

## Accounting Standards Board of Japan (ASBJ)

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International Accounting Standards Board  
30 Cannon Street  
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Comments on the Exposure Draft  
“An improved Conceptual Framework for Financial Reporting:  
Chapter 1: The Objective of Financial Reporting  
Chapter 2: Qualitative Characteristics and Constraints  
of Decision-useful Financial Reporting Information”

Dear Sirs/Madams,

We greatly appreciate the IASB's efforts on the Conceptual Framework project for many years and welcome the opportunity to provide comments on the Exposure Draft *An improved Conceptual Framework for Financial Reporting: Chapter 1 The Objective of Financial Reporting, Chapter 2 Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information* (the ED). The comments are drafted by the Conceptual Framework Working Group of the Accounting Standards Board of Japan and approved by the Accounting Standards Board of Japan for submission.

We hope that our comments will contribute to the IASB's future deliberation in this project.

Sincerely yours,

A handwritten signature in black ink that reads 'Katsunobu Mandai'.

Katsunobu Mandai  
Board Member of the Accounting Standard Board of Japan  
Chairman of the Conceptual Framework Working Group

# **Comment on the Exposure Draft of “An improved Conceptual Framework for Financial Reporting:**

## **Chapter 1: The Objective of Financial Reporting**

## **Chapter 2: Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information”**

### **I. How to proceed with the Amendments to the Conceptual Framework**

- 1. Replacement of the existing conceptual framework should be made at the completion of the systematic reconsideration of the whole of the conceptual framework.**

Currently, many accounting standards setting bodies have their own conceptual framework. This is mainly because they recognize the problems entailed in a piecemeal approach to developing standards. One of the expected roles of the conceptual framework is to serve as an anchor for deriving consistent concepts for the accounting standards.

In order to accomplish this expected role, the conceptual framework itself needs to promulgate a set of basic accounting concepts that are consistent. However, according to the project plan of the IASB and the FASB to amend the conceptual framework, conclusions have been and will be drawn partially on a phase-by-phase basis while the whole picture is unclear. We are still unable to clearly deduce what sort of system the partial conclusions so far reached will eventually bring about. We see, from the expected amendment efforts, that if conceptual framework is partially developed and such a portion of framework overrides an existing conceptual framework on a piecemeal basis as each part completes, the conceptual framework system would be made up of an amalgam of parts of existing conceptual framework and parts of amended conceptual framework, resulting in lack of overall consistency. The existing conceptual framework should only be replaced with the amended conceptual framework after a systematic review of the whole of conceptual framework is complete.

**2. Amendment of individual accounting standards affecting the conceptual framework should be undertaken in full conjunction with the work of the amendments to the conceptual framework.**

We also wish to provide comments on the relationship between the work to amend the conceptual framework and the work to amend individual accounting standards. Some of the ongoing projects to amend individual accounting standards may result in amendments of some aspects in conceptual framework (e.g., distinction between equity and liabilities). In order to avoid any inconsistency in the direction of amendments, the work to amend individual accounting standards should be undertaken in full conjunction with the work to amend the conceptual framework.

## II. The Objective of Financial Reporting

### **(1) Expansion of the range of targeted users and the usefulness of the information**

#### **3. Necessity of the change in the basic view about the targeted users should be clearly explained both from the viewpoint of the disadvantages under the existing framework and the improvements expected from the proposed change.**

The ED states that the objective of general-purpose financial reporting is to provide financial information about the reporting entity that is useful to present and potential equity investors, lenders, and other creditors in making decision in their capacity as capital providers (OB2). According to this point of view, the information provided by general-purpose financial statements should be the one commonly needed by present and potential equity investors, lenders, and other creditors. The necessary information varies, however, depending on users. OB6 of the ED gives examples of the information that each user requires.

The existing IASB Framework acknowledges that as investors are providers of risk capital to the entity, the provision of financial statements that meet their needs will also meet most of the needs of other users that financial statements can satisfy (IASB “*Framework for the Preparation and Presentation of Financial Statements*” para10). In contrast, the ED states that the objective is to satisfy the needs of a wide range of users (OB4). Thus, it appears to deny the focus on the needs of a specific group. Such a fundamental change need clear descriptions of disadvantages that would arise if the current stance were retained and improvements expected from the amendment.

#### **4. If the range of the targeted users is expanded and only the information commonly needed by all of them is provided, the volume of the information provided would diminish. By focusing on shareholders who bear the ultimate risk and therefore need the largest amount of information, needs by other users can be basically satisfied.**

Generally speaking, if the range of the targeted users of information is expanded and only the information commonly needed by all users (so to speak, the greatest common divisor) is provided, the volume of the information provided will accordingly diminish and the usefulness of information specific to each class of users will necessarily reduce. In this case, the information provided by

general-purpose financial reporting would be insufficient as information for decision making to any class of users. Although the ED states that it would not preclude the provision of supplementary information primarily directed to the needs of a specific group (e.g., an entity's investor), it merely compensates the diminishment of the volume of the information provided by the general-purpose financial reporting by supplementary information.

Though creditors and shareholders are both capital providers, the natural differences in their payoff patterns lead to differences in the information they need. Among capital providers, shareholders who bear the ultimate risks need the largest amount of information. We believe that the needs of users other than shareholders could be almost satisfied by providing the information needed by shareholders. Accounting information should first satisfy the needs of the shareholders who need the largest amount of information and then, if there is any lacking information specially needed by creditors, additional disclosure should be required for that part. In this way, we can achieve the maximum satisfaction of the needs of every class of capital providers.

## **(2) Logical faults in the rationale for the adoption of the “entity perspective”**

### **5. It is erroneous to link the accounting point of view with the expansion of the range of the targeted users.**

The accounting point of view is the issue of whose perspective is adopted in preparing financial statements, not the issue of the position of users. The notion of the proprietary perspective means that a financial statement is prepared from the perspective of the owners. Likewise, under the notion of the entity perspective, a financial statement is prepared from the perspective of the entity. There is no logical relationship between the accounting point of view (the perspective from which the financial statements should be prepared) and the range of users, which the ED proposes to expand from investors who are providers of risk capital (IASB *Framework* para.10) to all of the capital providers. A discussion directly linking them (OB5 of the ED) is fundamentally erroneous.

### **6. It is erroneous to derive a particular accounting point of view from the “accounting conventions of business entity”.**

As one of accounting conventions widely accepted in the accounting world, there is the convention of “business entity,” which regards an entity as independent of owners (shareholders). This

convention has nothing to do with the accounting point of view, either. Whether the proprietary perspective or the entity perspective is taken, the convention of business entity is a natural premise. Also in this respect, the ED commits an error of confusing the convention of business entity with the accounting point of view (BC1.12-1.15).

### **(3) Meaning of the adoption of the “entity perspective” and its adverse effects**

#### **7. The entity perspective is meaningless, if the credit of the balance sheet is to be distinguished into liability and equity.**

The ED states that the objective of general-purpose financial reporting is to provide financial information about the reporting entity that is useful to present and potential equity investors, lenders, and other creditors in making decisions in their capacity as capital providers. (OB2). This context stresses the homogeneity of liability and equity when provided by capital providers and defines both liability and equity as claims to its assets (OB6).

However, the ED appears to suggest that claims should be distinguished between liability and equity (OB15). If the claims are to be distinguished into liability and equity, the adoption of the entity perspective would be just confusing and senseless.

#### **8. It may be harmful to predetermine the adoption of a particular accounting point of view which greatly affects the definitions of elements, separately from the consideration about how best to define elements.**

The accounting point of view is, whether it is the proprietary perspective or entity perspective, a concept that in nature incorporates definitions of elements of financial statements and the accounting treatments are logically derived from each view. We would like to point out some problems that would be caused by the adoption of the entity perspective in the original sense widely understood among the accounting academic.

In the entity perspective, liability and equity are homogeneous, in that both are claims to the assets and positioned opposite to the assets. Under the entity perspective, the difference between liability and equity would be no more than the extent to which each owner bears risk and the distinction between them would be of no necessity. If the entity perspective is adopted at the

phase of the objective of financial statements, such adoption itself would affect how the elements of financial statements are defined. If the entity perspective is adopted to accommodate an expansion of the targeted users of financial statements without considering such a problem would probably cause some inconsistency between the objective of financial reporting and the definitions of the elements.

**9. The “entity perspective” is incompatible with the existing asset-liability approach and might have various effects on the existing accounting treatments. Its adoption should not be determined without thinking of those effects.**

As opposed to the asset-liability approach, where recognition of assets and liabilities are determined independently, under the entity perspective, claims depend on assets and OB15 appears to suggest that claims are distinguished between liabilities and equity. Though assets embodying economic resources can be determined separately, claims cannot be determined independently of assets because they are claims to the total assets. This is the main difference between the asset-liability approach and entity perspective.

Thus, it would nullify the rationale for recognising items for which the sacrifices of future economic benefits are first recognized and then assets corresponding to them are recognized (e.g., asset retirement obligations). Under the entity perspective, a claim (and a liability which is a part of the claim) cannot be determined independently of the assets embodying economic resources, and accordingly the scope of liabilities that can be recognized might be narrower than that under the current asset-liability approach.

Furthermore, if the entity perspective were adopted, profit would be defined as the change in claims (excluding any changes arising from direct transactions with a capital provider). Assuming such definition, it follows that any profit and loss cannot be recognized when there is no change in the total assets and thus no change in the total claims, even if there occur a transaction that results in a transfer within the creditor side of the balance sheet (between liability and equity), for which profit or loss is recognised under the existing framework.

#### **(4) Comment about the preliminary view that consolidated financial statements should be prepared from the perspective of the group reporting entity**

#### **10. Consolidated financial statements should be prepared from the perspective of the parent company's shareholders.<sup>1</sup>**

Question 8 in the Discussion Paper "Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Reporting Entity" (the DP) asks whether respondents agree that consolidated financial statements should be presented from the perspective of the group reporting entity, not from the perspective of the parent company's shareholders. We do not agree with this preliminary view for the reasons described below.

Under the entity perspective, financial statements are prepared from the perspective of an entity, as noted in the Chapter 1 "Objective of Financial Reporting" in ED. The DP asserts that if the entity perspective applies to the group reporting entity, then the consolidated financial statements are to be prepared from the perspective of the group reporting entity. However, as we have mentioned above, the adoption of the entity perspective has several problems.

Furthermore, the capital providers of a group reporting entity include the creditors and shareholders of subsidiaries, in addition to the shareholders of the parent company. The objective of financial reporting certainly includes provision of useful information to creditors and shareholders of subsidiaries in making decisions in their capacity as capital providers. However, the information they actually need in making decisions in their capacity as capital providers is the information necessary to assess the ability of the subsidiaries to generate future net cash flows, that is, the financial information about the subsidiaries. Thus, the capacity of the group reporting entity to generate future net cash flows is less relevant to their decisions.

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<sup>1</sup> Discussion Paper on the reporting entity has been issued for comments together with the Exposure Draft on the objective of financial reporting and qualitative characteristics. The two documents address different phases of the Conceptual Framework project, but each part of conceptual framework is closely related to each other, as mentioned in "*I. How to proceed with the Amendments to the Conceptual Framework*" in this comment letter, and thus we believe that comments should be made in the light of the whole picture of the improved framework. Since the issue of whether consolidated financial statements should be prepared from the perspective of the parent company's shareholders or from the perspective of the group reporting entity is closely related to the issue of whether the proprietary perspective or the entity perspective should be adopted for financial reporting in general, we consider it appropriate to comment on both issues in a correlated manner. Therefore, we duplicate here the comment we separately submit on the Discussion Paper.



The presentation of consolidated financial statements from the perspective of the group reporting entity means that creditors and shareholders of a subsidiary are expected to be the users of financial statements of the group reporting entity, as with the creditors and shareholders of the parent company. Expansion of the target users of financial information about the group reporting entity to include even the parties who have less needs for it, without focusing on the shareholders of the parent company who truly need it, would diminish the volume of the financial information provided to the users who need it most strongly. We believe that the objective of financial reporting would be more easily achieved by focusing on the shareholders of the parent company who bear the final risks, rather than focusing on all classes of users.

## **(5) Importance of profit information representing the business results of an entity**

**11. Although the ED emphasizes the importance of the information about an entity's economic resources and claims to them, importance of information cannot be determined a priori and it becomes clear only by observing the behaviors of its users on the security market. Usefulness of profit information representing the business results of an entity has been evidenced by empirical facts and the conceptual framework should take it into consideration.**

The ED states that information about stock (an entity's economic resources and claims to economic resources) is useful for capital providers (OB16 and OB17). And it points out that information about flows (the changes in economic resources and claims to them) is also useful for capital providers (OB18). In addition, it points out the importance of information about flows resulting from financial performance reflected by accrual accounting (OB18 and OB19). We agree that information about these can be useful for uses of financial information assumed by the ED.

However, we disagree with the ED in that it does not distinguish between the information for which decision usefulness for investors and others has been empirically verified and the information which is potentially useful but not yet supported by empirical facts.

The ED admits the importance of information about the entity's performance measured by accrual accounting in assessing the entity's ability to generate net cash flows, however, it states that to designate one type of information as the primary focus of financial reporting would be inappropriate (BC1.36). BC1.37 concludes that displays of changes in economic resources and

claims and displays of the list of economic resources and claims are equally important. OB16 and OB17 describes specifically how stock information (information about economic resources and claims to economic resources) would help capital providers to make their decision, in the same manner as OB18 notes the role that flow information (information about changes in economic resources and claims on them) has fulfilled.

If we stand on the position of ED that the targeted users of financial information are not limited to investors but expanded to capital providers in general, it is undeniable that there is likelihood that some information about stock would be more emphasized in addition to the information about flows, to which users of financial information, including investors, have traditionally attached much importance. However, whereas there are empirical evidences that users of financial information have attached much importance to the information about profit, the usefulness of other information is not more than supposition.

To conclude that the information about the entity's economic resources and claims to them is as important as the information about changes in them, in spite of such situation, is neglect of the empirical fact that information about profit has been traditionally regarded as useful. We do not believe that the framework resulted from the revision based on such position would work well.

From the viewpoint described above, we suggest that more emphasis placed on the information about profit, whose usefulness is evidenced by empirical facts, and that descriptions about users' specific use of stock information, whose usefulness has not been evidenced by empirical facts, should be withheld. The reason for our view above is that the proof about what information the interested parties of an entity would think much of can be obtained only through observing the behaviors of the users of information in the security markets and others.

## **12. It is erroneous to explain net income and gains and losses by linking them to the net change during a period in economic resources and the claims on them.**

BC1.37 of the ED, in its first sentence, lists comprehensive income, net income and profit or loss as the examples of financial performance depicted by the net change during a period. Certainly comprehensive income can be directly linked with the net change in economic resources, but net income or profit or loss cannot be linked only to the net change in economic resources. Net income is widely understood as the net change in economic resources which also satisfied other criteria (for example, release from the risks of investments, in the ASBJ's Discussion Paper "*Conceptual Framework of Financial Accounting*").

Accordingly, we suggest that such description should be deleted or largely modified.

### **III. Qualitative Characteristics of Financial Reporting Information**

#### **(1) Reliability should not be replaced with faithful representation and verifiability should remain one of the fundamental characteristics.**

#### **13. It is not logically persuasive to explain, despite the changes in its components, that the concept of the “faithful representation” in the ED is not basically changed from the “reliability” in the existing framework**

The ED proposes that the reference to reliability be replaced with the representational faithfulness for the reason that there is a variety of notions of what the concept of reliability means and it could potentially lead to misunderstanding (BC2.11-2.16). The ED explains that the replacement of reliability with faithful representation would more clearly convey the intended meaning of reliability (BC2.14), rather than change the concept.

However, we believe that such explanation by the ED does not hold true logically, because the components of faithful representation proposed in the ED differ from those of reliability in the existing framework. The components of *reliability* in the FASB Framework comprise *representational faithfulness*, *verifiability* and *neutrality* (FASB Concepts Statement 2 (SFAC 2), para.62), and those in the IASB Framework comprise *faithful representation*, *substance over form* and *neutrality* (para.33-36), and, though not explicitly, *verifiability* (BC2.27 of the ED). On the other hand, the ED proposes that the components of *faithful representation* should be *completeness*, *neutrality*, and *freedom from material errors* (QC7).

The ED proposes the component of faithful representation to exclude *verifiability* which is explicitly or implicitly a component of reliability in the existing framework and to newly add completeness. Considering such changes, the explanation that this proposal is mere replacement of the terms is not logically persuasive. We believe that reliability should not be replaced with faithful representation, and that verifiability should remain as one of components of reliability, for the following reasons.

#### **14. Necessity for retention of verifiability in components of fundamental qualitative characteristics and adverse effects of its demotion**

The verifiability as a component of reliability has functioned to minimize diversity and bias of accounting figures as resultant measures and it has helped to ensure investors' confidence in accounting figures. If verifiability is excluded from the fundamental qualitative characteristics and demoted to an enhancing qualitative characteristic, diversity and bias of accounting figures would increase and, thus undermine the investors' confidence in accounting figures and diminish the decision usefulness of accounting information.

In addition, verifiability is necessary for testing neutrality and freedom from material error that are included in components of faithful representation.

Furthermore, as we later point out in **III.(2)"Relationship between relevance and reliability/faithful representation"**, what information is relevant cannot be determined a priori. It is also difficult to unambiguously determine the measure for relevant information from the viewpoint of faithful representation. Given such situation, retaining verifiability in components of fundamental qualitative characteristic would be better to ensure the investors' confidence in accounting information.

#### **(2) Relationship between relevance and reliability/faithful representation<sup>2</sup>**

#### **15. It is impracticable to separate relevance and faithful representation and apply them in a chronological order as stated in the ED.**

The ED explicitly states that, in order to test whether particular information is decision useful, one should test whether the information is relevant (relevance test) and, if it passes the relevance test, then one should test whether the information is a faithful representation of the economic phenomena (representation faithfulness test) (QC12 and QC13, BC2.56).

The idea of conducting the abovementioned two tests in a chronological order, however, is problematic. The academics are almost unanimous in the impossibility of testing relevance or

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<sup>2</sup> In this section only, the notions of reliability and representational faithfulness are used interchangeably.

reliability individually. For example, Barth et al. (2001, p. 80) states<sup>3</sup>;

Value relevance as defined in the academic literature is not a stated criterion of the FASB. Rather, tests of value relevance represent one approach to operationalizing the FASB's stated criteria of relevance and reliability. Value relevance is an empirical operationalization of these criteria because an accounting amount will be value relevant, i.e., have a predicted significant relation with share prices, only if the amount reflects information relevant to investors in valuing the firm and is measured reliably enough to be reflected in share prices.

This idea is echoed by Schipper and Vincent (2003, p. 103) which states<sup>4</sup>;

Defining financial reporting quality in terms of relevance, reliability, and comparability is empirically problematic if the intent is to assess the three components separately. These constructs are neither mutually exclusive nor necessarily compatible, and they typically cannot be separately measured.

The ED partially recognizes this issue in the section titled "*Can Faithful Representation Be Empirically Measured?*" (BC2. 22-24). BC2. 23 concludes by saying

However, such studies generally have not provided useful techniques for empirically measuring faithful representation apart from relevance.

What is missing from the ED is that exactly the same statement applies to the attempt to empirically measure relevance apart from reliability.

Given the above observation, we request the Boards to clarify the followings in the final documentation.

- 1) Clarify why the Boards think the relevance test and representation faithfulness test can be conducted in a chronological order.
- 2) Explicitly mention what kind of tests are going to be used in establishing accounting standards instead of using empirical measures, which cannot be used in the proposed manner described in

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<sup>3</sup> Barth, M. E.; Beaver, W. H. & Landsman, W. R. "The Relevance of the Value-Relevance Literature for Financial Accounting Standard Setting: Another View" *Journal of Accounting and Economics*, 2001: September, Vol.31 (1-3), 77-104.

<sup>4</sup> Schipper, K. & Vincent, L., "Earnings Quality" *Accounting Horizons*, 2003: Supplement, Vol.17, 97-110.

the ED.

**16. Concerning the relationship between relevance and reliability/faithful representation, retention of the complementary trade-off relationship in the existing framework would enable both provision of larger amount of useful accounting information and retention of verifiability in components of fundamental qualitative characteristics.**

The ED states that application of the qualitative characteristic of relevance will identify which economic phenomena should be depicted in financial reports and faithful representation of relevant phenomenon provides decision useful information (QC12 and QC13). This would mean that only the information which meets both relevance and faithful representation can be provided. However, in reality, information that fully satisfies both characteristics does not always exist. In such situation, the proposed framework might hinder any information from being provided.

Under the existing framework, relevance and reliability is positioned in a trade-off relationship and they have been considered to complement each other. Even if there were not any information that fully satisfies both characteristics, accounting information could be provided, when available information is so highly reliable though less relevant (or so highly relevant though less reliable) that usefulness of accounting information in aggregate is sufficiently ensured.

In such a system, even when there is no information that fully satisfies both characteristics, it would be possible to establish an accounting standard that can provide useful information by the combination of both characteristics and therefore it can provide useful accounting information more than under the proposed framework.

Under the structure proposed by the ED, where both relevance and faithful representation should be satisfied, it would become unable to provide the information that reflects management's discretion (opinions or intentions), which does not necessarily satisfy verifiability in full. This seems to be the reason why the ED had to exclude verifiability from components of faithful representation.

However, if the complementary relationship between both characteristics is retained, information can be provided as far as it is relevant, even when it does not satisfy verifiability in full (SFAC 2 para.42, IASB *Framework* para.45).

### **(3) Relationship between qualitative characteristics and measurement attributes**

**17. Recognition basis and measurement basis are determined from the viewpoint of usefulness of accounting information that is aggregation of relevance and reliability/faithful representation. Qualitative characteristics or their simple combination have no necessary linkage with a particular recognition basis or measurement basis.**

The ED acknowledges, in BC2.22 to BC2.24 in the ED (“Can faithful representation be empirically measured?”), that the faithful representation cannot be quantified. Further, QC13 points out the need to determine which depictions of those phenomena best correspond to the relevant phenomena, from the perspective of “faithful representation.”

The former statement implies that there can be more than one measurement bases that enable faithful depiction for assets and liabilities, in converting (depicting) a certain economic phenomenon into accounting information. The latter statement also implicitly assumes that there can be more than one measurement bases that enable faithful depiction of an economic phenomenon.

From the above statements in the ED, we conjecture that the ED takes a stance that it is not always possible to determine the only one “best measurement basis” enabling faithful representation. In other words, our understanding is that the ED implicitly stands upon the position that there is no assurance that it is always possible to determine the only one *correct* measurement basis for a certain phenomenon to be converted into accounting information from the viewpoint of representational faithfulness.

According to such viewpoint, there is no assurance that adoption of a single measurement basis is always best for all economic phenomena. The measurement basis to be adopted should be determined ultimately based on the usefulness of accounting information generated by that basis. Thus, the measurement basis enabling faithful representation may vary according to the reason why the economic phenomenon to be depicted is determined to be relevant. That is, faithful representation cannot be tested separately from relevance.

Such a view accords with ours. That is, we are agreeable to the view that qualitative characteristics needed for accounting information or their simple combination cannot determine the



single answer of how accounting events should be recognized and measured”.

However, the reference to depreciation in QC4 of the ED appears to be inconsistent with the above understanding. In giving an example of accounting information with less predictive value, QC4 states that the straight line depreciation for machinery and equipment has predictive value, but may not be helpful in predicting the reporting entity’s capacity to generate future cash flows. This statement, which appears to suggest that profit information based on the historical cost may have less predictive value, is not consistent with our understanding that qualitative characteristics or their simple combination do not imply a particular selection of recognition basis or measurement basis. We are concerned that such statement may lead to the stance that emphasis on a particular qualitative characteristic of accounting information would determine the only one basis for recognition and measurement.

In addition, in the ongoing project in IASB, there seem to be some discussions inconsistent with the above view implied by the ED. For example, in the Boards’ latest discussion about the methodology of measurement basis decision (as found in the Information for Observers (Agenda Paper 3C), dated 13 November 2007), it was suggested that the potential measurement attributes be ranked by cumulative scores of qualitative characteristics including relevance and faithful representation. Such an approach contradicts the above view implied by the ED.

In order to avoid the possible misunderstandings as above, we suggest the Boards should;

- specify that the selection of recognition basis or measurement basis has no direct linkage with the individual qualitative characteristics needed for accounting information or their simple combination, in order to avoid any misunderstanding that the qualitative characteristics or their simple combination imply a particular recognition basis or measurement basis.
- delete the reference to depreciation in QC4, which appears to contradict the above view.

A large part of our concern mentioned above comes from the Boards’ plan of replacing the conceptual framework on the phase-by-phase basis rather than replacing them in all at the completion of the whole framework (see our comments mentioned in I. “***How to proceed with the Amendments to the Conceptual Framework***”). We once again stress that the replacement of the conceptual framework should not be done on the phase-by-phase basis while the whole picture of the conceptual framework is highly ambiguous.