

Impact of Changes of the Conceptual Framework for Financial Reporting on the Indicators of the Financial Statement

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Abstract : The International Accounting Standards Board updated the conceptual framework for financial reporting. The main reason behind it is to resolve the tasks of the accounting, which are caused by the market development and business-transactions of a new economic content. Also, the investors call for higher transparency of information and responsibility for the results in order to make a more accurate risk assessment and forecast. All these make it necessary to further develop the conceptual framework for financial reporting so that the users get useful information. The market development and certain shortcomings of the conceptual framework revealed in practice require its reconsideration and finding new solutions. Some issues and concepts, such as disclosure and supply of information, its qualitative characteristics, assessment, and measurement uncertainty had to be supplemented and perfected. The criteria of recognition of certain elements (assets and liabilities) of reporting had to be updated, too and all this is set out in the updated edition of the conceptual framework for financial reporting, a comprehensive collection of concepts underlying preparation of the financial statement. The main objective of conceptual framework revision is to improve financial reporting and development of clear concepts package. This will support International Accounting Standards Board (IASB) to set common “Approach & Reflection” for similar transactions on the basis of mutually accepted concepts. As a result, companies will be able to develop coherent accounting policies for those transactions or events that are occurred from particular deals to which no standard is used or when standard allows choice of accounting policy.

Keywords : conceptual framework, measurement basis, measurement uncertainty, neutrality, prudence, stewardship

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