” was presented as an alternative to the term Conservatism, which was widely used as an adaptation of the Anglo-Saxon accounting doctrine, which was applied as a convention among accountants” (Andrade, 2009, p. 39).

### 2.4.1 Expectation of respondents

The Iasb standards are developed through an international public consultation process, whose flow chart is described in Image 1.



**Figure 1.** Elaboration process of IASB standards

Source: IASB (2015)

The development takes place in six phases though. It starts with the definition of the agenda. Next, after inclusion on the agenda, the project is planned. In this case, the Iasb decides on whether to develop the project alone or in partnership with another institution, besides defining the group that will coordinate the project. Then, the Discussion Paper is developed and published, including a general view of the theme and a call for comments from the international community.

The third phase is the development and publication of the Exposure Draft (ED), which takes into account the comments (CL) received, but in the form of a draft standard, which is disseminated and open to further comments from the stakeholders. After analyzing the criticism against the ED, the final standard is issued (Final IFRS). Finally, the Iasb helps to understand the standard and its impact (IASB, 2015).

In this process, the participation of the Iasb members is more easily observed in the public audience about the Discussion Paper (DP) and Exposure Draft (ED). The DP is not compulsory, but the Iasb normally publishes DP about a new topic and requests initial comments from its members. The result of this phase can turn into a research project by another regulatory accounting entity or, in the first stage of an active project (agenda), led by the Iasb (IASB, 2012).

Based on this form of development, each group of Accounting stakeholders intends to influence the standard through comments sent, aiming to maximize their own utility.



Independently of whether the DP was published, the ED is the Iasb's main form of public consultation, as it is a specific proposal (draft) for an accounting procedure in the form of a standard. Therefore, many studies on accounting rules focus on the comment letters different stakeholders send about the ED under analysis (Saemann, 1999; Giner & Arce, 2012; Larson & Herz, 2013). Hence, this study analyzes the DPs about CF, specifically regarding the elimination or not of Prudence.

The main concern of Accounting regulation studies is to understand how the lobby strengths act in the accounting standardization process, aiming to identify the level of efficiency of these efforts to reach the lobbyists' objectives. In the analysis of Prudence, it can be considered that the stakeholder groups have distinct opinions, due to their particular characteristics and interests in the theme. In view of the above, the following research hypotheses are raised:

- H1.** The Accounting regulators presented mutually different opinions about Prudence in the comment letters about Prudence.
- H2.** The stakeholders presented opinions on Prudence different from the other agents in the comment letters about Prudence.

### 3. Methodological Procedures

The research universe consists of the Comment Letters forwarded to the Iasb, in response to the DPs issued in 2006 and 2013. It should be reminded that the DP discussed the Objective and Qualitative Characteristics of the Financial Reports, while the second DP discusses aspects related to the issuing of a revised Conceptual Framework for Financial Statements.

The themes discussed in the second DP include: elements of financial reports; definition of asset and liability; different between liability and net equity. In addition, the document included inquiries about chapters 1 and 3 of the CF (objectives and qualitative characteristics). It was concluded in 2010 as a result of the first DP, so that the respondents could opine on the need for a new debate on these chapters. Hence, a larger number of answers about Prudence and/or Conservatism were expected at first, when the changes in the qualitative characteristics were suggested.

In total, 420 letters were forwarded to Iasb in the two periods mentioned, 179 of which correspond to the first DP analyzed (2006), while 241 correspond to the second DP (2013). Table 1 shows the samples obtained based on the universe of the 420 letters. It should be highlighted that the comment letters were accessed on the Iasb website.

Table 1  
Research Sample

Item	DP 2006		DP 2013		Sum	
	N	%	N	%	N	%
Total letters sent	179	100.0	241	100.0	420	100.0
Total letters in which the terms Prudence and/or Conservatism are mentioned	55	30.7	121	50.2	176	41.9
Total letters that did not mention the terms Prudence and/or Conservatism but arouse an indirect discussion on the terms	48	26.8	69	28.6	117	27.9
Final sample	103	57.5	190	78.8	293	69.8

A manual collection was undertaken in the 420 letters available, based on the terms Prudence and/or Conservatism. As a result of the analysis, the following figures were obtained: a) for the letters sent in response to the first DP analyzed (2006), 55 letters contained one of the search terms; b) for the letters forwarded to the second DP analyzed (2013), 121 letters contained one of the research terms. Thus, 176 comment letters were obtained that contained the terms Prudence and/or Conservatism.

In addition, for those letters in which none of the terms were identified, a more analytic content analysis was applied to identify any discussion about the terms in question. After that content analysis, 117 further letters were detected, 48 CLs on the first DP and 69 CLs on the second DP (2013).

After selecting the comment letters, they were separated per stakeholder group and per continent the respondent belongs to.

In addition, it was verified that 69 respondents manifested their opinions in the two DPs analyzed (2006 and 2013). These were paired, applying Kappa analysis, to measure the level of mutual agreement. The Kappa coefficients range between minus one (-1) and one (+1), in which one represents complete agreement; zero indicates but random agreement; and coefficients inferior to zero suggest that the random agreement was lower than expected (Landis & Koch, 1977).

## 4. Presentation and Analysis of Results

### 4.1. Descriptive statistics

To facilitate the analysis, the comment letters (CLs) to the first DP of the CF (DP 2006) and the comment letters sent in response to the second DP (DP 2013) were considered.

Table 2 displays the number of respondents, so that they are segregated per continent and group they belong to, in view of their classification among Accounting stakeholders. These, in turn, were divided as follows: 1) Regulators (REG), consisting of Brazilian and international regulators; 2) Information Preparers (Pinf), consisting of accounting firms, autonomous accountants and accounting employees; 3) Academy (ACD), including faculty members and researchers c; 4) Auditors (AUD), including audit companies and independent auditors; 5) Representative Entities (Erep) equivalent to entities that represent accounting professionals, for public and certified public accountants and 6) Financial Institutions (Ifina) consisting of financial institutions.

Table 2  
**Number of respondents per location and group**

Stakeholder groups	Continent							Total	
	Africa	America		Asia	Europe	Oceania	(f)	(%)	
		Anglo-Saxon	Latin						
REG	0	11	4	13	31	9	68	16	
PINF	3	24	7	6	63	7	110	26	
ACD	1	20	2	4	21	7	55	13	
AUD	0	3	0	0	16	2	21	5	
EREP	6	17	2	11	21	6	63	15	
IFINA	0	22	3	4	71	3	103	25	
<b>Total (f)</b>	<b>10</b>	<b>97</b>	<b>18</b>	<b>38</b>	<b>223</b>	<b>34</b>	<b>420</b>	<b>100</b>	
<b>Total (%)</b>	<b>2.4</b>	<b>23.1</b>	<b>4.3</b>	<b>9</b>	<b>53.1</b>	<b>8.1</b>	<b>100</b>		

Source: research results

The American continent was divided into Anglo-Saxon and Latin America for the sake of a better comparison, given the cultural differences.

In Table 2, it can be observed that little more than half of the letters forwarded to Iasb come from the European continent (53.1%), followed by Anglo-Saxon America with 23%. As regards the stakeholder groups, the Information Preparers (Pinf) and Financial Institutions (Ifina) stand out with 26% and 25%, respectively, while the academy (ACD) contributed with only 13% of the answers. The larger participation of the preparers (Pinf and Ifina), representing approximately 51% of all CLs analyzes, is also observed in earlier studies of the comments to the Iasb DP, like in Giner & Arce (2012), Larson & Herz (2013) and Tavares, Anjos, Paulo, & Carter (2013). This large participation can simply be explained by the fact that the number of existing companies in the different countries is infinitely higher than the number of other stakeholder groups.

Concerning the presence of the terms Prudence and/or Conservatism in the letters, Table 3 reveals that the term Prudence is mentioned in 162 letters, more than the term Conservatism (Table 4), which is present in only 73 letters.

Table 3

**Presence of the term Prudence in the comment letters**

Year	Yes		No		Total
	(f)	(%)	(f)	(%)	(f)
2006	43	24	136	76	179
2013	119	49	122	51	241
<b>Total</b>	<b>162</b>	<b>39</b>	<b>258</b>	<b>61</b>	<b>420</b>

Source: research results

In addition, the terms are more present in the letters forwarded to the second DP when compared to the letters forwarded to the first DP. This result suggests that the different accounting agents became more active in the discussions about the new standards or in the revisions of the Iasb's recent documents.

Table 4

**Presence of the term Conservatism in the comment letters**

Year	Yes		No		Total
	(f)	(%)	(f)	(%)	(f)
2006	34	19	145	81	179
2013	39	16	202	84	241
<b>Total</b>	<b>73</b>	<b>17</b>	<b>347</b>	<b>83</b>	<b>420</b>

Source: research results

Table 5

**Presence of the term Prudence and Conservatism in the comment letters**

Year	Yes		No		Total
	(f)	(%)	(f)	(%)	(f)
2006	22	12	157	88	179
2013	37	15	204	84	241
<b>Total</b>	<b>59</b>	<b>14</b>	<b>361</b>	<b>86</b>	<b>420</b>

Source: research results

Some letters contained both terms (Table 5). Thus, in total, 176 letters were analyzed that somehow contained at least one of the terms. All 176 letters were read to identify the respondents' opinion on the defense or not of the term Prudence and/or Conservatism in the CF.

Although 176 letters analyzed cite the terms Prudence and/or Conservatism, only 117 issued a clear opinion on the theme under discussion. In Table 6, it can be verified that about 91 respondents (78%) are favorable to the inclusion of the term "Prudence" in the CF, while 26 other respondents consider that Prudence should not be present in the Conceptual Framework.

Table 6  
**Respondents in favor of using the term Prudence in the CF**

Year	Yes		No		Total (f)
	(f)	(%)	(f)	(%)	
2006	37	77	11	23	48
2013	54	78	15	22	69
<b>Total</b>	<b>91</b>	<b>78</b>	<b>26</b>	<b>22</b>	<b>117</b>

Source: research results

As regards the Accounting stakeholders, it is observed in Table 7 that the Academics (92.7%), Accounting Information Preparers (87.1%) and Auditors (83.3%) are the most favorable groups to the inclusion of the term "Prudence" in the CF, while the group that most defended the exclusion of the term consisted of Regulators (66.7%). It can be observed, however, that in all stakeholder groups, the writers of the comment letters were favorable to the inclusion of Prudence in the Conceptual Framework. The group of Regulators was the only group showing a relevant opinion change about whether or not to include Prudence, starting to further defend Prudence in the second DP.

Table 7  
**Opinion about Prudence in the CF segregated per group**

Answers	REG	PINF	AUD	ACD	IFINA	EREP	Total
<b>Panel A - Response to 2006 DP</b>							
Yes	4 (50)	9 (81.8)	1 (100)	11 (91.7)	8 (80)	4 (66.7)	37 (77.1)
No	4 (50)	2 (18.2)	0 (0)	1 (8.3)	2 (20)	2 (33.3)	11 (22.9)
Total	8 (100)	11 (100)	1 (100)	12 (100)	10 (100)	6 (100)	48 (100)
<b>Panel B - Response to 2013 DP</b>							
Yes	8 (80)	18 (90)	4 (80)	2 (100)	12 (66.7)	10 (71.4)	54 (78.3)
No	2 (20)	2 (10)	1 (20)	0 (0)	6 (33.3)	4 (28.6)	15 (21.7)
Total	10 (100)	20 (100)	5 (100)	2 (100)	18 (100)	14 (100)	69 (100)
<b>Panel C - Total Sample</b>							
Yes	12 (66.7)	27 (87.1)	5 (83.3)	13 (92.9)	20 (71.4)	14 (70)	91 (77.8)
No	6 (33.3)	4 (12.9)	1 (16.7)	1 (7.1)	8 (28.6)	6 (30)	26 (22.2)
Total	18 (100)	31 (100)	6 (100)	14 (100)	28 (100)	20 (100)	117 (100)

**Legend:** Regulators (REG). Information Preparers (PINF). Academy (ACD). Auditors (AUD). Representative Entities (EREP). Financial Institutions (IFINA). Absolute value (%).

Source: research results

In the analysis from the geographical perspective (Table 8), it is observed that, on all continents, more than 80% of the respondents were in favor of the term Prudence/Conservatism, while Anglo-Saxon America is the place that concentrates most respondents against the presence of the term in the CF.

It was exactly among the respondents from Anglo-Saxon America that a significant change is observed in the response profile. In the first DP (DP 2006), the opinions in the letters are strongly in favor of Prudence (75%), while only 42.9% are favorable in the next consultation (DP 2013).

Table 8

**Opinion on Prudence in the CF segregated per Continent**

Answers	Africa	Anglo-Saxon America	Latin America	Asia	Europe	Oceania	Total
<b>Panel A - Response to 2006 DP</b>							
Yes	4 (100)	9 (75)	2 (50)	5 (100)	17 (77.3)	0 (0)	37 (77.1)
No	0 (0)	3 (25)	2 (50)	0 (0)	5 (22.7)	1 (100)	11 (22.9)
Total	4 (100)	12 (100)	4 (100)	5 (100)	22 (100)	1 (100)	48 (100)
<b>Panel B - Response to 2013 DP</b>							
Yes	0 (0)	6 (42.9)	6 (100)	8 (80)	26 (83.9)	8 (100)	54 (78.3)
No	0 (0)	8 (57.1)	0 (0)	2 (20)	5 (16.1)	0 (0)	15 (21.7)
Total	0 (0)	14 (100)	6 (100)	10 (100)	31 (100)	8 (100)	69 (100)
<b>Panel C - Total Sample</b>							
Yes	4 (100)	15 (57.7)	8 (80)	13 (86.7)	43 (81.1)	8 (88.9)	91 (77.8)
No	0 (0)	11 (42.3)	2 (20)	2 (13.3)	10 (18.9)	1 (11.1)	26 (22.2)
Total	4 (100)	26 (100)	10 (100)	15 (100)	53 (100)	9 (100)	117 (100)

**Legend:** Absolute value (%).

Source: research results

This result confirms the possible influence of the Fasb, the North American entity, on the withdrawal of the term from the CF after the cooperation between Iasb and Fasb. That is so because the Fasb aims to impede Conservatism, with a view to achieving “information neutrality”.

## 4.2. Kappa analysis

The second part of the analysis intended to compare the same respondents' opinions between the two moments analyzed, totaling 69 respondents. For the sake of this comparison, Kappa agreement analysis was used.

Table 9 represents the opinions' behaviors in the two DPs analyzed, highlighting that, out of 69 respondents, none maintained the same opinion in the two periods under analysis.

Table 9

**Analysis of respondents' opinions in 2006 and 2013**

		Agrees - DP 2013			Total
		Yes	No	No Opinion	
Agrees - DP 2006	Yes	6	1	9	16
	No	3	0	1	4
	No Opinion	17	5	27	49
<b>Total</b>		<b>26</b>	<b>6</b>	<b>37</b>	<b>69</b>

Source: research results

As observed, in the first DP, 49 respondents preferred not to opine on the inclusion or not of the term “Prudence/Conservatism”, 27 of which continued not to opine; in the second DP, 17 respondents became in favor of the inclusion of the term in the CF, while 5 were against this inclusion. In the 2013 DP, the number of respondents dropped to 37, including some who were in favor of the inclusion of the term in the first period, although Prudence was withdrawn from the conceptual framework.

Table 10

**Kappa analysis of accounting stakeholder groups**

Defends Prudence	Operators						Geral
	REG	PINF	AUD	ACD	IFINA	EREP	
Value	-0.086	-0.286	-0.091	-0.094	0.125	0.130	0.010
Number	14	9	6	7	21	12	69

Source: elaborated by the authors (2014)

The analysis of the Kappa index (Table 10) was used by means of the scale proposed by Landis and Koch (1977). Zero was established as poor agreement; between zero and 0.20 as simple agreement and, finally, any negative index indicates no agreement. Thus, it can be affirmed that there is not agreement in the following groups: Regulators (REG); Information Preparers (Pinf); Academy (ACD) and Auditors (AUD). Simple agreement exists in the groups Representative Entities (Erep) and Financial Institutions (Ifina). Finally, the analysis of all observations without stratification revealed weak agreement.

### 4.3 Analysis of opinions in comment letters

Among those in favor of Prudence/Conservatism, a notorious division of opinions can be observed in terms of the similarity between the terms “Prudence” and “Conservatism”. Some defend that both terms are equivalent, while another part considers that they are different.

The latter part affirms that “Prudence” has a sense of caution, mainly when more than one measuring method exists. According to them, Conservatism is linked to the undervaluation of assets and revenues and the overvaluation of liabilities and expenses. Nevertheless, it was observed that most respondents refer exclusively to the term “Prudence”.

The arguments the respondents in favor and against the term Prudence in the CF use are related to the incompatibility between Prudence and neutrality, which is also the main argument the IASB uses to sustain the elimination of the term “Prudence” from the CF.

The respondents in favor of the inclusion of the term allege that there is no incompatibility between Prudence and neutrality. The respondents against the inclusion affirm that this incompatibility exists, supporting the Iasb’s arguments; other respondents only outline their position, without citing any additional justification.

Some respondents favorable to the presence of the term in the CF suggested that Prudence could be considered a restriction, similar to the cost-benefit of the information, instead of a qualitative characteristic. Other opinions were issued, like the fact that the absence of Prudence increases the moral risk. Those against the term affirmed that its use is unwise, leading to biased information, while others evidenced the use of other existing themes with the role of Prudence. In Figure 1, the opinions are listed that went beyond agreement or disagreement with the aspects raised in the DP.

## Main arguments in favor of and against the inclusion of Prudence

Favorable	Unfavorable
“Being able to measure and observe in a totally objective manner is a myth. There is no impartiality, the preparer will be biased even if unconsciously. Neutrality is not possible without Conservatism”.	“As Prudence is inconsistent with neutrality, besides its withdrawal from the CF, it should also be withdrawn from the specific standards, like in the case of the impairment test, with a view to a consistent withdrawal”.
“We believe that the way the CF pre-2010 describes Prudence is sufficient to solve all issues raised in the inclusion of Prudence in the CF, such as the contradiction between neutrality and the deliberate undervaluation of assets and overvaluation of liabilities. Thus, we suggest that Prudence be included in the CF as an exercise of caution instead of a principle of Conservatism”.	“We consider that the commonly interpreted concept of Prudence/Conservatism is inconsistent in practice and with a trustworthy representation”.
“The demand for Conservatism in the financial statements reflects the fact that privileged information offers advantages and that one cannot trust that this information will not be used opportunistically. The lesson from Enron and that many other events demonstrate that this type of opportunistic behavior is never far off”.	“Prudence is established deep in the accountants’ soul, the change will be difficult, but we are happy about it”.

As observed, the favorable points are in accordance with SFAC 2, presenting Conservatism as a form of Prudence, based on the uncertainty inherent in the elaboration of the statements. Nevertheless, the unfavorable arguments were related to agreeing with the DP, which made it difficult to identify other aspects beyond the inconsistency with the reliable representation.

## 5. Final considerations

The analysis about the use of the term “Prudence” in the CF reveals divergent opinions among the accounting stakeholder groups on the use of this term.

The literature review presented in this study evidenced the importance of Prudence, although most respondents and authors of the comment letters revealed considerable resignation in the opinions and appreciations about the theme. This fact slows down the debates and, consequently, entails disinterest and even self-denial in the pursuit of relevant discussions. Therefore, the economic agents linked to Accounting need to actively participate in these debates, including the Academy’s further engagement in these discussions.

Most respondents who presented their opinions were favorable to the use of the term in the CF. In the first Discussion Paper analyzed, 27 respondents were in favor and 11 against. In the second DP, 91 were in favor and 26 against.

In general, there are no significant differences among the stakeholder groups, which are mostly favorable to the inclusion of Prudence. As regards the respondents’ geographical location, the respondents from Anglo-Saxon America who were in favor of the inclusion of Prudence in the 2006 DP (75%) changed opinions. In the second DP on the theme, they were against the inclusion of this term (57%). In this result, the influence of the Fasb’s attempt to withdraw the term Prudence/Conservatism from its conceptual framework can be considered. Another justification for the respondents in Anglo-Saxon America to be against Prudence may be related to the local financial market, characterized by a developed capital market in which the main resource provider is the investor. In the other countries, on the other hand, the main source of financial resources is the credit market.

The justifications among the respondents in favor and against the presence of the term contain different considerations. Nevertheless, it can be highlighted that many of the opinions analyzed did not present any additional viewpoint, but simply expressed their opinions between agreeing or not with the presence of the term in the CF.

The justifications provided for the opinions were concentrated on the existing conflict between Prudence and neutrality. The respondents also concentrated on opining on the term Prudence used by the Iasb only, while few of them took the risk of discussing the distinction between Prudence and Conservatism.

Finally, in response to the main research objective, it can be suggested that, although the group of Financial Institutions and Representative Entities present simple agreement, when the groups were not stratified, no agreement was found among the opinions.

In general, the discussion about this theme is relevant, in view of the need for a fruitful discourse among Accounting academics, standardizers, auditors, financial statement preparers and all other groups mentioned in this study. In addition, there will be further opportunities for discussion that will demand the groups' active participation, with a view to cooperating with the debate about not fully defined issues.

The DP contains discussions on several other important inquiries, like the debate about the measuring bases for example. Thus, for the sake of future research, this study suggests the analysis of opinions on other aspects in the CF, as well as the identification of the accounting operator group that most strongly influences the Iasb decisions, analyzing the opinions and decisions of the Iasb.

## 6. References

- Accounting Principles Board (1970). *Basic Concepts and Accounting Principles Underlying Financial Statements of Business Enterprises*. New York: The American Institute of Certified Public Accountants.
- Andrade, A. P. de. (2009) Princípios e Normas Contábeis. In: Ribeiro Filho, J. F, Lopes, J, & Pederneiras, M. (Orgs.). *Estudando Teoria da Contabilidade*. São Paulo: Atlas.
- Barth, M. E., Landsman, W. R. & Lang, M. H. (2008). International Accounting Standards and Accounting Quality. *Journal of Accounting Research*. 46(3), pp. 467-498. doi: 10.1111/j.1475-679X.2008.00287.x
- Barth, M. E., Landsman, W. R., Lang, M. H. & Williams, C. (2012) Are IFRS-based and USGAAP-based accounting amounts comparable? *Journal of Accounting and Economics*. 54, pp. 68-93. doi:10.1016/j.jacceco.2012.03.001
- Comitê de Pronunciamentos Contábeis (2011). *Pronunciamento Conceitual Básico (R1): Estrutura Conceitual para Elaboração e Divulgação de Relatório Contábil-Financeiro*. Brasília.
- Deegan, C & Unerman, J. *Financial Accounting Theory*. 2<sup>a</sup>. ed. London: McGraw-Hill, 2011.
- Financial Accounting Standards Board [FASB] (1980). *Statement of Financial Accounting Concepts n.º 2: Qualitative Characteristics of Accounting Information*. Norwalk: Financial Accounting Foundation.
- Gebhardt, G, Mora, A, & Wagenhofer, A. (2014). Revisiting the Fundamental Concepts of IFRS. *Abacus: A Journal of Accounting, Finance and Business Studies*, Sydney, 50(1), pp. 107-116. doi: 10.1111/abac.12024
- Giner, B., & Arce, M. (2012). Lobbying on accounting standards: evidence from IFRS 2 on share-based payments. *European Accounting Review*, 21(4), pp. 655-691. doi:10.1080/09638180.2012.701796
- Godfrey, J, Hodgson, A, Holmes, S, & Tarca, A. (2010). *Accounting theory*. 7<sup>a</sup>.ed New York: Wiley.
- Hendriksen, E. S., & Van Breda, M. F. (1999) *Teoria da Contabilidade*. trad. Antônio Zoratto Sanvicente. São Paulo: Atlas. Tradução de: Accounting theory.
- International Accounting Standard Board [IASB] 2012. *International Financial Reporting Standards IFRS (Red Book)*. London: IFRS Foundation.



- International Accounting Standards Board [IASB] (2006). *Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-useful Financial Reporting Information DP/2006*. London: IFRS Foundation.
- International Accounting Standards Board [IASB] (2013). *A review of the conceptual framework for financial reporting DP/2013/1*. London: IFRS Foundation.
- International Accounting Standards Board [IASB] (2015). *Conceptual Framework*. London: IFRS Foundation.
- Landis, J. & Koch, G. (1977). The Measurement of Observer Agreement for Categorical Data. *Biometrics*, 33(1), pp. 159-174.
- Larson, R. K., & Herz, P. J. (2013). A multi-issue/multi-period analysis of the geographic diversity of IASB comment letter participation. *Accounting in Europe*, 10(1), pp. 99-151. doi: 10.1080/17449480.2013.772716
- Niyama, J. K., & Silva, C. A. T. (2011) *Teoria da contabilidade*. 3. ed. São Paulo: Atlas, 2011.
- Paulo, E. (2002) *Comparação da Estrutura Conceitual da Contabilidade Financeira: Experiência Brasileira, Norte-americana e Internacional*. João Pessoa. Dissertação (Mestrado em Ciências Contábeis) - Programa Multi-institucional de Pós-Graduação em Ciências Contábeis da Unb/UFPB/UFPE/UFRN.
- Saemann, G. (1999). An examination of comment letters filed in the U.S. financial accounting standard setting process by institutional interest groups. *Abacus*, 35(1), pp.1-28. doi: 10.1111/1467-6281.00032
- Tavares, M. F. N., Anjos, L. C. M., Paulo, E., & Carter, D. (2013). Contribuições ao exposure draft revenue from contracts with costumers: análise das opiniões das firmas sobre a obrigação de desempenho onerosa. *Revista de Contabilidade do Mestrado em Ciências Contábeis da UERJ (Online)*, 18(2), pp. 81-99.
- Teixeira, A. J. C., Costa, F. M. da, & Galdi, F. C. (2009) Princípios e Normas Contábeis. In: Ribeiro Filho, J. F., Lopes, J., & Pederneiras, M. (Org.). *Estudando Teoria da Contabilidade*. São Paulo: Atlas.
- Watts, R. L. (2003) Conservatism in Accounting Part I: Explanations and Implications. *Accounting Horizons*, 17(3), pp. 207-221. doi: 10.2308/acch.2003.17.3.207
- Zeff, S. A. (1999) The Evolution of The Conceptual Framework for Business Enterprises in The United States. *Accounting Historians Journal*, 26(2), pp. 89-131.
- Zeff, S. A., & John B. (2000) Canning: A View of His Academic Career. *Abacus: A Journal of Accounting, Finance and Business Studies*, Sydney, 36(1), pp. 4-39. doi: 10.1111/1467-6281.00052