Index

accountability
- stewardship, 4

accountant's method of measuring income,
- 43

accounting
- definition, 1

accounting entity
- definition, 1

Accounting Principles Board (APB), 177, 189

accounting rate of return (ARR), 39
- based on deprival value, 128
- equivalence with IRR, 67–70, 87–89
- ex ante measurement, 128

accounting regulations, 2

accounting standard-setters, 140

Accounting Standards Board (ASB), 130, 144

Accounting Standards Committee (ASC), 7, 13, 125, 145

Accounting Standards Steering Committee (ASSC), 177

accounts
- implications of inflation, 169–174

accrual conventions
- historical cost accounting, 62

aggregation problem, 126–127

net realisable values (NRV), 111
- present value (PV), 118

replacement cost valuation, 105

allocation problem
- historical cost accounting, 62
- net realisable values (NRV) and, 111
- present value (PV), 118

replacement cost valuation, 105

American Accounting Association, 188

American Institute of Certified Public Accountants (AICPA), 141, 177, 189

appreciation, 102

assets
- valuation. See valuation

Association of Certified and Corporate Accountants, 242

atomistic approach to the index number problem, 176–178

Australia
- approaches to valuation, 100

Australian Accounting Research Foundation (AARF), 130

Australian Preliminary Exposure Draft (1975), 125

backlog depreciation
- entity view of capital maintenance, 248–251

balance sheet, 7, 32, 39–40

articulation with the income statement, 40–42

numerical examples, 8–17

Bank of England Monetary Policy Committee, 167

bank regulators
- use of financial accounts, 3

banking crisis
- influence of the use of fair value, 3

banks
- use of financial accounts, 2

behavioural studies
- user approaches to financial data, 144

bond holders
- use of financial accounts, 2

book yield
- equivalence with IRR, 67–70, 87–89

BP
- replacement cost profit in the annual report, 22–24

Byatt Report (1986), 127

capital budgeting theory, 46, 67

capital maintenance, 12–17, 43–48, 49, 101, 236–237

empirical studies of alternative concepts, 280–284

entity concept, 262–263
capital maintenance [cont.]
  entity view, 12–13, 235, 242–254
gearing adjustment, 235, 254–258
gearing adjustment [numerical
  illustration], 265–272
Hicks No. 1 definition of income, 94, 95
money proprietary concept, 262, 263
numerical illustration of alternative
  concepts, 264–280
proprietary view, 13, 234–235, 237–242
real proprietary concept, 262, 263
real terms accounting [numerical
  illustration], 272–277
use of alternative concepts in the
  income statement, 262–263
Carsberg Report [1984], 283
cash
  definition, 54
cash equivalents, 54
cash flow statement, 53–54
central bank lending rate, 167
central banks
  inflation targeting, 167–169
clean surplus income, 40–42, 99, 104
Coca Cola Corporation, 71
commodities
  price fluctuations, 92
complete markets, 62, 64
completed projects
  profits on, 64–67
comprehensive income, 40
Conceptual Framework (IASB), 136, 137
conservative valuation rule, 9
constant purchasing power (CPP)
  accounting, 41, 43, 64, 178, 184, 185
  applicability to alternative valuation
  bases, 186–188
  application to current value accounts,
  205
  criticisms of, 186, 198–205, 206
  description, 185–186
  empirical studies, 225–230
  history of, 188–190
  illustration, 186–188
  indexation and, 173
  numerical example, 212–224
  select bibliography, 207–212
  technique, 190–198
Consumer Price Index [CPI], 167, 169–170,
  174, 182–183
Consumer Price Index for All Urban
  Consumers [CPI-U], 178
consumption maintenance approach, 43–48,
  49, 70–74, 101, 236–237
Hicks No. 3 definition of income, 94–95
continuously contemporary accounting
  [CoCoA], 109, 116
contracts
  implications of inflation, 172–174
corporate liquidity crisis (1974), 255
Corporation Tax, 25
cost of living approach to price indices,
  178–185
credit crisis (2007 onwards), 3
credit rating agencies, 3
creditor protection
  function of financial accounts, 33
currency
  choice of functional currency, 6
  foreign currency translation, 6
  current cash equivalents, 114–115
  current cost accounting [CCA], 25, 43, 74,
  93, 190
  in the UK, 17–20
  loss of favour in the nineteen eighties,
  127–128
  numerical example, 7–17
  popularity in the nineteen seventies,
  127
current purchasing power [CPP] accounting,
  25
  use in Turkey, 20–22
See also constant purchasing power
  accounting
current replacement cost, 7
current value accounting, 7
  alternative capital maintenance
  concepts [empirical studies],
  280–284
  backlog depreciation, 248–251
  basic methods, 95–98
  capital maintenance approach, 236–237
  capital maintenance issues, 234–237
  case for reporting current values, 92–95
  choice of current valuation base, 98–138
  conclusions on valuation, 138–141
  consumption maintenance approach,
  236–237
  deprival value [DV], 120–132
  eclectic income statements, 258–262
<table>
<thead>
<tr>
<th>Economic Value</th>
<th>Discount Rate, 117</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empirical Studies, 141–149</td>
<td>Discounted Cash Flows, 133</td>
</tr>
<tr>
<td>Entity Capital, 235, 242–254</td>
<td>Discounted Present Value, 102</td>
</tr>
<tr>
<td>Entry Value, 99–107</td>
<td>of Future Cash Flows, 92, 138</td>
</tr>
<tr>
<td>Exit Value, 107–116</td>
<td>of Future Net Returns, 108</td>
</tr>
<tr>
<td>Fair Value (FV), 120, 132–138</td>
<td>of Future Receipts, 116</td>
</tr>
<tr>
<td>Gearing Adjustment, 235, 254–258</td>
<td>Distributable Profit, 5</td>
</tr>
<tr>
<td>Gearing Adjustment (Numerical Illustration), 265–272</td>
<td>Doctrine of Conservatism, 60, 113</td>
</tr>
<tr>
<td>Hicks No. 1 Definition of Income, 236–237</td>
<td>Dutch School</td>
</tr>
<tr>
<td>Hicks No. 2 Definition of Income, 236–237</td>
<td>Replacement Cost Valuation, 99–100</td>
</tr>
<tr>
<td>Hicks No. 3 Definition of Income, 236–237</td>
<td>Eclectic Income Statements, 258–262</td>
</tr>
<tr>
<td>Kennedy's Simplified Income Statement (Numerical Illustration), 278–280</td>
<td>Economic Consequences of Financial Accounts, 4</td>
</tr>
<tr>
<td>Monetary Working Capital Adjustment (MWCA), 251–254</td>
<td>Economic Rate of Return, 39</td>
</tr>
<tr>
<td>Net Realisable Value (NRV), 107–116</td>
<td>Economic Replacement, 101, 102</td>
</tr>
<tr>
<td>Numerical Illustration, 149–159</td>
<td>Economists' Approach to the Index Number Problem, 178–185</td>
</tr>
<tr>
<td>Present Value (PV), 116–120</td>
<td>Efficient Markets Hypothesis, 112</td>
</tr>
<tr>
<td>Problem of Establishing Current Value, 92–95</td>
<td>Elasticity of Substitution, 179</td>
</tr>
<tr>
<td>Problem of Valuation, 92–95</td>
<td>Entity Concept, 262–263</td>
</tr>
<tr>
<td>Real Terms Accounting (Numerical Illustration), 272–277</td>
<td>Entry Value, 7, 11, 109</td>
</tr>
<tr>
<td>Realised and Unrealised Gains, 240–242</td>
<td>Current Value Accounting, 99–107</td>
</tr>
<tr>
<td>Replacement Cost (RC), 99–107</td>
<td>Equity Shareholders, 3</td>
</tr>
<tr>
<td>Treatment of Monetary Items, 251–254</td>
<td>Financial Information Needs, 2</td>
</tr>
<tr>
<td>Use of Alternative Capital Maintenance Concepts, 262–263</td>
<td>Role of, 2</td>
</tr>
<tr>
<td>Use of Valuation Rules, 99</td>
<td>Ex Post Evaluation, 46</td>
</tr>
<tr>
<td>Value in Use, 116–120</td>
<td>Ex Post Measurement of Excess Profits, 128</td>
</tr>
<tr>
<td>Value to the Owner, 120–132</td>
<td>Exit Value, 7, 10, 109</td>
</tr>
<tr>
<td>Decision-Usefulness</td>
<td>Current Value Accounting, 107–116</td>
</tr>
<tr>
<td>Function of Financial Accounts, 33</td>
<td>Fair Value (FV), 7, 43, 93, 130</td>
</tr>
<tr>
<td>Deflation, 165</td>
<td>Adoption in Accounting Standards, 110</td>
</tr>
<tr>
<td>Depreciation, 102, 130</td>
<td>Current Value Accounting, 120, 132–138</td>
</tr>
<tr>
<td>Backlog Depreciation, 248–251</td>
<td>Debate Over Applications, 25–27</td>
</tr>
<tr>
<td>Historical Cost Accounting, 62</td>
<td>Empirical Studies, 147–148</td>
</tr>
<tr>
<td>Deprival Value (DV)</td>
<td>Implications for the Financial Crisis (2007 onwards), 133–135</td>
</tr>
<tr>
<td>Current Value Accounting, 120–132</td>
<td>Influence on the Banking Crisis, 3</td>
</tr>
<tr>
<td>Liabilities and, 130</td>
<td>Marking to Market, 10–11</td>
</tr>
<tr>
<td></td>
<td>Use in Financial Instruments, 134–135</td>
</tr>
<tr>
<td></td>
<td>Fair Value View, 136–137</td>
</tr>
<tr>
<td>Financial Accounting Standards Board (FASB), 26, 100, 110, 130, 133, 167, 177, 189</td>
<td>FAS 33 Standard, 167</td>
</tr>
</tbody>
</table>
financial accounts
comprehensiveness and complexity, 140
creditor protection function, 33
decision-usefulness function, 33
definition, 1
diversity of uses and users, 32–39
economic consequences, 4
government interest in, 34
importance for investors, 2–3
importance for shareholders, 33–34
influence of method of measurement, 4
public access to, 33
range of users, 2–3
regulatory use, 3
reliability and relevance issues, 36–37
stewardship and, 32–33
surrogate approach to measurement, 39
user orientation, 34–39
variety of information needs of users, 4–5
financial analysts, 3
Financial Crisis (2007 onwards), 148
implications of use of fair value (FV), 133–135
Financial Crisis Advisory Group (IASB), 135
financial instruments
use of fair value (FV), 134–135
financial statements, 32
cash flow statement, 53–54
flow of funds statement, 52
numerical examples, 51–54
Fisher, Irving, 173, 177
fixed assets
net realisable value (NRV), 112–113
flow of funds statement, 41–42, 52
foreign currency translation, 6
functional approach to the index number problem, 178–185
functional currency choice of, 6
gains
realised and unrealised, 240–242
gearing, 253
gearing adjustment, 95, 253, 254–258
approach to capital maintenance, 235
numerical illustration, 265–272
general price indices, 14, 21, 64
general price level, 170–171
German Institute of Chartered Accountants, 254
German school
replacement cost valuation, 99–100
Germany
hyper-inflation after the First World War, 165–166
globalization
international accounting standards, 33–34
GNP deflator, 174, 177
GNP implicit price deflator, 177, 178
going concerns, 66
goodwill, 94, 108, 112, 119
governments
interest in financial affairs of companies, 34
use of financial accounts, 3
Gross National Product (GNP), 175
Hicks No. 1 definition of income, 43–45, 48, 94, 95, 101, 236–237
Hicks No. 2 definition of income, 43–45, 47, 48, 236–237
Hicks No. 3 definition of income, 43–45, 47, 48, 70–74, 94–95, 101, 236–237
historical cost accounting, 7, 9, 36
accrual conventions, 62
allocation problem, 62
cash-to-cash income, 82–87
depreciation, 62
equivalence of ARR [book yield] and IRR, 67–70, 87–89
information provided by, 74
limitations, 75–76
modifications, 60
numerical examples, 76–89
objectivity, 74–75
profits on completed projects, 64–67
reasons for dissatisfaction with, 60
smoothed cash flow, 70–74
stationary state, 61–64
stewardship and, 74–75
holding gains or losses, 17, 22–24, 94, 96, 102, 104, 105, 114, 242
homogeneous measurement criteria, 118
homothetic preferences, 180
hyper-inflation, 14
CPP accounting in Turkey, 20–22
Germany after the First World War, 165–166
IAS 39 standard, 134–135, 309
IAS 40 standard, 135, 309
IAS 41 standard, 135, 309
IFRS 3 standard, 135
IFRS 7 standard, 134
IFRS 9 standard, 134, 135
IFRS 13 standard, 133–134, 135, 136, 138, 147, 311
impairment test, 119
income
accountant’s method of measuring, 43
capital maintenance approach, 43–48, 49
consumption maintenance approach, 43–48, 49
economists’ definitions, 43–48
methods of defining and measurement, 39–50
income statement, 7, 32, 39–40
articulation with the balance sheet, 40–42
eclectic income statements, 258–262
Kennedy’s simplified income statement, 258–262
numerical illustration, 278–280
numerical examples, 8–17
proprietary profit, 258–262
use of alternative capital maintenance concepts, 262–263
index-linked annuities, 174
index-linked investments, 174
index-linked pensions, 174
index number problem, 174–185
atomistic approach, 176–178
economists’ approach, 178–185
functional approach, 178–185
statistical approach, 176–178
index number theory, 176
index numbers
construction of, 173
empirical studies, 142
indexation, 239
inflation and, 173–174
inflation adjustments for, 14–16
Consumer Price Index (CPI), 169–170
definition, 165
effects of changes in the value of money, 165
general price level, 170–171
implications for accounts, 169–174
implications for contracts, 172–174
index number problem, 174–185
indexation and, 173–174
monetary policy and, 167–169
national income and, 172
problem in financial accounting, 6
relative prices, 170–171
Retail Price Index (RPI), 169–170
specific prices, 170–171
UK during the 1970s, 166–167
inflation accounting, 165, 166, 169, 170, 171, 177
debate over methods, 25
inflation targeting, 167–169
inflationary process, 165–169
Institute of Chartered Accountants in England and Wales (ICAEW), 145
Institute of Chartered Accountants of Scotland (ICAS), 109
Institute of Cost and Works Accountants, 242
insurance liabilities
deprival value and, 130
insurance valuation, 124
internal rate of return (IRR), 39, 46
equivalence with ARR [book yield], 67–70, 87–89
international accounting standards, 33–34
International Accounting Standards Board (IASB), 2, 3, 26, 35, 38, 110, 130, 132, 133, 140, 144
Conceptual Framework, 136, 137
International Accounting Standards Committee (IASC), 26, 133, 134
International Financial Reporting Standard (IFRS), 130, 134
International Public Sector Accounting Standards Board (IPSASB), 131
inventory
holding gain or loss, 22–24
investors
decision-usefulness of financial accounts, 33
decision-usefulness of information, 3–4
investors (cont.)
importance of financial accounts, 2–3
variety of information needs, 4–5
Japan
deflation, 165
Kennedy's simplified income statement,
258–262
numerical illustration, 278–280
Lancaster method, 126
Laspeyres index, 180
Latin America
adoption of indexation, 173
hyper-inflation, 165
law of one price, 63, 133
leverage, 253
liabilities
deprival value and, 130
valuation. See valuation
liquidation valuation
net realisable value (NRV), 112
liquidity
corporate liquidity crisis [1974], 255
MacNeal, Kenneth, 108–109
macro-economic management, 3
Making Corporate Reports Valuable (MCRV) report, 109–110
management accounting, 2
market to book ratio, 144
marking to market, 10–11
marking to model, 133, 134
Mathews Report on Taxation in Australia [1975], 190
measurement in financial accounting
capital maintenance, 12–17
CCA in the UK, 17–20
challenges, 5–7
choice of functional currency, 6
conservative valuation rule, 9
contribution of research, 299–306
CPP accounting in Turkey, 20–22
current practice, 306–311
current value accounting, 7
discussion of issues, 288–295
empirical examples, 17–24
fair value, 7
fair value debate, 25–27
foreign currency translation, 6
historical cost accounting, 7
holding gain or loss, 22–24
inflation accounting debate, 25
inflation adjustments, 14–16
inflation problem, 6
influence of method used, 4
major issues, 295–298
marking to market, 10–11
measuring changes over time, 7
measuring profit, 7
numerical examples, 7–17
price regulation debate, 24–25
problems associated with monetary units, 6
relevance to current issues, 24–27
replacement cost profit in BP's annual report, 22–24
replacement cost valuation, 11
treatment of unrealised gains, 10–11
unit of measurement, 6
valuation problem, 7
monetary items
treatment in current value accounting, 251–254
monetary policy
response to inflation, 167–169
monetary units
problems associated with, 6
monetary working capital adjustment (MWCA), 251–254
money
effects of changes in value, 165
money capital, 9
money proprietary concept, 262, 263
monopoly power, 128
monopoly profits, 129, 131
monopoly rents, 128
moral hazard
subjectivity of value in use, 119–120
multiple-column reporting, 140
national income, 175
inflation and, 172
national income statistics, 3
National Savings Certificates, 174
Net National Product, 172
net present value, 46–47, 67
net present value maintenance, 236
<table>
<thead>
<tr>
<th>Term</th>
<th>Page Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>net realisable value (NRV)</td>
<td>92, 104, 138</td>
</tr>
<tr>
<td>aggregation problem, 111</td>
<td></td>
</tr>
<tr>
<td>and the allocation problem, 111</td>
<td></td>
</tr>
<tr>
<td>arguments against, 112–116</td>
<td></td>
</tr>
<tr>
<td>assets bought for use rather than re-sale, 114</td>
<td></td>
</tr>
<tr>
<td>business continuity issue, 112–113</td>
<td></td>
</tr>
<tr>
<td>current cash equivalents, 114–115</td>
<td></td>
</tr>
<tr>
<td>current value accounting, 107–116</td>
<td></td>
</tr>
<tr>
<td>fixed asset valuation, 112–113</td>
<td></td>
</tr>
<tr>
<td>indicator of opportunity, 110–111</td>
<td></td>
</tr>
<tr>
<td>liquidation valuation, 112</td>
<td></td>
</tr>
<tr>
<td>measurement properties, 111</td>
<td></td>
</tr>
<tr>
<td>non-vendible assets, 112–113</td>
<td></td>
</tr>
<tr>
<td>realisation principle and, 113–114</td>
<td></td>
</tr>
<tr>
<td>users’ understanding of, 111–112</td>
<td></td>
</tr>
<tr>
<td>netback (Stamp), 124, 132</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td></td>
</tr>
<tr>
<td>entity approach to capital maintenance, 242</td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td></td>
</tr>
<tr>
<td>approaches to valuation, 100</td>
<td></td>
</tr>
<tr>
<td>inflation targeting, 167</td>
<td></td>
</tr>
<tr>
<td>nominal capital, 9, 14</td>
<td></td>
</tr>
<tr>
<td>nominal currency measurement unit, 6</td>
<td></td>
</tr>
<tr>
<td>non-equity investors</td>
<td></td>
</tr>
<tr>
<td>use of financial accounts, 2</td>
<td></td>
</tr>
<tr>
<td>oil crisis of 1973, 166</td>
<td></td>
</tr>
<tr>
<td>operating gains, 105</td>
<td></td>
</tr>
<tr>
<td>operating profit, 248</td>
<td></td>
</tr>
<tr>
<td>opportunity cost, 111</td>
<td></td>
</tr>
<tr>
<td>and value to the owner, 127</td>
<td></td>
</tr>
<tr>
<td>opportunity value, 120–132</td>
<td></td>
</tr>
<tr>
<td>option to wait [OW], 129</td>
<td></td>
</tr>
<tr>
<td>Paasche index, 180</td>
<td></td>
</tr>
<tr>
<td>pensions</td>
<td></td>
</tr>
<tr>
<td>indexation, 174</td>
<td></td>
</tr>
<tr>
<td>perfectly competitive markets, 62, 63, 133</td>
<td></td>
</tr>
<tr>
<td>precautionary motive, 253</td>
<td></td>
</tr>
<tr>
<td>present value (PV), 93</td>
<td></td>
</tr>
<tr>
<td>aggregation problem, 118</td>
<td></td>
</tr>
<tr>
<td>allocation problem, 118</td>
<td></td>
</tr>
<tr>
<td>comparison of alternative uses for assets, 119</td>
<td></td>
</tr>
<tr>
<td>current value accounting, 116–120</td>
<td></td>
</tr>
<tr>
<td>definition, 45–46</td>
<td></td>
</tr>
<tr>
<td>moral hazard issues, 119–120</td>
<td></td>
</tr>
<tr>
<td>recoverable amount, 119</td>
<td></td>
</tr>
<tr>
<td>subjectivity, 116–117, 119–120</td>
<td></td>
</tr>
<tr>
<td>use in conjunction with other measures, 118–119</td>
<td></td>
</tr>
<tr>
<td>present value of future benefits, 7</td>
<td></td>
</tr>
<tr>
<td>price indices, 6</td>
<td></td>
</tr>
<tr>
<td>cost of living approach, 178–185</td>
<td></td>
</tr>
<tr>
<td>empirical studies, 142</td>
<td></td>
</tr>
<tr>
<td>index number problem, 174–185</td>
<td></td>
</tr>
<tr>
<td>price-level adjusted accounting, 165</td>
<td></td>
</tr>
<tr>
<td>See also constant purchasing power</td>
<td></td>
</tr>
<tr>
<td>[CPP] accounting</td>
<td></td>
</tr>
<tr>
<td>price regulation</td>
<td></td>
</tr>
<tr>
<td>debate over measurement method, 24–25</td>
<td></td>
</tr>
<tr>
<td>price relatives, 176</td>
<td></td>
</tr>
<tr>
<td>pricing policy, 113</td>
<td></td>
</tr>
<tr>
<td>profit</td>
<td></td>
</tr>
<tr>
<td>measurement of, 7</td>
<td></td>
</tr>
<tr>
<td>profit and loss account, 234</td>
<td></td>
</tr>
<tr>
<td>profits crisis [mid-1970s], 142</td>
<td></td>
</tr>
<tr>
<td>proprietary profit, 257–262</td>
<td></td>
</tr>
<tr>
<td>proprietary view of capital maintenance, 13, 234–245, 237–242</td>
<td></td>
</tr>
<tr>
<td>rate of return on capital employed, 104</td>
<td></td>
</tr>
<tr>
<td>Reagan administration, 167</td>
<td></td>
</tr>
<tr>
<td>real options, 129</td>
<td></td>
</tr>
<tr>
<td>real proprietary concept, 262, 263</td>
<td></td>
</tr>
<tr>
<td>real terms accounting, 43, 64, 263</td>
<td></td>
</tr>
<tr>
<td>numerical illustration, 272–277</td>
<td></td>
</tr>
<tr>
<td>realisable profit model, 109</td>
<td></td>
</tr>
<tr>
<td>realisation principle, 113–114</td>
<td></td>
</tr>
<tr>
<td>realised gains, 240–242</td>
<td></td>
</tr>
<tr>
<td>recoverable amount, 119</td>
<td></td>
</tr>
<tr>
<td>redevelopment opportunity, 129</td>
<td></td>
</tr>
<tr>
<td>reference indifference curve, 178</td>
<td></td>
</tr>
<tr>
<td>regulatory use of financial accounts, 3</td>
<td></td>
</tr>
<tr>
<td>relative prices, 170–171</td>
<td></td>
</tr>
<tr>
<td>relief value, 121</td>
<td></td>
</tr>
<tr>
<td>replacement</td>
<td></td>
</tr>
<tr>
<td>concepts of, 101</td>
<td></td>
</tr>
<tr>
<td>replacement cost [RC], 92</td>
<td></td>
</tr>
<tr>
<td>replacement cost [RC] accounting, 242</td>
<td></td>
</tr>
<tr>
<td>profit in BP’s annual report, 22–24</td>
<td></td>
</tr>
<tr>
<td>replacement cost [RC] valuation, 11</td>
<td></td>
</tr>
<tr>
<td>aggregation problem, 105</td>
<td></td>
</tr>
<tr>
<td>allocation problem, 105</td>
<td></td>
</tr>
<tr>
<td>concepts of replacement, 101</td>
<td></td>
</tr>
<tr>
<td>current value accounting, 99–107</td>
<td></td>
</tr>
<tr>
<td>defining replacement cost, 100–101</td>
<td></td>
</tr>
</tbody>
</table>
replacement cost (RC) valuation (cont.)
  economic replacement, 101, 102
  history of, 99–100
  information perspective, 106–107
  measurement perspective, 106
  reproduction cost, 101, 102–104
  replacement value, 100
  reproduction cost, 101, 102–104
  research
    contribution to measurement in
      financial accounting, 299–306
  Retail Price Index (RPI), 167, 169–170, 174, 182–183
  Richardson Committee Report (New Zealand, 1976), 125, 190
  Sandilands Committee, 13, 125, 174, 236
  Sandilands Report [1975], 48, 94, 96, 100, 104, 125, 127, 145, 190, 248, 255, 258, 264
  Scottish Wholesale Co-operative Society case study, 197–198
  Securities and Exchange Commission (SEC), 35, 100, 190
  sensitivity analyses, 38
  SFAS 33 standard, 144–145
  SFAS 89 standard, 145
  SFAS 157 standard, 133–134, 136, 147
  share valuation, 47, 239
  share valuation models, 128–129
  shareholders
    financial information needs, 2
    smoothed cash flow
      historical cost accounting, 70–74
      specific indices, 64
      specific prices, 170–171
      speculative motive, 253
  SSAP 16 standard, 100, 125, 132, 144, 145–147, 167, 254, 257
  standard stream concept of income, 94–95
  standard stream income measurement, 47–48
  standards
    accounting standard-setters, 140
    statement of financial performance, 32, 39
    statement of financial position, 8, 32, 39
    statement of gains, 96, 97, 104, 237
    statistical approach to the index number problem, 176–178
  statistical studies of accounting methods, 143
  stewardship, 4, 46, 114
    current values and, 92
    function of financial accounts, 32–33
    historical cost accounting and, 63, 74–75
    moral hazard, 119–120
  stock appreciation, 171, 255
  stock appreciation relief, 142, 255
  stock exchanges, 2
  surrogate approach to economic measurement, 39
  sustainability, 34
  Sweeney, H. W., 188
  taxable profit, 5
  taxation
    use of financial accounts, 3
  Thatcher government, 167
  The Corporate Report (1975), 34–35, 110
  theory of accounting
    insights and challenges, 311–314
  transaction costs, 62, 64, 133
  transactions motive, 253
  transitory profits, 128–129
  Trueblood Report [1973], 34, 71
  Turkey
    CPP accounting, 20–22
  unit of measurement in financial accounting, 6
  United Kingdom
    inflation during the 1970s, 166–167
    inflation targeting, 167
  United States
    replacement cost valuation, 100
    unrealised gains, 10–11, 240–242
  users
    approaches to financial data, 144
    comprehensiveness and complexity of financial accounts, 140
    effects of multiple-column reporting, 140
    range of users of financial accounts, 2–3
    understanding of net realisable value (NRV), 111–112
    variety of information needs, 4–5
valuation
assets and liabilities, 41
choice of valuation bases, 138–140
multiple-column reporting, 140
non-vendible assets, 112–113
problem in financial accounting, 7
problem of establishing current value, 92–95
valuation rules, 99
value in current use, 92, 93
value in use, 7
current value accounting, 116–120

value to the business (VTB), 120–132
value to the owner, 100, 101, 108, 119, 138
current value accounting, 120–132
opportunity cost and, 127
wage agreements, 172
wage rates
indexation of, 173
welfare-based approach to price indices, 178–185
windfalls, 45, 46, 93, 237