

https://dspace.org/

IFRS 10 and IFRS 12: Motifs of panopticism

Van Zijl, Wayne

2014-03-10
http://hdl.handle.net10539/14077

Downloaded from a DSpace repository. https://dspace.org/

IFRS 10 and IFRS 12: Motifs of Panopticism

A research report submitted by

Wayne van Zijl

In partial fulfilment of the Degree: Master of Commerce

Ethics Number: CACCN/1025

Student number: 302472

Tel: 072 160 1601

Supervisor: Warren Maroun

School of Accountancy

2013

Declaration

I hereby declare that this research report is my own unaided work. It is submitted in partial fulfillment of the degree of Master of Commerce by Coursework and Research Report at the University of the Witwatersrand, Johannesburg. It has not been submitted elsewhere for the purpose of being awarded another degree or for examination purposes at any other university.



Wayne van Zijl

26 March 2013

Contents

I List of abbreviations and acronyms **5**

II List of referenced accounting standards **6**

III Abstract **7**

1. Introduction **8**

1.1 Purpose, context and significance of the study **8**

1.2 Structure of the thesis **10**

1.2 Research question **11**

1.3 Assumptions **11**

1.4 Delimitations **12**

2. Theoretical and analytical framework **12**

2.1 Foucauldian concept of Disciplinary Power and Control **13**

2.1.1 The Principle of Enclosure 14

2.1.2 The Principle of the Efficient Body 15

2.1.3 The Principle of Disciplinary Power and Control 16

2.2 Elements of Foucault's theory of power and control in management accounting **19**

2.3 The need for a revised consolidation standard **22**

2.3.1 IAS 27 (2008) and the introduction of IFRS 10 22

2.3.2 IFRS 12: Additional disclosure to complement IFRS 10 26

2.4 Motifs of panopticism in IFRS 10 and IFRS 12? **28**

3. Method **30**

3.1 Research paradigm **31**

3.2 Method: Detailed interviews **31**

3.2.1 Sample **33**

3.2.2 Ethical considerations **34**

3.3 Data collection **34**

3.4 Data analysis **36**

3.5 Limitations **37**

3.6 Summary **38**

4. Findings **38**

4.1 Principles of Enclosure and the Efficient Body **38**

4.2 Disciplinary Power and Control: surveillance, examination and normalizing sanction **45**

4.3 Limitations of Panopticism - resistance 50

5. Conclusion 52

5.1 Summarising comments 53

5.2 Contribution of the thesis 54

5.3 Limitations and areas for future research 54

IV Acknowledgements 56

V List of references 57

VI Appendix 1 – Interview agenda 61

VII Appendix 2 – Ethics clearance 62

I List of abbreviations and acronyms

Abbreviation / Acronyms	Description
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
IASB	International Accounting Standards Board
SPV/SPE	Special Purpose Vehicle / Entity
FRIP	Financial Reporting Investigation Panel
IFRIC	International Financial Reporting Interpretation Committee
IASC	International Accounting Standards Committee
FASB	Financial Accounting Standards Board (USA)
CEO / CFO	Chief Executive / Financial Officer
Big Four	Refers to the 4 biggest auditing firms in South Africa namely: Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers (in alphabetical order)

II List of referenced accounting standards

Standard	Description
Conceptual Framework	Conceptual Framework for Financial Reporting
IAS 1	Presentation of Financial Statements
IAS 27 (2008)	International Accounting Standard 27: Consolidated and Separate Financial Statements
SIC 12	Standing Interpretations Committee 12: Special Purpose Entities
IFRS 10	International Financial Reporting Standard 10: Consolidated Financial Statements
IFRS 12	International Financial Reporting Standard 12: Disclosure of Interests in Other Entities

III Abstract

Recent changes to the IFRS may not be motivated only by economic rationality. Using IFRS 10 and IFRS 12 as a case study, this thesis argues that powerful social and institutional forces are also at work. Grounded in a critical epistemology, the research employs a Foucauldian theoretical framework to demonstrate how elements of enclosure, efficient bodies and Disciplinary Power and Control characterise these recently released accounting standards. Detailed interviews with a sample of some of South Africa's leading accounting and corporate governance experts are used to explicate the subtle operation of Foucauldian theories of transparency and accountability which, due to the prevalence of positivism and agency theory, have been largely ignored in a financial reporting setting.

In challenging the position that accounting is a neutral means of gathering and reporting information to support efficient allocations of capital, this thesis adds to the critical body of financial reporting research. The research is among the few papers to examine financial reporting inspired by Foucault's model of Disciplinary Power and Control. Concurrently, it responds to the call for critically-inspired research in non-Anglo-Saxon settings by exploring financial reporting in a South African context. As an added benefit, given the recent release of IFRS 10 and IFRS 12, the thesis offers *the first* account of these standards free of positivist dogmas.

1. Introduction

1.1 Purpose, context and significance of the study

Amidst the financial crisis of 2007, the IASB expedited a project on its agenda[1] to re-visit consolidation principles – specifically divergence in practice when applying IAS 27 and SIC 12 (IASB, 2011a, para IN3-5). What a series of corporate failures, particularly in the USA[2], highlighted was that an apparent tension between these two accounting standards was leading to preparers excluding entities from consolidated financial statements, despite significant exposure to economic risk and underlying residual interests in the respective companies. The result of these structured entities being excluded from the consolidated incomes, expenses, assets and liabilities of the group was that the economic reality of underlying business relationships was not being communicated faithfully to users of the financials (IASB, 2010a; IASB, 2011a). This lack of transparency is addressed in IFRS 10, read with IFRS 12, which aim to produce higher quality and more useful IFRS-compliant financial statements (IASB, 2011a; Grant Thornton, 2012).

As major corporations are more often than not made up of a number of subsidiary companies, consolidation principles play a key role in defining how entities will present financial information to creditors, investors and other capital providers. With this in mind, it is important that detailed guidance be in place to ensure that entities are consolidated when they are effectively under the control of another, to safeguard faithful presentation of annual reports (IASB, 2011b). In this light, IFRS 10 and IFRS 12 provide copious guidance on when one entity needs to consolidate with another, as well as the consolidation principles and necessary disclosure (IASB, 2011a; IASB, 2011b). In addition, auditing firms have already published volumes of technical information – guides to IFRS 10 and IFRS 12 – to help preparers correctly apply IFRS 10 and IFRS 12 in their respective auditing firms' views.

While these guides are useful for providing a technical understanding of IFRS 10 and IFRS 12, they fail to provide a conceptual account of the rationale for introducing the new consolidation standard

[1] The IASB has had the consolidation project on its agenda since June 2003 with the exposure draft of IFRS 10 being released for public comment on 18th December 2008 (PricewaterhouseCoopers, 2012).

[2] Although the USA does not use IFRS, the IASB drew on experiences and lessons learnt from the USA and also has a tradition of working with the USA (R1).

and related disclosure[3]. As a result, this thesis does not examine in detail the mechanical functioning of the standards or guides. Instead, it is grounded in a critical epistemology to evaluate more subtle characteristics of the IFRS that, to date, have gone unnoticed. More specifically, using Foucault's model of Disciplinary Power and Control as a theoretical lens, this thesis investigates motifs of Disciplinary Power and Control inherent in IFRS 10 and related disclosure requirements of IFRS 12.

Foucault's theory of Disciplinary Power and Control has been used in numerous disciplines, including management accounting, because of its ability to 'disturb what is taken for granted and regarded as self-evident' (Hopper and Macintosh, 1993; Walsh and Stewart, 1993; Cowton and Dopson, 2002, p. 193). There is, however, little if any literature adopting a Foucauldian lens to examine IFRS. Although Foucault himself did not write directly on accounting (Cowton and Dopson, 2002), his theories may provide valuable insight into the practical world of financial reporting in an increasingly complex business environment.

The prevalence of agency theory in much of the prior accounting research (Ahrens et al, 2008; Brennan and Solomon, 2008; Coetsee, 2011; Maroun, 2012) means that we know comparatively little about accounting beyond the narrow constructs of rational utility maximisers or the quest for economic efficiency (Jensen and Meckling, 1976; Barth, 2008) and even less about financial reporting in non-Anglo-Saxon settings (Brennan and Solomon, 2008). A resulting lack of theoretical, methodological and 'contextual' eclecticism has hindered the development of a holistic account of corporate-governance-based research (Llewelyn, 1996; Llewelyn, 2003; Brennan and Solomon, 2008; Humphrey, 2008). In particular, much of the current body of financial reporting literature assumes that the drive for economic rationality is the main force at work. There are few authors that question this entrenched belief (Moore, 1991; Carruthers, 1995). Modern society is, however, far more complex and dynamic than currently envisaged. There are no fixed 'truths' that can be left unchallenged over time. Therefore, more research dealing with this ever-changing reality is needed which persistently questions the current *status quo* (Section 1.4; Walsh and Stewart, 1993; Rodrigues and Craig, 2007; O'Dwyer et al, 2011; Danjou, 2013).

This thesis adds to the body of scholarly work that does not assume that accounting is merely a reflexive action to modernity (Walsh and Stewart, 1993). On the contrary, complex social and institutional forces are also at work (Carruthers, 1995), with the result that traditional positivist insights do not provide a complete account of recent financial reporting developments (Carruthers, 1995; Brivot and Gendron, 2011; Georgiou and Jack, 2011).

[3] The guides are also produced by the mid to large auditing firms with the result that there is an inevitable risk of professional bias and self-serving (Power, 2003).

In addition, as IFRS is required or permitted for use by more than 100 jurisdictions, with 120 more countries soon to follow, (Danjou, 2013), recent developments in this accounting framework represent a significant factor in global commercial business. In the interest of transparency and faithful financial reporting, it is important that these newly released standards be studied in detail and be critically evaluated (van Zijl and Maroun, 2012). To do this, more is needed than just a review of the technicalities of the standards or an 'objective' positivist assessment of the economic effects of IFRS 10 and IFRS 12. To understand fully the implications of these standards, critical research perspectives are equally important (Moore, 1991). A critical account of IFRS 10 and IFRS 12 is crucial to assisting the IASB's stated objective of achieving a

> 'single set of high-quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles' (Danjou, 2013, p. 24).

Cowton and Dopson (2002) discuss how past authors have used individual case studies and 'Foucauldian motifs [to] illuminate practice' (Cowton and Dopson, 2002, p. 195). This thesis uses detailed interviews with some of South Africa's leading financial reporting specialists to shed light on the operational effects of IFRS 10 and related disclosure requirements of IFRS 12. The thesis will contribute to the scant body of critical or exploratory accounting research and is one of the first studies to address this recent and relatively technical development in financial reporting, adding to the critical body of corporate governance research in general (Brennan and Solomon, 2008). By exploring IFRS 10 in a South African setting, the research also provides one of the first accounts of financial reporting from an African point of view which does not lack a critical bite and exploratory potential due to over-reliance on positivist perspectives[4] (Hopper and Macintosh, 1993; Llewelyn, 2003; Maroun, 2012).

1.2 Structure of the thesis

Section 2.1 examines the prior literature on Foucauldian theories of Disciplinary Power and Control, providing a brief overview of Foucault's model of Disciplinary Power and Control to provide the theoretical foundation for this thesis. Section 2.2 identifies how Foucauldian theory has been used in management accounting and, therefore, how it can be used in a similar fashion to investigate IFRS 10 and IFRS 12. Then, IFRS 10 and IFRS 12 are described to provide a non-technical account of the

[4] Per the International Corporate Governance Conference (2012), this thesis is possibly *the first* example of critical financial reporting research based in a South African setting.

operational requirements of the standards and highlight their historical background (Section 2.3). Finally, Section 2.4 forms the initial links between Foucauldian Disciplinary Power and Control, and IFRS 10 and IFRS 12. With the research grounded in the prior professional and academic literature, Chapter 3 then explains the research method and methodology.

The thesis uses detailed interviews with experienced professionals and academics to obtain a well-balanced picture, applying a Foucauldian lens, of the operation of IFRS 10 and IFRS 12 (Chapter 3). Section 3.1 explains the rationale for using a critical/interpretive research paradigm. Section 3.2 elaborates on the design of the research interviews, including sample selection, ethical considerations, validity and reliability safeguards and the advantages and disadvantages of conducting interviews.

The findings are discussed at length in Chapter 4 while Section 5.1 summarises the objectives of the research, key findings and closing remarks. Section 5.2 provides the research contribution and Section 5.3 concludes this thesis with research limitations and areas for additional research.

1.2 Research question

Are the operational effects of IFRS 10, combined with the related disclosures per IFRS 12, reminiscent of Foucauldian Disciplinary Power and Control[5]?

1.3 Assumptions[6]

This study assumes that modern society is not characterised by a unique 'truth'. Rather, what is 'true' is socially constructed and subject to change as society changes (Walsh and Stewart, 1993; Hopwood, 2000; Rodrigues and Craig, 2007; O'Dwyer et al, 2011). Following the belief that society is characterised by no singular, stationary 'truth', Foucauldian notions of Disciplinary Power and Control can more aptly be considered when delving into the operational effects of IFRS 10 and IFRS 12 without introducing traditional mainstream pre-conceptions.

[5] IFRS 10 and IFRS 12 were not effective at the time of the writing of this research. However, as IFRS 10 and IFRS 12 are essentially revisions of IAS 27, experts were able to provide valuable insights as to expectations about the operational effects of IFRS 10 and IFRS 12 based on prior experience with consolidation principles and financial reporting. Further respondents confirmed that, although these standards were not yet applicable, the practical implications of future adoption by clients was already under review (Section 5.3).

[6] Creswell (2009) recommends presenting the research epistemology explicitly as a validity and reliability safeguard.

1.4 Delimitations[7]

This research uses only a Foucauldian theoretical framework to explore the operation of IFRS 10 and related disclosure in IFRS 12. Other perspectives, grounded in models of economic rationality or institutional theories, such as theories of legitimacy or modernity, are not applied. The research also does not deal explicitly with political power discourse. In addition, a critique of Foucauldian theory and associated accounting research is not within the scope of this thesis. Lastly, it has been noted in prior literature that Foucauldian Disciplinary Power and Control may be limited in its ability to 'interrogate the particularities of change and choice' (Cowton and Dopson, 2002, p. 193). This does not pose a material threat to this thesis as that is not its aim.

These restrictions are needed to ensure focus on the subject matter (Hopper and Macintosh, 1993). In other words, this thesis examines IFRS 10 and IFRS 12 through a Foucauldian lens and is **not** a case study for Foucauldian theory.

2. Theoretical and analytical framework

> 'Let us say that discipline is the unitary technique by which the body is reduced as a "political" force at the least cost and maximized as a useful force' (Foucault, 1977, p. 220-221).

The purpose of this chapter is to ground this thesis in the prior academic work, employing a Foucauldian framework. Section 2.1 discusses Foucault's model of power and control, explaining the operation of principles of enclosure, the efficient body and Disciplinary Power and Control. This section reviews the prior accounting research that has employed a Foucauldian framework. Section 2.2 facilitates links drawn between Foucauldian Disciplinary Power and Control and consolidation principles contained in IFRS 10 by highlighting how Foucauldian theory has been utilized in management accounting. Section 2.3 provides a brief history of IAS 27 and SIC 12, followed by a summary of the requirements of IFRS 10 and IFRS 12, and provides a brief account of the rationale for the introduction of these recently released accounting standards.

The aim of this section is not to provide a complete account of Foucauldian-inspired accounting research but simply to set the scene for an analysis of IFRS 10 and IFRS 12 inspired by *Discipline and Punish: the Birth of the Prison*. To this end, Section 2.4 makes initial arguments for how the

[7] Creswell (2009) recommends that delimitations be defined at the outset to avoid the purpose of the research being misunderstood by readers.

operational effects of these two accounting standards may be reminiscent of Foucauldian power and control.

2.1 Foucauldian concept of Disciplinary Power and Control

According to Foucault (1977), individuals can be made 'object[s] and [the] target of power' (Foucault, 1977, p. 136). By making individuals objects they can be made docile and obedient, efficiencies can be utilised through detailed presciptions in the training of and order given to individiuals on how to carry out tasks. In turn, they would become 'more skilful and effective' through the use of disciplinary technologies existing within a power-knowledge paradigm which dictate the most efficient manner to achieve output (Schwan and Shapiro, 2011, p. 98). Accordingly, individuals may be controlled, made obedient, and, ultimately, more efficient, not by recourse to physical displays of power or of violence but through the use of disciplinary techniques such as: correct training, an exhaustive use of time, omnipresent surveillance, examination and normalising sanctions (Hopper and Macintosh, 1993; Walsh and Stewart, 1993; Cowton and Dopson, 2002). The main 'function' of discipline is, thus, not punishment by means of 'spectacular displays of power' (Schwan and Shapiro, 2011, p. 114) but rather to serve as an instrument of normalisation and conformance through promoting self-disciplining effects (Foucault, 1977). The idea behind disciplinary power is that an 'individual (and society) can be reconstructed to be better and more efficient' through the organisation of otherwise dangerous masses into co-ordinated and uniform individuals working towards one goal (Schwan and Shapiro, 2011, p. 98).

To this end, three interconnected 'elements' of Disciplinary Power and Control may be discerned (Foucault, 1977): the principle of enclosure; the principle of the efficient body; and the principle of Disciplinary Power and Control (Hopper and Macintosh, 1993; Walsh and Stewart, 1993; Schwan and Shapiro, 2011). Each of these elements is inter-dependent. Although distinct, they operate simultaneously, making it difficult to define the entangled effects on the individual, especially as notions of enclosure, efficiency and Disciplinary Power and Control also work to reinforce one another with a multiplying effect[8] (Gordon, 1980).

[8] The use of clearly-defined subheadings in this section should not be construed as implying that Disciplinary Power and Control is a set of discreet components. Rather, each element is dealt with separately to ensure clarity, using the same approach as Cowton and Dopson (2002) and Hopper and Macintosh (1993).

2.1.1 The Principle of Enclosure

The principle of enclosure seeks to confine an individual to allow others to scrutinise the confined individual:

> 'The only truly important ceremony is that of exercise' (Foucault, 1977, p. 136) '…Its aim was to establish presences and absences, to know where and how to locate individuals, to set up meaningful communications, to interrupt others, to be able at each moment to supervise the conduct of each individual, to assess it, to judge it, to calculate its qualities or merits' (Foucault, 1977, p. 143).

The product of the principle of enclosure being brought to bear on an individual is a docile body[9]. In order to achieve a docile body, two processes are required. Firstly, the individual must be made submissive, and second the individual must be 'subjected, used, transformed and improved' (Foucault, 1977, p. 136; Schwan and Shapiro, 2011, p. 98).

The principle of enclosure describes how individuals should be assigned to cells where they can be monitored, supervised and controlled (Walsh and Stewart, 1993; Schwan and Shapiro, 2011). These cells will also constitute 'functional sites', the purpose of which is to increase economic productivity. Part and parcel of functional sites is correct training or dressage (Foucault, 1977). This training treats each individual 'retail' and not 'wholesale'. In other words, training at an individual level or the very 'mechanism itself' instead of treating individuals as if they were an 'indissociable unity [sic]' (Foucault, 1977, p. 137). This necessitates constant supervision of 'movements, gestures, attitudes, rapidity…rather than its results' giving rise to 'subtle coercion' (Foucault, 1977, p. 137). By creating functional sites, the process organises otherwise chaotic individuals so that they can be made more productive and subject to control. These functional sites are distributed in a logical and sequential fashion forming a 'permanent grid of functional, useful, serialized spaces' (Hopper and Macintosh, 1993, p. 193). Each aspect of an individual's performance can, therefore, be assigned to specific tasks allowing for constant and specific surveillance. A comprehensive state of enclosure also allows each functional site to be reviewed and modified as necessary. The sole objective is, ultimately, to achieve zero inefficiency and create ever-more productive individuals. Within this 'monotonous

[9] The use of the word 'body' is to provide the illustration of a vessel that merely follows orders and becomes nothing more. Here we see the insiduousness of Foucault's thoery. Although it may seem, with all the attention paid to individuals, that those in control are caring, their goal is quite contrary. The aim is to produce individuals that are obdedient to point of them being empty bodies, only capable of following orders.

disciplinary state' (Hopper and Macintosh, 1993, p. 192), individuals can be easily 'known' and made useful with the result that principles of the efficient body can be brought to bear upon them.

2.1.2 The Principle of the Efficient Body

By assigning defined tasks to specific people who are subjected to repetitive training (dressage) and processes of examination to ensure adherence to established criteria (normalising sanctions) their productivity can be enhanced (Hopper and Macintosh, 1993). Foucault links this increased productivity with the rise of capitalism, without which modern industrial societies would not exist (Schwan and Shapiro, 2011). In this modern setting, the aim is not physical punishment but rather the reduction of non-conformance and ensuring control with an aim to safeguarding economic activity.

This aspect of Foucault's model is subtle, dependent on rendering each individual 'visible' as either conformist or delinquent and ultimately accountable for his own actions. This is described as a subtle type of discipline that does not weigh heavily on the individual, allowing the disciplinary effects to appear trivial. Paradoxically, the subtle effects of enclosure and a drive for efficiency have a profound effect on the individual as they work at a subconscious level to alter behaviour and, at the extreme, define the very basis for 'defining' the victim as an object of disciplinary power. At the same time, by avoiding overt displays of power, disciplinary techniques go almost unnoticed, allowing for the introduction of ever more sophisticated mechanisms of control without complaint or resistance (Hopper and Macintosh, 1993; Mckinlay and Pezet, 2010; Schwan and Shapiro, 2011).

The principle of the efficient body is dependent on three techniques or devices: timetabling, manoeuvres (dressage) and an exhaustive use of time (Hopper and Macintosh, 1993). This principle of the efficient body is seen as disciplining time. Routine begins the process of 'coercive', but yet subtle, improvement as individuals come to accept the prescribed manner in which to complete a task through repetition. By establishing clearly defined routines and timetables, a 'temporal elaboration of the acts' results (Foucault, 1977; Hopper and Macintosh, 1993) which serves to complement the principle of efficient bodies by rendering the individual calculable (knowable), visible and, thus, docile and malleable. Dressage ensures that regular cycles of useful activities 'programme' each individual to work in a constrained, prescriptive and detailed manner. Punishment, in the form of more repetitive exercises, replaces physical sanctions. This is not only due to 'enlightened' members of society championing the move from violent displays of punishment. Instead, there is a moment when 'it became understood that it was more profitable in terms of the economy of power to place people under surveillance than to subject them to some

exemplary penalty' (Foucault in Gordon, 1980, p. 38). The aim of enclosure and efficient bodies is not, therefore, physical, but an instrument of economic power (Foucault, 1977). In this light, forcing individuals to repeat exercises until they conform, simultaneously punishes them and brings about compliance which leads to improved productivity and efficiency (Foucault, 1977; Hopper and Macintosh, 1993; Schwan and Shapiro, 2011). In this way, these practices have a reinforcing effect.

Once individuals have received correct training, they can then be ranked in order of skill and degree of conformance to accepted norms. In other word, skills attained and mastered (as well as norms conformed to) will determine your rank and position (enclosure). This is another normalising tactic as individuals will strive to improve their efficiency and conformance with norms in order to ensure a better ranking – again positive means of ensuring compliance in place of negative means. Walsh and Stewart (1993) discuss how aligning an individual's desires in such a way as to result in those desires benefiting him, produces more conformance with less cost. Ranking serves such a purpose.

Working hand-in-hand with this is the timetable and other 'temporal elaboration of acts' (Foucault, 1977) that defines exactly what the individual must do; how the task should be executed and the timing of relevant activities. The individual may be assessed against these metrics allowing for additional evaluation, ranking and corrective training as needed. This ensures that 'the detailed prescriptions (the knowledge) carried in regulation (the disclosure) and imposed on each individual (power) [convert] him or her into a manoeuvre...' (Hopper and Macintosh, 1993, p. 195). As with the principle of enclosure, these effects are indirect. The intention is not the dramatic display of power. Instead, the aim is to render the individual 'objectified', 'visible' and subject to 'normalisation' with the least effort or cost to the observer, highlighting the functioning of a system of self-review and correction at the heart of Disciplinary Power and Control (Foucault, 1977). The result of enclosure and the drive for efficient bodies is that 'obedience is prompt and blind' with 'the least delay' being tantamount to 'a crime' (Boussanelle, 1970 in Foucault, 1977, p. 166). Ultimately, enhanced efficiency, ranking, dressage and timetabling 'automatically triggers a reflexive response from the disciplined body' (Hopper and Macintosh, 1993, p. 196) and further corrective training (Schwan and Shapiro, 2011, p. 111).

2.1.3 The Principle of Disciplinary Power and Control

For the principles of enclosure and the efficient body to be effective, hierarchical surveillance is paramount (Foucault, 1977; Hopper and Macintosh, 1993). This, in turn, relies on panoptic surveillance, examination and normalising judgement (Hopper and Macintosh, 1993). Hierarchical surveillance is the product of 18th century European industrialisation and capitalism (Foucault, 1977).

The workers are subject to constant and anonymous forms of supervision, evaluation, criticism and corrective training under a supervisor (Walsh and Stewart, 1993). The aim is to render the individual 'known' and ensure that, theoretically, he is always subject to principles of enclosure, efficiency and observation. Disciplinary Power and Control is, thus, subtle or opaque, on the one hand but pervasive on the other, almost overlooked as it comes to be accepted as natural and inevitable (Gordon, 1980; Miller and O'Leary, 1987). In contrast to the 'watchers' who go unseen, the individual is totally visible and, thus, more manageable when coupled with the principles of enclosure and the efficient body (Foucault, 1977; Hopper and Macintosh, 1993; Cowton and Dopson, 2002).

In this respect, an individual can never be certain as to whether, at any moment in time, he is actually being watched or not (Hopper and Macintosh, 1993; Brivot and Gendron, 2011). This is most often described in terms of Bentham's 'panopticon' (Gordon, 1980). The individual completely visible and, hence, an 'object' on which knowledge can be gathered, allowing disciplinary intervention or corrective measures to take effect when there is divergence from established benchmarks. Foucault believed that the 'successful imposition of the principles of enclosure and efficient bodies' are reliant on surveillance, examination and normalising sanctions (Hopper and Macintosh, 1993, p. 198; Walsh and Stewart, 1993).

Foucault describes this developed surveillance as a discreet art, often utilising scientific principles such as the use of obscure lighting and slanted slates to create an impervious watch tower (Foucault, 1977). This new information gathered from surveillance of individuals then needs to be relayed to those assuming control. The aim of accumulating knowledge (power) of the respective individuals is to enable examinations and normalising sanctions. This relay-network must remain discreet to ensure that it does not weigh too heavily on the individuals, yet 'sufficient [enough] to act as either a brake or an obstacle to each individual's activities' (Hopper and Macintosh, 1993, p. 198). This new level of surveillance was one of 'the most important social inventions' (Hopper and Macintosh, 1993, p. 199).

At the extreme, a sense of perpetual surveillance results where the potential - rather than actual - observation induces self-normalising behaviour and progressive efficiency (Schwan and Shapiro, 2011). Hopper and Macintosh (1993) describe how Foucault believed that the panopticon worked better when those being watched are viewed by unknown observers – 'when there were a variety of temporary, anonymous observers, in which case the [individuals'] anxiety rose and they were more liable to conform to prescribed "normalization"' (Hopper and Macintosh, 1993, p. 203). This brings out an inherent compulsion to conform to what individuals have been taught and what is continuously being taught (Walsh and Stewart, 1993), something which goes beyond merely

'obeying regulations' and towards internalising the teachings and standards (Schwan and Shapiro, 2011). The end result is that:

> 'Such a relationship of visibility, **or even potential visibility**, has constituted an important technique through which discipline has come to be exercised over the individual in a variety of institutions' (Smart, 2002, p. 87, emphasis added).

Co-existing with surveillance are processes of examination and normalising judgement. These two complement each other as the actions of the individual can be measured, or assessed against a predetermined standard, resulting in individuals displaying self-monitoring behaviour. At the same time information is progressively accumulated on the subject. In effect, an archive on each individual is maintained, summarising his performance and his compliance with accepted norms. This is employed to 'useful ends' (Foucault, 1977) to reinforce principles of enclosure and efficiency (Cowton and Dopson, 2002). Conformance and progress towards set standards also reaffirm a sense of ubiquitous surveillance and individualisation that renders the victim subject to control. Individuals become fully aware that they are subject to perpetual examination and contrast with the performance of their peers or other documented benchmarks (Hopper and Macintosh, 1993; Walsh and Stewart, 1993). Consequently:

> 'Disciplinary power moves the focus of control to individuals themselves; that is, by understanding that they are constantly under surveillance, individuals begin to oversee themselves, to regulate their own behaviour in the light of its assumed visibility to others. ...The functioning of power becomes automatic rather than a result of a conscious exercise by some external agency' (Cowton and Dopson, 2002, p. 193).

Individuals are rendered either conformist or non-conformist in line with predefined norms. Following this, the best corrective measures can be decided upon and implemented. This was recorded so that actions can be thoroughly reviewed, evaluated and subject to normalizing sanctions as needed. In other words:

> 'to act on those it shelters, to provide a hold on their conduct, to carry the effects of power right to them, to make it possible to know them, to alter them' (Foucault, 1977, p. 173).

Aspects of disciplinary power had long been in existence and use (for example by monasteries) but now they

> 'cross a threshold as they converge in a new and distinctive way … when "the disciplines became general formulas of domination"' (Schwan and Shapiro, 2011, p. 99).

It is worth quoting (Walsh and Stewart, 1993) at length to summarise:

> 'Through constituting the individual in a particular way, disciplines come to know individuals more precisely and act upon them "so they operate as one wishes" (Foucault, 1977, p. 138), making possible the control of large bodies of people by increasing the predictability of their behaviour. Under pressure to conform to some standard of normality, individuals' own self-monitoring is absorbed as part of the general system of surveillance' (Walsh and Stewart, 1993, p. 194).

The panopticon essentially makes 'the cells, or cages, [act] as tiny theatres, putting each [individual] on the stage, alone and individualized' (Hopper and Macintosh, 1993, p. 203). The subtle yet insidious functioning of panoptic control is such that it has effectively spread to most parts of modern society, including hospitals, schools, barracks and factories (Foucault, 1977; Gordon, 1980). This is because discipline and punishment are no longer the function of a king, but part of the daily social apparatus that is needed to render the individual 'known' and subject to control to ensure the continued functioning of industrial and post-industrial society (Foucault, 1977; Brivot and Gendron, 2011). Bentham, therefore, 'invented a technology of power designed to solve the problems of surveillance' and believed that the 'optical system was *the* great innovation needed for the easy and effective exercise of power' (Foucault in Gordon, 1980, p. 148).

Before examining the relevance of Foucauldian theory in an accounting setting in more detail, Section 2.2 illustrates how Foucauldian Disciplinary Power and Control have been used in management accounting. This provides the basis for investigating the operational effects of IFRS 10 and related disclosures in IFRS 12, using Disciplinary Power and Control.

2.2 Elements of Foucault's theory of power and control in management accounting

> '[Individuals can be enclosed through] abstract or idealized spaces … [and] come to be surrounded by calculative norms and standards. … As notions of accountability serve to constitute organsizational relationships, so accounting and other practices serve to construct a particular field of visibility' (Cowton and Dopson, 2002, p. 194).

> ‘the accounting gaze render[s] all conspicuous and accountable’ (Hopper and Macintosh, 1993, p. 188).
>
> ‘… The [institution] must, therefore, [encourage normalization] but in order to do this it must be a filter, a mechanism that pins down and partitions; it must provide a hold over this whole mobile, swarming mass, by dissipating the confusion of illegality and [inconsistency with accepted norms]’ (Foucault, 1977, p. 144).

Foucault did not apply his theories of Disciplinary Power and Control in an accounting context (Cowton and Dopson, 2002). Academics have, however, been inspired by Foucault’s ideology and have applied and adapted Disciplinary Power and Control to an array of different disciplines (Miller and O'Leary, 1987). Hopper and Macintosh (1993), Walsh and Stewart (1993), Cowton and Dopson (2002) and Hoskin (1994) are but a few well-known authors whose application of Foucauldian theory broadened our understanding of management accounting. The following paragraphs will elaborate on these authors’ understanding of Foucauldian Disciplinary Power and Control in a management accounting context.

Cowton and Dopson (2002), for example, use a Foucauldian analytical lens in a case study. Workers of organisations are not enclosed in the physical sense but rather by the operation of a sophisticated control and performance measurement system that defines accepted work practices and norms. Foucault’s prison cell becomes a metaphor for the functional activities assigned to each worker, including a sense of constant surveillance by managers who assess workers against well-defined standards. The performance measurement system allows the activities of each worker to be recorded, measured and contrasted against the output of peers, leading to an archive of ‘objective’ information that renders individuals’ conduct transparent. As a result, the authors conclude that accounting systems are not merely neutral technologies used to accumulate and present financial information but are integral to the very discourse of organizational life.

Walsh and Stewart (1993) continue with this line of thought. They investigate the organizational structure of two different strategies of management within the 1680’s (New Mills) and the 1800’s (New Lanark). The authors contrast the results of the two distinctive management styles, using a backdrop of Foucauldian theory to illuminate the tactics used by the respective management teams. Within these two factories, a loss minimization strategy versus an optimization strategy were employed. The former resulted in arbitrary, punitive punishments that seemed retributive in nature, rather than corrective. New Lanark, the latter strategy, embarked on an inquest to make known each individual worker in order to facilitate control over their respective behaviour in the interests of efficiency. Instead of concentrating managerial resources on understanding exchanges of goods

for money and punishing workers for shortcomings, an understanding was constantly gathered of each unique individual. A close and ever-constant eye was watching each individual and recording his bahaviour on a device known as 'the telegraph[10] (Walsh and Stewart, 1993, p. 787 – 788). This four-sided device was used to put on display the behaviour of a worker to his peers – and anyone else who was interested. These started out as indicating bad behaviour and with nothing else but the owner of New Lanark walking through the factory and making a visible mental note of each worker's telegraph, he soon saw the devices turning from black (bad behaviour) to white (good behaviour). Thus, evidence of the power of visibility and an individual's anxiety to conform – when non-conforming results in publicly exposing such behavior – is highlighted. Cowton and Dopson (2002) summarized this unease as follows:

> 'Individuals begin to oversee themselves, to regulate their own behaviour in light of [their] visibility to others' (Cowton and Dopson, 2002, p. 193).

Hopper and Macintosh (1993) investigate Harold Geneen's memoirs of his tenure at International Telephone and Telegraph (ITT). As a Suffield Academy Graduate (based largely on the West Point model), Geneen was a 'disciplined-disciplinary individual' (Hopper and Macintosh, 1993, p. 183). This entailed his own discipline, as well as instilling in those individuals he employed a similar sense of discipline. Geneen turned ITT into a metaphoric pantopticon – workers were individually responsible for their branch as if they were separate entities and each of these branches was, at any point in time, visible to the ultimate management team of Geneen. This was accomplished through the use of face-to-face meetings held regularly, as well as a technically proficient staff authorized to visit any area and make any inquiry, within their domain of specialty, at any time. The monthly meetings 'became [the] "training grounds"' (Hopper and Macintosh, 1993, p. 197) where norms were 'carved in stone' (Hopper and Macintosh, 1993, p. 196). Also required were monthly reports that provided detailed accounts of: sales, expenses, profitability, expenditure, competition, marketing and the economic and political situations in each area. This emphasized Foucault's dressage that had, as its objective, a focus on the future. Without a benchmark that workers can be analysed against, efficiency cannot be improved. Thus, going hand-in-hand with dressage is visibility. As each branch was closely scrutinised, or at least there was the possibility of it being scrutinised at any point, managers felt as if their every action or lack of action was visible to an array of superiors, including

[10] This was a four-sided device that displayed the colours black, blue, yellow or white to denote behaviour from bad (black) to good (white) (Walsh and Stewart, 1993 p. 787 – 788). Owen, the owner of New Lanark, would walk through his factory and take note of the colour of the telegraph and the employee to which it related and, without saying a word, ensured that the employees took cognizance of him acknowledging the employee's behaviour. This new 'conception of the person' (Walsh and Stewart, 1993 p. 787) began to change the employees' attitudes, all without a word of blame being said.

Geneen who maintained a hands-on and lead-by-example approach. These mechanisms served to promote an environment that rendered each manager a disciplined disciplinarian.

In summary, Hopper and Macintosh (1993), Walsh and Stewart (1993) and Cowton and Dopson (2002) used Foucauldian theories of Disciplinary Power and Control in a management accounting context with great success. The aim was not to study the respective organisations in an economic sense but to highlight the operation of powerful social forces also at work on the individuals. By analogy, this thesis also uses Foucault's model of Disciplinary Power and Control to demonstrate how financial reporting is not simply a neutral means of providing financial information to users of financial statements (Hopwood, 2000). There is, however, limited, if any, literature that uses Disciplinary Power and Control to examine the world of financial accounting. More specifically there is insignificant literature that delves into the history and understanding of one of the dominant sets of accounting standards, the International Financial Reporting Standards (IFRS). With IFRS 10 and IFRS 12's introduction, a great opportunity has presented itself to explore a very relevant (and recent) accounting development, using a Disciplinary Power and Control theoretical framework. To this end, Section 2.3 provides a brief overview of the consolidation standards as well the history that led to the introduction of the newly released IFRS 10 and IFRS 12. Section 2.4, by analogising the management accounting literature using a Foucauldian theoretical framework, draws initial links between the consolidation principles and motifs of Disciplinary Power and Control (Llewelyn, 2003).

2.3 The need for a revised consolidation standard

2.3.1 IAS 27 (2008) and the introduction of IFRS 10

IAS 27 was introduced in December 2003. It used a control-based model to identify subsidiaries. 'Control' was defined as having the ability to govern the operating and financial decisions of an entity so as to benefit from its activities (IASB, 2008). Most often, control was evidenced by the fact that the parent held more than 50% of the voting rights of the subsidiary and was, therefore, in a position to direct its operating and financing policies. In a situation where a parent company had control over one or more other subsidiaries, the financial position, performance and cash flows of these companies needed to be consolidated with the parent's, resulting in a set of 'consolidated financial statements' (IASB, 2008). The aim was to present the activities of the group as a single economic unit (IASB, 2008).

The narrow wording of IAS 27, however, afforded preparers an opportunity intentionally to avoid consolidating entities that would otherwise have been consolidated. This was often achieved by creating entities in which the parent had a limited shareholding but was still able to govern the

financial and operating policies of the company in question through means other than voting rights[11]. Normally, these companies were formed to perform a specific activity on behalf of the parent and were commonly referred to as SPE's or SPV's (IASB, 2010b). These entities often worked on a type of auto-pilot in that the financial and operating policies of the entity could not be modified, except by the creator or sponsor of the entity. The limited direct equity interest by the parent, coupled with the difficulty of demonstrating how the parent derived direct economic benefits from the SPE, resulted in these vehicles avoiding consolidation.

As a response to this, the IASC[12] issued SIC 12 (IASB, 2008; IASB, 2010b). This interpretation sought to clarify and broaden the definition of 'control' found in IAS 27. It explicitly dealt with how, if a company was exposed to significant risks associated with the SPV and, in substance, enjoyed significant economic benefits from the relationship with the SPV, the SPV should be consolidated. This would apply even if the parent company did not hold the majority of the equity interest in the SPV (IASB, 2010b). Accordingly, SIC 12 complemented the guidance provided in IAS 27, thereby widening the consolidation net. The result, however, was that preparers interpreted SIC 12 as introducing an alternate model of control that could be interpreted independently of IAS 27. In other words, SIC 12 was seen as introducing a risk-based model, separate from IAS 27's control-based model. This allowed a type of arbitrage between the 'two' models and resulted in entities **still** being left unconsolidated (IASB, 2008; IASB, 2010b; IASB, 2011a). Compounding this problem was the fact that IAS 27 and SIC 12 did not deal with a situation where an agent was used to manage the equity interests of a company. It was, therefore, possible for an intermediate (agent) to hold the majority of the equity in a company and appear to have control over that company while, in reality, control vested with the principal (PricewaterhouseCoopers, 2012). Consequently, such companies remained unconsolidated, despite the release of SIC 12.

The global financial crisis in 2007 made the lack of transparency regarding the application of consolidation principles more apparent (IASB, 2011a). As a result, the IASB added to its agenda a project on consolidation:

> 'to deal with divergence in practice in applying IAS 27 and SIC 12. For example, entities varied in their application of the control concept in circumstances in which a reporting entity controls another entity but holds less than a majority of the voting right in the entity, and in circumstances

[11] An example of another means to control an entity without holding more than 50% of the voting rights is through management contracts or shareholder's agreements that, in substance, confer the power to govern the financial and operating policies of another entity.

[12] A predecessor of the IASB.

involving agency relationships. In addition, *a perceived conflict of emphasis between IAS 27 and SIC 12 had led to inconsistent application of the concept of control'* (IASB, 2011a, para IN3 – 4, emphasis added).

Lastly, the IASB noted that, in the aftermath of the 2007 financial crisis, there is a lack of transparency regarding investors' exposure to risk, especially when the business had 'off-balance-sheet vehicles'[13] (IASB, 2011a, para IN5). This reaffirmed the need for a more comprehensive standard defining when an entity should be included in a consolidated set of financial statements (IASB, 2011a).

In May 2011, the IASB issued IFRS 10 to replace IAS 27 and introduced IFRS 12 to house existing disclosure requirements in IAS 27 as well as additional disclosures and to elaborate on these (IASB, 2011a; IASB, 2011b). The guidance found in SIC 12 was effectively incorporated into IFRS 10. This IFRS defines the principle of control and establishes it as the basis for determining whether or not to consolidate a potential subsidiary (IASB, 2011a, para IN7). It defines 'control' as: exposure or rights to variable returns from involvement with an investee, where the investor has the ability to affect those returns by virtue of power over the investee (IASB, 2011a, para 6). With the release of IFRS 10, the IASB is of the opinion that it has provided additional clarity on the concept of 'control', thereby reducing varied application of consolidation principles (IASB, 2011a, para IN3-4). In order to achieve this, IFRS 10 adopts a 'step-by-step' approach to determining control and is more broadly applicable than IAS 27.

Firstly, it explicitly deals with agent-principal relationships. IFRS 10 explains how to identify principals and agents and determine whether or not an agent or principal has control over the investment in question. Like IAS 27 and SIC 12, it caters for situations where a company controls a subsidiary, despite holding less than 50% of the voting rights. IFRS 10 is, however, more explicit than SIC 12. It provides more guidance on how to deal with potential voting rights[14] and with indicators of control in instances where a company holds less than 50% of the shares of an investee but may still have control over it. It also includes a number of anti-avoidance mechanisms. In particular, the standard

[13] Off-balance-sheet vehicles refers to separate legal entities that are incorporated with a simple and specific purpose, mostly to hide liabilities in the separate legal entity through technicalities within IFRS (IASB, 2010b).

[14] IAS 27 required potential voting rights to be taken into account only if they were currently exercisable or convertible. All indicators, excluding management's intention and financial ability of the holder of potential voting rights were taken into account when deciding whether or not the holder had control over the issuing entity. IFRS 10 provides more detailed guidance. Unlike IAS 27 it explicitly differentiates between protective and substantive voting rights and provides detailed guidance for determining whether or not rights are substantive which indirectly incorporates the intention and financial ability of the holder of the rights to exercise those rights.

caters for the consolidation of 'ring-fenced' assets – a topic not dealt with by IAS 27 and SIC 12 (IASB, 2011a, para B18; PricewaterhouseCoopers, 2012).

The result is a *particularly* short body of IFRS 10 (26 paragraphs in total) complemented by comprehensive appendices (Grant Thornton, 2012) – which are described by the IASB as being 'integral' to the standard. Appendix A to IFRS 10 provides a glossary of terms used in IFRS 10. Appendix B, with 99 paragraphs (compared to the body of IFRS 10's 26) and 16 extended examples, contains much of the content associated with IFRS 10. It is here that the IASB have provided application guidance on how to identify when one entity ought to consolidate another.

Appendix B breaks down each aspect of determining whether one entity controls another, using bold font to demarcate clearly the indicators and create a map that can be easily followed without deviation (see IASB, 2011a; PricewaterhouseCoopers, 2012; Grant Thornton, 2012). Furthermore, application examples offer countless opportunities to 'drill-in' the correct application of the respective indicators. In this way, less and less is left to the reader's judgement, with the result that IFRS 10 becomes tantamount to a set of *pseudo rules* (Danjou, 2013).

The application examples take it a step further in that they perform a type of scenario analysis – providing a base with various scenarios or examples to elaborate on a concept (IASB, 2011a). This dedication to providing lengthy as well as precise *authoritative* application guidance can be seen as a response to calls for more direction in applying the standards in an ever-increasingly complex business environment. An alternate view is that the application guidance serves as a form of anti-abuse mechanism. Coupled with detailed descriptions of principles in the main body of the standard, examples reinforce the IASB's view on how these principles **should** be applied, leaving little to the interpretation of the reader. In other words, the aim may be the elimination of the need for professional judgement in favour of a more rigid approach that reduces inconsistent interpretation of IFRS (consider Danjou, 2013).

As part of this, Appendix B offers a hierarchy for applying the IFRS 10 principles. Firstly, the user is required to determine if control is a result of shareholdings in the investee, in which case certain paragraphs of IFRS 10 are applied first. If the conclusion is that control is not evident or not a direct consequence of shareholdings, alternate paragraphs dealing with 'structured entities' must be applied. This is broken down further. Paragraph B18 states that it should only be used in circumstances where it is 'difficult to determine whether an investor's rights are sufficient to give it power over an investee' (IASB, 2011a, para B18). Should paragraph B18 not provide sufficient grounds for consolidation, IFRS 10 instructs a preparer to consider paragraphs B19-20, which provide

even more indicators. Furthermore, paragraph B18-20 must be applied in descending hierarchical order. Also, additional indicators are provided for a situation where voting rights may be protective or substantive[15] (IASB, 2011a). The result is that Appendix B becomes a response to each of the known schemes currently employed to avoid consolidation, re-emphasising a drive to widen the consolidation net and reduce non-conformance in the form of a failure to consolidate structured entities.

In summary, IFRS 10 allows the reader to determine what is meant by 'control'. By broadening the concept of control and clarifying instances when a parent needs to consolidate a subsidiary, it addresses the concern that a failure to include SPV's was detracting from the transparency and usefulness of financial reports (IASB, 2010a; IASB, 2011a; Grant Thornton, 2012). This drive for enhanced reporting, coupled with the standards extensive appendices, the use of detailed examples and the presence of anti-avoidance mechanisms suggests that IFRS 10 may, however, be more than just the embodiment of neutral accounting concepts. These elements point to motifs of enclosure, efficiency and enhanced 'visibility' begging the question: are motifs of Disciplinary Power and Control present in IFRS 10 and the related disclosure requirements of IFRS 12?

2.3.2 IFRS 12: Additional disclosure to complement IFRS 10

Complementing IFRS 10 are the additional disclosure requirements introduced by IFRS 12. The IASB maintains that improved 'disclosure of a reporting entity's interest in other entities [helps to] identify the profit or loss and cash flows available to the reporting entity and [to] determine the value of a current or future investment in the reporting entity' (IASB, 2011b, para IN3). More specifically, there was a desire to increase disclosure regarding entities in which the investor had a 'special relationship' with the investee, including 'unconsolidated structured entities'[16] (IASB, 2011b, para IN 6 – 7).

[15] When considering control, a factor to consider is whether or not a parent entity has rights over the investee that give it the power to make relevant decisions. Substantive rights versus protective rights are then discussed to show that some rights can be described as 'action' rights. These afford the holder the ability actively to change how the company is run. Protective rights, however, are seen more as passive – they only operate when very specific actions are taken, usually allowing changes to be stopped that could prejudice minorities (IASB, 2011a, para B18 – B28).

[16] An entity that has been specifically designed so that the voting rights are not the dominant factor ultimately conferring control. Examples include where the voting rights only control administrative functions, with operational decisions being directed via contractual arrangements (IASB, 2011b, Appendix A).

IFRS 12 incorporates the disclosure requirements regarding investments in other entities, replacing those disclosure requirements previously contained in IAS 27. The disclosure objective of IFRS 12 obliges preparers of financial statements to disclose such information that will afford users of those financial statements the ability to evaluate the nature of, and risks associated with, interests in other entities, and the effects which that interest will have on the one preparing the entity's financial statements (IASB, 2011b, para 1). Significant judgements include those taken to decide whether another entity should be consolidated or not, using IFRS 10, especially when the investor has concluded that it does not control the investee even though the investor holds more than 50% of the voting rights in the investee or where the contrary applies. Specifically regarding interests in unconsolidated structured entities, an investor must disclose the nature, objective, size, activities and *how the structured entity is financed* (IASB, 2011b, para 26) as well as reasons for providing support to the structured entity if such support has been granted (IASB, 2011b, para 30(b)).

Of particular relevance are paragraphs 26 to 30. These paragraphs require an investor to disclose the carrying amounts of assets and liabilities recognised in its financial statements relating to unconsolidated structured entities including the respective line items within the statement of financial position to which these assets and liabilities relate. The value of the maximum exposure to loss from its interests in unconsolidated structured entities must also be provided (IASB, 2011b; PricewaterhouseCoopers, 2012). This information must be contrasted with the carrying amount of assets and liabilities that relate to its interests in unconsolidated structured entities to allow users to compare the net asset value of the respective investment with the total potential exposure to economic losses. If an entity does not disclose the aforementioned information due to the investor no longer having an interest in the entity at reporting date, how it has determined which structured entities it has 'sponsored'; the income from those structured entities during the period (along with a description of the types of income); and the carrying amount of all assets transferred to these entities at the time of transfer must be disclosed (IASB, 2011b; PricewaterhouseCoopers, 2012).

In summary, IFRS 12 disclosures should allow users of financial statements: to understand any significant judgements and any assumptions made by preparers in determining the nature of their investment in other entities or arrangements; to assess the nature and extent of their interests in unconsolidated structured entities (as well as the risks associated with those interests). IFRS 12 also:

> 'specifies minimum disclosures that an entity must provide. If the minimum disclosures required by the [other IFRSs] are not sufficient to meet the disclosure objective [of IFRS 12], an entity discloses whatever additional information is necessary to meet that objective' (IASB, 2011b, para IN 10).

The result is that IFRS 12 becomes integral to the drive for enhanced corporate transparency at the heart of IFRS 10. Even if the preparer would have been able to avoid consolidating a structured vehicle, when in fact the entity should have been consolidated, IFRS 12 provides disclosure requirements that allow users to assess the effect of that decision not to consolidate. Read with IFRS 10, it further 'encloses' the principle of control, seeking to enhance the 'visibility' of corporate arrangements, pointing to the operation of elements of Disciplinary Power and Control in a financial reporting setting.

2.4 Motifs of panopticism in IFRS 10 and IFRS 12?

Through the lens of economic rationality, the introduction of IFRS 10 can be seen as a reflexive action to the current complex financial environment and users' information needs (Durocher and Gendron, 2011). This is in line with the argument that consistently applied accounting theories or concepts reduce costs to investors by achieving comparability among financial statements (IASB, 2011c, Q5; Durocher and Gendron, 2011; PricewaterhouseCoopers, 2012). Walsh and Stewart (1993) state, however, that accounting did not emerge only as a sophisticated tool for organising and displaying financial data. Complex social processes are also at work (Watts and Zimmerman, 1979).

For example, dealing with the accounting profession's response to financial crisis, Hopper and Macintosh (1993), Carruthers (1995) and Walsh and Stewart (1993) argue that the accounting community frequently responds with a flurry of new accounting standards to achieve an improved impression of transparency. Similarly, Carruthers (1995) and Walsh and Stewart (1993) suggest that accounting developments are inextricably linked with a drive for improved accountability. Byington and Sutton (1991) reach the same conclusion, albeit in an auditing context. From this perspective, is it possible that the recent release of IFRS 10, along with IFRS 12, also strives for an enhanced sense of financial 'visibility' and is, thus, reminiscent of panoptic control (consider Roberts, 2009)?

The standard effectively constitutes the basis for determining what 'control' means and how the principle of 'control' *should* be interpreted (Section 2.3.1). In other words, it comes to constitute the very discourse used for describing a pervasive financial reporting concept. The standard is also methodical, providing a 'step-by-step' approach for determining whether or not an investee is one's subsidiary (PricewaterhouseCoopers, 2012). Further, the IFRS is repetitive, frequently defining 'control' and providing examples of how the principles of control should be applied. Consequently, IFRS 10 is considerably lengthier than IAS 27 and SIC 12 combined. The resulting sense of 'enclosure' hints at acts of 'dressage' through its detail. In addition, despite claims to being principles-based (IASB, 2011a), the standard progressively relies on more and more rules in an effort to limit the

application of professional judgement (consider Danjou, 2013). The aim is to address divergence in practice, striving for a 'unique', bounded conceptualisation of control that overcomes structuring opportunities (IASB, 2011a, para IN 3-4). This is reinforced by IFRS 12 which mandates additional disclosure in more subjective contexts where it is concluded that consolidation is unnecessary. More disclosure becomes akin to a 'panoptic tower' manned by, from the perspective of preparers, a variety of observers including: auditors, the FRIP[17], competitors or informed investors (Hopper and Macintosh, 1993; Roberts, 2009; Brivot and Gendron, 2011). The prescriptions of IFRS 12 add to a sense of enhanced visibility allowing judgements concerning consolidations to be made 'known' and for sanctions for misapplication of IFRS 10 to be applied. At least in theory, the Securities Exchange Commission (PricewaterhouseCoopers, 2012); the FRIP; or institutional investors are afforded the opportunity to see into an otherwise opaque aspect of financial reporting that, at the extreme, may operate reflexively and induce 'corrective behaviour' (Hopper and Macintosh, 1993; Schwan and Shapiro, 2011; PricewaterhouseCoopers, 2012).

To the extent that IFRS 10 is not adhered to, the financials are no longer described as fairly presenting economic reality and are simultaneously rendered 'abnormal', with a resulting anxiety on the part of preparers that coerces them to comply and consolidate. This achieves enhanced financial reporting transparency that echoes notions of panopticism. This effect may be enhanced by: rapid access to information (IASB, 2011c; PricewaterhouseCoopers, 2012), widespread publication of financials (Walsh and Stewart, 1993), demands for integrated reporting (Brivot and Gendron, 2011), disclosure requirements of the Johannesburg Stock Exchange (IOD, 2009); the review powers of the FRIP, and an improvement in shareholder financial literacy (IOD, 2009)[18]. In this light, this thesis asks (Section 1.2):

> **Are the operational effects of IFRS 10, combined with the related disclosures per IFRS 12, reminiscent of Foucauldian Disciplinary Power and Control?**

Using an interpretive technique, Chapter 4 explores motifs of Disciplinary Power and Control inherent in IFRS 10 and IFRS 12. The thesis makes a case for how principles of enclosure, the efficient body and Disciplinary Power and Control may be evident in these recently released accounting

[17] The FRIP, a South African monitoring panel, is a panel of experts set up proactively to investigate possible instances of non-conformance with IFRS by Johannesburg Stock Exchange listed entities. The principles discussed in this paragraph could be applicable to other monitoring and enforcement agencies, such as the Securities Exchange Commission in the USA. Respondents (Section 4), however, dealt mainly with the South African context. As such, a detailed examination of external regulatory bodies in an international setting is beyond the scope of this report.

[18] Special thanks go to the attendees at the International Corporate Governance Conference (2012) for their invaluable comments on earlier versions of this section of the thesis.

standards, thereby adding to the critical body of financial reporting research. This is not to assume, however, that complete panoptic control is achieved by the IFRS.

Cowton and Dopson (2002) and Rodrigues and Craig (2007), for example, explain that some level of resistance to the 'all-seeing gaze' is inevitable. Solomon (2010) reaches similar conclusions in an accounting and management context.

To illustrate:

> 'In each situation [individuals] have some margin of manoeuvre which they can use to invent responses depending on the circumstances of the system in which they are situated' (Tremblay and Gendron, 2011, p. 252).

Consequently, normalizing sanctions may not be totally achieved. Varying degrees of conformance may be observed with conformance depending largely on the pressures, opportunities and rationalisations of the individuals. Just as preparers responded to IAS 27 with SPV's, and self-constructed notions of conflicting models of consolidation in response to SIC 12 (Section 2.3), it may well be the case that resistance to IFRS 10 leads to novel ways of circumventing the need to consolidate when convenient to do so. From a slightly different perspective, rather than changing the views of preparers on the need for transparent financial reporting and achieving self-monitoring behaviour, IFRS 10 and IFRS 12 may be applied in a legalistic fashion. In doing so, the standards become less about presenting a set of financial statements that fairly present the economic reality of an entity – the ultimate goal of the IASB – and more about conformance with rules.

Accordingly, Chapter 4 also, explores possible sources of resistance to an added sense of visibility achieved by IFRS 10 and IFRS 12 pointing to a possible illusion of panoptic control. Before the findings are presented, however, Chapter 3 describes the method in detail and explains what is meant by critical/interpretive research. It also provides a detailed discussion on the use of interviews to address this thesis's research objectives.

3. Method

This chapter explains the chosen research method. Section 3.1 discusses the difference between positivist and interpretive research and makes the case for the use of the latter. Section 3.2 briefly explains why detailed interviews have been used to conduct this research. In addition, Section 3.2 discusses the advantages and disadvantages of interviews as a form of idiographic research including the design of the interview agenda. Section 3.3-3.5 lay out the use of the prior literature, data

collection, data analysis processes and limitations of this research respectively. Finally, Section 3.6 summarises the chosen research approach.

3.1 Research paradigm

Positivist research entails the use of empirical techniques to study a phenomenon in an objective manner leading to generalisation of findings (Walsh and Stewart, 1993; Leedy and Ormrod, 2010). Interpretive research, in contrast, is more subjective (Creswell, 2009; Leedy and Ormrod, 2010). The researcher will be a part of the data collection and analysis process (Hopper and Macintosh, 1993; Cowton and Dopson, 2002). Remote inferential testing (Creswell, 2009) is dispensed with in favour of more exploratory techniques that take cognisance of important social aspects that may not be reduced, measured and studied in the *quasi-scientific* style of the positivist. As a result, validity and reliability are not dependent on an objective research method but rather on detailed documentation of the findings and rigorous data collection and analysis processes (Creswell and Clark, 2007; Maroun, 2012) .

Due to the recent publication of IFRS 10 and IFRS 12, and the fact that few studies on financial reporting have employed a Foucauldian analytical framework, a qualitative approach (detailed interviews) is adopted, grounded in an interpretive/critical epistemology (Ryan et al, 2002; Creswell and Clark, 2007; O'Dwyer et al, 2011; Maroun, 2012). It must be stressed that the research adopts a social constructivist view of reality (Section 1.1). No effort is made to quantify the operational effects of IFRS 10 or the perspectives of stakeholders. In a complex social reporting environment such efforts are bound to fail (see Maroun, 2012).

3.2 Method: Detailed interviews

Detailed interviews are the best method for exploring little-studied aspects of financial reporting (Creswell, 2009; Rowley, 2012). Questionnaires were considered but ultimately disregarded for a number of reasons[19]. Their generally weak response rate coupled with their inability to produce detailed understanding was the greatest consideration (Rowley, 2012). Although questionnaires may gather information from a much larger number of individuals, thereby facilitating generalisations, this is not the goal of this research. Furthermore, as there is relatively little, from a critical perspective, on financial reporting standards, generalisations are not valid. Instead, interviews have

[19] During this thesis's presentation to the School of Accountancy's subcommittee of the Higher Degrees Committee of the University of the Witwatersrand, questionnaires were suggested as an alternative to detailed interviews. This approach was, ultimately, rejected by the Committee due to the lack of success discussed in this section.

the potential to provide more meaningful insights that may further our understanding of the subject matter. Interviews also facilitate interviewees leading the interview so as to explore avenues that might not have been apparent to the researcher. If questionnaires were used, this potential would be severely impaired (Rowley, 2012). Finally, an advantage of interviews over questionnaires is that the targeted informants are not likely to take the time to answer questionnaires. Experts, whose time is extremely valuable, are more likely to provide the desired insights, facts, experiences and opinions through interviews (Rowley, 2012; van Zijl and Maroun, 2012).

In addition, upon reading the prior literature involving Foucauldian notions of disciplinary power, it was noted that traditional methods aimed at generalised findings were not employed. Hopper and Macintosh (1993), Walsh and Stewart (1993), and Cowton and Dopson (2002) used case studies and / or interviews to gather their knowledge on the subject matter. Thus, in conclusion, interviews were selected as the basis for acquiring data for the purpose of this research.

The prior Foucauldian-inspired literature, IFRS 10 and IFRS 12 were used to develop a semi-structured interview agenda. Open-ended questions dealing with each of the 'elements' of Foucault's model of Disciplinary Power and Control were developed, namely: principles of enclosure, principle of the efficient body, and disciplinary power (Appendix 1). As recommended by Rowley (2012), Llewelyn (2003), O'Dwyer et al (2011) and Maroun (2012), the interview agenda was subjected to a peer review by supervisors, fellow researchers at the University of the Witwatersrand, as well as being piloted with two senior audit managers at 'Big 4' audit firms to ensure its clarity, accuracy and focus on the research question – no material issues were noted[20].

The use of detailed interviews means that the study will be subjective and that the researcher has been inextricably involved in the data collection and analysis processes. This is an inherent characteristic of qualitative research and not, in itself, a threat to validity and reliability (Creswell and Clark, 2007). On the contrary, using detailed interviews allowed the research question to be more thoroughly explored and avoided the reductionist trappings of positive techniques (O'Dwyer et al, 2011). The approach was conducive to the generation of rich descriptions, detailed debates and first-hand accounts of the operational effects of certain aspects of IFRS from those who engage with the standards on a daily basis (Creswell and Clark, 2007; Leedy and Ormrod, 2010; Maroun, 2012; Rowley, 2012). As such, the method allowed for practical accounts of the IFRS to be illuminated, capturing detailed perceptions of respondents, rather than seeking to restrict the analysis to

[20] The pilot study took place in Johannesburg during September 2012. Interviews lasted for approximately 90 minutes and were transcribed as detailed in Section 3.3. The pilot interviews were not included in Chapter 4 as the purpose of these interviews was merely to ensure appropriate interview agenda design and sufficient content coverage to ensure detailed findings.

arbitrary statistical interrogation which, while mathematically valid, may over-simplify a complex socio-political environment (O'Dwyer et al, 2011; Rowley, 2012).

In spite of the time-consuming exercise that accompanies setting up, holding, transcribing and then analysing interviews, as well as the researcher-bias associated with the aforementioned exercises, validity can be achieved if certain steps are taken to safeguard reliability (Creswell, 2009; Rowley, 2012). Ensuring that only experienced interviewees are chosen (Section 3.2.1), that the interview agenda is appropriately designed and tested, and a thorough analysis of the data is performed, will result in reasonable assurance on the validity and reliability of the findings (Creswell, 2009; Rowley, 2012). As a final safeguard, this thesis has disclosed inherent delimitations (Section 1.4) and limitations (Section 3.5) as recommended by Creswell (2009).

3.2.1 Sample

The sample of respondents was purposefully selected. While there is the risk of importing bias into the study, this allowed the research to ensure that participants, able to provide detailed and informed accounts, were engaged. Participants were chosen from a leading South African university, audit managers from 'Big 4' auditing firms with extensive experience, standard setters (both regulatory and accounting) and regulators. The result is that some of the most influential financial reporting experts in South Africa were engaged (Brennan and Solomon, 2008; Maroun, 2012; Rowley, 2012). As a further validity and reliability safeguard, all interviews were semi-structured to ensure a thorough examination of the subject matter while retaining focus on the research question (Holland, 2005; Leedy and Ormrod, 2010; O'Dwyer et al, 2011, p. 38; Rowley, 2012). As recommended by Rowley (2012), a total of 10 interviews averaging between 45 and 180 minutes were conducted.

At this point, it is important to note that relatively small sample sizes are an inherent characteristic of qualitative research (Rowley, 2012). The aim is not to generalise findings, extrapolate results or achieve a measure of statistical consensus (Creswell and Clark, 2007). Rather, detailed accounts result which means that, although fewer respondents were involved, the data collected is more extensive and insightful than with positive research (Leedy and Ormrod, 2010; Maroun, 2012). In other words, there is a trade-off between the sample size and the level of detail obtained from the data collected (Creswell and Clark, 2007)[21].

[21] A comparable approach is followed by O'Dwyer et al (2011) who examine how auditing firms expand their jurisdictional claims using only 14 interviews. As a final example, Holland and Doran (1998) argue that more

It must be noted that no formal effort is made to contrast directly the different respondents' views as this is not the aim of this research. The sample sizes are also too small to carry out a meaningful analysis of varied expectations of different stakeholder groups.

3.2.2 Ethical considerations

In the interest of attaining full and complete accounts from interviewees, interviewees were guaranteed complete anonymity[22]. Consequently, any quotes that could result in readers being able to identify respondents were either paraphrased or amended with changes clearly indicated. Finally, participants were interviewed in familiar environments where they could feel comfortable. Moreover, interviewees could stop the interview at any time which contributed to their willingness to be open and fourthcoming (Creswell, 2009). All respondents were offered a copy of the final report.

As interviews can amount to a 'moral enquiry', the required ethics clearance was obtained from the University of the Witwatersrand (Appendix 2). Furthermore, advice was obtained from experienced researchers and supervisors with regards to the questions asked to ensure that these did not pose any ethical dilemmas for interviewees. Finally, the pilot study was also used as a final check on ethical concerns regarding the interview agenda. No material threats to research ethics were noted.

3.3 Data collection

Data collection and analysis were inspired by a grounded theory approach, and were iterative, with the researcher moving continuously between interviews and the prior literature (O'Dwyer et al, 2011, p. 38). Interviewees were not expected to have an understanding of Foucauldian concepts. They were, however, expected to have a detailed financial accounting background and an extensive knowledge of IFRS 10 and IFRS 12. Questions were, therefore, indirect, allowing underlying themes and concepts to be explored while avoiding superimposing the researcher's own views on the interviewees (O'Dwyer et al, 2011). This was achieved by not using leading phrases in the questions.

Interviewees were provided with an overview of the nature and purpose of the research and invited to participate in the study. Confidentiality was guaranteed and participants were offered a copy of the final report on request. Interviews were conducted in person with further questions via e-mail

---

conceptual exploratory research can make a valid contribution in spite of smaller sample sizes, especially when individual interviews are of a sufficient duration (approximately 1 hour) and involve subject specialists.

[22] This data will not be given to any researcher or 3rd party. The data will be kept for a period of 1 year from the date of this thesis and thereafter destroyed.

where necessary (Creswell and Clark, 2007; Leedy and Ormrod, 2010; O'Dwyer et al, 2011). The interview agenda was made available to respondents before the start of the interviews to ensure that participants were fully informed of the purpose and nature of the interview and this helped to ensure that responses were detailed and complete (Ryan et al, 2002; Creswell and Clark, 2007; Leedy and Ormrod, 2010; Rowley, 2012). As the questions were open-ended, the risk of 'rehearsed' responses is regarded as low (Holland, 2005; O'Dwyer et al, 2011; Rowley, 2012), thereby contributing further to the validity and reliability of the study.

At the beginning of each interview, interviewees were asked for permission to record the interview. This ensured accurate transcripts could be made; avoided the researcher having to make detailed notes which could distract respondents; facilitated several reviews of the recordings; and allowed tone and non-verbal cues to be studied in more detail during the interview (Holland, 1998b; O'Dwyer et al, 2011). As per Rowley (2012), the result was the incorporation of a procedurally rigorous method of collecting and processing interview data thereby improving the quality of findings. To add further to the reliability of the study, transcripts were made available to respondents on request to verify that accurate transcripts were produced and used to generate findings. The interviewees were allowed to discontinue recordings or withdraw from the study at any stage although there were no instances of this occurring. The interviews were recorded with a Philips 'Voice Tracer' MP3 Dictaphone and subsequently transcribed using Philips Transcription workflow solution. All this was kept logically and physically secure[23].

The first few minutes of each interview were spent establishing a rapport with the interviewee who was reminded of the need for complete candour, confidentially and the fact that there are no 'correct' or 'incorrect' responses. The interviews were then guided by introducing the desired themes. The sequence of questions varied slightly although consistent themes were addressed in each interview (Alvesson, 2003; Rowley, 2012).

Interviews were between 45 and 180 minutes long which allowed sufficient time for themes to be fully explored (O'Dwyer et al, 2011). Interviews took place between October and December 2012 in Johannesburg at respondents' offices. As all the interviewees are located locally, access to respondents did not pose a threat to the morality rate of interviews (Creswell, 2009).

[23] Creswell (2009) argues that ethical concerns should be considered to ensure validity and reliability, In addition to the safeguards discussed, the final interview agenda was subject to ethical clearance by the School of Accountancy of the University of the Witwatersrand.

3.4 Data analysis

A detailed review of the prior literature using a Foucauldian theoretical framework in an accounting setting was performed. The aim was not to provide a summary of every paper that used Foucauldian Discipline Power and Control but to identify major concepts or themes. The literature was organised using a content analysis, where key principles were grouped to provide an aggregated account of Foucauldian power and control and how prior studies have used Foucauldian theory to explore a research area. In turn, this was used to develop the literature review (Chapter 2) as well as the interview agenda described above. The prior literature also provided a basis for analysing the detailed interviews and grounding this thesis's results (Chapter 4).

Transcripts produced from interviews were analysed at least 7 times using a three tier system: data reduction, data display, and data verification (O'Dwyer et al, 2011). Broad data codes or categories (axial codes) consistent with elements of Foucault's (1977) model of Disciplinary Power and Control were used for the purpose of aggregating the data into useful categories (Rowley, 2012). The result was a summary table which 'organised' the content of each interview according to major themes.

This approach allowed each transcript to be effectively disaggreagated to highlight key arguments and counterarguments, and facilitated juxtaposition of interviews with the findings in the prior literature as well as one another. Where apparent contradictions emerged, follow-up questions were raised via e-mail or telephone (Holland, 2005; Leedy and Ormrod, 2010; O'Dwyer et al, 2011). The aim of this process was to attain a sense of 'saturation' of the subject matter and not necessarily consensus in the positivist sense. This is, however, not a threat to validity. With qualitative research, the need for 'endless reflexivity' must be balanced with the demand for pragmatism (Holland, 1998a; Leedy and Ormrod, 2010; O'Dwyer et al, 2011).

3.5 Limitations[24]

Despite safeguards to ensure reliability and validity of the research, a number of inherent limitations should be noted:

- As discussed above, with detailed interviews, the researcher inevitably becomes a part of the data collection instrument. This implies that results are not necessarily conducive to reproduction or generalisation, although such is the aim of more positivist-type studies and not this study (Holland, 1998a; Holland, 2005; Creswell, 2009).
- There is always the risk of interviewees providing rehearsed responses or commentary modified due to social pressures such as the need to ensure*, inter alia,* political correctness or alignment with the views of their employer organisations (Alvesson, 2003)[25]. This was addressed by guaranteeing interviewees anonymity.
- Although interviews provide highly exploratory, contextual accounts, they can produce results that are highly technical, making it difficult for non-experts to interpret the findings. This has been addressed by excluding detailed technicalities.
- Regulatory environments are not specifically investigated. They are, however, brought to the reader's attention, where applicable, to help provide a complete panoptic view of IFRS 10 and IFRS 12 (Section 4.2).
- Finally, one should remain mindful of the need for theoretical eclecticism (Llewelyn, 1996; Llewelyn, 2003; Brennan and Solomon, 2008; Humphrey, 2008). Just as bounded models of economic rationality may constrain perspectives on developments in financial reporting, by analogy, this thesis employs a single 'lens' of investigation. As such, it cannot provide a complete account of IFRS 10 and the related disclosure requirements of IFRS 12. This is identified in Section 5.3 as an area for future research.

[24] On 28 November 2012, the IASB published an exception to the consolidation requirements in IFRS 10. The exception deals with instances where investment entities are permitted to account for subsidiaries at fair value rather than consolidating them in terms of IFRS 10. Due to the fact that the exception applies in only limited circumstances and was released after the completion of the majority of interviews, the exception is not dealt with in this thesis.

[25] The fact that interviewees' responses were frequently critical implies that this was not a material threat to the quality of this study.

3.6 Summary

In summary, as the aim of this research is not to find some universal model. Instead, a qualitative method was employed to provide *a* perspective. Interviews were conducted to gather new perspectives on the operation of IFRS 10 and IFRS 12. Using semi-structured interviews allowed respondents to explore the subject matter fully. The exploratory potential of the interviews, coupled with the fact that there was no indication of respondents providing rehearsed accounts, served as an important validity check in an interpretive sense. This was complemented by rigorous coding of the data, basing the interpretation of interviews in the prior literature and the use of follow-up sessions as needed. Finally, although purposeful selection of respondents may have resulted in response bias, it ensured that only knowledgeable individuals participated in the research adding to the quality of the findings which are presented in detail in Chapter 4.

4. Findings

This chapter documents the findings from the detailed interviews. The interview agenda has been provided in Appendix 1. Section 4.1 looks at the principles of enclosure and the efficient body in the context of IFRS 10 and IFRS 12. Section 4.2 examines respondents' views on Disciplinary Power and Control while Section 4.3 takes a brief look at the limitations of panopticism.

Finally, Chapter 5 concludes the thesis by providing a brief summary of the findings and closing remarks.

4.1 Principles of Enclosure and the Efficient Body

Several respondents, explaining the operational effects of IFRS 10, highlighted how the accounting standards play an important role in defining how information is collected and processed by reporting entities. It also describes what information is actually useful for users of financial reports and the structure of financial reports necessary to attain a sense of legitimacy (Section 2.3). For example:

> '… the rationale behind IFRS 10 is that you have to consolidate what you control. It's an activity-based standard. If you control something, you've got to show in your accounts that you've directed those activities. Anything else doesn't make sense because it [consolidation] is a concept in our accounting standards. Why is this concept in our accounting standards? **You don't need to go that far.** I don't know exactly why, **but that's just the way it is**' (R6, emphasis added).

In other words, IFRS 10 has 'enclosed' the principle of consolidation, defining the very discourse associated with the accounting function. It formalises a generally accepted, or taken-for-granted, assumption that useful financial statements are those in which subsidiary companies are consolidated (R1; R2; R3; R5; R6; R7; R9; R10). It is conceivable that alternatives to consolidation are possible. The principle of control and consolidation has, however, become entrenched in day-to-day accounting practice to the extent that an alternative to consolidation principles coded in IFRS 10 (and its predecessors) has become almost unimaginable (R1; R2; R10):

> 'How would the following two sets of financials be different? Let's, for a moment, assume that you could either prepare consolidated financials as in IFRS, or you could just provide detailed disclosure of significant segments but without the need to aggregate those segments and perform the consolidation requirements [of IFRS 10][26]. That may well meet the information needs of users. It may even be simpler than applying IFRS 10 and provide more relevant and reliable information. But this approach just isn't acceptable because it doesn't comply with IFRS' (R3).

> '[T]he question you've got to ask yourself is do I want to be part of an international community? If you want to be part of an international community, you need to comply with the generally accepted accounting principles, which is mainly IFRS or US GAAP' (R6).

Complementing the entrenchment of IFRS 10 as the basis for describing how the principle of control *should* be accounted for is the sense of partitioning and technical rationality at the heart of the accounting standard. On the face of it, IFRS 10 defines the concept of 'control', providing guidelines to determine when one entity is controlled by another and hence should be consolidated (R1; R9). Detailed application guidance and an entourage of examples that are designed to reduce divergence in accounting practice further 'enclose' the consolidation process (Section 2.3):

> '**Yes,** [it's too repetitive]. [IFRS 10 is] too long, and it's so detailed and so on… trying to really put parameters around exactly what all the rules are to try and close all the loop-holes so that they make sure if something has to be consolidated, it gets in' (R9).

In addition, the standard contains a step-by-step approach for consolidating subsidiaries (Section 2.3) making the standard appear both technical and rational (R10). This has allowed the concept of control and consolidation to be disaggregated into a series of functions or activities that are clearly described, sequenced and applied. Hopper and Macintosh (1993) and Cowton and Dopson (2002)

[26] Interestingly, this basis of accounting preceded the introduction of IFRS in South Africa. This is, however, beyond the scope of this thesis.

conclude on how 'enclosure', 'partitioning' and 'temporal elaboration of the acts' culminate in hierarchical management structures to attain a sense of ranking and enhanced functionality (Section 2.3). By analogy, the outcome of IFRS 10 is a clearly established and rigorous hierarchy of accounting procedures (Section 2.3) with an aim to enhancing the functionality or utility of the annual report. The result is the general acceptance of IFRS 10's concept of control and the basis for accounting for the control of one entity by another to the extent that the potentially restrictive nature of the standard goes almost unnoticed and, more importantly, unquestioned (R6). What is, however, noticed is a departure from this established norm, especially in the aftermath of a financial crisis (Tremblay and Gendron, 2011). As discussed in Section 2.3, the result is that shortcomings in the consolidation model are made more apparent, necessitating the refinement of existing accounting standards, specifically the superseding of IAS 27 and SIC 12 by IFRS 10:

> 'if you look at [the commentary from the IASB when the standard came out] it was a project that was done because of the financial crisis… What was noted was that certain financial service companies did not consolidate something that they ultimately had a residual interest in (R6); IFRS 10 was about closing that loophole' (R3);
>
> '[IFRS 10 is] a response to non-consolidation of entities, the concern emanating in, probably the US, non-consolidation of entities where there was real risk exposure and the reader could never discern it' (R2);
>
> 'if we [consider] control in terms of IAS 27 and SIC 12 one of the biggest issues around this, and this was [made more obvious during] the financial crisis, was that some structured vehicles weren't being consolidated. A large part of this was also coming from lessons learnt in the USA' (R5).

Most interviewees felt that the current financial crisis had highlighted the possibility of inadequate financial reporting associated with the accounting for and disclosure of interests in subsidiary companies. Associated with this was inadequate application of existing IFRS due to perceived inconsistencies between IAS 27 and SIC 12 (R1; R6; R9) as discussed in Section 2.3. In response to these departures from a predetermined ideal or norm, IFRS 10 and IFRS 12 are introduced to expand on the concept of control and the instances when a parent should consolidate a subsidiary company. In other words, a departure from the generally accepted expectation for transparent financial reporting leads to a move to enclose the principle of consolidation further. In this way, IFRS is adaptive: when met with resistance in the form of creative accounting or financial structuring, the result is a fine-tuning of existing principles.

The repetition found in IFRS 10, coupled with its extensive examples and application guidance, has a role to play in this regard (Section 2.3):

> 'so you find things in the standard that are so, **so**, specific and you think: Wow, this is so, so specific. Why? Because there is one transaction that came about that was a problem, so they designed whole paragraphs and paragraphs [to make sure it gets consolidated]… I mean incredibly detailed rules, incredibly detailed rules [sic]' (R2).

By providing additional 'application' guidance on how the consolidating principles should be applied, IFRS 10 becomes tantamount to an act of dressage, repeating key principles extensively to ensure desired application and internalisation of those principles (R1; R6; R7):

> 'I think what they [are] trying to do with the implementation [guidance] is to give you **rules** for applying those principles. And I think what is going to happen is that as more and more schemes are uncovered, where they are trying to keep consolidations off[27], I think they'll just expand part B [application guidance] all the time to **capture** all of those things. That's where I see things going. So it's kind of American; part B reminds me of the American Standards a lot[28] (R7, emphasis added).

Supporting examples have a similar effect. As discussed in Section 2.3.1, SIC 12 was introduced to provide additional guidance on the principles of control in order to reduce divergence in accounting practices globally. The on-going financial crisis highlighted how SIC 12 and IAS 27 were being interpreted as two separate models for determining when one entity ought to consolidate with another. This led to the possible situation where an organisation, even if it controlled another in substance, could potentially conceal subsidiaries by not consolidating them because of technicalities (R1; R4; R10). IFRS 10 was a response to this, designed to clarify that there is only a single basis for determining when an entity is controlled by another and should be consolidated (R2).

Further, IAS 27 provided guidance on the accounting for subsidiaries in both consolidated *and* separate financials, unlike IFRS 10 which now draws a clear distinction between the accounting for subsidiaries at these two different 'levels'. This further separates the accounting process for subsidiaries into neat categories or standards (R2; R3). What respondents referred to was the possibility of the IASB and regulators, wanting to achieve clearly defined 'functional sites', allowing key consolidation principles to be readily identified, taught and examined; something explored in

[27] In other words, trying to avoid the consolidation of an entity when doing so will be in their (preparers') best interests.

[28] Unofficially, as the American standards have such vast volumes of authoritative application guidance that are extremely detailed, their accounting standards are regarded as being rules-based. This has the effect of leading to a tick-box approach rather than application of principles (R1).

more detail in Section 4.2. This reiterates a sense of enclosure at the heart of IFRS 10 as per Section 2.3.

At the same time, continuous economic development gives rise to new forms of businesses and transactions necessitating the refinement of existing consolidation principles to ensure continued 'enclosure' or the appearance of an all-encompassing standard:

> 'More transactions occur and these become more complicated. Maybe circumstances arise that you never thought of originally when [the standard setters] conceived the concept of subsidiaries and consolidations' (R3);
>
> 'On the other hand, the [Big Four] firms were constantly asking questions about *de facto control*[29] which were not written in IAS 27 [sic]. Remember that IAS 27 came out in the 1980's; it was very principles-based and very loose and so [the standard setters] decided to tidy it up and give a lot more guidance. Anything that has been an issue for more than 20 years needs to be looked at to ensure that it is up-to-date' (R6);
>
> 'The original aim of [IFRS 10] was to develop the concept of control. [Some questions] also arose out of the interpretation of the requirements of IAS 27 which define "control". A simple majority of the IASB members felt that IAS 27 was not restrictive and that you could consolidate even if you had less than 50% [of the voting rights] and even if you had no contractual agreement. But at that time contractual agreements were key in the minds of many people. The comment that came back at that stage from the Big Four was that there was disagreement about whether you should consolidate or not at less than 50% provided you had some sort of contractual arrangement. … why then did they introduce IFRS 10? To withdraw IAS 27 and make it clear that the IASB had a strong persuasive view that you can consolidate with less than 50% and no contractual relationship… this did not change practice but [clarified] that control was a concept and that control wasn't something measured just by number of votes' (R1).

What respondents, therefore, identified is how a combination of changing facts and circumstances, accentuated by financial crisis and corporate scandals, provide the impetus for change in accounting standards. With consolidation generally accepted as a rational and legitimate means of communicating a particular economic reality, the principles of control and consolidation are continuously revised to ensure that they remain all-encompassing and are consistently applied (Danjou, 2013):

[29] *De Facto* control refers to the situation where, although less than 50% voting right is held, as the remaining shares are so widely held and organization of those remaining votes to oppose the larger shareholder is unlikely, that shareholder effectively controls the company (IASB, 2011a).

> '[Ultimately], the IASB was wanting **more** consolidations than IAS 27 seemed to provide. IAS 27 was being read by most people as a rule, as opposed to an indication that was not necessarily a complete list of all circumstances' (R1).

If consolidation is accepted as providing the most useful information to users (Section 1.1), material divergence from the principles of consolidation must be addressed. The aim is not a paradigm shift when accounting for subsidiaries but rather to bolster existing conceptualisations of control and consolidation principles that, at least to some extent, have attained a state of taken-for-granted credibility. What this also suggests is that divergence from accepted consolidation principles is linked with discipline and punishment, indicating the concurrent operation of principles of enclosure and normalising sanctions. As consolidation principles are enclosed and partitioned, correct training of the mind to think within these clearly defined enclosures begins. Seemingly trivial devices assume control over small matters that then combine to achieve subtle coercion. Consequently, IFRS 10 and IFRS 12 play a crucial role in 'condition[ing] your mind to think in [a certain way]' (R1). IFRS 10 has come to constitute the very discourse of control to the exclusion of all alternatives (R9):

> 'Ja [sic] because you need to be compliant with the standard. So if you don't think *that* way, unfortunately you're not going to get *the correct* answer and you'll fail your audit. [What is the correct answer?] What IFRS wants' (R4, emphasis added);
>
> '[therefore], when in doubt, rather consolidate' (R9);
>
> 'because they want a specific rule… they don't want you to have the ability to have your decision. It must be clear-cut' (R2);
>
> 'They are trying to create a constrained way of thinking' (R3).

As explained by Hopper and Macintosh (1993) and Gordon (1980), disciplinary power comes to permeate daily life, extending into even those areas that would not normally have been the subject of regulation. As the 'small issues' (R2) are so closely scrutinised, the preparer is rendered more docile or accepting, being ever more constrained by IFRS 10 to thinking about consolidations in the IASB's fashion. Thinking about a transaction in terms of its economic reality and how to portray that within the parameters of the Conceptual Framework are no longer emphasised[30]. Instead, professional judgement (which is synonymous with variability in accounting practice) (R1; R3) is superseded by a desire to manage the consolidation decision-making process:

[30] IFRS are purportedly based on the Conceptual Framework (IASB, 2010a; IASB, 2012). However, the Conceptual Framework has been described as underpinning the standards, but not overarching them (R2).

> '… um, what is the principle of IFRS 10? I think the principle of IFRS 10 is to… I don't know…' (R5);
>
> 'Firstly, the better picture is to rather consolidate. I mean if you doubt if you control it or not, you are giving a more accurate picture by consolidating because else that information is completely lost' (R9).

The IFRIC has in the recent past issued:

> 'One or two interpretations[31]… whereas now they got hundreds of them on the go… well not hundreds, but between 20 and 50 of them. [The previous chairman of the IFRIC] issued so few interpretations because he said: "You must apply your mind, and it will be **different** depending on the facts and circumstances in the case" (R5, emphasis added).

This implies that, presently, reaching the 'correct' conclusion has been prioritised over applying one's judgement. Due to the use of detailed step-by-step procedures found in Appendix B of IFRS 10 and related disclosure requirements of IFRS 12 (Section 2.3) which rely on rules rather than principles, accountants are subject to dressage. They are effectively trained to follow the 'rules' (Appendix B of IFRS 10) in IFRS instead of applying professional judgement and conceptual principles to situations as they present themselves in practice. At the extreme, what some interviewees suggested is that a fear of being perceived as departing from existing prescriptions of the IFRS has led to a demand for ever more detailed guidance from the IASB (R2, R4, R5, R9; R10):

> 'Well, I mean definitely. All those SIC's [interpretations] … they were introduced because there was a problem [being divergence in the application of the IFRS]' (R4);
>
> '[People feel more comfortable with more application guidance] because people don't like to apply their mind and judgement… people wanted a tick-box' (R5);
>
> 'The standard setters [provide more application guidance] to try and create compliance' (R7).

In explaining the fear of being seen as non-compliant with IFRS, several respondents also pointed to the operation of technologies of surveillance and self-monitoring effects.

[31] The respondent is dealing with the requests for interpretations or clarifications issued to the IFRIC by preparers and the fact that there has been a considerable increase in the number of requests for guidance due to reluctance on the part of preparers to apply their own professional judgment.

4.2 Disciplinary Power and Control: surveillance, examination and normalizing sanction

As explained by Walsh and Stewart (1993):

> 'It is not the eventual punishment that ensures compliance…rather it is the fear of being found out' (Walsh and Stewart, 1993, p. 795).

The disciplinary potential of IFRS 10 does not rely on displays of power and violence. As discussed in Section 2.3, the primary objective of consolidation is to present the economic activity of a group of entities as that of a single economic unit. From an agency perspective, this accounting treatment captures the economic substance of the relationship between a parent and its subsidiaries, allowing shareholders to better 'see' how managers have been using available resources to generate a reasonable return:

> 'Stewardship means that you have to show all the resources under your control. You've got to show how you actually looked after the resources, what you've done with them and the kind of return that you are getting on those resources, and I think if you don't have consolidation, how are you actually going to show those assets and liabilities in the subsidiary companies… just think of your balance sheet, what are you going to show? Just the investment in your [investee]? What is that going to mean when you actually control those and they are effectively part of your business [32]?' (R7).

The principles of transparency, accountability and stewardship are relevant considerations when evaluating the usefulness of financial reporting (IASB, 2010a). Going hand-in-hand with the principle of enclosure inherent in IFRS 10 is, therefore, the desire to enhance the perceived 'visibility' of corporates' activities. A primary concern with IAS 27 and SIC 12 was that ambiguity created an opportunity to avoid consolidation when in the interests of the parent to do so which resulted in less transparency into that entity[33] (IASB, 2011a):

> 'Are [preparers] actually going to identify all of those entities that they control and consolidate them properly? Or are they going to hide some, using SIC 12 and all of its exceptions? … The biggest problem, before they

[32] In the absence of consolidated financials, the interest in the investee would be carried at either cost or fair value. The results, operations, cash flows and financial position of the investee would not be reflected in the financial statements (IASB, 2008).

[33] Debt could be 'pushed' into SPV's that were not consolidated, thereby 'hiding' vital financial information regarding decisions to invest or not in that particular entity (R3).

> brought in IFRS 10, was that people perceived a mismatch between IAS 27 and SIC 12 [34] and if you are trying to keep things off your balance-sheet, you could try and almost create arbitrage between the two… [introducing IFRS 10] makes it very clear that there is a single set of criteria that you use to evaluate your relationships with your subsidiary companies' (R7).

Clarifying this relationship is important because shareholders and other stakeholders are always looking for more information (R8). At the same time, there is a general trend for more comprehensive, open reporting by corporates that communicates the true economic state of affairs of their business (IOD, 2009; Solomon, 2010; IRC, 2011). A key hinderance identified by several interviewees was off-balance-sheet financing. By clarifying the concept of control, and when one entity should consolidate another (Section 2.3), IFRS 10 seeks to reduce divergence in accounting for subsidiaries, particularly by mitigating the risk of unconsolidated vehicles distorting the financial position and performance of a reporting entity. Complementing this are the disclosure requirements of IFRS 12:

> 'Taken together [IFRS 10 and IFRS 12] have opened up the company more than before. It's more transparent and we will see this in terms of what kinds of disclosure you get…If I look at the history of IAS 27 and SIC 12, I think that people were trying and not consolidating and the reason why it was attractive for them [was] that you didn't have all this disclosure about all these entities that you weren't having to consolidate. Now that you are having to disclose it, I think it's a very different view' (R7);
>
> '[IFRS 12] at least makes them disclose the existence [of SPV's]. I think that's quite important so that [SPV's are] not completely in the dark. At least [investors] know it's out there, that there are these things that you haven't consolidated and this is the reason. …it's good to disclose… if you don't consolidate you **have** to give the reasons. It's a good thing to highlight - at least to highlight to the reader where you made a decision [concerning whether or not to consolidate an entity] and why you made that decision' (R2);
>
> 'The thought behind the added disclosure is that there is more information made available to the user and that improves transparency. This allows readers to hold preparers **more accountable** for the decision not to consolidate something' (R6, emphasis added).

With more information, comes more to analyse, scrutinize and contrast. In this light, IFRS 10 (by seeking to ensure more consolidations) and IFRS 12 (by mandating additional disclosure

[34] As discussed in Section 2.2, this was due to IAS 27 referring to control, while SIC 12 referred to risks and rewards associated with the interests in the investee.

requirements on certain judgements regarding consolidations) offer improved visibility into an organization (R2; R3; R5; R7; R8; R9; R10). Even if this does not lead to actual interrogation of a reporting entities' application of IFRS 10 and IFRS 12, what was particularly important for interviewees was that there is 'the potential to go looking if you want to because there is information to see' (R3). For example, discussing at length the difference between a company that is consolidated versus, for example, equity accounted[35]:

> 'I find we [analysts] would much prefer it to be consolidated. There is a lot more visibility. When things get into associate accounting or [joint venture accounting] … so when something is equity accounted it comes through in one line. So I don't know what is happening in revenue, cost of sales, etc., etc., etc. … [However, it is] 100% through every line [when consolidated as opposed to equity accounted]. So you'd be able to separate that out properly and there is a lot more visibility [on] a line-by-line basis' (R8).

By implication, if IFRS 10 results in more consolidations – 'the IASB was wanting more consolidations than IAS 27 seemed to provide' (R1) – this results in an added sense of corporate transparency. What is the consequence of increased visibility? Foucault agued it would invoke a type of anxiety, a feeling that the observed is different (R3), and this is only relieved when you feel you are conforming and hence invisible in your normality:

> 'Do you know how scared people are of [the FRIP]? … They are scared of [it], terrified. You go and tell them [the FRIP] is coming to look at their financials and you'll see them quiver' (R3);
>
> The result is that 'I think what they've done in IFRS 12 is almost creating a spotlight on those entities [that are not consolidated]' (R7).

The FRIP will not cause any physical harm to CEO's and CFO's of listed entities. It will not punish them by 'spectacular displays of power' (Section 2.1). Instead it will 'do something much worse … [it] will expose them' (R3). It is this fear that may contribute to motivating entities' management to conform to IFRS 10. The effect is a continued sense of being watched, rendering individuals anxious over being made known as non-conformists with IFRS and fair presentation. Importantly, it is not enough merely to know that someone could be watching you. What is 'right' must first be taught to you for you to know when you are in contravention of those principles and hence feel 'different' and conspicuous. Due to the fact that IFRS 10 is perceived as the 'correct' basis for dealing with

[35] When an investment is equity accounted, all that is included in the financial statements are the changes in the net asset value of the investee. This is in contrast to consolidation where the actual incomes, expenses, assets and liabilities of the subsidiary are included with the parent's on a line-by-line basis thereby providing much more insight into the organisation and its operations.

consolidations (R6), it provides a benchmark for defining whether or not financial reports achieve fair presentation or are generally acceptable (R1; R6; R7; R10). Consequently, a departure from IFRS 10 – which would include inadequate disclosure in terms of IFRS 12 – becomes an unacceptable contravention of widely-accepted accounting principles that will result in the preparers of those financials feeling as though they are attracting attention toward themselves. Complementing this are the implications for the *individual* preparer. Several respondents explained how, if a company's financials were to depart from IFRS 10 and IFRS 12, the stigma of being branded as non-conformist would be very relevant for the accountant, further encouraging normalizing behaviour:

> 'The funny thing is it follows **management.** … **management teams** are heavily judged and scrutinised … and you'll find that pressure [from investors and the market] will make them [comply with IFRS 10 and IFRS 12]' (R8, emphasis added).

Alongside correct training and surveillance is perpetual examination. This starts with universities. There are defined syllabi, assignments, tests and examinations that provide continued opportunity to assess students' consolidation competencies (R3). Professional entrance examinations of the South African Institute of Chartered Accountants (SAICA) and Independent Regulatory Board for Auditors (IRBA) are another level. This examination culture never ceases. Continuing Professional Development (CPD) amongst professionals is key to maintaining the legitimisation of the CA (SA) brand (R10): 'Your CA [SA] is what gives you that marketability' (R5). These examinations serve two purposes: firstly, they rank individuals in terms of their mastery of and adherence to IFRS. Secondly, they make visible those in need of *more* training (R3; R5)[36].

In addition, active training that encloses consolidation principles (section 4.1) and prescriptive disclosures provides a benchmark facilitating processes of examination and normalising judgement in a practical setting. Integral to this is the role of external auditors and regulators:

> 'I think IFRS 10 gives a lot more ammunition to the auditing firms to stop people arguing against control. So we have a lot more ammunition in IFRS 10 to say to the client, "No, this entity should be consolidated"' (R6).

> 'The additional guidance in IFRS 10 helps the preparers and, more particularly, the auditors to justify a decision [to consolidate or refrain from doing so] because the reality is that the auditor wants a stick. If the auditor hasn't got a particular set of principles and guidelines, [he finds himself] in a very difficult position. This is an old debate, the client says I want to do "X", and since this is the **client** who happens also to pay the audit fee, unless

[36] This is in line with the fact that Foucault (1977) believed training acts as a positive normalising action.

> there are clear guidelines, the reality is that the auditor might accommodate the client' (R2).

IFRS 10 and IFRS 12, therefore, provide a basis for actively analysing managements' decision to consolidate an entity or refrain from doing so. Complementing this is the force of the audit opinion or enquiry from a regulator, such as the FRIP, serving as a formal written account of non-compliance with IFRS:

> 'Because the environment is so regulated and because [of] oversight and the FRIP, and functions like that, companies in general would rather be conservative [and consolidate] and rather do what they think is [in line with IFRS**]… because you are never going to get into trouble if you have consolidated but you will get into trouble if you should've consolidated and you haven't**' (R9, emphasis added).

In essence, what IFRS 10 and IFRS 12 provide is a more comprehensive basis for determining when to consolidate another entity, allowing the decisions of the preparer to be more rigorously analysed by the auditor, regulator and all other stakeholders. In the absence of detailed step-by-step processes for deciding when an entity is controlled by another, professional judgement and inherent subjectivity involved in interpreting IAS 27 and SIC 12 make it practically difficult to force preparers to include SPV's or structured entities in their consolidated results (Section 2.3). Cowton and Dopson (2002) and Roberts (1991) explain how the added capacity to review the decision-making process of management can have an individualising effect, causing individuals to become accountable and subject to corrective action. Respondents describe a comparable process with IFRS 10 and IFRS 12 (R2; R6; R7).

In a South African setting, the Auditing Profession Act No.26 of 2005 requires auditors to report instances of divergence from IFRS to the independent regulator or else face criminal sanctions (Maroun and Wainer, 2013). This, coupled with auditors' legal right to access all aspects of an organisation's business, poses a real threat to management teams who contemplate contravening consolidation principles through non-consolidation of structured entities (Opperman, 2009; Maroun and Wainer, 2013). Another example in South Africa is the FRIP who would theoretically be in a better position to question a decision of management who refrained from consolidating an entity once IFRS 10 and IFRS 12 are effective (R2; R3). Similarly, audit committees are equipped with a more comprehensive discourse for challenging management's interpretation of whether or not an entity is under the control of another reporting entity (R9). In other words, consolidation-related judgements are more readily contrasted with the generally accepted norm that an entity under the control of another ought to be consolidated.

In summary, the effect of the repetitive provisions of IFRS 10 and IFRS 12, together with an added sense of transparency, results in individuals who feel coerced to comply with the IASB's model of control. This was highlighted by two respondents explaining the reluctance to depart from the requirements of IFRS due to a perceived sense of being 'watched' by multiple parties:

> 'IAS 1's fair presentation override[37]…says if the standard is wrong, you can override it in very rare cases. I don't think it happens very often…That's possibly because it's harder to [explain], even if you feel in your heart that the standard is wrong. It will be a massively difficult exercise to justify [departing from IFRS 10]. You've got to justify that to the audit committee, your auditors, the FRIP or the JSE **or anyone**' (R10);
>
> 'I must be honest, I think they put that there as a "just in case". Could it happen? It could happen. But I've never seen that. Even at varsity we didn't have an example, **ever**, of where that happens' (R4).

These comments should not, however, be read as implying that IFRS 10 and IFRS 12 provide an escape for non-informative disclosures and non-compliance with IFRS (R1). As predicted by Foucault (1977), an added sense of visibility gives rise to innovative forms of resistance.

4.3 Limitations of Panopticism - resistance

In a financial reporting context, 'resistance' amounts to a tension between the demands of users for more transparent financials as well as the requirements of IFRS, and the desire of managers to withhold information when it is in their best interests to do so:

> '… consolidations came about because of abuse. What do companies do [if they do not want to disclose negative information]? They choose to have special arrangements with their banks so that they can re-arrange their loans *to appear on the books of another company* and the end result is that the external debt of the group appears substantially reduced because it is put into a subsidiary that is not consolidated [because of technicalities]… This detracts from the usefulness of the financials because [they] do not reflect economic reality. So we introduce consolidations [and the various amendments to the consolidation standards] to better reflect economic substance' (R1, emphasis added).
>
> '… in a way, there is a type of arms race between industry and standard setters. As soon as the standard setters find a loop-hole, they try to close it. And the industry then tries to find another loop-hole… as soon as you

[37] Theoretically, if a preparer felt that an alternate approach to IFRS 10 would provide a more faithful representation of the economic reality of an entity, he would be entitled to depart from the requirements of the IFRS (IASB, 2007).

> introduce the idea of consolidation and people don't want to consolidate, they find reasons to justify that. IAS 27 requires people to consolidate, but some don't and so the [standard setters] introduce SIC 12 to clarify what IAS 27 means. But some people still find a basis to avoid consolidation. SIC 12 ends up not being interpreted as the IFRS intended and so IFRS 10 is introduced in response. I imagine that it won't be long before people find creative ways of reading IFRS 10 and we find yet another interpretation being issued' (R3).

In this respect, respondents pointed to a tension between transparent financial reporting in the interest of a broad group of users and the limitation of information available to those users when such is in the best interest of managers (R1; R2; R3; R7; R10). Managers, or stewards of an entity, would want to hide information to inhibit stakeholders from assessing their management of resources under their control, often under the pretence of competitive information:

> 'Absolutely, [they would want to hide loss-making entities]. I think practice has shown that you'll find there is definitely a trend to do that; and also another one would be where you don't want to provide the market with an advantage. … so you might have a massive-margins-entity and I think the guys actually structure things at times to ensure that there is lower visibility so that they can still take advantage of the pricing that they are currently getting' (R8).

The perceived conflict between the provisions of IAS 27 and SIC 12 also highlight resistance to the panoptic control and indicate a limitation of Disciplinary Power and Control (Foucault, 1977; Miller and O'Leary, 1987):

> 'I think our [South African] culture is that companies try to get away with as much as possible. I do think there are companies that are not like that. … but I think the majority of companies will push as far as they can to get away with it. …if you write principle-based standards they can be short and [use] very general language, [but] the reality is that people don't stick to the principles. People work around the principles to get the outcome to be whatever they want it to be' (R9).

Despite IFRS 10 being introduced to mitigate this risk (Section 2.3), several respondents felt that there was already a possibility of the additional guidance and examples found in IFRS 10 being used to justify accounting that, in substance, was contrary to the spirit of IFRS 10 and IFRS 12:

> 'I think they've always wanted more guidance… so I think they are trying to get more guidance so that they know how to structure schemes to avoid having actually to consolidate' (R7);

> '[Even] the examples. People are going to start saying: But my scheme doesn't fit **exactly** [into] example 14 so I don't have to [follow that] example's treatment' (R10).

Respondents provided actual examples:

> 'Go to [X Bank's] disclosure, they've got this whole thing about normalized earnings and IFRS adjustments. And that is actually telling you that they don't think that IFRS gives you the true reflection so we change things and then we get to whatever we think it should be' (R9).

This comment highlights two issues. Firstly, it reinforces the idea that companies are reluctant to contradict outright IFRS (possibly due to elements of Disciplinary Power and Control (Section 4.1-4.2). Secondly, it provides an example of how entities **do** resist an added sense of transparency and control, albeit subtly.

> 'Once you have anything which preparers would like to avoid, you develop an industry around it. … The genesis of what actually happens in practice is [the company] would get the latest standards and then the merchant banks and financiers would go through that accounting standard and say: "Well, those are the accounting requirements where you have to account for [this transaction in a particular manner]. So we'll just structure it…so it just falls out of those requirements... Because there was a rule that said [this accounting only applies if the holding is at] 90%. So, okay, we'll make it 89%... if you want a result, there is a market for people who develop it for you' (R2).

These comments are inconsistent with the ideal of panoptic control. While IFRS 10 does have some disciplining effect on preparers (Section 4.1-4.2), inevitably, resistance to this new technology of power and control emerges. In the same way as SIC 12 was introduced to combat a legalistic interpretation of IAS 27, there is the possibility that some preparers will find innovative means of circumventing the provisions of IFRS 10.

5. Conclusion

This chapter summarises the key findings from the detailed interviews and presents closing remarks (Section 5.1). The contribution to the professional and academic literature is highlighted (Section 5.2) and inherent limitations and areas for additional research discussed (Section 5.4).

5.1 Summarising comments

IFRS 10 represents the entrenchment of a step-by-step approach to determining whether an entity is controlled by another or not. Although the standard itself is brief, the authoritative appendices that contain the application guidance and illustrative examples ensure the effective 'enclosure' of consolidation principles. In providing a step-by-step consolidation process, the IASB effectively has given preparers 'rules' to substitute for a purely principles-based approach, reliant on professional judgement (see Danjou, 2013). The result is that some preparers are rendered docile, evidenced by an unquestioning acceptance of the consolidation procedures and disclosures found in IFRS 10 and IFRS 12. In essence, principles are being marginalised in favour of ever-more detailed illustrative guidance that highlights each 'element' of the respective standards in meticulous detail to ensure consistent application.

Added detail goes hand-in-hand with the surveillance and disciplinary potential of the new standards and South African regulatory environment which mandates compliance with IFRS (see APA, 2005; Companies Act, 2008; Companies Regulations, 2011; Johannesburg Securities Exchange, 2013). IFRS 10 and IFRS 12 provide a comprehensive basis for critically assessing the decision of the reporting entity to consolidate an investee or refrain from doing so. Central to this are the detailed prescriptions of the standards, coupled with the added disclosure requirements of IFRS 12, that render the consolidation process more 'visible' – especially in the absence of the consolidation of an entity. This is reinforced by the improved ability of auditors, regulators and shareholders to 'peer into' the business relationships with structured entities, leading to an enhanced sense of corporate transparency. As predicted by Foucault (1977), the result is normalised behaviour where Disciplinary Power and Control work subtly on the minds of preparers ,leading to the conclusion: 'When in doubt, consolidate' (R9) or blind acceptance of consolidation principles. This is not due to the possibility of physical sanction for non-compliance with the IFRS, but rather to the stigma of being labelled as acting against generally accepted views codified by IFRS 10 and IFRS 12.

This should not be read as implying that these accounting standards have resolved the problem of misapplication of IFRS. Consistent with the findings of Cowton and Dopson (2002) and Hopper and Macintosh (1993), elements of resistance to panoptic control are evident. Section 2.3 explained how SIC 12 was introduced due to legalistic interpretations of IAS 27 leading to inconsistent application of consolidation principles. Ironically, Section 4.3 pointed out that the added complexity of IFRS 10 may offer opportunities for more innovative schemes to circumvent the need to consolidate entities under control of a parent when in management's best interest to do so. Consequently, there are motifs of Disciplinary Power and Control inherent in IFRS 10 and related disclosure requirements of

IFRS 12. The possibility of resistance to the standards, however, means that the Foucault's model of Disciplinary Power and Control does not provide a complete account.

5.2 Contribution of the thesis

Firstly, by using a Foucauldian theoretical framework, this thesis answers the calls of Carruthers (1995) and Moore (1991) for more critical evaluations of accounting systems. It complements the work of, *inter alia,* Cotwon and Dopson (2002) and Hopper and Macintosh (1993), by expanding the application of Foucault's model of Disciplinary Power and Control. By using detailed interviews with 10 South African experts, the paper provides a conceptual account of how notions of enclosure, efficiency and Disciplinary Power and Control may be at work in a financial reporting setting. Although these findings may not be generalised in a positivist sense, the principles identified by this thesis may have relevance for future critical researchers.

Secondly, this study contributes to the existing body of corporate governance research. Much of this prior research is dominated by agency theory and restricted by the focus on rational economic processes (Brennan and Solomon, 2008). This thesis has confirmed how powerful social forces are also at work in shaping the corporate governance machinery and should not be overlooked.

Finally, this thesis is among the first to provide a detailed interpretive/critical account of financial reporting in an African setting. It, therefore, adds to the prior body of research that has traditionally been based in the USA and Europe (Brennan and Solomon, 2008). The thesis is possibly the first example of critical financial accounting research produced in South Africa and possibly the first to examine the potential effects of IFRS 10 and IFRS 12 in general. This is not, however, to say that this work is without limitations.

5.3 Limitations and areas for future research

This research used only a Foucauldian theoretical framework to explore the operation of IFRS 10 and related disclosures in IFRS 12. Other perspectives, grounded in models of economic rationality or institutional theories, such as theories of legitimacy or modernity, were not applied. The research also did not deal explicitly with political power discourse. These are areas for future research that can broaden our understanding of how IFRSs are developed and applied.

Related to this is the need to consider the effect of the on-going financial crisis in more detail. This paper has not specifically identified why the financial crisis has resulted in a loss of confidence in

existing IFRS and precisely *how* introducing revised or new accounting standards addresses this. Similarly, how regulatory bodies (such as the FRIP or Securities Exchange Commission) contribute to a culture of accountability, transparency and disciplinary power and control has not been addressed. The thesis has also only focused on IFRS 10 and IFRS 12 as a type of case study. Future research may, therefore, shed additional light on financial reporting by exploring the impetus behind and Foucauldian elements inherent in IFRS **in general**. Integral to this is the need to focus on the institutions that produce accounting standards and those responsible for monitoring compliance with them (Foucault, 1977).

Thirdly, Section 4.1 – 4.2 introduced instances where the South African regulatory environment may complement and actually enhance Disciplinary Power and Control effects resultant from IFRS 10 and IFRS 12. This was not specifically investigated and hence may provide valuable future research to further this thesis's findings and increase the African body of critical and financial accounting research. Furthermore, a comparable study can be undertaken using the American standards, produced by the Financial Accounting Standards Board (FASB), as a case study. This could shed light on how power and control operate on a global level and will be useful for identifying similarities and differences between the USA's accounting standards and IFRS. This is especially relevant in light of the on-going convergence project between the IASB and FASB (R1)[38].

Finally, as IFRS 10 and IFRS 12 were not effective at the time of the writing of this thesis, a follow-up study could be undertaken to gather actual results of the operation of IFRS 10 and IFRS 12. This could shed light on tensions between the theoretical requirements of the IFRS and their actual application by preparers and auditors. In doing so, the mechanisms by which institutions interpret the accounting standard and resist an added drive for corporate transparency (Section 4.3) could be explored in more detail. This line of research could also identify problems with the new standards, adding to the critical literature that argues that additional regulations often have unintended consequences which undermine their expected utility (examples include Bronson et al, 2011; Maroun, 2012).

[38] In the interests of comparable, global financial reports, the IASB and FASB have been working on a project to converge their accounting standards. This project has, however, been riddled with problems stemming from the differences in approaching accounting regulation in the USA versus the rest of the jurisdictions, adopting IFRS as their financial reporting framework (R1; R9).

IV Acknowledgements

The author would like to acknowledge firstly the respondents who took time out of their busy schedules to be interviewed and provide valuable insights, experiences and opinions. Secondly, to my supervisor, Warren Maroun, infinite thanks for the guidance, help and support throughout this research. Without his supervision, this research would have been impossible. I must thank my loving family and Girlfriend for supporting me throughout this adventure. To all the participants of the International Corporate Governance Conference (2012): A debt of gratitude for helping me to identifying areas that needed more depth. Finally, a huge thank you to Lelys Maddock for excemplarary editorial services – without you, this thesis would be riddled with grammatical errors and mis-used words. Thank you for helping me correct every single instance.

V List of references

Ahrens, T., Becker, A., Burns, J., Chapman, C. S., Granlund, M., Habersam, M., Hansen, A., Khalifa, R., Malmi, T., Mennicken, A., Mikes, A., Panozzo, F., Piber, M., Quattrone, P. & Scheytt, T. 2008. The future of interpretive accounting research--A polyphonic debate. *Critical Perspectives on Accounting,* 19**,** 840-866.

Alvesson, M. 2003. Beyond Neopositivists, Romantics, and Localists: A Reflexive Approach to Interviews in Organizational Research. *The Academy of Management Review,* 28**,** 13-33.

APA 2005. Auditing Profession Act No. 26 of 2005. *APA.* Republic of South Africa.

Barth, M. E. 2008. Global Financial Reporting: Implications for U.S. Academics. *The Accounting Review,* 83**,** 1159-1179.

Brennan, N., M. & Solomon, J. 2008. Corporate governance, accountability and mechanisms of accountability: An overview. *Accounting, Auditing & Accountability Journal,* 21**,** 885-906.

Brivot, M. & Gendron, Y. 2011. Beyond panopticism: On the ramifications of surveillance in a contemporary professional setting. *Accounting, Organizations and Society,* 36**,** 135-155.

Bronson, S. N., Hogan, C. E., Johnson, M. F. & Ramesh, K. 2011. The unintended consequences of PCAOB auditing Standard Nos. 2 and 3 on the reliability of preliminary earnings releases. *Journal of Accounting and Economics,* 51**,** 95-114.

Byington, J. R. & Sutton, S. G. 1991. The self-regulating profession: An analysis of the political monopoly tendencies of the audit profession. *Critical Perspectives on Accounting,* 2**,** 315-330.

Carruthers, B. G. 1995. Accounting, ambiguity, and the new institutionalism. *Accounting, Organizations and Society,* 20**,** 313-328.

Coetsee, D. 2011. A comment on research frameworks applied in accounting research *SA Journal of Accounting Research,* 25**,** 81 to 102.

Companies Act 2008. Companies Act No. 71 of 2008. *Companies Act (2008).* Republic of South Africa.

Companies Regulations 2011. Companies Act No. 71 of 2008: Companies Regulations. Republic of South Africa.

Cowton, C. J. & Dopson, S. 2002. Foucault's prison? Management control in an automotive distributor. *Management Accounting Research,* 13**,** 191-213.

Creswell, J. 2009. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches, Third Edition,* London, Sage Publications.

Creswell, J. W. & Clark, V. L. P. 2007. *Designing and Conducting Mixed Method Research*, SAGE.

Danjou, P. 2013. An update on International Fiancial Reporting Standards (IFRSs). Available: http://www.ifrs.org/Features/Pages/An-Update-on-IFRSs-by-Philippe-Danjou.aspx [Accessed 12 February 2013].

Durocher S. & Gendron, Y. 2011. IFRS: On Docility of Sophisticated Users in Preserving the Ideal of Comparability. *European Accounting Review,* 20**,** 223-262.

Foucault, M. 1977. *Discipline and Punish: the Birth of the Prison,* New York, Vintage.

Georgiou, O. & Jack, L. 2011. In pursuit of legitimacy: A history behind fair value accounting. *The British Accounting Review,* 43**,** 311-323.

Gordon, C. (ed.) 1980. *Power/Knowledge: Selected Interviews and Other Writings 1972-1977,* Harlow, Essex: Pearson Education.

Grant Thornton. 2012. Under Control? *A Practical Guide to Applying IFRS 10 Consolidated Financial Statements* [Online]. Available: http://www.gti.org/files/under_control_a_practical_guide_to_ifrs_10_consolidated_financial_statements.pdf [Accessed 23 August 2012].

Holland, J. 1998a. Private Disclosure and Financial Reporting. *Accounting and Business Research,* 28**,** 255-269.

Holland, J. 1998b. Private Voluntary Disclosure, Financial Intermediation and Market Efficiency. *Journal of Business Finance & Accounting,* 25**,** 29-68.

Holland, J. 2005. A grounded theory of corporate disclsoure. *Accounting and Business Research,* 35**,** 249-267.

Holland, J. & Doran, P. 1998. Financial Institutions, private acquisition of corporate information. *European Journal of Finance*, 4, 129-155.

Hopper, T. & Macintosh, N. 1993. Management accounting as disciplinary practice: the case of ITT under Harold Geneen. *Management Accounting Research,* 4**,** 181-216.

Hopwood, A. G. 2000. Understanding Financial Accounting Practice. *accounting, organizations and society***,** 763-766.

Hoskin, K. 1994. Boxing Clever: For, against and beyond Foucault in the Battle for Accounting Theory. *Critical Perspectives on Accounting,* 5**,** 57-85.

Humphrey, C. 2008. Auditing research: a review across the disciplinary divide. *Accounting, Auditing & Accountability Journal,* 21**,** 170-203.

IASB 2007. International Accounting Standard 1: Presentation of Financial Statements. Available: http://eifrs.ifrs.org/eifrs/files/238/bv2012_ias01_part%20a_104.pdf [Accessed 29 January 2013].

IASB 2008. International Accounting Standard 27: Consolidate and Separate Financial Statements Available: http://eifrs.ifrs.org/eifrs/files/238/bv2012_ias27_part%20a_154.pdf [Accessed 29 January 2013].

IASB 2010a. *The Conceptual Framework for Financial Reporting,* Pitermartisburg, LexisNexus (International Accounting Standards Committee Foundation Publications Department).

IASB 2010b. Standing Interpretation Committee 12- Special Purpose Entities. *A Guide through IFRS, A1263-A1265.*

IASB 2011a. International Financial Reporting Standard 10: Consolidated Financial Statements. Available: http://eifrs.ifrs.org/eifrs/bnstandards/en/2012/ifrs10.pdf [Accessed 29 January 2013].

IASB 2011b. International Financial Reporting Standard 12: Disclosure of Interests in Other Entities. Available: http://eifrs.ifrs.org/eifrs/bnstandards/en/2012/ifrs10.pdf [Accessed 29 January 2013].

IASB 2011c. International Financual Reporting Standards Board. *Frequently asked question* [Online]. Available: http://www.ifrs.com/ifrs_faqs.html#q3 [Accessed 15 August 2012 2012].

IASB 2012. IASB Staff Day for IFRS Teachers, Monday 14 May 2012 in London, United Kingdom. Available: http://www.ifrs.org/Documents/IFRSTeachershandout.pdf [Acessed 4 September 2012].

IOD 2009. *The King Code of Governance for South Africa (2009) and King Report on Governance for South Africa (2009) (King-III)*, Lexis Nexus South Africa, Johannesburg, South Africa.

IRC 2011. Framework for Integrated Reporting and the Integrated Report. Available: www.sustainabilitysa.org [Accessed 5 June 2012].

Jensen, M. C. & Meckling, W. H. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics,* 3**,** 305-360.

Johannesburg Securities Exchange. 2013. JSE Listing Requirements. Available: http://www.jse.co.za/How-To-List/Listing-requirements/JSE-listing-requirements.aspx [Accessed 1 February 2013].

Leedy, P. D. & Ormrod, J. E. 2010. *Practical Research: Planning and Design.*, Pearson Education Inc.

Llewelyn, S. 1996. Theories for theorists or theories for practice? Liberating academic accounting research? . *Accounting, Auditing & Accountability Journal,* 9**,** 112-117.

Llewelyn, S. 2003. What counts as "theory" om qualitative management and accounting research? . *Accounting, Auditing & Accountability Journal,* 16**,** 662-708.

Maroun, W. 2012. Interpretive and critical research: Methodological blasphemy! *African Journal of Business Management,* 6**,** 1-6.

Maroun, W. & Wainer, H. 2013. To report or not to report: In what context is a 'reportable irregularity' reportable? . *South African Journal of Economic and Management Sciences,* 16**,** 13-25.

Mckinlay, A. & Pezet, E. 2010. Accounting for Foucault. *Critical Perspectives on Accounting***,** 486-495.

Miller, P. & O'Leary, T. 1987. Accounting and the construction of the governable person. *Accounting, Organizations and Society,* 12**,** 235-265.

Moore, D. C. 1991. Accounting on trial: The critical legal studies movement and its lessons for radical accounting. *Accounting, Organizations and Society,* 16**,** 763-791.

O'Dwyer, B., Owen, D. & Unerman, J. 2011. Seeking legitimacy for new assurance forms: The case of assurance on sustainability reporting. *Accounting, Organizations and Society,* 36**,** 31-52.

Opperman, F. 2009. Reportable irregularities - creating a culture of compliance. *Accountancy SA,* October**,** 28-30.

PricewaterhouseCoopers. 2012. A Practical guide to IFRS - Consolidated Financial Statements. Available: https://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CCgQFjAB&url=https%3A%2F%2Fpwcinform.pwc.com%2Finform2%2Fcontent%3Faction%3Dresource%26id%3D0000000585247049.pdf&ei=Am1QUMD0D8SShgeevYCIDg&usg=AFQjCNHQS8wlcZ_yr6i4W95IJaIh0ArBqQ&cad=rja [Accessed 23 August 2012].

Power, M. 2003. Auditing and the production of legitimacy. *Accounting, organizations and society,* 28 (4), 379-394.

Roberts, J. 2009. No one is perfect: The limits of transparency and an ethic for 'intelligent' accountability. *Accounting, Organizations and Society,* 34**,** 957-970.

Rodrigues, L. L. & Craig, R. 2007. Assessing international accounting harmonization using Hegelian dialectic, isomorphism and Foucault. *Critical Perspectives on Accounting,* 18**,** 739-757.

Rowley, J. 2012. Conducting research interviews. *Management Research Review,* 35**,** 260-271.

Ryan, B., Scapens, R. W. & Theobald, M. 2002. *Research Method and Methodology in Finance and Accounting*, Souther-Western Cengage Learning.

Schwan, A. & Shapiro, S. 2011. *How to Read Foucault's Discipline and Punish,* London, Pluto Press.

Smart, B. 2002. *Michael Foucault,* Cornwall, First published by Ellis Horwood Limited. Republished by Routledge.

Solomon, J. 2010. *Corporate Governance and Accountability, Third Edition,* West Susex, United Kingdom, John Wiley and Sons Ltd.

Tremblay, M. S. & Gendron, Y. 2011. Governance prescriptions under trial: On the interplay between the logics of resistance and compliance in audit committees. *Critical Perspectives on Accounting,* 22**,** 259-272.

van Zijl, W. & Maroun, W. 2012. IFRS 10 and IFRS 12: Motifs of Panopticism. *In:* International Corporate Governance Conference, 2012 Johannesburg, South Africa. School of Accountancy, University of the Witwatersrand.

Walsh, E. J. & Stewart, R. E. 1993. Accounting and the construction of institutions: The case of a factory. *Accounting, Organizations and Society,* 18**,** 783-800.

Watts, R. L. & Zimmerman, J. L. 1979. The Demand for and Supply of Accounting Theories: The Market for Excuses. *The Accounting Review,* LIV**,** 273 - 305.

VI Appendix 1 – Interview agenda

Question:

1. What is the rationale behind consolidation? Do we need to consolidate and why?
2. Why do you think the IASB introduced IFRS 10 and IFRS 12 – what was the rationale behind introducing them?
3. Do you see any differences or discrepancies between IAS 27 and SIC 12?
4. Does IFRS 10 increase the scope of consolidation?
5. Do you think it is a coincidence that IFRS 10 and IFRS 12 were released so soon after 2007/8?
6. What do you think about the language used in IFRS 10? Could any non-Chartered Accountant businessman understand it?
    a. If not:
        i. What specifically not and why do you think not?
        ii. Why do you think the IASB chose to use that language then?
7. Does IFRS 10 impact on the way in which you understand control and consolidation?
8. Do you find IFRS 10 repetitive?
    a. If so, why do you think the IASB has done this?
9. What are the principles contained in IFRS 10?
    a. Are there any rules?
    b. If there are rules, why do you think the IASB has chosen to incorporate these?
10. Do IFRS 10 and IFRS 12 increase the visibility and transparency of an entity?
11. Is it possible for a user to evaluate an entity's decision not to consolidate, through the IFRS 12 disclosure?
12. Does IFRS 12 create a heightened sense of judgement, knowing that if they do not consolidate and do comply with IFRS 12, their decision not to consolidate is open to judgement by all?

VII Appendix 2 – Ethics clearance

Ethics Clearance was granted by the University of the Witwatersrand. The following is the Ethics Clearance reference: CACCN/1025.