

25th November 2015

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UK

Cc: EFRAG

Dear Sir/Madam

Exposure Draft – ED/2015/3 Conceptual Framework for Financial Reporting

Norsk RegnskapsStiftelse (the Norwegian Accounting Standards Board – NASB) welcomes the opportunity to submit its views on the Exposure Draft *Conceptual Framework for Financial Reporting*.

The NASB believes that the ED represents an important step forward with respect to establish a new conceptual framework for financial reporting under IFRS.

Nevertheless, we find that the present draft needs more elaboration. In addition to the points that are taken up in the answers to your specific questions, we want to make some general comments that we think should be considered in the further development of the Framework.

We observe that the Framework in many respects is an unfinished product. For example, we believe that a clear system for reporting performance, criteria for selecting measurement bases and a rationale for classifying income and expenses as OCI, and a definition or description of the purpose of all primary financial statements should be part of the Framework. We think that it is acceptable that all elements are not in place before a new Framework is issued, and that some of these will require ongoing work also after the new Framework has become effective, but some improvements could be achieved also at this stage.

We are particularly worried that the Framework does not refer to the cash flow statement. Paragraph 3.6 states that financial statements consist of statements, including a statement of financial position, statement(s) of performance and notes to the financial statements. Apparently, the IASB has omitted the statement of cash flows from the concept of financial statements. IAS 1.10 describes a complete set of financial statements in which a statement of cash flows is included. Furthermore, IAS 1.11 states that an entity shall present with equal prominence all of the financial statements in a complete set of financial statements. Thus, we believe the statement of cash flows should be included among the statements defined in the Framework.

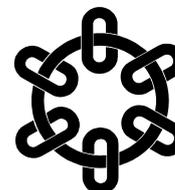
It is our general view that the structure of the document and the choice of expression should be strengthened before issuing a new Framework. It looks awkward with a subchapter that deals with “the role of financial statements” in Chapter 3, when any reader would expect to find that discussion under “the objective of general purpose financial reporting” in Chapter 1; even more so as the subchapter has conclusions with impact for the subsequent chapters. To increase confusion further the “objective of financial statements” appears again in the second sub-heading of Chapter 7. As a general remark the location of the various discussions should be reviewed so that those that belong together are placed together. Many of the verbal expressions could be more stringent and less ambivalent. We further urge you to consider critically whether Chapter 8 has a role at all in a new Framework.

A systematic weakness with the whole document is the lack of clarity of whom it addresses. The Introduction says in IN1 that the purpose of the Framework is to i) assist the IASB to develop standards, ii) assist preparers to choose accounting policies when no standard applies, and iii) assist all parties to understand and interpret the standards. We agree with these three purposes, but they cannot have equal weight for everything which is written in the Framework. For example, the “factors

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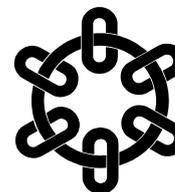
to consider when selecting a measurement basis” in Chapter 6 is first and foremost a guideline for standard-setting and should be presented as that. In the middle of the text that sets criteria for the standard-setter appears paragraph 6.55 that deals with a situation where “no measurement basis for an asset or liability would provide relevant information”, which appears to be a specific situation for the reporting entity. A similar confusion about what is standard-setter level and what is reporting entity level applies to the text on prudence: many think that some asymmetry is desirable in accounting standards while unwanted in the practice of reporting entity; but your text mixes all into a big jumble. The present ED shares this lack of clarity with predecessor frameworks, but there is a good opportunity now to do a better job.

Please do not hesitate to contact us if you would like to discuss any specific issues addressed in our response.

Yours faithfully,

Erlend Kvaal
Chairman of the Technical Committee on IFRS of Norsk RegnskapsStiftelse

CC: EFRAG



Chapters 1 and 2—The objective of general purpose financial reporting and the qualitative characteristics of useful financial information

Question 1—Proposed changes to Chapters 1 and 2

Do you support the proposals:

- (a) to give more prominence, within the objective of financial reporting, to the importance of providing information needed to assess management’s stewardship of the entity’s resources;
- (b) to reintroduce an explicit reference to the notion of prudence (described as caution when making judgements under conditions of uncertainty) and to state that prudence is important in achieving neutrality;
- (c) to state explicitly that a faithful representation represents the substance of an economic phenomenon instead of merely representing its legal form;
- (d) to clarify that measurement uncertainty is one factor that can make financial information less relevant, and that there is a trade-off between the level of measurement uncertainty and other factors that make information relevant; and
- (e) to continue to identify relevance and faithful representation as the two fundamental qualitative characteristics of useful financial information?

Why or why not?

Question 1 (a)

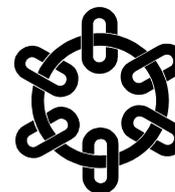
We support that stewardship shall be one the objectives of general purpose financial reporting. However, we think that the redrafting of Chapter 1 has achieved little more than adding more words to the content that was already there.

What is more important than repeating the same phrases over and over, is to make clear whether stewardship reporting is required only for the purpose of serving the information needs of the providers of capital, or whether it is an end in itself. As the draft is written now, stewardship reporting has no role beyond the objective stated in paragraph 1.2, i.e. as a basis for decisions to provide capital. We think that this limitation is not necessarily desirable. Financial statements have a function also in promoting good governance and efficient contracting, and such functions could be included through an independently stated stewardship objective, accompanied by an appropriate stewardship definition. A bulk of research concludes that standardized reporting facilitates the stewardship function.

Nevertheless, one may well foresee an independent stewardship objective defined as subordinate to the objective of serving the information needs of capital providers. If, for a certain fact, fair value is the best measurement basis for investor decisions, while historical cost is more appropriate for contracting purposes, fair value should have priority, but it could be combined with a requirement to disclose the historical cost amounts.

An inclusion of the stewardship objective has some bearing on the qualitative characteristics, since relevance is not necessarily the same for market participants and contracting parties. Contracting parties, including shareholders acting in the general meeting, are likely to value verifiability more than market participants do.

On a consistency note, we find it hard to follow the reasoning between the interchanged use of “resources” and “economic resources” in chapter 1. If there is an intended segregation



between “resources” and “economic resources” as used in Chapter 1 we recommend the Board to explain this in the BC.¹

Question 1 (b) - Prudence

We do not support the proposed changes relating to the notion of prudence.

We think it should be clarified whether the Framework addresses prudence from the view of the producer of financial statements or the standardsetter. In summary we believe that neutrality is superior to prudence from a producer’s perspective. From a standard setting perspective we believe that the Framework should allow for asymmetric recognition thresholds for asset and liabilities and asymmetrical treat of gains and losses.

Prudence from a producers perspective

Prudence is in the exposure draft described as the caution when making judgments under condition of uncertainty. Further, paragraph 2.18 states that the exercise of prudence means that assets and income are not overstated and liabilities not understated, but equally assets should not be understated and liabilities not understated. When an asset should neither be overstated nor understated, the wording regarding prudence in substance requires the measurement to be neutral. We believe neutrality is superior to prudence, and even though the proposed wording of paragraph 2.18 does not conflict with this view, we think it should be taken out as it is superfluous. Further, we do not think it is a good idea to take a well known concept, like prudence, and give it a new meaning as this increases the risk of misunderstanding and the concept being applied in accordance with previous understanding of the term. We believe that words like “diligent”, “cautious” or “objective” better describes what seems to be the intention of paragraph 2.18.

We suspect that the notion of prudence is included to accommodate those who believe that prudence should be re-introduced, but redefining the meaning so that it in reality is not re-introduced. However, compromises do not give a good conceptual framework neither for those who support prudence (in the previous/current understanding of the concept) and those who don’t.

Asymmetric prudence from a standard setting perspective

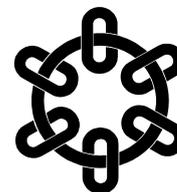
We believe asymmetric standards could be relevant in some situations, and the basis for such asymmetry should be explicit in the Framework. We also think it is unclear from the Framework whether asymmetric standards are in accordance with the neutrality and prudence notion of the Framework. BC 2.14 states that asymmetry is not necessarily in conflict with neutrality. We think this should be clarified within the Framework itself.

Question 1 (c) – substance over form

We support the proposal to state explicitly that a faithful representation represents the substance of an economic phenomenon instead of merely representing its legal form.

The last sentence of paragraph 2.14 states:

¹ Please also consider the use or lacking use of «economic» resources in paragraphs 3.2 (compared to paragraphs 2.1 and 2.3) and 3.24.



“Providing information only about a legal form that differs from the economic substance of the underlying economic phenomenon would not result in a faithful representation.”

We think it should be considered to take this sentence out. In most circumstances the legal form does not differ from the economic substance, and the “substance over form” principle is better described in preceding sentence (*“A faithful representation represents the substance of an economic phenomenon instead of merely representing its legal form”*). The last sentence of paragraph 2.14 is thus superfluous.

Question 1 (d) – measurement uncertainty

We agree that measurement uncertainty may affect the usefulness of financial information. Measurement uncertainty may affect what measurement basis that results in the most useful information and the disclosures that should be required. However, we believe that it is rare that measurement uncertainty would lead to an asset or liability not being recognised in the statement of financial position. See also our comment to paragraph 5.13 c) under question 6 below.

Measurement uncertainty is traditionally a part of reliability. We see some merit in thinking about measurement uncertainty as a part of the trade-off between relevance and reliability.

However, under the current framework where the two fundamental characteristics are relevance and faithful representation, we agree that measurement uncertainty should be described as a trade-off within relevance as measurement uncertainty clearly does not affect “faithful representation”.

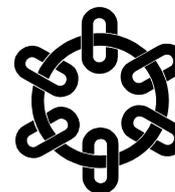
Question 1 (e) – relevance and faithful representation

We are uncertain whether “reliability” should have been removed from the Framework in 2010. The reason for removing reliability as a key concept was primarily a lack of common understanding of the term, which seems like a weak argument for the removal of a key concept. We do not support reliability as a concept that each reporting entity can use to nullify standard requirements, but we believe that reliability of the financial reporting has some merit that the standard setter should bear in mind when developing accounting standards. In our view the previous relevance vs. reliability dichotomy represented a real trade-off, whereas faithful representation and relevance are to a larger extent overlapping characteristics.

However, we do not see any strong arguments to re-introduce reliability as a fundamental characteristic. We agree with the statement in BC2.24 c) that the trade-off that is introduced between measurement uncertainty and other factors that make information relevant, is similar to the previously trade-off between relevance and reliability.

We also see merit in the characteristic “faithful representation” and agree that an estimate can be faithfully represented if the reporting entity has properly applied an appropriate process, properly described the estimate and explained any uncertainties that significantly affect the estimate.

Thus, we agree to continue to identify relevance and faithful representation as the



fundamental qualitative characteristics of useful financial information.

Chapter 3—Financial statements and the reporting entity

Question 2—Description and boundary of a reporting entity

Do you agree with:

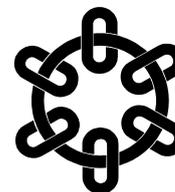
- (a) the proposed description of a reporting entity in paragraphs 3.11–3.12; and
- (b) the discussion of the boundary of a reporting entity in paragraphs 3.13–3.25?

Why or why not?

We welcome the IASBs proposal to include a description of a reporting entity and a discussion of boundary of a reporting entity in the Conceptual Framework. In general, we agree with both the proposed description and discussion of boundary of a reporting entity. We acknowledge the need for a boundary in order to distinguish economic activities comprised by a reporting entity from economic activities of other entities. Furthermore, we agree that a reporting entity is not limited to a legal entity, but can comprise a portion of an entity, or two or more entities.

However, we do not agree with paragraph 3.23 that proclaims that consolidated financial statements are in general more likely to provide useful information to users of financial statements than unconsolidated financial statements. In many circumstances, unconsolidated financial statements will provide useful information to users of financial statements, such as the parent company's distributable profit and credit risk. Considering that both types of financial statements provide useful information we believe the Conceptual Framework should not proclaim a ranking order.

We acknowledge that combined financial statements can provide useful information to users of financial statements in some circumstances. Notwithstanding, we do not support the proposed reference to combined financial statements in paragraph 3.17. Since IFRS does not currently provide specific requirements for combined financial statements it is likely that significant diversity exists in applying the respective accounting requirements. Consequently, we question the appropriateness of making an explicit and unreserved statement that combined financial statements are in full compliance with all requirements under IFRS. Considering that no special requirements or guidance currently exist on combined financial statements within IFRS we do not see the merits of paragraph 3.17 simply acknowledging that certain financial statements are referred to as combined financial statements. In BC3.17 we learn that IASB has concluded that a discussion on how entities could prepare combined financial statements would be best developed if the IASB undertake a standard-level project on this subject. We will support it if the Board decides to undertake such project.



Chapter 4—The elements of financial statements

Question 3—Definitions of elements

Do you agree with the proposed definitions of elements (excluding issues relating to the distinction between liabilities and equity):

- (a) an asset, and the related definition of an economic resource;
- (b) a liability;
- (c) equity;
- (d) income; and
- (e) expenses?

Why or why not? If you disagree with the proposed definitions, what alternative definitions do you suggest and why?

We do not believe that the IASB has yet formulated the right definitions of an asset, a liability and equity. It is our position that the definitions of the basic elements of financial statements are of great importance and should be robust and as concise and accurate as possible.

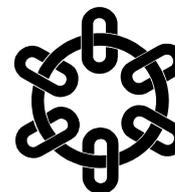
The ED defines an asset, a liability and equity to be the elements of the statement of financial position. It further defines economic resources and claims to be the “atoms” of assets, liabilities and equity. The ED provides a definition of an economic resource as a right that has the potential to produce economic benefits. We are not convinced that this additional section defining an economic resource adds clarity to the interpretation of what an asset is. Furthermore, we continue to think that the term “as a result of past events” is superfluous. On this basis we suggest the definition of an asset to read as follows: “An asset is a present economic resource controlled by the entity.”

On the liability side we find it more difficult to find a conceptually sound definition. One alternative could be to have a purely symmetrical and short definition (“A liability is a present obligation of the entity to transfer an economic resource”, and leave the more detailed criteria to the individual standards, and/or to potentially include more details in the recognition and derecognition section. See further comments in our response to question 4 below.

In the discussion it would also be interesting to include which economic resources, and which claims, that do not lead to an asset or a liability or equity.

We are not convinced that paragraph 4.25 adds to the understanding of the definition of a liability, and suggest deleting this.

We think that paragraph 4.26 is not appropriately placed, and should be moved.

**Question 4—Present obligation**

Do you agree with the proposed description of a present obligation and the proposed guidance to support that description? Why or why not?

We agree with the content of paragraph 4.31, but we see the need for tightening up the explanation of practicability in the subsequent paragraphs. We can support the content of paragraph 4.34, but we think paragraphs 4.32 and 4.33 go too far and should be deleted.

Question 5—Other guidance on the elements

Do you have any comments on the proposed guidance?

Do you believe that additional guidance is needed? If so, please specify what that guidance should include.

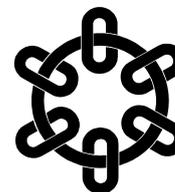
We think that the sections on executory contracts and unit of account do not belong in chapter 4, and should rather be placed in chapter 5 (recognition). We agree that it is difficult to be specific on unit of account in the Conceptual Framework, and that more detailed guidance could be given at the standards level. However, we think the wording of this section should be tightened up and restructured.

We think the last part of paragraph 4.10 “without significant cost” could be deleted as this is somewhat confusing compared to a standard economic definition of a public good.

Chapter 5—Recognition and derecognition

General comments

We find the discussion of recognition and derecognition relevant and balanced for the purpose of standard setting. The Board’s conclusions result in an open framework with limited direction for future solutions and significant discretion to the Board to assess which solutions provide decision useful information at an acceptable cost on a standard-by-standard basis. Ideally we would have preferred a framework pointing out a clearer direction for future standard setting, however, we see that significantly more work would be required to secure robustness for a clear direction. A clear direction would also increase the gap between the new framework and existing standards. We thus support the solution proposed by the Board.



We have concerns on whether the proposed Chapter 5 will provide relevant guidance for preparers in developing accounting policies for possible unregulated areas. We believe that the open wording providing future Boards with significant room for judgment also represents a challenge when the Framework does not clarify that some elements are relevant for standard setting only. As written, we are concerned that preparers may have too little guidance in which elements to take into consideration for items or situations not covered by standards.

Question 6—Recognition criteria
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Do you agree with the proposed approach to recognition? Why or why not? If you do not agree, what changes do you suggest and why?

We agree.

We think there is an appropriate balance between recognition of all assets (liabilities) and discretion to the Board to assess when recognition does not provide useful information at an acceptable cost on a standard-by-standard basis.

However, we would like to point out one feature regarding the description of cost constraints to recognition in paragraph 5.24. It is not clear from the text whether the constraint should be assessed only when an item first arises, or whether it should be assessed on an ongoing basis until the item is recognized or no longer meets the criteria of an asset or liability. In our opinion, such assessment should go on until the item is recognized or no longer meet the criteria for recognition.

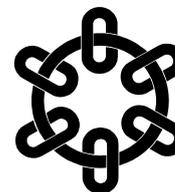
Further, we believe that the relevance discussion in paragraph 5.13 may be challenging when applied by preparers in developing an accounting policy. In particular we are concerned that paragraph 5.13(c) may provide a possibility to not recognize assets and liabilities with high measurement uncertainty that limits the decision usefulness of financial statements.

In addition, we would like to point out that paragraph 5.17 should be amended to delete the word “can” in the discussion of low probability of a flow of economic benefits. In our opinion, the probability of flows does not affect whether an asset or a liability exists, but may influence whether it should be recognized. We believe that the paragraph should read *An asset or a liability exist even if there is a low probability that there will be an inflow or outflow of economic benefits (see paragraphs 4.13 and 4.27).*

Question 7—Derecognition

Do you agree with the proposed discussion of derecognition? Why or why not? If you do not agree, what changes do you suggest and why?

We agree.



We believe that derecognition as the starting point should mirror the recognition criteria to reflect similar items the same way. However, we acknowledge that in certain situations there are reasons for continued recognition of items not meeting the recognition criteria at the balance sheet date, thus departing from the main principle of partial derecognition.

Chapter 6—Measurement

Question 8—Measurement bases

Has the IASB:

- (a) correctly identified the measurement bases that should be described in the *Conceptual Framework*? If not, which measurement bases would you include and why?
- (b) properly described the information provided by each of the measurement bases, and their advantages and disadvantages? If not, how would you describe the information provided by each measurement basis, and its advantages and disadvantages?

(a)

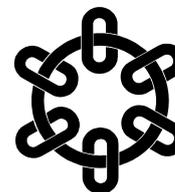
We agree that historical cost versus current value may be one suitable way of categorising different types of measurement basis. We also agree that the Conceptual Framework should describe historical cost and fair value (fair value as part of current value), and that the Conceptual Framework should acknowledge that the IASB might need to customise the measurement basis depending on the specific facts and circumstances. However, we believe the Conceptual Framework would have to provide more guidance and direction to when it might be relevant to develop customised measurement methods, and how customised measurement basis could be developed, than what has been included in the exposure draft.

Anyway, we do not see the merits of describing value in use and fulfilment value in the Framework. In our opinion, value in use and fulfilment value are two examples of customised measurement guidance that belong in specific standards and not in the Conceptual Framework.

(b)

We broadly agree with the description of the information provided by fair value and the advantages and disadvantages of fair value. Furthermore, we agree with the description of advantages and disadvantages of historical cost. However, we would like to make the following comments to the description/definition of historical cost:

- The basis for including impairment (paragraph 6.6) as part of historical cost is unclear to us.
- Paragraph 6.8 states among other things that “*the historical cost of a non-financial liability at the time it is incurred is the value of the consideration received.*” (our underlining). We question whether this will have implications for how historical cost of provisions are defined, and whether this might change how we account for



decommissioning liabilities and the assets whose cost includes decommissioning liabilities. Anyway, we believe this part of the definition of historical cost is stricter than how historical cost traditionally has been understood.

- We do not agree that current cost fits well as part of the description of historical cost. Hence, we believe that paragraph 6.18 should be removed from the section describing historical cost.

See our comment above as for the description of value in use and fulfilment value.

Question 9—Factors to consider when selecting a measurement basis
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Has the IASB correctly identified the factors to consider when selecting a measurement basis? If not, what factors would you consider and why?
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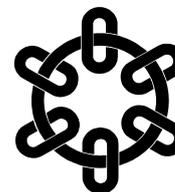
The exposure draft provides factors to be taken into account in selecting a measurement basis. However, we do not believe the exposure draft provide sufficient guidance or direction on when and how to select a certain measurement basis.

Firstly, we believe the IASB would need to provide more direction on when to select a historical cost based measurement on the one hand, and a current based measurement basis on the other. For example, paragraph 6.54 states that it is important to consider how an asset or liability contributes to future cash flow, but the exposure draft adds little or no guidance on how to carry out this assessment. This assessment is not always straight forward, and particularly not in situations with uncertainty on how an asset will contribute to future cash flows. Comparing the exposure draft with the discussion paper leaves an impression that the IASB has reduced its ambition on this issue.

Secondly, where current value is regarded as more relevant than historical cost, guidance should be provided on when it might be relevant to develop a customised measurement basis.

Lastly, when a customised measurement basis is deemed relevant, guidance should be provided on how to develop a customised measurement method by providing guidance on the specific factors and building blocks used in the development of a customised measurement method. Examples of such guidance might be:

- the concept of time value of money and discounting in general
- when to include adjustments for own credit risk
- when is it relevant to use a market based estimate of the cash flows versus an entity specific estimate of cash flows
- when is entry versus exit price/input relevant
- when to adjust for illiquidity (is adjustment for illiquidity relevant in a value in use calculation? etc.)
- when is it be relevant to adjust for control premiums or discounts
- etc.



The discussion paper raised (or at least mentioned) some of these issues (paragraph 6.112-6.130). However, those issues has not been followed up on in the exposure draft. We find that unfortunate, but also acknowledge that it seems unrealistic to expect principle based guidance on all on these issues in the short term. Anyway, we believe the IASB should be clear that the Conceptual Framework is a dynamic (“live”) document that should be improved continuously as new guidance and knowledge becomes available. We also believe that specific principles based guidance on the factors mentioned above should be expressed as a medium to long term ambition of the IASB. We expect for example that new knowledge derived from the ongoing research project on discounting could be used to further develop and improve the measurement chapter in the Framework.

Question 10—More than one relevant measurement basis

Do you agree with the approach discussed in paragraphs 6.74–6.77 and BC6.68? Why or why not?
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We agree.

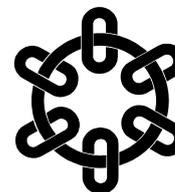
Other comments to Chapter 6

- We question whether the section “*factors specific to initial measurement*” should be retained within chapter 6, or wither these are issues that rather should be dealt with in specific accounting standards (standard level).
- We believe that all information provided in the financial statements, including information that can be derived from the cash flow statement, disclosures, statement of financial position and statement of financial performance, should be taken into consideration in assessing which measurement basis that provides the most relevant information. Hence, we would suggest that paragraph 6.53 is amended to reflect this view.
- Please refer to our comments to chapter 5 for our view on the description of measurement uncertainty in paragraph 6.55.
- The term “*aggregated market value*” is used in paragraph 6.79 a). This term is not applied elsewhere in the proposed framework. Hence, we suggest that the term is replaced by “fair value”.

Chapter 7—Presentation and disclosure

Question 11—Objective and scope of financial statements and communication
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Do you have any comments on the discussion of the objective and scope of financial statements, and on the use of presentation and disclosure as communication tools?
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As mentioned before, the NASB thinks the objective of financial statements should be described in one place of the document, not several (Chapter 1, 3 and 7). We also think the wording of the guidance needs to be reviewed (choice of expressions and structure). What is described in the section “Presentation and disclosure as communication tools” is in our view to a large extent self-evident matters, and we ask the IASB to consider to delete the section.

Question 12—Description of the statement of profit or loss

Do you support the proposed description of the statement of profit or loss? Why or why not?

If you think that the *Conceptual Framework* should provide a definition of profit or loss, please explain why it is necessary and provide your suggestion for that definition.

We support the proposed description of profit and loss.

Question 13—Reporting items of income or expenses in other comprehensive income

Do you agree with the proposals on the use of other comprehensive income? Do you think that they provide useful guidance to the IASB for future decisions about the use of other comprehensive income? Why or why not?

If you disagree, what alternative do you suggest and why?

We agree with the proposal on the use of other comprehensive income. There are currently several items that are directed to other comprehensive income for which we do not see the conceptual merit of the accounting treatment..

Question 14—Recycling

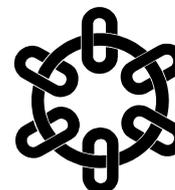
Do you agree that the *Conceptual Framework* should include the rebuttable presumption described above? Why or why not?

If you disagree, what do you propose instead and why?

We agree that the Conceptual Framework should include a rebuttable presumption that all items of income and expense recognized in other comprehensive income should be recycled to profit and loss.

We think paragraph 7.25 does not have any useful content, and therefore should be removed.

Other questions for respondents



Question 15—Effects of the proposed changes to the Conceptual Framework

Do you agree with the analysis in paragraphs BCE.1–BCE.31? Should the IASB consider any other effects of the proposals in the Exposure Draft?

No comments.

Question 16—Business activities

Do you agree with the proposed approach to business activities? Why or why not?

We agree.

Question 17—Long-term investment

Do you agree with the IASB’s conclusions on long-term investment? Why or why not?

We agree.

Question 18—Other comments

Do you have comments on any other aspect of the Exposure Draft? Please indicate the specific paragraphs or group of paragraphs to which your comments relate (if applicable).

As previously noted, the IASB is not requesting comments on all parts of Chapters 1 and 2, on how to distinguish liabilities from equity claims (see Chapter 4) or on Chapter 8.

Even if IASB does not request it, the NASB has a comment to Chapter 8. The NASB does not find the content or language of Chapter 8 to link with the remaining content or language of the Conceptual Framework for Financial Reporting. Chapter 8 is characterised by vague and imprecise language and assumptions that are not accessible to the reporting entities. The NASB is of the opinion that Chapter 8 should not be brought forward in the updated version of the Conceptual Framework for Financial Reporting.