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Attachment theory is applied as a metaphor in a historical analysis of the comparative development of professional accounting standards in Australia and the United Kingdom, particularly from the 1940s to the mid-1980s. Through examination of the coexisting discourses on standard-setting and the specific provisions of relevant accounting standards, this paper answers the question of how and why accounting standards in Australia and the UK diverged across the passage of time. This divergence represented a progressive decolonisation of Australian accounting standards, concurrent with the growing decoupling of the nations in professional, economic, political, institutional, and social terms. While embarking on its own path however, the child was found to have inherited similarities from its parent in a number of areas, with this pattern being that of a self-determined child who was sable to forge their own path while simultaneously maintaining links to their parent.

Keywords: accounting history, accounting standards, accounting profession, financial reporting, United Kingdom, Australia

Introduction

The development of professional accounting guidance, and specifically accounting standards, followed increasingly divergent paths in the United Kingdom (UK) and Australia from the 1940s, reaching a significant disjuncture in the mid-1980s as a result of adaptations and reactions to changes in the professional, economic, political, legal, institutional and social environments prevailing in the two countries. This aim of this paper is to use a metaphor informed by attachment theory to answer the question: 'How and why did UK and Australian accounting standards and their development diverge from the 1940s to the mid-1980s?' The 1940s represent the starting point for this investigation since the first major professional accounting promulgations in both nations were issued in this decade. The mid-1980s represent a watershed era and the end of the focal period. The 1980s began with substantive changes made to UK accounting practices when the European Economic Community (EEC) Fourth Directive was subsumed into British corporations' legislation with authors such as Parker (1982, 427) noting that the incorporation of EEC directives resulted in significant changes to British company law and accounting practices. Meanwhile, Australia forged its own path through the creation of the Accounting Standards Review Board (ASRB) in 1984. These changes significantly modified the relationships between the profession and the state in differing manners in each nation, providing alternative avenues for giving legal backing to accounting standards. Despite simultaneous undertakings for international harmonization of accounting practices, events in each country created divergent rather than convergent accounting standards.

This study engages with two broad appeals made in the accounting history literature. The first is the need for additional studies to supplement the relatively meagre body of scholarly work on comparative international accounting history (CIAH) (Carnegie and Napier 1996, 2002; Carnegie and Potter 2000; Napier 2001; Walker 2008, Carnegie 2014), and the second is the call for greater theoretical pluralism (Miller, Hopper and Laughlin 1991; Guthrie and Parker 2006; Walker 2008). The research also serves in illustrating that 'accounting in any country is not the outcome of invention within a single country or culture but rather the outcome of innovations in many places across centuries' (Carnegie and Napier 2002, 689), and that the revisitation of such accounting history can aid us to 'challenge or overturn erroneous ... beliefs' (Parker, 2001, 63).

In the current study, a macro-level of analysis is first undertaken by scrutinizing information on relevant environmental factors in the UK and Australia. A micro-level analysis is then made of the content of the specific accounting standards that were produced within these environments - all of which are evaluated with the assistance of the metaphor offered by attachment theory. This represents an 'inclusive approach ... [to] integrating micro and macro levels of analysis' (Wallace and Wolf 2006, 426). Interpretations of the activities and events canvassed and contextualised by bringing an alternative theory to bear on this historical issue also aims to enliven the text and meet the challenge for accounting historians 'to endeavour to write ... research in an informative, engaging, and even entertaining way' (Gomes et al. 2011, 394).

The key concern of the paper is, therefore, to explore and interpret the forms, process and outcomes of escalating, comparative change in accounting standards in Australia and the UK on a longitudinal basis. The historical institutional arrangements, developmental procedures, and nature of accounting standards in each nation are traced, and evidence and commentary is offered on the form, direction, and forces concerned with this process of change. The source materials derive from the archive of historical accounting standards and policy statements of relevant professional and governmental bodies in the two nations. In addition, the discourse of the period, emanating from the profession, the public sector, and scholars, is used in a corroborative manner to provide a time and context-specific glimpse into the key controversies and opinions of influential players.

Borrowing from attachment theory

While CIAH can be regarded as an approach to accounting historiography (Carnegie and Napier 2002, Carnegie 2014), it is nonetheless appropriate to have recourse to a theoretical frame of reference within which to make meaningful interpretations. Attachment theory is deployed here as both a metaphor and a relevant conceptual lens to characterize the metamorphosis in the relationship, and of the accounting standards, of the UK and Australia.

Attachment theory is interdisciplinary, based on the pioneering work of Bowlby (1969/82; 1979; 1988). Initially, the theory offered explanations of the nature and development of the attachment bond and affinity between child and parent, with the work later extended to offer explanations of adult attachment behaviour (see for example Hazan and Shaver 1987, 1994).

According to attachment theory, attachment during infancy serves the purpose of providing safety and protection to the infant, with infants engaging in behaviours which ensure proximity to their parent so as to minimise the potential for harm. According to Brown and Wright (2001, 16) 'A governing principle of attachment theory is that the quality of early attachment is determined by the interactions between the attachment figure and the infant'. If a parent is responsive to distress sensitively this will facilitate 'secure attachment'[1]. By providing comfort and safety in times of distress, securely attached infants are said to able explore their surrounds, knowing that their parent will provide a comfort and physical proximity in times of distress (McElhaney et al. 2009, 361).

During adolescence a shift occurs where the attachment system becomes more about 'felt security' rather than physical security as the increased level of maturity allows the adolescent to explore their environment. The role of the parent instead becomes more about the provision of a 'secure base' (rather than safe haven) from which the adolescent can explore and interact with their environment (McElhaney et al, 2009).

According to McElhaney et al, (2009, 360), relative to other forms of attachment encompassed within attachment theory (anxious ambivalent/anxious avoidant), 'children who are both secure and autonomous are expected to operate independently within the realms of their competence, but also feel quite comfortable relying on others when necessary and appropriate' and grow into adults who maintain secure attachments and have 'lower levels of life stress, higher levels of support and collaboration during family discussions and problem solving tasks…' In other words, in a secure attachment scenario, adolescents, and later, adults, go on to form high functioning relationships outside of the parent-child arrangement. This is not to say that the child becomes estranged from the parent, with McElhaney et al (2009, p. 360) saying that relationships become 'transformed but not detached' and secure adolescents are able to 'confidently and autonomously explore the world around them, returning to parents for comfort, support and advice when the limits of the competence are reached' (McElhaney et al. 2009, 361). The transformation is such that teens can be viewed as transferring their dependencies from parents to peers (McElhaney et al, 2009, 370), which can include 'de-idealization' of parents including the development of their own opinions and the defining of themselves as individuals separate from their parents. Yet there have been studies suggesting that the 'secure base' function remains into adulthood (McElhaney et al. 2009, 362). In sum, 'the transformations in adolescents' ways of thinking sets the stage for autonomous adult functioning, in which close ties can be maintained with parents without day-to-day dependence…' (McElhaney et al. 2009, 373). This is not to say that this process is always smooth – there are times when conflict will ensure, but 'these perturbations in the ways teens behave with parents are normative and equilibrium tends to be regained by early adulthood' (McElhaney et al. 2009, 374). Correspondingly parents react by reducing their vigilance in monitoring the activities of teen and adult children.

Only within the last twenty years has attachment theory been adapted for application in business research settings, including studies of organisations, consumer behaviour, and interpersonal attachment relationships within the workplace (for examples see Johnston 2000; Paulssen 2009; Lin 2010; Nguyen and Minh 2018). In accounting research the theory has not appeared to have received any exposure, with perhaps one exception in the field of auditing (see Meyer, Rigsby and Boone 2007).

Nevertheless, the use of metaphor has featured in several prior studies of accounting (see Laughlin 1995; Walters-York 1996; Milne, Kearins and Walton 2006; Moerman 2008) and in extending attachment theory from the domain of interpersonal relations to international relationships, as in the current study, it is applied in this way. However, since "the study of accounting is, therefore, the study of some specific examples of human behaviour" (Henderson and Peirson 1992, 27), the use of this theoretically based metaphor is not overly strained.

This paper follows Walters-York (1996) in adopting an 'interaction' view of metaphor. This means that there is a 'reciprocal transaction' between two subjects. The primary subject is the non-metaphorical components – in this case, Australia's relationship with the UK. The secondary subject are the metaphorical components which 'evokes a system of associated implications – attributes and relations predicable to the primary subject' (Walters-York, 1996, 51). As is implied by term 'interaction', the primary subject may 'exert a parallel influence on the secondary subject'. In other words, there is scope for reciprocal influences which result in changes to the structure and content of the terms used within both the primary and secondary subjects. As noted by Walters-York (1996, 52), this is not to say the reciprocity is equivalent – only that some changes to both primary and secondary terms can be observed.

A few points are worth adding in relation to the use of the interaction view of metaphor: this is not a deterministic perspective with specified consequences. The relationships between subjects depend to some extent on the creator of the metaphor and the evoked relationships with other texts. This is not to say that the use of metaphor is unbounded, as there are socially constructed, historically and contextually defined boundaries on the meanings of terms used within the metaphor. Also, while the use of metaphor allows for some dissimilarities between the terms, it is not used for simply for stylistic purposes – instead the use of metaphor aims to provide 'new and unique meaning, insights, similarity, relations, or perspectives in which the evoked systems of associated implications play a central role' (Walters-York, 1996, 53).

In operationalising attachment theory as a dialectic basis to explore standard setting in Australia and the UK within their historical context, the relationship between Australia and the UK is characterised as a 'secure' attachment'. This form of attachment is considered more desirable than the alternatives - 'anxious ambivalent' or 'anxious 'avoidant' attachment (Bowlby, 1969/82; 1979; 1988; Brown and Wright, 2001). Consistent with secure attachment, Australia is initially characterized as a dependent child, who having been raised by a supportive parent encouraging of autonomy, was capable of social development and therefore was ultimately able to form relationships outside of the parent-child confine and thus regulate their own behaviour and affective status. The analysis revealed that, as the parent-colonizer nation, the UK was influential on the child-colonized nation of Australia during the child's formative years, but as time went on the parent was turned to less for guidance as the child began to gain independence and instead formed relationships with other influential nations. The relationship progressed to a point where the child-nation's attachment lessened, and the parent-nation also reduced its engagement in the child-nation's life while also undergoing its own process of re-socialisation with fellow parent nations. Despite these developments, the child-nation inherited many characteristics from the parent while maintaining a degree of closeness into adulthood.

Embedded within the attachment theory metaphor of the child-parent relationship, norms, values, attitudes and accepted behaviours of the parent are communicated, codified and enacted by the child (see Grusec 2002; Merz, Schuengel and Schulze 2007; Keller 2008). As such, in this study accounting standards are viewed as devices for codified communication in exploring the advancing British (parent's) detachment from the Australian (child's) standard setting domain. The theory is not only an alternative to conventional descriptions and theoretically informed explanations of international accounting, but also to the accounting history literature embedded within other frameworks of colonialism and imperialism which foreground the complicity of accounting as a technology in facilitating domination and oppression (see, for example Davie 2000; Neu 2000; Hooks and Stewart 2007; Araújo, Rodrigues and Craig 2017). Rather, attachment theory assists in meeting the rally cry to explain the burgeoning empowerment of the colonized (Annisette 2006, 409-10; Buhr 2011).

Architecture of comparative international accounting and accounting standards

Several bodies of literature deal with accounting standards and comparative international accounting and are informative for the purposes of the current discussion, but which generally differ in level or form of analysis. These include studies on classifications and groupings of comparative international financial reporting systems (discussed later in this section), single country studies on the development of accounting standards and principles (such as Morris and Barber 1990; Carlson 1994; Heazlewood 2002; Napier 2010; Baker and Rennie 2018), and comparative or sole nation research on specific accounting standards or principles (see MacArthur, 1993; Horton and Macve 1994; Burrows and Rowles 2010).

Nobes (1982, 118) described the role and function of comparative international accounting research as:

> studying how financial reporting differs between countries, why these differences exist, and why countries' accounting practices are moving in different directions, whether harmonisation is sensible, and by what means it is progressing, and how one might classify countries into groups with similar accounting practices.

Studies of international financial reporting in the 1970s, and particularly in the 1980s, generally relied on survey data, observations of actual practice or opinion, using characteristics such as type of economic system, dominant forms of business organization, commercial legal structure, language and culture to distinguish between different countries and to group like countries in generating frameworks of practices (such as Mueller 1967; Da Costa, Bourgeois and Lawson 1978; Nair and Frank 1980; Nobes and Parker 1985). The objective of such research was to produce groupings of what, essentially, represented families of nation-states. Nevertheless, such efforts have been criticised for being based on questionable data, producing incoherent taxonomies based on an elusive search for generalities (Roberts 1995) and lacking specificity.

Prior to the UK joining the EEC, macro-environmental conditions such as underlying political, legal, and economic structures in the UK and Australia were relatively homogeneous, with these architectures inherited by the child from the parent-nation, and yet the rationales and specific provisions of accounting standards in each country became increasingly and markedly different across time. Thus, relatively small differences in overarching contexts and environments gave rise to more profound differences at the micro level. In consequence, this paper provides a perspective for understanding the important differences in accounting in the two nations which, superficially, may not have seemed pervasive given the propensity of the child to inherent characteristics from the parent, but had crucial ramifications for international accounting harmonization efforts, for analysing the reports of companies in each country, and for producing domestic standards.

For the most part, extant studies of international accounting have been static in providing a snapshot view of comparative practice at a particular point in time (see for example Camfferman and Cooke 2002, and for exception see Street and Shaughnessy 1998). By way of contrast, the position adopted in the current paper is that there was a dynamic differentiation which typified the progressive disconnection in the means for setting and enforcing accounting standards, and the key concerns and content of standards in Australia and the UK, and which requires a longitudinal view to fully capture the distinctions and enable sense-making of the variations.

Accounting principles and accounting standards

The term 'accounting standards' has a variety of meanings and is often used interchangeably with accounting principles or accounting policies. The Australian Society of Accountants (ASA)[2] (1986, T4.2) defined accounting standards as 'written statements of rules and methods for accounting practices'. In both Australia and the UK, the term was usually confined to describing methods of accounting approved by relevant professional accounting bodies for application to financial statements intended to give a true and fair view (Robb 1983). Such standards concentrate on issues of recognition, measurement, presentation and disclosure for the presentation of items in financial statements. This paper demonstrates how the nature and content of historical standards in Australia and the UK, as well as the processes applied in their development, diverged with the passage of time, linked to changes in the attachment relationship of child and parent-nations.

In a brief report entitled *Why Are Australian Accounting Standards Different?*, Parker (1982) concluded that Australian accounting standards were justifiably distinct from those of other countries since Australia itself was different and the trend of following British standards was no longer relevant. This viewpoint makes clear that British accounting standards, and thus the norms, attitudes and opinions of the parent-nation, had been followed and reproduced in the behaviours of the child-nation, and explicitly relates to the child-nation outgrowing this pattern such that parental doctrine was no longer appropriate for the child.

The early relationship

Established as set of British colonies, beginning with New South Wales (NSW) in 1788, Australia was one of the grandest social experiments of all time; a new nation principally populated[3] by convicted British thieves (Keneally 2005) and part of a process that continued until the last transportation of convicts to Western Australia in 1868. While the exile of convicts to Australia did not evince a healthy child-parent relationship, lamentation about missing the homeland was ingrained in the letters, songs and poems of the convicts, and the majority continued to see themselves as British (see Moore 1971; Partington 1997). Yet there were instances of what can be portrayed as toddler tantrums and teenage rebelliousness including the Battle of Vinegar Hill in 1804 (Silver 2002), the Rum Rebellion – a military coup d'etat again the Governor of NSW in 1808 (Hughes 1987), and later the Eureka Stockade uprising of 1854 (Molony 2000). Such was the significance of the early changing landscapes of Australian identity that Friedrich Engels (1951) was prompted to write to Karl Marx stating:

> "the British will be thrown out and the united states (sic) of deported murderers, burglars rapists and pickpocket will startle the world by demonstrating what wonders can be performed by a state consisting of undisguised rascals… But whereas in California rascals are still lynched, in Australia they'll lynch the *homnetes genes* [honest folk], and Carlyle will see his aristocracy of rogues established in all its glory.

However, coupled with high levels of immigration by British free settlers over time, the ethos of the non-indigenous population remained British. It was not until the 1880s, when Australian nationalism reached a peak as the bulk of the population was by then Australian-born (see Trainor 1994), that the child-nation took its first steps towards maturity. In 1901, the Australian colonies united and the Commonwealth of Australia – an independent nation, but with the Head of State remaining the sovereign of the UK in the guise of constitutional monarch. Regardless of the partial political detachment, even after Federation according to Kelly (2010, 69):

> Australian nationalism originated in a duality of belief in nation and in Empire. Every important Australian Prime Minister, Labor and non-Labor in the nation's first fifty years represented this fusion of nationalism and imperialism – Alfred Deakin, Andrew Fisher, Billy Hughes and John Curtin. They were Australian nationalists who put Australia first and they were British race patriots who championed the Empire.

Studies of international classifications of financial reporting practices assert that 'colonizing countries usually bequeathed their own legal system and official language to the colonies' (Nair and Frank 1980, 438). The development of rudimentary accounting principles in Australia was, in consequence, directly influenced by the legal, political and economic legacy of the parent nation and its Westminster system of government. Along with these endowments also came the transfer of accounting technology and immigration of accountants from the UK to Australia (see Carnegie and Parker 1996, 1999; Carnegie, Parker and Wigg 2000; Carnegie, Foreman and West 2006), and 'centre-periphery' interaction in the development of professional accounting bodies in Australia following a British imperialist lead (Chua and Poullaos 2002; Poullaos and Sian 2010).

Before any major professional pronouncements were released in either nation, standards for financial reporting relied on the limited requirements contained within statutory provisions relating to companies. The remnants of colonization meant that Australian company law was an almost wholesale transfer of British company law that reflected the child-nation's following of the parent-nation's value system. According to Parker (1986a, 85), this practice of distillation of British company law held true until 'the very end of the nineteenth century', although Kavass and Baxt (1970, 8) maintained that as late as the 1950s[4] Australian state Companies Acts followed a process of 'adoption and transcription' of British statutes. While not an all-pervading influence on the future development of accounting principles, the disclosure rules and enforceability of these laws set boundaries for the accounting profession. Within the English legal system, the influence of precedent from judicial decisions in the form of case law concerning accounting principles (see Reid 1988) was also important, not just in the UK, but in shaping Australian accounting given that the right of appeal to the British Privy Council remained open to Australian entities until 1986[5].

According to Zeff (1972, 1), the professional accounting bodies of both countries became interested in developing accounting principles during the 1930s, but it was not until the 1960s that each had properly established programs for doing so. The more mature professional bodies in the UK, unlike their Australian counterparts, recognized the need for increased disclosure regulation during the 1930s and 1940s as a result of economic and commercial factors, including price control, high taxation and cost-plus contracts (Parker 1986b, 81). However, company failures were the most profound catalyst for the profession in both parent and child nations to more closely consider how and why financial reports should be prepared.

The Royal Mail case of 1931 in the UK, 'was followed by considerable questioning by accountants about the desirability of explicit, common professional standards' (Birkett and Walker 1971, 97), but even so, the spate of corporate failures in the UK continued with the collapse of Rolls Razor Ltd. in 1964 and the GEC-AEI takeover battle of 1967 (Zeff 1972, 33; also see Rutherford 1996). By this time, Australia had witnessed a considerable number of company failures and 'as in the UK, the Australian profession was held partly responsible in many quarters' (Parker 1986a, 86).

Despite the UK accounting profession receiving earlier warning of this problem, no determined attempts at redress were made until the 1960s when Australia had only just witnessed its first major corporate scandals. The reaction of the Australian profession mirrored that of the parent-nation (see ASA 1966; Birkett and Walker 1971), with Zeff (1973, 54) noting that 'criticism in the financial press, as in ... England, has been a portent factor in accelerating the efforts of the accounting profession to review its professional standards', and also to retain its legitimacy (see Carnegie and O'Connell 2012). Nobes and Parker (1985, 58) reiterated the point that 'the move to standard setting in both Britain and Australia occurred in response to what were widely regarded as damaging examples of misleading annual accounts and sustained hostile criticism of the profession, particularly by sections of the media'.

Globally, the UK was the first country to establish an independent, non-state professional accounting body[6] (Walker 1988, 1995; Lee 1995), and Australia dutifully followed the parent's model in creating and organizing its own professional bodies of accountancy. In the formative years of accounting principles development, both nations adopted the same rationale for producing statements on accounting - as a response to corporate abuses (see Edey and Panitpakdi 1956) and, 'moreover ... the modus operandi for devising new rules was substantially the same political process [in Australia] as ... for the UK' (Evans 1974, 71). However, some nuances to the parent-child pattern had begun to emerge even in this early period, such that an exposure draft (ED) was issued in Australia prior to this approach becoming the norm in the UK[7], perhaps reflective of the propensity of children to change patterns of behaviour and adapt to changing circumstances more quickly than adults. Similarly, the two major Australian professional bodies jointly established the Accountancy Research Foundation (ARF) in 1965, later renamed Australian Accounting Research Foundation (AARF), to undertake research and prepare and issue statements on accounting principles. In linking to the previously mentioned corporate collapses, Burrows (1996, 10-11) argued the AARF was formed as a reaction by the profession to the ‘fragmented and contentious’ nature of accounting standards, the collapse of ‘supposedly profitable companies’ and the appearance of a ‘deficient’ ‘incompetent profession’. Formal collaboration of the UK bodies via a similar framework did not occur until the formation of the Accounting Standards Steering Committee (ASSC) in 1970.

Developing accounting principles - the pre-1970s scene

The earliest attempts to provide guidance in Australia comprised a few bulletins issued by the ASA in 1938, which retained the substance and detail of pre-existing English recommendations (Zeff 1973, 3). More substantial 'Recommendations on Accounting Principles' were issued by the ICAEW from 1942 to 1969 'to provide direction and guidance for their members within the general framework of the Companies Acts' (Oldham 1975, 61), although they 'were only persuasive and companies and auditors did not have to report whether or not they had been followed' (Parker 1986b, 81). In this early period, Australia was not merely influenced by, but adopted almost in their entirety, numerous of the parent-nation's statements of accounting principles. For the Institute of Chartered Accountants in Australia[8] (ICAA), 'in the 1940's (the) first attempt to provide members with guidance ... reflected an almost total reliance on English precedent' (Zeff 1973, 23), to the extent that:

> if there was to be ... [a pronouncement] they wanted a word-for-word transcription of the English one. The seven Australian recommendations issued in 1946 and 1948 followed the equivalent English ones very closely (Parker 1982, 427).

As in the UK, these Australian releases were also titled 'Recommendations on Accounting Principles', and dealt with the treatment of taxation, disclosure of subsidiaries' results in holding company accounts, accounting for reserves and provisions, and the form and content of the balance sheet (Levy 1986, 43). Although the recommendations were based on UK equivalents, the balance sheet recommendations showed some departures and were based on company law prevailing in the Australian state of Victoria. As late as 1967, the ICAA was still using publications of the Institute of Chartered Accountants in England and Wales (ICAEW), such as the 'Qualifications in Auditors Reports' guidelines (Birkett and Walker 1971).

As the primary rationale for developing accounting principles in both countries was to address the flexibility of accounting practices: 'accounting rules were ... codifications of what accountants regarded as best practice' (Evans 1974, 64). However, the ad hoc nature of this approach, and subsequent press criticism for inadequate responses by the profession (Jones 2011, 129) caused the ICAEW in 1969 to issue a 'Statement of Intent on Accounting Standards in the 1970's' to set an agenda for future UK standard-setting. The findings of an ICAEW (1970) commissioned survey of annual reports for 1968-69 had revealed continued variations in accounting treatments and reporting disclosures. This reaffirmed the profession's commitment to its 'Statement of Intent', as supported by ICAEW President R.G. Leach in comments appearing in *The Accountant* (1970a; 1970b). In the UK, the ASSC[9] was established in 1970 by the ICAEW following issue of the 'Statement of Intent '. The ASCC aimed to narrow variety in accounting practice, improve disclosure of accounting bases, and make explicit disclosure of departures 'from established definitive Accounting Standards' (Oldham 1975, 61).

While no equivalent prospectus was devised in Australia, the 'solution resulted in virtually the same general pattern as in the UK - limits were placed upon the diversity of condoned practices and attempts were made to both ensure the disclosure of accounting bases and departure from established standards' (Evans 1974, 70). However, problems persisted, with a survey by the NSW Corporate Affairs Commission in Australia (Ryan 1976) exposing that 30 percent of companies failed to comply with the provisions of the NSW *Companies Act*, 30 percent did not comply with all relevant stock exchange listing requirements, and 80 percent did not fully meet the provisions of accounting standards. Examination of Australian annual reports also suggested there were shortcomings resulting from 'over-reliance on the statutory requirements as the major if not sole source of information to be disclosed' and 'preoccupation with the "stewardship" concept of an annual report' at the expense of meeting the 'informational needs' of entities, shareholders, investors, employees, lenders and other parties (Olsson 1981, 544-6).

Setting accounting standards, 1970-1985

In 1985, Nobes and Parker (1985, 58) stressed that 'the issue that transcends all others in the affairs of the accounting professions in Britain and Australia in the past 15 to 20 years is that of accounting standards'. In this period, the Australian profession began to release

'Australian Accounting Standards' (AASs), while in the UK standards took the form of 'Statements of Standard Accounting Practice' (SSAPs). The UK profession's first formal accounting standard was promulgated in 1971 and dealt with 'Accounting for the Results of Associated Companies' (SSAP 1). The choice of issue, according to Leach and Stamp (1981, 6) was 'highly controversial' as it opened up 'entirely new ground', particularly for release of an inaugural standard and was motivated by the problem that 'there was no established practice for providing for the proportionate share of losses or of profits in these cases'. Two years later (in 1973), the first AAS was released, concerning the determination of profit and disclosures in Profit and Loss Statements (AAS1). Unlike the parent-nation's first standard, the topic of AAS1 was fundamentally innocuous. An Australian standard comparable to SSAP 1 was not produced until 12 years later (in 1983), and this observation likely speaks to the differing priorities in the economic and commercial spheres of child and parent nations and an early indication that they were growing apart.

While these and other standards are considered in detail later in this paper, the next major challenge for both professions was recognition of the need to produce conceptually based, rather than merely technically oriented standards for accounting practice.

Shifting Objectives

A British governmental Green Paper of 1977 on 'The Future of Company Reports' (Department of Trade 1977), together with an earlier ASSC (1975) publication entitled the 'Corporate Report', reignited concerns within the UK profession about disclosure requirements, despite the release of numerous SSAPs since 1971. With notions about accounting regulation and objectives for setting accounting principles moving towards the inclusion of more decision useful financial information, work began in both nations on conceptual frameworks, including the development of prescriptive qualitative characteristics of financial information. Aligned with rethinking the aims of external reporting, these qualitative characteristics were intended to provide a basis for setting future accounting standards.

Developments in the UK preceded those in Australia, although both borrowed heavily from earlier work conducted in the USA by the Financial Accounting Standards Board (FASB), demonstrating the propensity for familial influence from another, older, child nation. The ASSC (1975) report identified the qualitative characteristics of relevance, reliability, understandability, comparability, completeness and objectivity. However, in discussing accounting standards, the Deputy Chairman of the National Companies and Securities Commission in Australia (Coleman 1981, 536) noted that 'the difficulty of forming a conceptual framework for such standards has been amply demonstrated in the United Kingdom. The Commission is anxious that this should not be the Australian experience too'. Sponsored by the AARF, but not released until several years after its UK counterpart, Barton (1982) provided the Australian version of a draft framework consisting of the characteristics of relevance, reliability, understandability and comparability. It was argued in Australia that three of the criteria in the UK listing would be met implicitly if information was relevant and reliable, such that completeness and objectivity were seen as inherent dimensions of reliability, while timeliness was a latent aspect of relevance.

In respect to both objectives and qualitative characteristics, Australia and the UK were closely aligned. The same can be said for other child-nations including the aforementioned USA (with SFAC No.2 issued by the FASB in 1980), but also Canada (various pronouncements from 1980), and New Zealand (various pronouncements from 1987), which were treading the same path in attempting to devise conceptual frameworks. Nevertheless, conceptions about the pre-eminence of the decision-usefulness and associated qualitative criteria for accounting information were secondary to the requirement of both child and parent nations which continued to be adherence to more ambiguously defined 'true and fair view' (which is generally viewed as being conformance with GAAP and does not imply a target audience - see Cheung, Evans and Wright 2010, 152-5). In consequence, standards issued by both countries fell well short of meeting many of these idealised attributes and were, in any case, insufficient to prevent further accounting scandals in each polity (see Carnegie and O'Connell 2011; Gwilliam and Jackson 2011), notwithstanding that through to the present day the extent and success of the incorporation of such characteristics into accounting standards remains contentious (see Cheung, Evans and Wright 2010). In the 1980s, the Australian profession continued 'developing ... projects which will result in a conceptual framework, useful to all standard setters to obtain consistency between various standards' (Boymal 1986, 40) which resulted in the release of EDs.

Although the child was still in tune with the parent, and both followed the lead of other nations on the conceptual framework project, on many other issues there had been a growing self-determination on the part of the child and re-socialisation on the part of the parent. One of the most potent stimuli for change in the relationship was the UK's accession to the EEC.

The UK and the EEC

The UK applied to join the EEC in 1960 and was admitted as an observer in 1971, becoming a full member approximately twelve months later. This body for common markets, trade, and policies was principally composed of other former parent-colonizer nations such as France, (West) Germany, Italy, and the Netherlands. These nations grouped together for mutual benefit and, although never explicit in the EEC's mandate, gave the impression of being a 'grey power' bloc attempting to compete on the world stage with world-leading, former child-colonized nations, such as the USA, as well as meeting the threat of large socialist parent-nations such as the USSR and China.

The UK's entry into the EEC impacted on upon trade relations company law and hence accounting. For example, Nair and Frank (1980, 437) found a disparity in international classifications of financial reporting between their 1973 and 1975 analyses, where the British Commonwealth cluster of countries broke into two with reference to disclosure practices. Australia and the UK had been grouped in the same cluster in 1973, but were in different clusters in 1975. Based on this shift, the authors speculated 'that it is the result of the entry of the United Kingdom into the European Common Market in the intervening period'. Nair and Frank's (1980) perspective may have overstated the case, however. Doupnik and Salter (1993) maintained Australian and the UK financial reporting practices for the period under the same classification and contested Nair and Frank's (1980) findings as they relied on PriceWaterhouse (PW) data which contained errors and exaggerated differences, while d'Arcy (2001) and Nobes (1983) also highlighted issues with Nair and Frank's (1980) findings.

More support therefore, would appear to exist for the full extent of detachment occurring in the 1980s. This separation was attributable to the 1981 the EEC Fourth Directive on company law which was incorporated into UK company law. In relation to the impact of EEC directives, using case study evidence, Bartlett and Jones (1997, 61) contended that 'mandatory disclosure increased sharply, primarily because of the 1981 Companies Act'. Additionally, the Fourth Directive prescribed formats for financial statements and the measurement of assets, making 'explicit the primacy of historical cost valuation rules' (Bromwich and Hopwood 1983, xvi). The adoption of the Directive also resulted in emphasis on the traditional stewardship objective of accounting, and the allied need to protect creditors and investors, potentially at the expense of decision usefulness.

The parent-nations constituting a majority of EEC members appeared resistant to change, despite pernicious inflation in the 1970s and early 1980s, preferring older norms and more traditional objectives of financial reporting compared to numerous child-nations, including Australia, which specifically affirmed the decision usefulness aim. 'Australian accountants…[were also] moving away from the U.K and towards the U.S at the same time that the U.K [has] been increasingly influenced by its fellow member states of the EU' (Parker and Morris, 2001, p. 300-301). Miller (1994, 340) provided further support this by saying that the US was 'the most important external influence on accounting and auditing Australia' and noted Australia's eclectic set of influences and its own role on the IASC. In this regard, while Australian standards only had moderate compliance with International Accounting Standard's in the 1980s (see Street and Shaughnessy 1998 or Doupnik and Taylor 1985), harmonisation became a greater focus in the 1990's with Australia escalating its commitments to this process in 1996 and 1999 (see Collett, Godfre and Hrasky. 1998).

Adoption of EEC directives led to problems in setting accounting standards in the UK. Bromwich and Hopwood (1983, xvi-xvii) refer to the UK Department of Trade, who had taken on the 'role of guardian of the Fourth Directive' and provided resistance to the ASC Exposure Draft on Foreign Exchange, as the Fourth Directive stressed the primacy of prudence and objectivity in accounts. Bromwich and Hopwood (1983, v) concluded that the effect of the EEC had been to increase 'continental European influences on British accounting and seem[s] likely to restrict the future freedom of standard setting in the UK'.

The impact of ECC directives impacted on the development of conceptual frameworks. While the renamed ASSC, the Accounting Standards Committee (ASC 1981, 33 and 41), had commissioned research on a conceptual framework, it then wished instead to explore 'whether a conceptual framework could be agreed upon which would be appropriate to the European Community, given the influence being exerted upon accounting practice by EEC directives'. Again, the EEC was a major force in shaping the future of UK accounting standards. Simultaneously, the ASC (1981, 13) predicted a profession without any direct role in the development of standards, suggesting that 'perhaps in the distant future it might prove practicable for EEC directives to contain all the necessary accounting requirements'.

Parker's (1982, 427) conclusion on this point seems pertinent – 'in the 1980's British (company) law and (accounting) practice is moving faster away from that of Australia than Australian law and practice is moving away from that of Britain'. Not only was the child-nation maturing, but the parent-nation was going through a process of resocialisation, linking into a different geo-political sphere and interacting with fellow parent nation states. While this observation provides a useful overall insight into the altering dynamics of the relationship in the decade immediately after the UK joined the EEC, the child-nation was soon to more fully exercise its ability to determine its own path by developing its own unique approach to standard-setting.

The Accounting Standards Review Board in Australia

The call for increased government regulation of financial reporting practices in Australia began in the late 1970s, reaching a peak in the early 1980s (see Olsson 1981, 546). The chief reason cited for seeking government involvement was to improve enforceability and compliance with standards through legal backing. Discussions were underway in 1981 pursuant to the establishment of an Accounting Standards Review Board (ASRB), which would not be involved in setting standards itself, but would function to 'review and either accept or reject proposed standards submitted to it by the profession and other interested persons and bodies' (see Cooke 1981, 549). Until the formation of the ASRB, the profession had vigorously pursued the ideal of legal sanctions for AASs. However, upon achieving this goal 'the Australian profession was ... unhappy that it would ... have to live with the ASRB superimposed above it' (Standish 1985, 115). An alternative option was preferred by the ICAA and ASA and offered in their response to the government's proposal for an ASRB – being that the profession should administer the Board (see Australian Accountancy Profession, Joint Submission 1982; Vincent 1982, 19).

This proposal was rejected, and the ASRB established in 1984 by the Ministerial Council for Companies and Securities in Australia, although it only began to carry out its full mandate during 1985. This change to the mechanism for endorsing standards was dramatic and 'the new system which has emerged in Australia is unique' (Boymal 1986, 36). The functions and powers bestowed upon the ASRB included those to:

> (a) determine priorities in consideration of proposed accounting standards referred to it; (b) review standards referred to it; (c) sponsor the development of standards; (d) seek expert advice as it deems necessary; (e) conduct public hearings into whether a proposed accounting standard should be approved; (f) invite public submissions into any aspect of its functions; (g) approve accounting standards (Walker 1987, 271).

By October 1986, the Board had approved seven standards (AAS 6, 8, 12, 15, 16, 17 and 19). McGregor (1986, 50) commented that 'it should be noted at the outset that, while a number of amendments were made to the ... approved Statements during the process of approval, none of these constituted a change of substance' compared to the former standards of the joint professional bodies.

Meanwhile, the influence of the EEC on the UK served to confine the power and autonomy the profession enjoyed in the past and it was initially believed that the ASRB would have a similar impact in Australia. The idea of the ASRB was to divorce the standards approval process from the standards setting process, given that the ASRB had the power to approve standards from bodies other than those representing accountants and that only two of the seven members to originally be on the Board needed to be accountants. While this was the goal, it was not achieved in practice. Instead the ASRB was effectively 'captured by the profession' (Walker 1987). The only major controversy between the ASRB and the profession in the mid-1980s was over the Board's significant variations to AAS20 prior to approval in March 1987. Subsequently, the profession gained an even greater hold over the ASRB. In late 1988, the ASRB and the Accounting Standards Board (AcSB) of the AARF merged by dissolving the AcSB and concurrently increasing the number of members on the ASRB from seven to nine (McGregor 1989, 87). The merger was described as a joint venture between the bodies representing the accounting profession and government and, according to Allen (1991, 61), 'means the profession has effectively gained control of the ASRB and consequently of the standard setting process'. Lambert (1989, 18) went further in saying that the ASRB's 'inability to operate in an effective manner given the pressures placed on it by the profession ... will be sorely stressed'.

In the end, the profession retained its hegemony, and standards developed by the profession and duly approved by the ASRB and Ministerial Council had the force of law. This method for creating legally binding accounting standards was quite distinct to the position in the UK where the five professional bodies from the UK and one from Ireland[10] set standards. During the 1970s to late1980s, UK accounting standards prepared and disseminated by the professional bodies were not mentioned in companies legislation, although it was 'generally held that accounts prepared in accordance with SSAPs are presumptively true and fair and that statements not so prepared are less likely to be regarded by the courts as true or fair' (Nobes and Parker 1985, 65). While conformity with the requirements of SSAPs was mandatory for accountants, the standards were not legally enforceable. This contrasted with the position in Australia where compliance could be enforced through legislation once a standard had been approved by the ASRB.

These factors impacted on the process, nature and pace of change in developing accounting standards in the parent and child nations and illustrate the impacts of the resocialisation of the parent who had moved on from wielding influence on its increasingly self-determined child, even if the child inherent some of the parents characteristics in relation to the mechanics of standard setting. In the following section an analysis of accounting standards from 1970 to 1985 provides micro-level comparative perspectives on the approaches, practices, and provisions of the specific accounting standards of both nations.

Comparative accounting standards, 1970-1985

Table 1 offers a description of the procedures underpinning the development of a standard in the UK and Australia, while Table 2 identifies the comparative structure of promulgated standards. Both tables illustrate that there was a high degree of similarity in due process and configuration of standards in parent and child nations. However, one important difference in structure was the UK 'Note on Legal Requirements', which detailed the various sections of the company law that would be complied with if the standard was followed, prompted, in part, by EEC Directives. SSAP 15, for example, specified the presentation of deferred taxation for each allowable balance sheet format, given such formats were part of the EEC Fourth Directive. Many 'Notes' also discussed discrepant treatments for satisfying the statutory requirements of different countries on the Consultative Committee of Accountancy Bodies (CCAB); for example, between Ireland and Great Britain.

[Take in Table 1]

[Take in Table 2]

However, despite these methodological affinities, there was a growing detachment of child and parent. In the process of developing standards, most nations consult equivalent standards operative in other countries. For example, Boymal (1986) noted that both AAS14 Equity Accounting and AAS17 Accounting for Leases had their precursors in prior overseas standards. Another case in point was AAS12 on Statements of Sources and Applications of Funds. Robert Clift (1979) of the University of Melbourne was commissioned by the AARF to draft a Discussion Paper on Funds Statements, and in doing so reviewed and rejected the UK standard. Clift felt that cash flow orientation of the UK standard and its applicability to non-listed companies significantly reduced its usefulness for adaptation to the Australian environment (Clift 1987). Rather, the standards of two peer child-colonized nations, the USA and Canada, were most influential. Occasionally, the UK found the innovations of its Australian child-nation persuasive. An example being that the ICAEW (1979, 22) was of the opinion that 'Australia shows the way to revise ED16 [on extraordinary items]', illustrating the potential for children to also influence their parents.

Table 3 compares the stated topics and release dates of SSAPs and AASs through to 1985. During the period under consideration, 21 AASs existed alongside 20 UK SSAPs. Although the ICAEW (1985) Handbook shows that there were 23 standards, three of these were withdrawn between 1978 and1985[11]. Of the 29 topic areas identified across the collective standards of the UK and Australia, only 15 (52%) were common to both countries. Further, two of the UK standards appear twice in this analysis. For instance, SSAP 1 concerned equity accounting and, in part, joint ventures, while Australia had an individual standard for each topic. It should be noted that there was scope for nuance between standards from parent and child nations which ostensibly dealt with the same issues. SSAP 1 for example caused revaluations in assets and earnings, while AAS 14 did not.

[Take in Table 3]

Based on the presumption that accounting standards are generally set to address issues of importance, it becomes apparent that child and parent did not share a common set of priorities, and that different conditions and characteristics flavoured the standards of each country. The tax system in the UK was distinct, leading 'to standards and an exposure draft on value added tax, taxation under the imputation system and petroleum revenue tax which are clearly not applicable in Australia' (Parker 1982, 426). A greater level of specificity and industrial differentiation in each nation also led to specific standards in Australia on construction contracts and extractive industries, and on accounting for government grants in the UK, as well as varying ideas and emphases concerning disclosures giving rise to operating revenue and segment reporting standards in Australia, and earnings per share disclosures in the UK.

The titles and content of the specific provisions of relevant recommendations revealed 15 standards with common topic areas (see Table 4). These were analysed for manifest similarities in terminology and technical content between standards of the parent and child nations. This analysis revealed that only four standards (27%) used equivalent terms for both measurement requirements *and* provisions for related disclosures. As denoted in Table 4, these comparable standards were for Profit and Loss Statements, Inventories, Disclosure of Accounting Policies, and Equity Accounting. In three of these cases, the UK standard was released earlier than the Australian standard. There was only a variance of a few months in the dates of publication of the UK and Australian standards on Profit and Loss Statements (December 1973 for Australia and April 1974 for the UK) and Inventories (May 1975 in the UK and February 1976 in Australia), while a number of years separated the release of the standards dealing with the other two areas. Six of the 15 standards (40%) present differentiable recommendations concerning disclosures and, most significantly, nine standards (60%) were inconsonant on measurement methods. The most notable in this latter category were those on funds statements, research and development expenditure and, to a lesser extent, joint ventures, mergers and acquisitions, and construction contracts.

[Take in Table 4]

It is telling to find that when the detailed provisions of accounting standards are scrutinized there is little correlation between the more fundamental measurement practices recommended in standards. Of 29 topic areas, only four genuinely comparable and equivalent standards existed, suggesting parent and child were forging different paths and responding to their own situations.

Comparing the dates of issue of accounting standards in both countries (Table 3) demonstrates that for the 15 common topics, in six instances (40% of cases) the promulgation of a standard in Australia pre-empted its UK analogue. Consistent with the secure branch of attachment theory, this result indicates a growing maturity and self-determination on the part of the child-nation and a lessened degree of attention paid to the codified communication of norms and principles of the parent-nation.

A case study on inflation accounting

A fundamentally important phenomenon in the period from 1970 to 1985, intimately connected to shifts in accounting standards in the UK and Australia, was the crisis caused by high rates of inflation in both nations, and which proved profoundly problematic for standard setters. The rationales for developing preliminary statements on accounting for price changes, as with the USA and numerous other nations, were virtually identical. However, as a response to high rates of inflation, the oil crisis, and government intervention, the junctures in developing standards and the ultimate recommendations of respective standards were distinctive. A close correlation existed between rates of inflation in the UK and Australia during the 1970s to mid-1980s, with the inflation rate in both countries reaching doubles digits in 1974 (16% in the UK and 15% in Australia) and in close correspondence thereafter with the exceptions of 1975 (24% in the UK and 15% in Australia) and 1980 (18% in the UK and 10% in Australia)[12].

Table 5 compares the history of promulgations on accounting for inflation. The UK was initially propelled to develop standards by the ASC, and opted for Current Purchasing Power Accounting (CPPA). Subsequently, the Sandilands Committee (Report of the Inflation Accounting Committee 1975) favoured Current Cost Accounting (CCA) and, despite the profession's attempt to retain CPPA, government acceptance of the report led to the establishment of the Accounting Steering Group and the publication of ED18. Subsequent developments saw the Hyde Committee (ASC 1977) report its findings, and the issue of a new exposure draft, ED24.

Similarly, in Australia the report of the Accounting Standards Review Committee (Chambers, Sri Ramanath, and Rappaport, 1978, 142) found that 'the conclusions of the Mathews Committee were considered in some quarters to lend support to the CCA system', and so after two prior EDs of different natures, the Australian profession developed CCA pronouncements. The various turnabouts by professional bodies in both nations, largely as a reaction to successive government and other committees of inquiry established to cope with the inflation conundrum, are depicted in the timeline presented in Table 5.

[Take in Table 5]

Mason (1978, 42) concluded that Australia 'became the first ... in the world to issue a standard, albeit a provisional one - on a form of current value accounting', but by 'the end of 1983 it was decided that an accounting standard would not be issued, primarily because of strong opposition in the business sector' (Nobes and Parker 1985, 259). While the approaches of the UK and Australia were similar (Caruth and Whittington, 1984) the child nation was not waiting for the parent to take the initiative in developing norms of practice in response to climacteric circumstances. Some of this initiative could be attributed to the lobbying efforts of influential academics such as Ray Chambers, who played a major role in highlighting the flaws of historical cost while promoting his own method of accounting (see Lee 2000). Despite the efforts at reform, Parker (1986c, 48-9) noted that 'with the absence of government intervention [CCA] failed through the inability of the profession to enforce it - Australia has had a similar experience to the UK'. However, the UK profession had adopted incrementalism in designing and implementing inflation accounting principles by using a ‘phasing in’ approach, whereas developments in Australia were more radical - for example, no size criterion was specified in relation to disclosures. Perhaps this was demonstrative of a stronger underlying conservatism in UK accounting thought and practice and the primacy of historical cost in line with the EEC Fourth Directive, such that inflation accounting standards (SSAP 16) were shelved altogether in 1985. Consensus within the Australian profession appeared to have been more forthcoming than was the case in the UK, where despite the bargaining efforts of the various professional institutes, the situation was ultimately described as one of lost possibilities (see Rutherford 2007).

Collectively, the failure of the professions to introduce inflation accounting standards in both nations demonstrates the nuance of inherited character traits between parent and child, with varying paths ultimately leading to the same destination. The failure can be further attributed to the exchangeability of money, drift in ideas and coping tactics, inappropriate use of non-accounting literature in case-making, and to:

> pervading attitudes of inertia and compromise, in which the technical aspects of financial calculation in general and calculation of general purchasing power in particular were subordinated and the increased complexity of the proposed adjustments improperly presented as technical refinement. As a consequence of those factors the professional prescriptions in every instance failed to achieve what was intended by them (Clarke 1982, xix).

Comments

The objective of this section on accounting standards from 1970 to 1985, and of the case examination of inflation accounting, has been to show that Australia and the UK began a gradual process of change leading in alternative directions, even if, at times these paths led to the same outcomes. The move to standard setting in both countries was prompted by events of the pre-1970 era, and in the 1970s and 1980s each nation attempted to employ more enlightened approaches to developing standards. While economic events were comparable during this period, approaches to developing an inflation accounting standard, among others, were at variance. The UK’s entry into the Common Market engendered a growing divergence between UK and Australian standards, and a comparison of extant standards shows that the changing legal environment (especially company and tax laws) in the UK resulted in the production of accounting standards that were irrelevant to Australia.

This period also witnessed a change in the attitudes of Australian standard setters and lawmakers, as UK accounting standards and company laws were no longer adopted in their entirety in Australia. A growing independence of the Australian profession, and of the child-nation generally, had occurred, and a widening of trade and investment links, shifting away from traditional Commonwealth ties, caused Australia's economic and social systems to undergo change and become more focused on the Asia-Pacific region demonstrating that both child and parent were undergoing a process of engaging in new circles of influence. The UK was displaced from the list of top countries to whom Australia exported, and the UK's foreign investment in Australia dropped from top ranking to be replaced by nations such as the USA and Japan. Concomitantly, the UK's trading ties and investment links altered substantially with its entry into the EEC. Changes in economic and political allegiances and their effect on accounting were made explicit even in undergraduate introductory accounting textbooks of the period, foregrounding that 'the development of accounting standards in Australia has been greatly influenced by developments overseas ... by far the most influential group is the FASB of the United States' (Hoggett and Edwards 1987, 13; also see Parker and Morris 2001, 297). This serves to illustrate the expansion of the peer coterie consultation process of the child-nation, as opposed to continued reference to the canons and doctrine of the parent-nation.

Emergent issues

Only on a procedural level, including the organization of professional bodies and the basic format of accounting standards, did the UK and Australia remain in parallel. The professional bodies of each nation encountered similar organizational problems and both were factionalized. During the period under investigation there were two main professional bodies in Australia, and a multitudinous five in the UK alongside one from Ireland. The UK profession made an attempt at professional integration in 1971 and failed, and corresponding unsuccessful endeavours were made in Australia in 1969 and 1981-82 (and later in 1998). UK standard setting likely suffered more from this partitioning, given that after the failed integration attempt of the 1970s 'a rather uneasy co-ordination has been attempted through the Consultative Committee of Accountancy Bodies' (Nobes and Parker 1985, 50). Further merger plans, all involving the ICAEW and another UK body, occurred in 1989, 1990, 1996, 2004, and 2005, and yet UK standard setting continued to reside within the purview of a professional oligarchy (see Noguchi and Edwards 2008). In assessing the failed attempts at mergers of the Australian professional bodies Willmott (1986) and Velayutham and Rahman (2000) revealed a common theme with sectional interests (for example, members of Chartered bodies in both nations exhibiting a preference to protect their status as opposed to unifying the profession) contributing to the failures. However, in Australia, the Joint Standing Committee, representing the ASA and ICAA, generally appeared to be on better terms as with only two bodies involved in the preparation of standards, consensus was more easily achieved.

It is well accepted that the setting of accounting standards is a process of political bargaining (see Gerboth 1973; Solomons 1978; Watts and Zimmerman 1979). In the UK, this bargaining took place among the six bodies, and lobbyists needed to direct their attention to the accounting profession in expressing their criticisms and stating their cases (Rutherford, 2007). However, with the ASRB's foray into accounting standards approval in Australia, the target for lobbying and the place for political negotiation shifted from the private to the public arena. It also prompted the Australian profession to enter upon a vigorous process of standards development to retain its primacy and dominance.

In contrast, the UK profession focused on the development non-mandatory Statements of Recommended Practice (SORPs). Parker (1986b, 82) believed that this change in the focus was the result of a 'lack of legitimacy and power (in enforcing accounting standards) ... and compromise…' This is a significant conclusion in light of the issues of legal backing for standards and of lobbying in the standard setting process. A similar initiative was taken in the form of 'franked SORPs', a subcategory of SORPs generally related to what the UK profession perceived to be topics of limited application (for example, accounting in specific industries). Atchley (1983, 13) argued that the move to SORPs was a response by the profession to the 'compliance climate' whereby 'lesser subjects', would be dealt with through the mechanism of 'non-mandatory recommendations with no disclosure requirements, irrespective of compliance', all of which suggests a 'future paucity of new accounting standards'.

Perhaps in an example of a self-determined adult child inheriting similar character traits to their parent, Australia also began releasing a series of non-mandatory recommendations in the guise of Accounting Guidance Releases (AGRs), and issued AGR1 in 1985. A number of AGRs were swiftly published to solve 'problem[s] ... not expected to affect significantly financial reporting in general, but ... expected to be of significance to those reporting entities affected by the problem' (Peirson 1987, 1). However, the AGRs were little more than ancillary and did 'not establish new accounting concepts or standards and do not amend existing concepts or standards' (AARF 1986, 80). They dealt, therefore, with clarification and thus issues of lesser substance than UK SORPs.

In the UK, the ASC (1981, 39-40) believed that 'accounting standards should continue to be set in the private sector and not by the legislature, government department or government agency. The standards setting body should consist primarily of accountants'.

Representing the views of the ASC, McKinnon et al. (1983, 115) concluded that 'the essential characteristics of future accounting standards will be that ... they deal only with matters of major and fundamental importance affecting the generality of companies and will therefore be few in number'.

Watts (1981, 37), then Chairman of the ASC, felt that 'with the absence of statutory or quasi-statutory mechanisms for enforcement, (which would be contrary to our customs in the United Kingdom and Ireland), a sound means of supervision must be developed to support standards for at least a decade ahead'. A 'sound means' proved elusive, as the profession turned instead to issuing afore mentioned non-mandatory SORPs to overcome compliance and enforcement problems. Whether or not an ASRB would have been welcomed in the UK is questionable. Watts' quotation suggests that different social values and professional attitudes in the UK precluded the profession from desiring a public institutional regulatory framework for accounting standards, leading one commentator to critically interpret the stance such that, 'the likelihood is that Britain will muddle through with the present system of setting and pretending to enforce accounting standards for another decade or two' (Lafferty, cited in Leach and Stamp 1981, 221).

While the ASC continued to function – its work on standards included revisions to SSAP's 6, 9, 12, 13 and 22 and exposure drafts on intangibles, financial instruments, cash flow statements and goodwill, amongst others - only two further SSAPs (SSAP 24 and SSAP 25) were released in the UK, and in 1990 the Financial Reporting Council (FRC) was established and the Accounting Standards Board (ASB) introduced to replace the ASC in issuing accounting standards[13]. Meanwhile in Australia, the ASRB powered ahead, approving a range of existing AASs, while the profession released a host of new standards; 17 in all (AAS22 to AAS38) prior to 2000[14], demonstrating the securely attached child's capacity to forge their own, albeit similar path, once entering adulthood.

Concluding remarks

This paper has attempted to explore both how and why the accounting standards in Australia and the UK diverged over a span of several decades. In tracing the origins of this divergence, financial reporting practices and professional guidance published for directing these practices in Australia, to 1970, were found to have emulated that of the UK. Minor differences were apparent, for example the Australian accounting profession felt the shock waves from company failures at a later date than in the UK, but for the most part the Australian profession relied heavily on the efforts and proclamations of its colleagues in the parent-nation.

However, during the period from 1970 to the mid-1980s, changes began to take place in Australia and the UK. In providing an explanation for this it was found that during this time, British developments in standard setting indicated that political and socio-economic aspects were increasingly important (Bromwich and Hopwood 1981, 43). The UKs' entry into the EEC was to have significant implications for the role of the profession in setting standards and brought with it changes to company law, of which no Australian equivalent existed at the time. This event represented a resocialisation of the parent, who was moving on from managing the affairs of its child state and instead forging new bonds with fellow parent nations.

Another instance of how parent and child diverged was further evidenced in 1984 by developments in Australia, most notable of these being the formation of the ASRB and the work carried out by this Board. In the UK, no such body existed nor appears to have been desired. Australia used the public sector solution to overcome problems of self-regulation and to promote a compliance and enforcement climate, while the UK abjured, to an extent, from the standards setting domain and introduced non-mandatory accounting rules, largely relying on the supranational policies of the EEC for mandatory reporting requirements. Although the influences in both nations were similar, particularly the interrelationships of the profession and the state (including law and government policies), the responses were disparate, indicating that there is nuance to the behaviours of children, even if they have inherited characteristics from their parents. These legal, political, social and economic forces in each country can explain the divergence, with often intervening or relatively small differences at this macro-level resulting in significant variations at the specific and micro-level of accounting standards. These developments also had implications for the international harmonization of accounting standards, with the UK required to harmonize its practices with those of European countries, whereas Australia was able to follow other leads and to develop a singular system suitable for it alone.

Of course, what happened to the parent and the child after the mid-1980s is another story (see AASB 2013; ICAEW 2013). Suffice to say that parent and child became increasingly independent from one another at the macro level, while working together in the micro context. In the macro context, the nature of the relationship is aptly epitomised by eminent Australian historian Manning Clark and former Australian Prime Minister Paul Keating with both evoking the parent-child metaphor in depicting the evolving nature of the two nations:

> In the second half of the twentieth century Australians lived in a county where neither historians, the prophets, the poets nor the priests had drawn the maps…. Immigrants from Europe and Asia helped to deliver a mortal wound to the giant of British philistinism. Groveling to the British almost disappeared…. Australians no longer apologized for the way they talked, the way they walked or the way they behaved. They no longer confessed they had erred and strayed from British canons of behavior, and that they would try not to err again. The domination of class over

> class, of white man over Aborigine, of man over woman, of teacher over student, and parent over child was challenged… Australians gradually ceased to look to Europe as the 'land of holy wonders', but rather as a museum of past glories..' (Clark 1993, 555-6)

> Indeed our relationship with Britain may well become the more thoroughly "modern relationship" which the British Prime Minister expressed a desire for two years ago. The development of a mature and modern relationship will certainly not be inhibited by recognition of the truth. We are friends with separate destinies to carve out in the world. We are not as we once were, in a parent-child relationship (Keating 1995, 2).

The parent pursued its relationship with other parent nations through the European Union (established in 1993 via expansion of the remit of the EEC) until 2016 when a referendum instigated their eventual withdrawal from the European Union in 2020. In the case of the child, it established ties with its peers, particularly other former child-colonized nations. Economically, the child went on to enjoy greater financial security than the parent, faring better through corporate crashes and financial scandals and the global financial crisis, and outperforming the parent on most measures of national performance. In their continuing efforts to forge accounting standards, both parent and child nations worked closely on the IASC (often voting alike) before adopting International Financial Reporting Standards (IFRS) in 2005. In the UK, the move to IFRS was by de facto, through European Union adoption of the standards, although there were differences between EU accounting and IFRS, whereas certain IFRS for Australia were modified (as AIFRS), but remained IFRS compliant. This final point adds nuance to the findings of this paper, demonstrating that while the child – consistent with the secure branch of attachment theory - ultimately was capable of self-determination, it ultimately arrived at the same destination as its parent, albeit via its own route.

A final conclusion is that this paper relates as much to the interplay of the accounting profession and the state as it does to accounting standards, given the prominent influences of the EEC and the ASRB. Thus, it connects changing environmental issues and circumstances with government intervention, political manoeuvring and lobbying, and declining faith in the accounting profession expressed in the public arena. The work should, therefore, not only inform the literatures on CIAH and accounting standards, but also that which deals with histories of accounting's professional project and the quest for professional legitimacy and professional closure.

An obvious limitation of this study is its reference to two countries. There is therefore scope for further studies to examine the relationship between the UK and its numerous other child nations such as the New Zealand, Canada or the United States (and others). In extending the metaphor, further studies could also delve into the relationship between 'sibling' states. There are also specific elements of this study, such as the relationships between the numerous professional bodies in Australian and the UK and their various merger attempts which could also be explored in terms of the specific reasons for their failures. While this study provides a positive appraisal of the post-colonial parent-child relationship fostering secure attachment and therefore a self-determined child nation, further studies could also target other, less harmonious post-colonial arrangements using attachment theory. Such studies could utilise the anxious ambivalent and anxious avoidant aspects of attachment theory.

Notes

[1] Within the context of attachment theory, secure attachment is considered one of three forms of attachment, the others being 'anxious ambivalent' and 'anxious avoidant'. Anxious ambivalent and anxious avoidant forms of attachment are not used within the metaphor of this paper.

[2] The Australian Society of Accountants (ASA) was formed in 1953 merging antecedent bodies, then incorporating further professional bodies until 1990, becoming the Australian Society of CPAs (ASCPA), and rebranded in 2000 as CPA Australia (CPA Australia 2011).

[3] Excluding the indigenous population as 'Aborigines ... were othered and silenced into an official nothingness. Aborigines were of no apparent consequence to the colonial sense of self ... about as far removed from an Englishman as could be imagined' (McLean 1998: 1). This was the attitude of the period and of later imperial writing on Australian history justifying colonialism (Augustinos, Tuffin and Rapley 1999).

[4] With the exception of companies legislation in the Australian state of Victoria.

[5] The relevant legislation under which this change was enacted was called the *Australia Act 1986* and was passed in both the UK and Australia because of ambiguities over which country had the authority to legislate. The *Act* also removed the ability of the British Parliament to legislate with respect to Australia. The preamble of the Australian version of the *Act* (p.1) refers to Australia as a "sovereign, independent and federal nation".

[6] Accountants in Scotland formed a professional body in 1853 (ICAS), gaining a Royal Charter the following year (see Stacey 1954). It should also be noted that the "Collegio dei Rasonati (College of Accountants) was founded in Venice in 1581 (see Zambon and Zan, 2007).

[7] Gordon and Morris (1996) refer to an Australian Society of Accountants exposure draft on Equity Accounting from 1969, while Leach and Stamp (1981) claim the first British Exposure Draft was published in 1970

[8] The ICAA was constituted by Royal Charter in 1928.

[9] The ASSC was later renamed the Accounting Standards Committee (ASC). For a more extensive review of the ASC see Rutherford (2007).

[10] Known as the Consultative Committee of Accountancy Bodies (CCAB), which published SSAPs and was established in 1974, comprising the ICAEW, Institute of Chartered Accountants of Scotland, Institute of Chartered Accountants in Ireland, Association of Certified Accountants, Institute of Cost and Management Accountants, and Institute of Municipal Treasurers and Accountants (Camfferman and Zeff, 2006: 150-1).

[11] Being SSAP 7 on Constant Purchasing Power accounting, SSAP 11 on deferred tax, and SSAP 16 on Current Cost Accounting.

[12] Based on Coopers & Lybrand (1977, 9), and Nobes and Parker (1985, 237).

[13] It should be noted that to 2000, numerous Financial Reporting Standards (FRSs), which superseded SSAPs, were issued, including major changes to old topics (for example, FRS's 1, 4, 6 and 9) as well as major new standards (for example, FRS's 3, 5, 7, 8, 10-13 and 15).

[14] The Australian Accounting Standards Board was established under section 224 of the *Australian Securities Commission Act 1989* (AARF 1993), and its functions and pwers further detailed in the *Australian Securities and Investments Commission Act 2001* (also see Carnegie, 2009).

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Table 1. Comparative approaches to the development of accounting standards

UK	Australia
Identification of topic	Topic selected
Research study commissioned and conducted	Contractor appointed to prepare discussion paper
Working party formed	Contractor's progress monitored and coordinated by AARF
Initial feedback to ASC	Discussion paper published
Technical drafting and consultation	Key Decisions Questionnaire prepared for completion by Accounting Standards Board
Consideration of draft by the ASC	Preparation of Exposure Draft
Publication of Exposure Draft	Selective exposure of Draft
Exposure period	Comments to Accounting Standards Board for analysis
Summary of comments and decision on future progress	Review of draft by AARF
Redrafting and further consultative meetings by working party	Exposure Draft published
Consideration of draft standard by ASC	Staff Report of comments to Accounting Standards Board for review
Sent to CCAB Councils	Statement of Accounting Standard forwarded to National Councils of ASA and ICAA
Draft standard considered and approved by six Councils	
Standard issued	Standard issued

Source: Development process for UK accounting standards adapted from ASC descriptions and ICAEW Handbook (1985, 9-12), and for Australian accounting standards based on Curran (1983, 53) and Stevenson (1984).

Table 2. Comparative structure of an accounting standard (as at 1985)

UK	Australia
Contents Section	Contents Section
Explanatory Note	Introduction
Definition of Terms	Definitions
-	Discussion
Standard Accounting Practice	Accounting Standards
^Note on Legal Requirements	-
^Compliance with International Accounting Standard	^Compatibility with International Accounting Standard
^Appendices	^Appendices

Items marked ^ were not part of the structure of all standards.

Source: ICAEW Handbook (1985, 9-12), ASA Handbook (1979), and ASA (1986, T4.10).

Table 3. Comparative accounting standards by topic area and date of issue (as of 1985)

Topic area	UK		Australia	
	Year Issued	Standard	Year Issued	Standard
Equity Accounting	1971	SSAP 1	1983	AAS14
Disclosure of Accounting Policies	1971	SSAP 2	1977	AAS6
Earnings per Share	1972	SSAP 3	-	-
Government Grants	1974	SSAP 4	-	-
Value Added Taxation	1974	SSAP 5	-	-
Profit and Loss Statements	1974	SSAP 6	1973	AAS1
Constant Purchasing Power Accounting	-	SSAP 7 (aborted standard)	-	-
Taxation under Imputation System	1974	SSAP 8	-	-
Inventories	1975	SSAP 9	1976	AAS2
Funds Statements	1975	SSAP 10	1983	AAS12
Deferred Taxation	1978	SSAP 11 (withdrawn 1978) SSAP 15	1976	AAS3
Depreciation	1977	SSAP 12	1974	AAS4
Research and Development Costs	1977	SSAP 13	1983	AAS13
Group Accounts	1978	SSAP 14	-	-
Current Cost Accounting	1980	SSAP 16 (suspended 1985)	1984	SAP1
Post Balance Date Events	1980	SSAP 17	1978	AAS8
Contingencies	1980	SSAP 18	-	-
Investment Properties	1981	SSAP 19	-	-
Foreign Currency Translation	1983	SSAP 20	1985	AAS20
Leases	1984	SSAP 21	1984	AAS17
Goodwill	1984	SSAP 22	1984	AAS18

Mergers and Acquisitions	1985	SSAP 23	1985	AAS21
Materiality	-	-	1974	AAS5
Extractive Industries	-	-	1976	AAS7
Expenditure Carried Forward	-	-	1972	AAS9
Revaluations	-	-	1983	AAS10
Construction Contracts	-	Covered (in part only) by SSAP 9	1983	AAS11
Disclosure of Operating Revenue	-	-	1984	AAS15
Segment Reporting	-	-	1984	AAS16
Joint Ventures	-	Covered (in part only) by SSAP 1	1985	AAS19

Source: Data compiled from ICAEW Handbook (1985), ASA Handbook (1979), and ASA (1986).

Table 4. Comparative provisions of accounting standards (as of 1985)

Topic	UK	Australia
Equity Accounting (Equivalent standards)	Use in consolidated accounts.	Same methods and recommendations, but to be used in supplementary accounts.
Disclosure of Accounting Policies (Equivalent standards)	Accounting principles to be determined with reference to: going concern, accruals, consistency, and prudence. Departures from accepted practice to be disclosed. An explanation of accounting policies should be given.	Accounting principles to be determined with reference to: relevance, materiality, consistency, prudence, and substance over form. Departures from accepted practice to be disclosed. A summary of accounting policies should be given
Profit and Loss Statements (Equivalent standards)	Disclose extraordinary items net of tax. Restate for prior year's adjustments. Disclose separately profit before extraordinary items and before taxation. Disclose retained profits and reserves, including prior year's adjustments.	Disclose extraordinary items net of tax. Specify when an item affects other periods. Disclose separately operating profit, extraordinary items and taxation. Show appropriations and transfers to and from reserves.
Inventories (Equivalent standards)	Value at lower of cost or net realizable value. Sub-classify in balance sheet. Disclose valuation method.	Value at lower of cost or net realizable value. Sub-classify in balance sheet. Disclose valuation method.
Funds Statements (Different requirements for measurement or valuation)	*Use working capital approach.* Need only present group funds statement.	*Use all financial resources method.* Need only present consolidated funds statement.

Deferred Taxation (Different requirements for measurement or valuation)	Use liability method. Adjust for changes in tax rates. *Partial allocation.*	Use liability method. Adjust for changes in tax rates. *Comprehensive allocation.*
Depreciation (Different requirements for disclosures)	Deprecation is an allocation of cost over periods expected to benefit from an asset's use. Effect of changes due to reassessment of asset's life, revaluation etc. should be disclosed. *Accounts should disclose method, life and depreciation rate.*	Depreciation is an allocation of cost over useful life. Effect of changes due to reassessment of asset's life, revaluations etc. should be disclosed. -
Research and Development Costs Construction Contracts (Different requirements for measurement or valuation *and* disclosures)	*Research to be written-off in current period and development to be written-off in current period unless project is technically feasible, viable etc.* *Disclose unamortised development expenditure.*	*Research and development to be expensed in current period unless future benefits will exceed costs.* *Disclose deferred research and development costs and basis of amortisation.*
Current Cost Accounting	See Table 5	See Table 5
Post Balance Date Events (Different requirements for disclosures)	If an event is material, disclose nature and financial effect. *Tax effect should also be disclosed.*	If an event is material, disclose nature and financial effect. -
Foreign Currency Translation (Different requirements for measurement or valuation)	*Use closing rate method.* *Exchange differences on hedges go to P&L or in some circumstances to reserves.*	*Use temporal method for integrated operations and closing rate method for self-sustaining operations.* *Exchange differences on hedges generally go to P&L .*

Leases (Different requirements for measurement or valuation *and* disclosures)	Lessee - record asset and liability at present value for a finance lease and depreciate over life of lease. Expense operating lease over life on a straight-line basis. *Lessor - record finance lease at net investment as a debtor.* Special methods specified for accounting for lessor's tax free grants. Lessee - disclose gross amount and depreciation and future payments shown separately *or with other liabilities.* *Lessor - disclose policy for accounting for leases, rentals receivable and cost of assets leased.*	Lessee - record asset and liability at present value for a finance lease and amortize over life. Expense operating lease over life. *Lessor - record finance lease at present value as a receivable.* - Lessee - disclose gross amount and amortization and future payments shown separately. *Lessor - disclose investment in leases.*
Goodwill (Different requirements for measurement or valuation *and* disclosures)	No recognition of non-purchased goodwill. Goodwill is the difference between consideration and fair value of asset. *Goodwill can be amortized over economic life*[1] *or written-off immediately.*	No recognition of internally generated goodwill. Goodwill is the difference between consideration and fair value of asset. *Goodwill should be amortized (maximum period of 20 years).*

[1] But this option was practiced by a minority (see Choi and Bavishi 1982).

Mergers and Acquisitions Foreign Currency Translation (Different requirements for measurement or valuation)	*Use purchase method, but pooling method allowed in some circumstances.* *Goodwill treated in accordance with SSAP 22.*	*Use purchase method – pooling method is not allowed.* *Goodwill treated in accordance with AAS18.*
Construction Contracts (Different requirements for measurement or valuation *and* disclosures)	*No method specified.* Recognize foreseeable losses. Disclose amount of work-in-progress and billings received and receivable.	*Use percentage of completion method.* Recognize foreseeable losses. Disclose amount *and basis* of work-in-progress and cash received and receivable.
Joint Ventures Foreign Currency Translation (Different requirements for measurement or valuation)	*As for equity accounting under SSAP 1.*	*Each venture to show their share of assets, liabilities and expenses.*

Table 5. Comparative developments in statements on inflation accounting, 1970-1985

Date	UK	Australia
1970-72	-	-
1973	ED8 on CPP (accounting for general price level changes) for use in supplementary accounts	-
1974	SSAP 7 Preliminary standard (based on ED8)	Preliminary ED on CPP for use in supplementary accounts
1975	-	Preliminary ED on CVA (accounting for changes in specific prices) for use in main accounts
1976	ED18 on CCA for use in main accounts, including adjustments for gains and losses on monetary items and to be implemented on a compulsory basis	PAS1 on CCA
1977	Interim Recommendation on CCA (based on ED18), but with implementation on a voluntary basis, with changes also made to the calculation of depreciation and cost of goods sold, and introduction of a gearing adjustment	-
1978	-	PAS1 amended for use in supplementary accounts, to be implemented on a voluntary basis, and then an ED, based on PAS1, including adjustments for gains and losses on monetary items
1979	ED24 (based on Interim Recommendation) applicable only to companies with above minimum turnover	-
1980	SSAP 16 (based on ED24) applicable only to companies with above minimum turnover, total assets and total employees	-
1981-82	-	-

1983	-	SAP1 on CCA for use in supplementary accounts, including adjustments for gains and losses on monetary items and for implementation on a voluntary basis
1984	ED35 on CCA (based on SSAP 16), with balance sheet not required, size test dropped, and inapplicable to private companies	-
1985	SSAP 16 withdrawn without replacement.	

Reviewer 1

Reviewer Comment	Response
1. "Attachment theory" appears on page 3, but is not explained when first mentioned, nor really at any stage. A few sentences on it could be added. Connected to this, I think that it would be useful if the author could frame a research question here, and answer it by the end of the paper.	The section on attachment theory has been expanded on pages 3-6. The use of this theory as metaphor has also been expanded in this section of the paper. It keeping with the thrust of many of the suggestions, the attachment theory metaphor has been expanded throughout the paper to encompass the notion that while adult children become independent, they also inherent and maintain similar traits to their parents.
2. The use of the terms "measurement" and "valuation" needs some attention. UK GAAP used "valuation" (e.g. FRS 15, para. 53) to mean the same as "measurement" in IFRS (e.g. IAS 16, para. 29), although IFRS also referred to "revaluation" (e.g. IAS 16, para. 31). Anyway, it is not necessary to use both words (as, for example, in line 5 of page 7). On the other hand, the author has omitted "recognition". It might be better to say "recognition, measurement, presentation and disclosure". On page 23, we get "measurement/valuation" and even "mensuration and valuation", which is not helpful.	Changes have been made to each of these terms as per the reviewer's suggestion.
3. The use of the terms "Britain", "England", etc. also needs some attention, as follows: (i) (p.8, line 14) probably "United Kingdom" not "Britain". (ii) (p.9, lines 16 and 19) "British" not "English". (iii) (p.9, line 21) "English" not "British" (Scotland has Roman law, although the same Companies Acts). (iv) (p.11, line 13) "British" not "English". (v) (p.11, line 15) "ICAEW" not "UK professional bodies".	These terms have been changed as per the reviewer's suggestion.
4. (p.10, end) ICAS was the first independent or non-state professional body. The author might like to footnote that the professional body of auditors (Collegio dei Rasonati) of the Arsenale in Venice was founded in 1581 (as explained in various publications by Stefano Zambon).	Footnote (6) has been included.
5. (p.11, lines 4 – 6) The sentence beginning "However" needs some re-phrasing. The point that the Australians led the UK in the practice of issuing EDs does not come through. More detail is needed here.	This section has been re-written, now at the top of page 16.
6. I don't think that the UK problems were about "mendacious" accounting (p.12). There were errors of fact and large discrepancies of opinion. The author should provide more references.	This is now the bottom para of p. 17. The word mendacious has been removed and Jones (2011) has been cited as support.
7. The sentence (p.13, end) about SSAP 1 being highly controversial is unclear. Was it highly controversial that it was the first standard? I don't think so. References are needed.	This sentence is now at the top of p. 19. It has been re-written with further reference to Leach and Stamp (1981).
8. The sentence about "decision-usefulness" (p.15) makes little sense to me. How could the purpose of financial reporting be chosen any other way than normatively? Why is "decision-usefulness" a contrast to "true and fair view" (TFV)? Surely, a TFV for the purpose of decisions could make sense, and is approximately the present position for Australian and UK auditors of IFRS statements.	See para on bottom of p.20/top of p.21. The term 'normative' has been removed and some words clarifying variance between true and fair and decision usefulness have been inserted.
9. (pp. 16, 17) The impact of the EEC on UK accounting came through company law, so the "law" but "accounting" is a false contrast on page 16. We do not need "accounting" as well as "financial reporting". The latter will suffice. On page 17, it would be clearer to say "the EEC Fourth Directive on company law". There were lots of other series of Directives.	First sentence of para 1 p. 22 has been amended.
10. I think that the Nair/Frank point (p.16) is wrong. Nair/Frank's classification uses Price Waterhouse data which were deliberately chosen (by PW) to reveal differences between US and UK accounting. The resulting classification of Australia and the UK cannot be relied on. Further, the 1973 data had more 'practices' than the 1975 data. For both reasons, the change in classification cannot be relied on. Anyway, Australia and the UK are	Para 1 & 2 p. 22 has been changed to reflect this suggestion that the split occurred in the 1980s. The reference to SSAP 1 being "significant" has been removed.

together in the 1975 'measurement' table of NF. Why does the author only tell us about the result that suits the author's hypothesis? What about Nobes (1983, JBFA) and Doupnik and Salter (1993, JIBS), who still show Australia and the UK together? More to the point, the EEC surely had no effect on UK accounting between 1973 and 1975 (or perhaps between 1972 and 1974, allowing some time for PW data-gathering and publication). The fourth Directive was not finalised until 1978 and not put into law until 1981. It is just not reasonable to expect any effect by 1974/5. Why is it "significant" that SSAP 1 was released when the UK became an EEC observer? What influence did the EEC have on equity accounting? I think that Parker's date of split (1980s) is much more convincing. Parker knows a lot about Australian and UK accounting, unlike Nair/Frank (whom I guess knew very little).	
11. As SSAP 20 was not published until 1983, in what sense did the Directive cause it to be "revised" (p.17)?	Para 2 p. 23, Bromwich and Hopwood (1983) is cited in support. Specifically, the Department of Trade had taken on a role as guardian of the Fourth Directive and an resisted the ED of Foreign Exchange.
12. Ireland needs a mention somewhere. The author refers to the six bodies (p.20), but one was Irish. See, also page 27. The "mid-1980s" is not quite right. I think that the 1989 Act caused the change.	See para 2. p.26 for these changes.
13. The discussion of UK standards contains several inaccuracies: (i) (p.22) ED 16 was not about revaluations. It was about extraordinary items. (ii) It is not correct to say that there were no UK standards on asset revaluations. SSAP 19 (of 1981) requires annual revaluations of investment properties. This completely contradicts the author's point about historical cost. The Directive allowed all sorts of ways of revaluing (Art. 33), as did the consequent 1981 Act. Revaluation of other PPE was also common. The point comes up again on page 25. (iii) In my view, the Australian and UK standards on equity accounting were not "equivalent". The UK standard caused assets and earnings to change, the Australian one did not. This point increases the power of the author's comparisons of the UK and Australia. (iv) CPP was "current" not "constant" purchasing power. The discussion on inflation accounting could include references to the CUP books by Tweedie/Whittington and Whittington. These show that (compared to other countries, except perhaps New Zealand) the UK and Australian responses were very similar. (v) (p.23) Rutherford gives examples of the bargaining between the Institutes. (vi) (p.28) The author misunderstands a major issue about "moved away from formal standards". The ASC did not do this. It added SORPs on "lesser subjects". The description of AGRs looks similar to SORPs. I am constantly struck by Australia/UK similarities not differences. If Atchley really referred to segment reporting as "lesser" that is contradicted by the publication of SSAP 25. The pension standard (SSAP 24) was also major. Furthermore, in the last few years of its life (after SSAP 23), the ASC revised SSAPs 6, 9, 12, 13 and 22. It also issued EDs on intangibles, financial instruments, the substance of transactions, related party transactions, cash flow statements and goodwill. Many of these formed the basis of later ASB standards. The ASC might have slowed in issuing wholly new standards but it was still working hard on standards. (vii) The author's comments (page 30) about the ASB's work also make no sense. What does it mean to say that "virtually all" FRSs were "re-titled SSAPs"? This is completely wrong. The ASB did not need to do any "reworking" for the 1985 Act, which merely consolidated the 1981 Act. FRSs 1, 4, 6 and 9 were all major changes to old topics. FRSs 3, 4, 5, 7, 8, 10, 11, 12, 13, 15 were all major	i) Amended (p. 28) ii) These references to UK standards not permitting revaluations have been removed. iii) Top of p. 29 it is acknowledged that standards ostensibly dealing with similar matters had variations. iv) Amended p.31. v) Top of p. 33 refers to UK professional bodies bargaining. vi) Amended discussion of SORP's now discussed on p. 36 including an acknowledgement of similarities with Australian AGR's. vi) The ongoing work of the ASC into the 1990s is acknowledged (pp. 37-38).

new standards. The author's contrast with Australia in the 1990s is therefore completely wrong.	
14. In general, I think that the author overstates the case. I agree with the overall thesis that there has been a gradual moving apart of Australia and the UK, particularly as a result of the EU (but from the 1980s not the 1970s). However, the author cherry-picks the bits of evidence that favour this point. When compared to any other country, Australia still seems close to the UK. Compared to Germany, France or Japan (or even Canada and the US), there were still remarkable similarities between Australia and the UK throughout the period. The inflation accounting episode of the late 1970s onwards is a good example. At the IASC up until 2000 (while the two countries were still "represented", unlike at the IASB), Australia and the UK nearly always argued and voted alike. Sometimes, they were in a minority of two (e.g. in the late 1990s, in their opposition to IASs 19 (revised) and 39). The members of the IASB were then, in effect, chosen by a UK/Australia team (Tweedie/Spencer) and (arguably) the technical core of the early IASB was a coterie of UK/Australian people (Tweedie/Whittington/McGregor/ Stevenson). I suggest that there has been no such other close accounting alliance of two powerful countries. So, the attachment theory can be taken one stage further: after the adolescent leaves home, there often remains a very close bond and many family likenesses (which become obvious when comparisons are made with other individuals who are less closely related or are not related at all).	At attempt has been made to add nuance to the discussion through out the paper in this regard while maintaining the parent child metaphor. The central tenet of the argument is that the child nation has inherited characteristics/similarities of the parent while being able to forge its own path. The point is consistent with the secure attachment branch of attachment theory where parents that foster secure attachment can raise self-determined adult children who are able to engage in mature relationships with their parents into adulthood.
Details (i) The title is rather odd: "British decolonisation" seems to imply that the British were actively decolonising. I suggest deleting the word "British". (ii) In my view the paper is slightly too wordy at various points. Why not "environments" or "contexts" rather than "environmental contexts" in the Abstract; "began" instead of "commenced" on page 1; "events" instead of "happenings" on page 2. On the last line of page 4 (and p.27), I suggest avoiding the verb "to foreground", which is (incidentally) part of a very verbose sentence. Do we really need "effectuating praxis" on p.30? (iii) (p.4, line 16) "it" should be "its". (iv) (p.6, line 6) "homogeneous" not "homogenous". (v) (p.16, line 3) "accession to" would be better than "concordat with". (vi) (p.25 and elsewhere) "historical cost" not "historic cost".	i) Title has been changed to 'The decolonisation of Australian accounting standards: Attachment, maturation and divergence' ii-vi) An attempt has been to amend the overly complex use of language throughout the paper by incorporating the suggested (and other) changes.

In addition to the above, a research question has been articulated on p.2 and revisited in the conclusion.

Reviewer 2

Comments	Response
I am not yet convinced that the use of attachment theory has been sufficiently well justified in the paper. This literature is most easily applied when considering personal relationships and in a business setting in cases of dealing with clients etc. It is quite ambitious in my view to then extrapolate this theory to a much more macro setting, namely, the development of accounting standards in different countries. Accordingly, I think more work needs to be done on this justification and relevance to the topic.	As per Reviewer 1's comments above, see pp. 3-6
I think that much of the upfront discussion implies that Australia (as the 'child' under attachment theory) gradually removed itself from a dependent relationship with the UK its 'parent'. Based on the evidence presented such as the rise of influence of the EU on the UK, it could just as easily be argued that the UK moved away from Australia and so Australia had little choice but to innovate on its own devices. Hence, it a two-way de-attachment process. This view was asserted by Parker (1982, 427) as you noted on pg. 18 as follows: 'in the 1980's British [company] law and [accounting] practice is moving faster away from that of Australia than Australian law and practice is moving away from that of Britain'. Not only was the child-nation maturing, but the	An attempt has been made throughout the paper to highlight that the UK went through a process of re-socialisation, for instance, with fellow parent nations within the EEC. This has been done within the parent child metaphor, where once a child has become self-determined, parents often go through a process of resocialisation themselves. This was quite a pervasive change to the paper.

parent-nation was going through a process of resocialisation, linking into a different geo-political sphere.	
On pg. 6 you state, “Historically, macro-environmental conditions such as underlying political, legal, and economic structures in the UK and Australia were relatively homogenous”. I think that this is quite contestable as an argument when one considers the UK’s integration into the EU during the period of your study and the undoubted profound impact of that. Australia had nothing as significant occurring during the period. The analysis of the rising impact of the EU and its regulations on the UK is well discussed later in the paper but I would like to see some recognition of this early on in the paper. Moreover, you later on suggest that APEC and ASEAN were influences on Australia like the EU with the UK but these were very limited ones in my view when compared to the EU with its heavy legal and political influences on almost all aspects of the UK economic world. Such a comparison is over-stated I think.	p. 10 this it clarified that the homogeneity refers to the period prior to the UK joining the EEC. Reference to APEC/ASEAN has been removed.
I think that the rising influence of international accounting standards and the IASB (and its predecessor organisations) on the Australian scene was largely ignored in the body of the paper. While this does have some discussion on the last page of the paper it needs some more analysis within. Similarly, the increasing influence of the US is not well considered. I therefore suggest that these two important influences be given there due regard in the body of the paper.	Additional sentences have been added to para 1, p.23 to acknowledge the influence of the USA and Australian involvement with International standards.
On pg. 10 where you discuss the events of the 1960s in Australia and the fallout from the accounting scandals you should mention the formation of the AARF as a counter by the accounting profession to the criticisms. The AARF is discussed later on but should be mentioned here.	See p. 14 para 1, where the origins of the AARF are discussed with reference to the then state of the accounting profession.
On pg. 23 you summarise your analysis of standards as reported in Table 4. I think that you should give some greater detail about how you went about this standard by standard, cross-country comparison.	Some more detail has been provided on the bottom of p. 29.
On pg. 24-5 you provide a case study of inflation accounting to prove your point about the shifting approaches of the two countries. I think that one needs to be careful about this comparison. Professor Ray Chambers was at the forefront of this debate in Australia at the time and had significant influence. I note you mention him with regard to the Accounting Standards Review Committee. Hence, Australia’s approach was heavily influenced by his strong views on this matter and this needs to be recognised explicitly as I think that Australia’s approach may have reflected his considerable influence at the time as much as any deliberate move away from the UK. Others have written a lot about this area with regard to Chambers.	The contribution of Chambers to this policy debate is acknowledged on p.32
On pg. 27 you mention the disparate nature of the accounting profession in the UK and Australia – especially the competing accounting bodies. Some mention should be made of why these mergers seem to fail in both countries. Was it for similar reasons?	Para 1 p.35 discusses some of the issues around merger attempts including additional references.
Your Conclusion section is somewhat deficient at present. What about avenues for future research/ limitations of the study?	The conclusion has been developed including reference to limitations and avenues for further study (pp.38-41)