

INTERNATIONAL
ACCOUNTING SECTION
of the



American
Accounting
Association

NO. 88

Summer 2006

FORUM

INTERNATIONAL ACCOUNTING

EDITOR: Jeannie J. Harrington
Middle Tennessee State University

President's Message

Greetings Members of the AAA International Accounting Section. My last letter as IAS President will focus on several important issues including Section activities at the AAA Annual Meeting, proposed by-law changes and dues increases to be voted on at our August General Meeting, the search for a new *Journal of International Accounting Research (JIAR)* editor, and the Section's forthcoming international accounting case volume of *Issues in Accounting Education*.

First, I would like to express my sincere appreciation to Erv Black for Chairing the IAS Annual Meeting Committee. Erv has put together a tremendous program, so please check the AAA website (<http://aaahq.org/AM2006/general.htm>) or see pages 20 to 28 of this issue of the *Forum* to identify paper sessions sponsored by the IAS. Also please join us Monday for the Section luncheon (noon to 1:45 p.m.) and General Meeting (2:00 p.m. to 3:30 p.m.). Our luncheon speaker, will be Craig C. Olinger, SEC Deputy Chief Accountant, Division of Corporation Finance.

Also please remember that the IAS Advisory Board will be recommending a few by-law changes and a small dues increase at our General Meeting. The Board's recommendations are provided for your review on pages 8-19. The by-law changes are aimed at enabling the Section to address challenges and opportunities in a timely manner via inter alia adding the option of holding a General Meeting at our Midyear Meeting on an as needed basis. The dues increase, if approved, will represent only the second increase in the Section's history. The first increase was approved a few years back to cover each member's subscription to the *JIAR*. As costs rise, another increase is now necessary for the Section to continue its current activities and offer the same membership benefits.

As he approaches the conclusion of his first term as *JIAR* Editor, Lee Radebaugh has decided to step down. Accordingly, the Publications Committee has launched a search for a new editor. Identifying an individual to fill Lee's shoes will of course represent a major challenge, so we all need to pitch in and help the Committee identify highly qualified candidates. Please pass on any nominations or suggestions you have to Teresa Conover (Publications Committee Chair 2006-2007). Also please make a point of expressing your appreciation to Lee for his outstanding service to the Section as *JIAR* editor.

Also, keep in mind the December 15, 2006 deadline to submit cases for the Section's special issue of *Issues in Accounting Education*. With Gary Meek acting as guest editor, I am confident that with your cooperation the Section will produce a much needed source of cases for use in international accounting classes and to assist in

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Donna Street

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President's Message (continued from page 1)

integrating international material in other cases. Let's all work together and support Gary's efforts to make this project a great success. More information on the issue is available at <http://aaahq.org/international/Issues.pdf>.

Finally, thanks to all of you that have contributed to making this another successful year for the IAS. A special thanks goes to all that have served as committee chairs. I hope everyone is having a productive and enjoyable summer and I look forward to seeing each of you in DC this August.

Donna L. Street

JIAR Editor Search

The Publications Committee of the International Accounting Section is accepting letters of interest and nominations for the Editorship of the *Journal of International Accounting Research*. Please send an email or a letter stating your interest or nomination to Teresa Conover at conovert@unt.edu or

Teresa Conover
Department of Accounting
P.O. Box 305219
University of North Texas
Denton, TX 76203-5219

The Committee will accept letters of interest and nominations until September 30, 2006. The new Editor will assume the Editorship on July 1, 2007.

**International Accounting Section
Forum Deadlines for 2006/07**

Fall 2006 Issue - September 15, 2006
Spring 2007 Issue – January 31, 2007
Summer 2007 Issue – June 15, 2007

Please submit comments and items for publishing via email using a Microsoft Word Times New Roman 11 font format file as an attachment. Submit to Jeannie Harrington at jharrington@mtsu.edu. If sending materials please send to:

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Murfreesboro, TN 37132
Phone: (615) 898-2038
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Call For Papers

Special Edition – *Issues in Accounting Education*

International Accounting Case Studies

The American Accounting Association requests submissions for a special edition of *Issues in Accounting Education* to be published in November 2007. Submissions should take the form of case studies addressing international accounting topics.

The case studies may examine any aspect of international accounting. These include, but are not limited to:

- international financial reporting and disclosure issues
- international financial statement analysis
- international taxation issues
- international auditing issues
- managerial accounting for global business operations
- adoption and implementation of International Financial Reporting Standards (IFRS) and/or International Standards of Auditing (ISA)
- convergence of International Financial Reporting Standards (IFRS) and US GAAP
- political dimensions of international accounting/auditing standard setting and regulation
- enforcement of International Financial Reporting Standards (IFRS)

Case studies submitted for the special issue of *Issues in Accounting Education* may be applicable for use in an international accounting course or to integrate coverage of international accounting issues in traditional accounting courses. Authors must provide detailed instructor notes and proposed solutions for the cases.

Professor Gary K. Meek will serve as Guest Editor for the special issue with an expected publication date of November 2007. Accounting educators are encouraged to submit cases for this issue and to contact the guest editor for additional information. The special issue is a project of the AAA International Accounting Section and cases will be reviewed by the review board of the *Journal of International Accounting Research*.

Submissions should be sent to Sue Ravenscroft at Iowa State University. Submissions will be peer-reviewed with an emphasis on clarity and strength of ideas. The deadline for submissions is **December 15, 2006**. Earlier submission is encouraged. When submitting a paper for the special edition, please indicate in the cover letter that the case is intended for the special issue. All other submission procedures outlined in the journal will apply. Authors will be notified of editorial decisions in March 2007, and revised versions of the accepted papers are to be completed by May 31, 2007.

COUNTRY PRACTICE

Canada

Ian Hague, Accounting Standards Board—Canada

In January 2006 the Accounting Standards Board (AcSB) announced that it had adopted a new Strategic Plan for accounting standards in Canada. The new direction will affect public, private and not-for-profit organizations. Over, approximately, the next five years:

- Standards for *publicly accountable enterprises* will move to the International Financial Reporting Standards (IFRS) now used by the European Union and a number of other major countries.
- The AcSB will undertake as a matter of urgency a comprehensive examination of the needs of the users of *non-publicly accountable enterprises'* financial statements, and then determine and implement the most appropriate financial reporting model to meet those needs.
- *Not-for-profit organizations* (NFPOs) will continue to apply those elements of GAAP for profit-oriented enterprises that are applicable also to the circumstances of NFPOs. The AcSB will consult with the not-for-profit sector to determine whether all NFPOs should base their accounting on the standards for publicly accountable enterprises, or whether the approach applied to non-publicly accountable enterprises should be applied also to some NFPOs.

Publicly accountable enterprises

For publicly accountable enterprises (which include all publicly-listed enterprises, as well as certain other enterprises such as Crown corporations, credit unions and cooperatives, and regulated public utilities) the AcSB will direct its efforts primarily to participating in the movement toward the global convergence of accounting standards. The AcSB has concluded that the best way to achieve the objective of a single set of globally accepted, high-quality accounting standards is to converge Canadian GAAP with IFRSs over a transitional period. At the end of that period, Canadian GAAP will cease to exist as a separate, distinct basis of financial reporting for public companies.

To achieve convergence, the AcSB will:

- adopt standards newly developed by the International Accounting Standards Board (IASB), to the extent that they are converged with standards issued by the US Financial Accounting Standards Board (FASB), as these new global standards are issued;
- replace individual Canadian standards with corresponding IFRSs already issued, in accordance with a coordinated convergence implementation plan;
- work with both the IASB and the FASB to ensure that the Canadian perspective is taken into account in the deliberations of those bodies; and
- work to promote the further convergence of IASB and FASB standards.

In taking on a role in the development of global standards, the AcSB will cease to make final decisions on most matters affecting the technical content and timing of implementation of standards applied in Canada.

The AcSB will continuously monitor events in Canada and internationally to determine whether there have been significant changes in any of the environmental factors that have influenced it in developing its global convergence strategy, with a view to making any necessary modifications in the program for

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Country Practice— Canada *(continued from page 4)*

implementing that strategy. The plan will be assessed in particular against progress in the development of IFRSs and their acceptance globally. The AcSB expects to be in a position in 2008 to set the definitive changeover date when Canadian GAAP for publicly accountable entities will move to IFRSs.

In applying its IFRS convergence strategy, the AcSB will work actively with the IASB and the FASB to eliminate the relatively few existing major differences between IFRSs and US GAAP and to avoid the creation of new ones wherever possible.

Why move to international and not US standards? The United States is the major—and huge—external influence on Canada’s capital markets. For a number of years, Canadian standard setters have worked to minimize differences between US and Canadian GAAP. However, the new direction recognizes that:

- The majority of Canadian public companies and their investors have little or no interest in the expense and effort involved in the application of detailed and extensive US GAAP. Compared to the US, a large proportion of Canadian public companies are small cap. If Canada continued to pursue a strategy of harmonization with US GAAP, Canadian companies would incur increased costs of compliance with the more detailed rules embedded in US legacy standards.
- In 2002, the IASB and FASB created a partnership (the so-called, “Norwalk agreement”) to align their project agendas, which means that differences between US and international standards will gradually diminish as new joint standards are developed in concert by both Boards. This was recently developed further in a Memorandum of Understanding between the IASB and FASB spelling out steps to be taken by 2008 with a view to elimination of the GAAP reconciliation for non-US registrants accessing US capital markets.
- Canadian public companies registered with the SEC—these are generally big—are permitted by the Canadian Securities Administrators to use US instead of Canadian GAAP.

Non-publicly accountable enterprises

The AcSB has presently reached no conclusions on whether the basis of financial reporting for non-publicly accountable enterprises needs to differ from the basis of financial reporting for publicly accountable enterprises and, if so, how they should differ. The AcSB is undertaking as a matter of urgency a comprehensive examination of the needs of the users of these enterprises’ financial statements, and will then determine and implement the most appropriate financial reporting model to meet those needs. This will require research to identify more clearly who the financial statement users are, what their information needs are and what reporting model or models might best satisfy those needs. The AcSB’s present intention is that differences will be minimized wherever possible and all financial reporting standards will be based on the same conceptual framework.

The research will take some time to complete, during which the current differential reporting model will remain in place. Existing differential reporting alternatives will be maintained, and any additional alternatives will be developed through the existing process with the advice of the AcSB’s Differential Reporting Advisory Committee.

Not-for-profit organizations

The AcSB will continue its current practice of developing standards that deal with the special circumstances of NFPOs, and will focus more of its attention on addressing those circumstances.

Audit and Assurance

The Auditing and Assurance Standards Board (AASB) is undertaking the development and implementation of new strategies that respond to some of the same developments addressed by

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Country Practice— Canada *(continued from page 5)*

this strategic plan. While not the focus of this article, it seems likely that Canadian Audit and Assurance standards will also become more closely aligned with standards issued by the International Audit and Assurance Standards Board.

Some implications – including for accounting education

In general, IFRSs are quite similar to Canadian standards. They are based on conceptual frameworks that are substantially the same, the style and form are similar, and they often reach the same or similar conclusions. Hence, they will not be totally unfamiliar. However, at the detail level, there will be areas where accounting changes will be required and the effect could be significant.

All of those operating within the financial reporting system (including financial statement preparers, users and auditors and those training to join the accounting profession) will need to become familiar with IFRSs. This will require a large education effort – both to incorporate IFRSs into existing education programmes and to design programmes to re-educate those individuals presently familiar only with Canadian GAAP. Preliminary discussions have taken place with educators, but there is much to be done, to re-write text books as well as to re-focus syllabi. Much can be learned from colleagues in other countries that have already adopted IFRSs. However, their experiences will also have to be adapted to the Canadian environment.

Canada will continue to maintain its own standard-setting capability to carry out the strategies outlined above, although the roles, structures, processes and resources will evolve to match those strategies. The AcSB will work with educators and others to encourage and support the necessary changes, but it does not have the capacity or expertise to do this itself. It will need to work with leaders in the educational field to facilitate this change.

What next?

A more detailed implementation plan for publicly accountable enterprises is expected to be available from the AcSB web site (www.acsbcanada.org) in July 2006. This is expected to specify the steps that the AcSB will be taking between now and the changeover date to IFRSs, including when the AcSB anticipates that particular standards will change. The AcSB has also prepared a detailed comparison between current Canadian GAAP and IFRS (available on the web site) for those who must deal with the technical level. This is being regularly updated as necessary.

For non-publicly accountable enterprises, the AcSB expects to be in a position to issue an exposure draft of its proposed approach, taking into account the conclusions of the research presently underway, in mid-2007.

The AcSB is aware that the move to IFRS will involve effort and expense by all involved. We have, however, recognized for many years the long-term advantages of international accounting standards and have contributed strongly to their development. The decision to converge now was made because Canada's small open economy and its public companies will benefit from being part of the big picture. We hope that all will work together to reap the benefits of this change in the most efficient manner possible.

SECTION MEMBERS IN THE NEWS AND ON THE MOVE

Susan B. Hughes — Susan, formerly with Butler University, has accepted a position at the University of Vermont. She also won the Lybrand Award from the Institute of Management Accountants.

L. Murphy Smith—Murphy, Texas A&M University, was selected the Outstanding Accounting Educator by the AAA Southwest Region.



L. Murphy Smith, Texas A&M University



Susan B. Hughes (second from left) received a Lybrand Medal from the Institute of Management Accountants.

Future Accounting Events in Istanbul, Turkey in November 2006

The 10th World Congress of Accounting Educators, will be held 9-11 November, 2006. For more information, go to <http://www.icaei.org/announ/wcae1.html>.

The 17th World Congress of Accountants will be held 13-17 November 2006 in Istanbul, Turkey. Workshop and plenary sessions will be organized around the theme Generating Economic Growth and Stability Worldwide. Session topics will include generating economic growth and stability through the accounting profession in the developing nations, capital markets stability worldwide and the accounting profession, and the role of professional accountants in business in contributing to value creation worldwide. For more information, go to the WCOA-2006 Website at www.wcoa2006istanbul.org.tr.

AACF and MODAV, Accounting Academicians' Collaboration Foundation of Turkey, 3rd Annual International Accounting Conference: Latest Developments in International Financial Reporting, to be held in Istanbul, November 6-8, 2006.

INTERNATIONAL ACCOUNTING SECTION

AMERICAN ACCOUNTING ASSOCIATION

Proposed By-law Amendments

(Changes are in bold print)

Midyear meeting be included as a voting business meeting (excluding elections) for the IAS.

Background

Activities of the IAS have increased in recent years and rapidly occurring changes in the environment need to be addressed in a timely manner. Unfortunately, the current governance structure of IAS prohibits the section from acting in an efficient manner. Having the capability for the membership to only vote at the general business meeting at the annual AAA meeting makes it difficult to achieve change as quickly as is needed. In addition, our midyear meeting has grown to where we would have as many (if not more) members attending a business meeting held in conjunction with the midyear as we would have in attendance at the annual meeting. While we must keep due process in tact (e.g., informing membership of potential changes and elections), the executive committee, outgoing committee chairs, incoming committee chairs, and all section members present at the general business meeting in San Francisco voted unanimously to recommend to the entire membership to **add a voting general meeting to the midyear program**. This will not change when elections occur. Elections will still be at the business meeting held in conjunction with the AAA annual meeting. The midyear general meeting will only be for voting on the operating business of the section. This proposed by-law change will be voted on at the AAA Washington DC annual meeting in August of 2006. Additionally, a few minor by-law changes are recommended due to changes in AAA procedures.

Recommendations

Change #1

Current By-Law:

Section III: PURPOSE

The purpose of the Section is specified in a separate statement of Objectives. The Objectives are adopted and may be changed by vote of a majority of members present at the annual meeting.

Recommended Change #1

Section III: PURPOSE

The purpose of the Section is specified in a separate statement of Objectives. The Objectives are adopted and may be changed by vote of a majority of members present **at the business meetings held at the AAA annual meeting or Section midyear meeting.**

Change #2

Current By-Law:

Section IV: OFFICERS

B. Election of Officers: The officers shall be elected at the annual business meeting, held at the AAA Annual Meeting, by a simple majority of the members present.

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Proposed By-law Amendments (continued from page 8)

Recommended Change #2

Section IV: OFFICERS

B. Election of Officers: The officers shall be elected at the **business meeting held at the AAA annual meeting** by a simple majority of the members present.

Change #3

Current By-Law:

E. Terms in Office and Functions of the Officers

1. President - The president shall serve a one-year term. The main duties of the president are:
 - a. To direct the affairs of the Section and carry out policies and programs formulated by the Section members at the annual meeting;
 - b. To preside at the annual Section meeting;
 - c. To preside at the midyear Section meeting, if one is held;
 - d. To appoint Section committees or task forces and their chairpersons;
 - e. Upon invitation, to work with the AAA concerning international matters at regional meetings of the Association;
 - f. When requested, to cooperate with the AAA concerning matters relating to Section activities at the AAA annual meeting; and
 - g. To report as needed to the AAA Executive Committee regarding Section activities.
 - h. To maintain the Section's service record of the committee activities of members.
 - i. To serve as one of the Section's representatives at the AAA Council meetings.

Recommended Change #3

E. Terms in Office and Functions of the Officers

1. President - The president shall serve a one-year term. The main duties of the president are:
 - a. To direct the affairs of the Section and carry out policies and programs formulated by the Section members at the annual and midyear meeting;
 - b. To preside at the annual and midyear business meetings;**
 - c. To appoint Section committees or task forces and their chairpersons;
 - d. Upon invitation, to work with the AAA concerning international matters at regional meetings of the Association;
 - e. When requested, to cooperate with the AAA concerning matters relating to Section activities at the AAA annual meeting; and
 - f. To report as needed to the AAA Executive Committee regarding Section activities.
 - g. To maintain the Section's service record of the committee activities of members.
 - h. To serve as one of the Section's representatives at the AAA Council meetings.

Change #4

Current By-Law:

2. Vice-Presidents - The Section shall have two vice-presidents; one shall be selected from the group of accounting academicians [i.e., those members of the Section at colleges and universities], the other from the group of accounting practitioners [i.e., those members of the Section not at colleges and universities]. Both vice-presidents shall be elected for a one-year term; the academic vice-president shall be elected as president-elect. The president-elect shall automatically become the president of the Section in the following year. The practice vice-president is eligible for re-election for a second one-year term.

- a. The main duties of the academic vice-president are:
 1. To direct the affairs of the Section in the event the president is unable to serve.
 2. To preside at the annual Section meeting if the president is unable to

(continued on page 10)

Proposed By-law Amendments (continued from page 9)

- preside.
- 3. To perform whatever duties the president may assign.
- 4. To act as the Section's archivist.
- 5. To prepare a budget for the next fiscal year and a projected three-year budget in cooperation with the Section treasurer.
- b. The main duties of the practice vice-president are:
 - 1. To provide liaison with accounting practitioners.
 - 2. To direct the affairs of the Section in the event the president and the president-elect are unable to serve.
 - 3. To preside at the annual Section meeting if the president and president-elect are unable to preside.
 - 4. To perform whatever duties the president may assign.

Recommended Change #4

2. Vice-Presidents - The Section shall have two vice-presidents; one shall be selected from the group of accounting academicians [i.e., those members of the Section at colleges and universities], the other from the group of accounting practitioners [i.e., those members of the Section not at colleges and universities]. Both vice-presidents shall be elected for a one-year term; the academic vice-president shall be elected as president-elect. The president-elect shall automatically become the president of the Section in the following year. The practice vice-president is eligible for re-election for a second one-year term.

- a. The main duties of the academic vice-president are:
 - 1. To direct the affairs of the Section in the event the president is unable to serve.
 - 2. To preside at **the annual and midyear business meetings** if the president is unable to preside.
 - 3. To perform whatever duties the president may assign.
 - 4. To act as the Section's archivist.
 - 5. To prepare a budget for the next fiscal year and a projected three-year budget in cooperation with the Section treasurer.
- b. The main duties of the practice vice-president are:
 - 1. To provide liaison with accounting practitioners.
 - 2. To direct the affairs of the Section in the event the president and the president-elect are unable to serve.
 - 3. To preside at **the annual and midyear business meetings** if the president and president-elect are unable to preside.
 - 4. To perform whatever duties the president may assign.

Change #5

Current By-Law:

- 4. Treasurer - The treasurer shall be elected for a two-year term and is eligible for re-election for two additional one-year terms. The main duties of the treasurer are:
 - a. To work with the AAA Executive Director concerning questions of collection and disbursement of Section funds.
 - b. To send copies of the monthly financial reports received from AAA to the Executive Board and Advisory Board chair.
 - c. To have primary responsibility for preparing an annual and a three-year projected budget, in cooperation with the president-elect, and prepare semi-annual and annual financial reports for the Section. The semi-annual and annual financial reports shall be sent to all members of the Executive Board, the Advisory Board chair, and committee chairs prior to the Executive Board meetings and annual meeting and shall be presented by the treasurer at each meeting.

(continued on page 11)

Proposed By-law Amendments (continued from page 10)

Recommended Change #5

4. Treasurer - The treasurer shall be elected for a two-year term and is eligible for re-election for two additional one-year terms. The main duties of the treasurer are:
 - a. To work with the AAA Executive Director concerning questions of collection and disbursement of Section funds.
 - b. To send copies of the monthly financial reports received from AAA to the Executive Board and Advisory Board chair.
 - c. To have primary responsibility for preparing an annual and a three-year projected budget, in cooperation with the president-elect, and prepare semi-annual and annual financial reports for the Section. The semi-annual and annual financial reports shall be sent to all members of the Executive Board, the Advisory Board chair, and committee chairs prior to Executive Board meetings and **the business meetings held at the AAA annual meeting and Section midyear meeting** and shall be presented by the treasurer at each meeting.

Change #6

Current By-Law:

- F. Executive Board - The main duties of the Executive Board shall include:
1. assisting the treasurer and the president-elect in preparing an annual budget for the following year and a projected three-year budget; the annual budget shall include, among other items, the types of officers' expenses that will be reimbursed, the number of continuing education programs that will be funded by the Section, the projected costs of the midyear and annual meetings, and the projected costs of publications.
 2. appointing the editor of the newsletter.
 3. approving special Section publications (other than the newsletter or journal) before they are published.
 4. appointing the editor of the Section's journal.
 5. appointing the web master of the web page.
 - a. The web master is appointed for a three-year term and is eligible to be reappointed for a second three-year term.
 - b. The web master is responsible for the administration and content of the web page.
 - c. The items published on the web page shall include, among others, as appropriate, and on a timely basis:
 - i. the By-Laws, Objectives, and Financial Statements of the Section;
 - ii. the minutes of the annual business meeting and Executive Board meetings after they have been reviewed as specified in Section IV.3.b.
 - iii. the current and past year's newsletters, and the list of Officers, Committee chairs and members, and committee charges.

Recommended Change #6:

- F. Executive Board - The main duties of the Executive Board shall include:
1. assisting the treasurer and the president-elect in preparing an annual budget for the following year and a projected three-year budget; the annual budget shall include, among other items, the types of officers' expenses that will be reimbursed, the number of continuing education programs that will be funded by the Section, the projected costs of the **midyear meeting and annual meeting**, and the projected costs of publications.
 2. appointing the editor of the newsletter.
 3. approving special Section publications (other than the newsletter or journal) before they are published.
 4. appointing the editor of the Section's journal.
 5. appointing the web master of the web page.
 - a. The web master is appointed for a three-year term and is eligible to be reappointed for a second three-year term.

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Proposed By-law Amendments (continued from page 11)

- b. The web master is responsible for the administration and content of the web page.
- c. The items published on the web page shall include, among others, as appropriate, and on a timely basis:
 - i. the By-Laws, Objectives, and Financial Statements of the Section;
 - ii. the minutes of **the business meetings held at the annual AAA meeting and the Section midyear conference** and Executive Board meetings after they have been reviewed as specified in Section IV.3.b.
 - iii. the current and past year's newsletters, and the list of Officers, Committee chairs and members, and committee charges.

Change #7

Current By-Law:

- B. The main duties of the Advisory Board include:
 - 1. reviewing the By-Laws and Objectives annually and recommending any changes to the membership at the Annual Meeting.
 - 2. acting as a Strategic Planning Committee for the Section. The Strategic Planning Committee shall develop and update a strategic plan for the Section and shall map Section activities to meet the plan.
 - 3. carrying out any other activities appropriate to an oversight role, as determined by the Advisory Board chair.

Recommended Change #7:

- B. The main duties of the Advisory Board include:
 - 1. reviewing the By-Laws and **Objectives and** recommending any changes to the membership at **the business meetings held at the annual AAA meeting and the Section midyear meeting**.
 - 2. acting as a Strategic Planning Committee for the Section. The Strategic Planning Committee shall develop and update a strategic plan for the Section and shall map Section activities to meet the plan.
 - 3. carrying out any other activities appropriate to an oversight role, as determined by the Advisory Board chair.

Change #8

Current By-Law:

Section VI: COMMITTEES

- A. The president of the Section shall appoint committees and task forces to carry out specific projects that are either authorized by the By-Laws or that the president views as essential to accomplish the Objectives of the Section. The length of service on committees depends on the special task; however, the length of service shall normally be one year. Because of the need for advance planning and continuity, members of the Midyear Conference Committee may be appointed for terms of one, two, or three years.
- B. Standing committees for the Section are: the Executive Board, the Nominations Committee, the Membership Committee, the Education Committee, the Publications Committee, and the Program Committee(s).
- C. Committee Responsibilities:
 - 1. The chairperson of each committee shall send a written report to the Executive Board prior to all scheduled meetings and at other times requested by the Executive Board or president of the Section.
 - 2. The chairperson of each committee shall make an oral and/or written report to the membership at the annual business meeting.

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Proposed By-law Amendments (continued from page 12)

D. The Publications Committee

1. The committee shall consist of nine members:
 - a. four voting members nominated by the Nominations Committee for two-year terms. Two new members of the Publications Committee shall be nominated by the Nominations Committee each year. The new members of the Publications Committee shall be elected at the Section's annual business meeting, held at the AAA Annual Meeting, by a simple majority of the members present.

Recommended Change #8

Section VI: COMMITTEES

A. The president of the Section shall appoint committees and task forces to carry out specific projects that are either authorized by the By-Laws or that the president views as essential to accomplish the Objectives of the Section. The length of service on committees depends on the special task; however, the length of service shall normally be one year. Because of the need for advance planning and continuity, members of the Midyear Conference Committee may be appointed for terms of one, two, or three years.

B. Standing committees for the Section are: the Executive Board, the Nominations Committee, the Membership Committee, the Education Committee, the Publications Committee, and the Program Committee(s).

C. Committee Responsibilities:

1. The chairperson of each committee shall send a written report to the Executive Board prior to all scheduled meetings and at other times requested by the Executive Board or president of the Section.
2. The chairperson of each committee shall make an oral and/or written report to the membership **at the Annual AAA meeting and, if considered necessary by the current President, at the Section's mid-year meeting.**

D. The Publications Committee

1. The committee shall consist of nine members:
 - a. four voting members nominated by the Nominations Committee for two-year terms. Two new members of the Publications Committee shall be nominated by the Nominations Committee each year. The new members of the Publications Committee shall be elected at the **Section's business meeting**, held at the AAA Annual Meeting, by a simple majority of the members present.

Change #9

Current By-Law:

Section VII: NOMINATIONS

A. The Nominations Committee of the Section shall consist of the two most recent past presidents, the chairperson of the Advisory Board, and three other members to be elected by the membership in the regular election process. The most senior past-president of the Section on the Nominations Committee shall chair the committee. Nominations may be submitted to the Nominations Committee by any member of the Section until February 1.

B. The Nominations Committee must, by majority vote, recommend a single slate of nominations, by March 1, for vice-presidents, secretary, treasurer, Advisory Board members, Advisory Board chairperson, two members of the Publications Committee, and three members of the Nominations Committee for the next year at the annual Section meeting.

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Proposed By-law Amendments (continued from page 13)

Recommended Change #9

Section VII: NOMINATIONS

A. The Nominations Committee of the Section shall consist of the two most recent past presidents, the chairperson of the Advisory Board, and three other members to be elected by the membership in the regular election process. The most senior past-president of the Section on the Nominations Committee shall chair the committee. Nominations may be submitted to the Nominations Committee by any member of the Section until February 1.

B. The Nominations Committee must, by majority vote, recommend a single slate of nominations, by March 1, for vice-presidents, secretary, treasurer, Advisory Board members, Advisory Board chairperson, two members of the Publications Committee, and three members of the Nominations Committee for the next year **at the business meeting held at the AAA annual meeting.**

Change #10

Current By-Law:

Section VIII: REVENUES

A. Dues

1. The Section shall charge dues, the amount to be approved by a majority vote of Section members present at the annual Section meeting. All members shall be notified in advance of a proposed dues increase by an announcement in the summer issue of the newsletter or other appropriate medium such as direct mail. Dues shall not exceed one-half of the national membership dues of the AAA unless prior approval is obtained from the AAA Executive Committee.
2. Dues are payable on January 1.
3. Section dues shall be collected by the AAA administrative office. All funds shall be kept in the AAA bank account and disbursed only upon authorization from the treasurer of the Section. Requests for reimbursements must be sent to the treasurer for approval. The treasurer will send the approved requests to the AAA for disbursement as provided for in Section IV.d.

B. The Section may charge registration fees at any special Section or regional meetings that are not held in conjunction with the AAA annual meeting.

C. The Section is authorized to receive gifts and grants for special purposes, subject to the policies and procedures of the AAA Executive Committee.

D. Section activities funded from sources not controlled by the AAA should be disclosed in a footnote to the Section financial statements.

Recommended Change #10

Section VIII: REVENUES

A. Dues

1. The Section shall charge dues, the amount to be approved by a majority vote of Section members present **at the Section business meeting.** All members **shall be notified at least 45 days in advance** of a proposed dues increase by an announcement **in the Section newsletter** or other appropriate medium **such as email or direct mail.** Dues shall not exceed one-half of the national membership dues of the AAA unless prior approval is obtained from the AAA Executive Committee.
2. Dues are payable **in conjunction with AAA dues payment structure.**
3. Section dues shall be collected by the AAA administrative office. All funds shall be kept in the AAA bank account and disbursed only upon

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Proposed By-law Amendments *(continued from page 14)*

authorization from the treasurer of the Section. Requests for reimbursements must be sent to the treasurer for approval. The treasurer will send the approved requests to the AAA for disbursement as provided for in Section IV.d.

B. The Section may charge registration fees at any special Section or regional conferences/meetings that are not held in conjunction with the AAA annual meeting.

C. The Section is authorized to receive gifts and grants for special purposes, subject to the policies and procedures of the AAA Executive Committee.

D. Section activities funded from sources not controlled by the AAA should be disclosed in a footnote to the Section financial statements.

Change #11

Current By-Law:

Section IX: PUBLICATIONS

A. The Section shall publish a newsletter three times per year and a journal two times per year. The Section shall also maintain a current web page.

B. The Executive Board of the Section shall be responsible for appointing an editor for the Section newsletter.

1. The newsletter editor is appointed for a three-year term and is eligible to be reappointed for a second three-year term.

2. The newsletter editor is responsible for the administration, content, and publication of the newsletter.

3. The items published in the newsletter shall include, among others, as appropriate, and on a timely basis:

a. the By-Laws, Objectives, and Financial Statements of the Section;

b. the minutes of the annual business meeting and Executive Board meetings after they have been reviewed as specified in Section IV.3.c.

4. The Executive Board of the Section shall be responsible for appointing an editor for the Section Newsletter.

C. The Executive Board of the Section shall be responsible for appointing an editor for the Section journal based on recommendations received from the Publications Committee.

The journal editor is appointed for a three-year term, which may be extended by reappointment for a maximum of three additional one-year terms. If the journal editor is unable to complete a term, the Executive Board shall appoint an Acting Editor for a one-year term.

The editor's main responsibilities include:

a. the administration, content, and publication of the journal;

b. reporting to the Executive Board and the membership as to the status and current activities of the journal;

c. appointing an Editorial Review Board. The members of the Editorial Review Board are appointed for a one-year term.

D. The Section may print special publications in the form of booklets, rosters of members, monographs, study materials, teaching aids, etc. from its own funds. These publications must be approved by the Publications Committee and the Executive Board before they are published. These publications are to be distributed free of charge to Section members. The Section Executive Board shall determine a price to be charged for publications for persons not members of the Section. Typically, a discount on that price is provided for members of the AAA who are not members of the Section.

E. The Executive Board of the Section shall be responsible for appointing a web master for the web page.

1. The web master is appointed for a three-year term and is eligible to be reappointed for a second three-year term.

2. The web master is responsible for the administration and content of the web page.

3. The items published on the web page shall include, among others, as appropriate, and on a timely basis:

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Proposed By-law Amendments *(continued from page 15)*

- a. the By-Laws, Objectives, and Financial Statements of the Section;
- b. the minutes of the annual business meeting and Executive Board meetings after they have been reviewed as specified in Section IV.3.b.
- c. the current and past year's newsletters, and
- d. the list of Officers, Committee chairs and members, and committee charges.

Recommended Changes #11

Section IX: PUBLICATIONS

- A. The Section shall publish a newsletter three times per year and a journal two times per year. The Section shall also maintain a current web page.
- B. The Executive Board of the Section shall be responsible for appointing an editor for the Section newsletter.
1. The newsletter editor is appointed for a three-year term and is eligible to be reappointed for a second three-year term.
 2. The newsletter editor is responsible for the administration, content, and publication of the newsletter.
 3. The items published in the newsletter shall include, among others, as appropriate, and on a timely basis:
 - a. the By-Laws, Objectives, and Financial Statements of the Section;
 - b. the minutes of **the business meetings** and Executive Board meetings after they have been reviewed as specified in Section IV.3.c.
 4. The Executive Board of the Section shall be responsible for appointing an editor for the Section Newsletter.
- C. The Executive Board of the Section shall be responsible for appointing an editor for the Section journal based on recommendations received from the Publications Committee.

The journal editor is appointed for a three-year term, which may be extended by reappointment for a maximum of three additional one-year terms. If the journal editor is unable to complete a term, the Executive Board shall appoint an Acting Editor for a one-year term.

The editor's main responsibilities include:

- a. the administration, content, and publication of the journal;
- b. reporting to the Executive Board and the membership as to the status and current activities of the journal;
- c. appointing an Editorial Review Board. The members of the Editorial Review Board are appointed for a one-year term.

D. The Section may print special publications in the form of booklets, rosters of members, monographs, study materials, teaching aids, etc. from its own funds. These publications must be approved by the Publications Committee and the Executive Board before they are published. These publications are to be distributed free of charge to Section members. The Section Executive Board shall determine a price to be charged for publications for persons not members of the Section. Typically, a discount on that price is provided for members of the AAA who are not members of the Section.

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1. The web master is appointed for a three-year term and is eligible to be reappointed for a second three-year term.
 2. The web master is responsible for the administration and content of the web page.
 3. The items published on the web page shall include, among others, as appropriate, and on a timely basis:
 - a. the By-Laws, Objectives, and Financial Statements of the Section;
 - b. the minutes of **the business meetings** and Executive Board meetings after they have been reviewed as specified in Section IV.3.b.
 - c. the current and past year's newsletters, and
 - d. the list of Officers, Committee chairs and members, and committee charges.

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Proposed By-law Amendments *(continued from page 16)*

Change #12

Current By-Law:

Section X: ANNUAL MEETING

- A. The Section shall hold an annual business meeting, normally in conjunction with the AAA Annual Conference.
- B. A quorum for the conduct of business at the annual meeting shall consist of the members present.
- C. All members shall be notified of the annual business meeting in advance by an announcement in the summer issue of the newsletter or other appropriate medium, such as direct mail.
- D. Elections of officers, Advisory Board members, Nomination Committee members, and Publication Committee members shall take place at the annual business meeting held in conjunction with the AAA Annual Conference.

Recommended Change #12

Section X: BUSINESSS MEETINGS

- A. **The Section shall hold two business meetings, one in conjunction with the AAA annual conference and one in conjunction with the Section's annual midyear meeting.**
- B. A quorum for the conduct of business at the **business meetings** shall consist of the members present.
- C. All members shall be notified of **business meetings at least 45 days in advance by an announcement in the Section newsletter or other appropriate medium, such as email or direct mail.**
- D. Elections of officers, Advisory Board members, Nomination Committee members, and Publication Committee members shall take place at **the business meeting** held in conjunction with the AAA Annual Conference.

Change #13

Current By-Law:

Section XI: AMENDMENTS

- A. The Advisory Board shall review the By-Laws and Objectives annually and shall determine if revisions will be recommended.
- B. Proposed amendments to the By-Laws and Objectives shall be prepared by the Advisory Board and presented to the Executive Board for review and advice. Proposed amendments shall be submitted to the membership by the Advisory Board prior to the Annual Meeting through an announcement, published in the summer newsletter or other appropriate medium such as direct mail.
- C. The members present at the Annual Meeting may approve proposed amendments by a simple majority vote.

Recommended Change #13:

Section XI: AMENDMENTS

- A. The Advisory Board shall review the By-Laws and **Objectives and shall determine** if revisions will be recommended.
- B. Proposed amendments to the By-Laws and Objectives shall be prepared by the Advisory Board and presented to the Executive Board for review and advice. Proposed amendments

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Proposed By-law Amendments *(continued from page 17)*

shall be submitted to the membership **by the Advisory Board 45 days in advance of business meetings through the Section newsletter or other appropriate medium, such as email or direct mail, published in the summer newsletter or other appropriate medium such as direct mail.**

C. The members present **at the business meetings** may approve proposed amendments by a simple majority vote.

Change #14

To facilitate a nominations meeting at the IAS annual midyear conference.

Current By-Law:

Section VII: NOMINATIONS

A. The Nominations Committee of the Section shall consist of the two most recent past presidents, the chairperson of the Advisory Board, and three other members to be elected by the membership in the regular election process. The most senior past-president of the Section on the Nominations Committee shall chair the committee. Nominations may be submitted to the Nominations Committee by any member of the Section until February 1.

Recommended Change #14:

A. The Nominations Committee of the Section shall consist of the two most recent past presidents, the chairperson of the Advisory Board, and three other members to be elected by the membership in the regular election process. The most senior past-president of the Section on the Nominations Committee shall chair the committee. Nominations may be submitted to the Nominations Committee by any member of the Section up until **January 1.**

RECOMMENDED IAS DUES INCREASE

Recommended IAS Dues Increase: Increase dues by \$15 (to \$35), allocating \$10 to restricted and \$5 to unrestricted funds.

Vote Date: This dues increase will be voted on at the business meeting held at the 2006 AAA meeting in Washington, D.C. The dues increase will become effective at the start of the next year (September 2007).

Note: The Section has not had a general dues increase since its inception.

Support: The proposed dues increase was unanimously supported by the executive committee, outgoing committee chairs, incoming committee chairs, and all section members attending the 2005 IAS business meeting in San Francisco.

Rationale:

The restricted fund reserves for journal expenses will be totally depleted within the next two to three years. This situation exists because the section recently expanded the journal to two editions per year. The

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Proposed By-law Amendments (continued from page 18)

restricted annual funding for the journal was originally established based on one edition per year.

As for the general fund increase, the section has not had a general dues increase since its inception 30 years ago. While the Section continues to strive to deliver cost effective, value-added services (e.g., midyear meeting, new faculty/doctoral consortium, members only website materials, *Journal of International Accounting Research*), in order to move the section forward and prepare for possible cost increases, it is deemed necessary to increase the cash available for use in the general fund.

AAA Regional Meetings 2007

Mid-Atlantic – Not Available

Midwest – St. Louis, Missouri (April 12-14, 2007), Deadline – November 1, 2006

Northeast – Hartford, Connecticut (April 26-28, 2007)

Ohio – Not Available

Southeast – Not Available

Southwest – San Antonio, Texas (February 22-24, 2007), Deadline – October 15, 2006

Western – Not Available

**PRELIMINARY SCHEDULE OF ACTIVITIES
INTERNATIONAL ACCOUNTING SECTION
AAA ANNUAL MEETING
WASHINGTON, D.C. – AUGUST 6-9, 2006**

Sunday, August 6

CPE Session 9: 8:00 a.m. – 4:00 p.m.
International Accounting Seminar
Presenter: Frederick D. S. Choi, New York University

CPE Session 38: 1:00 p.m. – 4:30 p.m.
Current Issues in International Financial Reporting
Presenter: Mary Barth, Stanford University and International Accounting Standards Board

Monday, August 7

10:15 a.m. – 11:45 a.m.

1.12 Corporate Governance: International Perspectives
Moderator: Mine H. Aksu, Sabanci University
Ownership, Information Asymmetry and Bid-Ask Spread: Evidence from an Emerging Market.
Jongmoo Jay Choi, Temple University; Heibatollah Sami, Lehigh University; Haiyan Zhou, The University of Texas–Pan American
Discussant: John J. White, Elmhurst College
Corporate Governance and the Quality of Accounting Earnings: A Canadian Perspective.
Flora Niu, Wilfrid Laurier University
Discussant: Thomas Carnes, Berry College
Can Institutional Environments Substitute for the Effects of Internal Corporate Governance Mechanisms on Company Performance?
Victoria Krivogorsky, San Diego State University
Discussant: Dennis M. Bline, Bryant University

1.13 International Accounting: An SEC Perspective
Moderator: Cheryl Linthicum, SEC
Panelists: Julie Erhardt, Deputy Chief Accountant–International, Office of the Chief Accountant, U.S. Securities and Exchange Commission
Susan Koski-Grafer, Senior Associate Accountant–International, Office of the Chief Accountant, U.S. Securities and Exchange Commission
Sondra Stokes, Associate Chief Accountant, Division of Corporation Finance, U.S. Securities and Exchange Commission
Mary Tokar, KPMG

12:00 NOON-1:45 p.m.

International Accounting Section Business Luncheon (Ticket required)

Speaker: Craig C. Olinger, Deputy Chief Accountant, Division of Corporation Finance, U.S. Securities and Exchange Commission

2:00 p.m. – 3:30 p.m.

International Accounting Section Business Meeting

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 20)

2.12 The Contrasting Role of Accountants in U.S. and U.K. Corporate Governance Systems

Moderator: David Otley, Lancaster University
Panelists: Robert Hodgkinson, The Institute of Chartered Accountants in England & Wales
Richard Macve, London School of Economics
Shyam Sunder, Yale University

4:00 p.m. – 5:30 p.m.

3.15 A Globally Converged Conceptual Framework

Moderator: Ian P. N. Hague, Accounting Standards Board–Canada
Panelists: Mary Barth, International Accounting Standards Board
Michael Crooch, Financial Accounting Standards Board
James J. Leisenring, International Accounting Standards Board

3.16 Culture and Financial Reporting: International Accounting Studies

Moderator: Fouad K. Alnajjar, Baker College Center for Graduate Studies
Influence of Culture on Analysts' Herd Behavior in International Equity Markets.
Alexis A. Downs, Emporia State University; Roxanne Gooch, University of Oklahoma
Discussant: Stephen Brian Salter, University of Cincinnati
An International Study of the Determinants of the Adoption of IFRS.
Kim M. Shima, University of Hawaii at Manoa
Discussant: Martha M. Pointer, East Tennessee State University
The Impact of Corporate Social Disclosure on Investment Behavior—A Cross-National Study.
Joyce Van Der Laan Smith, Virginia State University; Rasoul H. Tondkar, Virginia Commonwealth University; Robert L. Andrews, Virginia Commonwealth University
Discussant: Jo Ann Pinto, Montclair State University

3.17 International Financial Reporting Issues

Moderator: Dale L. Flesher, University of Mississippi
Online Accessibility of Company Announcements on Stock Exchange Websites and the Country Cost of Equity Capital.
Asheq Razaur Rahman, Nanyang Technological University; Roger S. Debreceeny, University of Hawaii
Discussant: Emre Karaoglu, University of Southern California
Cash Flows Classification Differences between IAS 7 and U.S. GAAP and the Value-Relevance of Cash Flows from Operations for Banks: Evidence from the Kuwaiti Capital Market.
Mostafa A. El Shamy, College of Business–Kuwait University
Discussant: Zane L. Swanson, Emporia State University
Bank Ties, Wealth Gain and Operating Gain of Japanese M&A Acquirers.
Huong Higgins, Worcester Polytechnic Institute
Discussant: Flora Niu, Wilfrid Laurier University

Tuesday, August 8

9:30 a.m.—11:00 a.m.

Emerging and Innovative Research Projects Sessions

Presenters: *Determinants of the Timing of Financial Statements' Disclosure in an Emerging Market*
João Batista Nast De Lima, Feevale University College; Paulo Renato Soares Terra, Universidade Federal do Rio Grande do Sul
The Impact of Adoption of IFRS: Evidence from Early Adopters in Europe
Presenters: Eva K. Jermakowicz, University of Southern Indiana; Jenice Prather-Kinsey, University of Missouri; Thierry Vongphanith, Brown Brothers Harriman & Co.

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 21)

Research Forum B Papers:

23. *A Comparison of the U.S. GAAP Reconciliations of Non-U.S. Stock Life Insurers.*
Mary Michel, Manhattan College
24. *A Cross-Country Comparison of Corporate Governance and Firm Performance Nexus: Do Financial Structure and the Legal System of a Country Matter?*
Anne Anderson, Lehigh University; Parveen Gupta, Lehigh University
25. *A Diagnostic Model for Assessing Convergence of Statements of Financial Accounting Standards (SFASs) and International Financial Reporting Standards (IFRSs).*
Roger Hussey, University of Windsor; Audra Ong, University of Windsor
26. *Alternatives to Statutory Audit Requirements for Small Public Companies: Advantages and Disadvantages.*
Shifei Chung, Rowan University; Ramesh Narasimhan, Montclair State University
27. *An Examination of Corporate Social-Environmental Disclosure in Annual Reports of Indonesian, Malaysian, and Australian Islamic Banking.*
Sofyan Syafri Harahap, Trisakti University Indonesia; Juniati Gunawan, Trisakti University Indonesia
28. *Determinants of Corporate Disclosure and Transparency: Evidence from Hong Kong and Thailand.*
Stephen Y. L. Cheung, City University of Hong Kong; J. Thomas Connelly, Chulalongkorn University; Piman Limpaphayom, Chulalongkorn University; Lynda Zhou, Boci-Prudential Asset Management
29. *Directional Trading Volume around Earnings Announcements: Evidence from Japan.*
Kazuhisa Otagawa, Kobe University; Hiromi Wakabayashi, Tokyo International University
30. *Do Stock Prices Impound Accounting Information with Similar Precision across Countries?*
Steven F. Cahan, University of Auckland; David Emanuel, University of Auckland; Jerry Sun, University of Auckland
31. *Drivers of Corporate Disclosure: An Empirical Investigation in a Central European Setting.*
Michael Grüning, European University Viadrina
32. *From Accounting Diversity to IAS.*
Anastasia Maggina, Aristotle University of Thessalonika
33. *Fundamental Analysis in a Hyperinflationary Economy: The Case of Brazil.*
Wanda Mattei, University of Puerto Rico
34. *Greek Evidence on Post-Earnings Announcement Drift: Old Empirical Tests in a New Theoretical Bottle.*
William Patrick Forbes, Loughbough Business School England; Len Charles Skerratt, Brunel Business School; George Yiannopoulos, Brunel Business School
35. *International Earnings Management and Accounting Standards.*
Michael D. Yu, University of Missouri-Columbia
36. *Non-Audit Services and Bias and Accuracy of Voluntary Earnings Forecasts Reviewed by Incumbent CPA.*
Hisn Yi Chi, National Taichung Institute of Technology; Chen Lung Chin, National Chengchi University
37. *Political Connections: Underlying Incentives and Impact on Organizational Structure: Empirical Evidence from Listed Family Firms in China.*
Charles J. P. Chen, City University of Hong Kong; Zengquan Li, Shanghai University of Finance & Economics; Xijia Su, City University of Hong Kong
38. *Reporting of the Current Earnings Plus Other Comprehensive Income: Information Content Test of the Japanese Firms.*
Keiichi Kubota, Musashi University; Kazuyuki Suda, Waseda University; Hitoshi Takehara, Waseda University
39. *Stock Market Valuation of Corporate Pension Exposure.*
Paul Johnmarcel Klumpes, Imperial College London

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 22)

40. *The Asian Financial Crisis and the Differences in Auditor Conservatism between Big 4 and Non-Big 4: Evidence from Thailand.*
Thanyaluk Vichitsarawong, Oklahoma State University and Chulalongkorn University; Sompong Pornupatham, Cardiff University and Chulalongkorn University
41. *The Effect of Firm-Specific Characteristics and the Mexican Corporate Governance Code on Earnings Quality.*
Susan MacHuga, University of Hartford; Karen Teitel, College of Holy Cross
42. *The Effects of International Financial Reporting Standards on the Accounts and Accounting Quality of Australian Firms.*
Kamran Ahmed, La Trobe University; John Goodwin, RMIT University
43. *The Impact of Ownership Structure and Foreign Capital on Organizational Innovation and Performance: An Examination of Taiwan's Electronics Industry.*
Tsuilin Kuo, National Chengchi University; Anne Wu, National Chengchi University
44. *Transitory Price Changes: Evidence from the Chinese Stock Markets.*
Zhaohui Zhang, Long Island University–C. W. Post; Khondkar E. Karim, Rochester Institute of Technology; Howard Nemiroff, Long Island University–C. W. Post; Jiamin Wang, Long Island University–C. W. Post
45. *Transparency and Disclosure Scores in the Istanbul Stock Exchange: Did Voluntary IFRS Adoption and Mandatory Corporate Governance Principles Make a Difference?*
Mine H. Aksu, Sabanci University; Arman Kosedag, Berry College
46. *Using Form 20-F Reconciliations to Internationalize an Accounting Course.*
Susan Boedeker Hughes, Butler University

10:15 a.m. – 11:45 a.m.

- 4.21 International Accounting: Financial Reporting Quality**
- Moderator: Betty Chavis, California State University
Earnings Attributes and Investor Protection: International Evidence.
Kriengkrai Boonlert-U-Thai, Chulalongkorn University (Thailand); Gary Meek, Oklahoma State University; Sandeep Nabar, Oklahoma State University
- Discussant: Atul Rai, University of Alabama in Huntsville
Asset Impairment Disclosures in Chinese Listed Companies.
Grace Zhu, Curtin University of Technology; Greg Tower, Curtin University of Technology
- Discussant: Shauna Shi, Hong Kong Polytechnic University
Demand for Information Enhancement: The Case of Chinese Firms.
Gil Manzon, Boston College; Ji Guo, Renmin University
- Discussant: Gia Chevis, Baylor University
- 4.22 International Accounting: IPO Studies**
- Moderator: C. Catherine Chiang, North Carolina Central University
IPO Anomalies and Innovation Capital.
Chen-Lung Chin, National Chengchi University; Picheng Lee, Pace University; Gary Kleinman, Robert Morris University; Pei-Yu Chen, National Chang-Hua University
- Discussant: Wendy Wilson, Southern Methodist University
Tunneling as an Incentive for Earnings Management during the IPO Process in China.
Joseph Aharony, Tel Aviv University; Jiwei Wang, Singapore Management University; Hongqi Yuan, Shanghai University of Finance and Economics
- Discussant: Desmond Tsang, University of California, Berkeley

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 23)

Intellectual Capital Disclosures and the Cost of Capital: Empirical Analysis of Underpricing in IPOs.

J-L. Mitchell Van Der Zahn, Singapore Management University and Curtin University of Technology; Inderpal Singh, Curtin University of Technology

Discussant: Lisa Hersrud, University of Oregon

New Scholar Concurrent Sessions:

Table 12.1 *An Historical Perspective of the Evolution of Research on International Accounting Harmonization.*

C. Richard Baker, Adelphi University; Elena M. Barbu, Université D'Orléans

Senior Faculty Mentor: Robert Larson, University of Dayton

Table 12.2 *Origins of Civilization and African (Ac)counting.*

Aida Sy, St. John's University and St. Andrews University

Senior Faculty Mentor: Susan Boedeker Hughes, Butler University

Table 13.1 *Financial Institutions' Ownership and Firm Performance: Evidence from China.*

Rongli Yuan, Cardiff University; Jason Zezhong Xiao, Cardiff University; Hong Zou, Lingnan University Hongkong

Senior Faculty Mentor: Gary P. Braun, The University of Texas at El Paso

Table 13.2 *Financial Reporting Quality, Capital Allocation Efficiency, and Financing Structure: An International Study.*

Kevin Sun, University of Hawaii at Manoa

Senior Faculty Mentor: Elizabeth A. Gordon, Rutgers University

Table 14.1 *Accounting Standards and their Effect on the Expected Cost of Equity Capital: Evidence from the Swiss Stock Exchange.*

Maria T. Caban-Garcia, University of South Florida; Susan E. Cammack, Washburn University

Senior Faculty Mentor: Victoria Shoaf, St. John's University

Table 14.2 *The Impacts of Life Cycle on the Value Relevance of Financial Performance Measures: Evidence from Taiwan.*

Yu-Lin Chang, National Yunlin University of Science & Technology Taiwan; Chung-Jen Fu, National Yunlin University of Science & Technology

Senior Faculty Mentor: Claude D. Renshaw, St. Marys College

Table 15.1 *Is Earnings Management Effected by Culture?*

Ramon P. Rodriguez, Jr., The University of Texas at El Paso

Senior Faculty Mentor: Victoria Krivogorsky, San Diego State University

Table 15.2 *The Usefulness of Asset Revaluations for Analysts' Forecasts of U.K. Firms.*

Andrew A. Anabila, Pace University

Senior Faculty Mentor: John L. Havery, St. Joseph's University

2:00 p.m. – 3:30 p.m.

5.20 International Accounting: Analyst and Financial Reporting

Moderator: Alan Jagolinzer, Stanford University

The Effect of Changes in Japanese Consolidation Policy on Analyst Forecast Error.

Don Herrmann, Oklahoma State University; Tatsuo Inoue, Kwansai Gakuin University; Wayne Thomas, University of Oklahoma

Discussant: Christopher Hodgdon, University of Vermont

Does Analyst Following Curb Earnings Management? International Evidence.

François Degeorge, University of Lugano Switzerland; Yuan Ding, HEC School of Management Paris/CEIBS; Thomas Jeanjean, HEC School of Management Paris; Hervé Stolowy, HEC School of Management Paris

Discussant: Huong Higgins, Worcester Polytechnic Institute

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 24)

An Examination of Factors Affecting Chinese Financial Analysts' Information Comprehension, Analyzing Ability, and Job Quality.

Yiming Hu, Shanghai Jiao Tong University; Thomas Lin, University of Southern California; Pengcheng Li, Shanghai University of Finance and Economics; Siqi Li, University of Southern California

Discussant: Yong G. Lee, The University of Houston at Victoria

5.21 International Accounting: Taxation and Financial Issues

Moderator: Marcia Caban-Garcia, University of South Florida

Culture and International Tax Rates: An Empirical Investigation.

Gary P. Braun, The University of Texas at El Paso; Karl Putnam, The University of Texas at El Paso; Kallol Bagchi, The University of Texas at El Paso

Discussant: Kelly McKillop, University of Massachusetts

Asset Devaluation in the Absence of Agency Incentives.

Neil Garrod, Thames Valley University; Ursa Kosi, University of Ljubljana; Aljosa Valentincic, University of Ljubljana

Discussant: Barry R. Marks, University of Houston–Clear Lake

The Tax-Clientele Effects and the Capitalization of Shareholder-Level Dividend Tax: Evidence from Taiwan.

Wanncherng Wang, National Cheng Kung University; Li-Hsiang Wang, National Tax Bureau

Discussant: Brigitte W. Muehlmann, Bentley College

3:00 p.m.—4:30 p.m.

Effective Learning Strategies II Sessions

A Ph.D. Course in International Accounting and Taxation: Integrating Strategic Management

Presenters: Gary Braun, The University of Texas at El Paso; Patricia Eason, The University of Texas at El Paso

4:00 p.m. – 5:30 p.m.

6.16 International Corporate Governance: Shareholder and Stakeholder Perspectives

Moderator: Steven Mintz, California Polytechnic State University, San Luis Obispo

Panelists: Don W. Finn, University of Arkansas

Paul Healy, Harvard University

Steven Mintz, California Polytechnic State University, San Luis Obispo

Linda Thorne, York University

6.17 International Cross-Listing and Earnings Management

Moderator: Peter M. Johnson, Brigham Young University

The Economic Consequences of Increased Disclosure: Evidence from Cross-Listings of Chinese Firms.

Heibatollah Sami, Lehigh University; Haiyan Zhou, University of Texas–Pan American

Discussant: Andrew Ayimbila Anabila, Pace University

Cross-Listed Firms and the Value-Relevance of 20-F Reconciliations.

Lisa Hersrud, University of Oregon

Discussant: Parveen P. Gupta, Lehigh University

A Comparison of Improvement in Earnings Attributes by U.S. Foreign Registrants: Common Law Countries vs. Code Law Countries.

Shu-Wei Hsu, Tunghai University; Fujiing Shiue, National Taipei University; Jan-Zan Lee, National Taipei University

Discussant: Vicki Tang, Georgetown University

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 25)

Wednesday, August 9

10:15 a.m. – 11:45 a.m.

- 7.24 International Accounting: Director Independence and Ownership Structure**
Moderator: Shifei Chung, Rowan University
Governance Reform, Ownership Concentration and Financial Reporting Transparency in Mexico.
Richard Price, Rice University; Francisco Roman, Rice University; Brian Rountree, Rice University
Discussant: John Eichenseher, University of Wisconsin–Madison
Director Independence and Financial Misstatements: A Comparison of the U.S. and U.K. Definitions of Director Independence.
Charles P. Cullinan, Bryant University; Hui Du, The University of Texas–Pan American; Gail B. Wright, Bryant University
Discussant: Gary M. Entwistle, University of Saskatchewan
Strong Investor Protection and Concentrated Management Ownership: Hong Kong Evidence During the Asian Financial Crisis.
Sidney Chimoon Leung, City University of Hong Kong; Bertrand Horwitz, Binghamton University
Discussant: Stephen R. Goldberg, Grand Valley State University

- 7.25 International Accounting Standards and Reporting Issues**
Moderator: Jack R. Fay, Pittsburg State University
Australia's Adoption of International Accounting Standards: A Perspective from the Business Community.
Stewart Jones, The University of Sydney; Alison D. Higgins, Mission Australia
Discussant: Shirley Hunter, Tufts University
Home Bias, Foreign Mutual Fund Holdings, and the Voluntary Adoption of International Accounting Standards.
Vicentiu M. Covrig, California State University, Northridge; Mark L. DeFond, University of Southern California; Mingyi Hung, University of Southern California
Discussant: Steve Lin, Florida International University
Government Involvement, Market Forces, and the Pricing of Earnings: A Comparison of China's Floating and Non-Floating Shares.
Kevin C. W. Chen, Hong Kong University of Science and Technology; Hongqi Yuan, Shanghai University of Finance and Economics
Discussant: Thomas A. Lechner, University of Utah

2:00 p.m. – 3:30 p.m.

- 8.20 Audit Quality: International Issues**
Moderator: To Be Announced
International Evidence on the Association between Audit Properties and the Implied Required Rate of Return.
Ole-Kristian Hope, University of Toronto; Tony Kang, Singapore Management University; Wayne Thomas, University of Oklahoma; Yong Keun Yoo, Korea University
Discussant: Jonathan Du, University of Houston–Victoria

(continued on page 27)

International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 26)

Impact of Family Dominance on Monitoring of Earnings Management by Audit Committees: Evidence from Hong Kong.

Discussant: Bikki Jaggi, Rutgers University; Sidney Chimoon Leung, City University of Hong Kong
Mitch McGhee, California State University, Stanislaus

The Impact of Bankruptcy Code on the Value of the Auditor's Going-Concern Opinion to Investors.

Discussant: Asad Kausar, University of Manchester; Richard J. Taffler, University of Edinburgh; Christine E. L. Tan, Baruch College–CUNY
Shawki M. Farag, The American University in Cairo

8.21 International Accounting: Emerging Market Issues

Moderator: Wanda Mattei, University of Puerto Rico
Disclosure Determinants and Disclosure Level in Listed Egyptian Companies.
Khaled M. Dahawy, The American University in Cairo

Discussant: Lan Guo, Washington State University
Financial Reporting Quality, Disclosure, and Emerging Market Companies' Access to Capital in Global Equity Markets.

Discussant: Carol Ann Frost, State University of New York at Buffalo; Elizabeth A. Gordon, Rutgers University; Grace Pownall, Emory University
Mari Paananen, University of Hertfordshire
Transparency of Fundamental Analysis and Determinants of Shareholder Value in a Transitional Market: Perspectives from Egypt.

Discussant: Tarek I. Eldomiaty, United Arab Emirates University; Ehab K. A. Mohamed, Sultan Qaboos University; Mohamed H. Azim, United Arab Emirates University; Peter B. Oyelere, Sultan Qaboos University
Jeremy Cripps, American University of Kuwait

4:00 p.m. – 5:30 p.m.

9.16 International Accounting: Auditing Issues

Moderator: Khaled Dahawy, The American University in Cairo
Audit Committee Characteristics and Audit Fee Setting in Australia: Tests of Simple and Interaction Effects.

Discussant: Divesh S. Sharma, Auckland University of Technology
Andrew Ayimbila Anabila, Pace University
Toward Understanding Chinese Auditors' Structuring of Audit Approaches, Client Acceptance Decisions, Risk Assessment, and Stringency of Imposed Reporting Standards.

Discussant: Chee W. Chow, San Diego State University; Joanna L. Ho, University of California, Irvine; Phyllis Lai Lan Mo, The Hong Kong Polytechnic University
Richard J. Taffler, University of Edinburgh
The Impact of Legal and Political Factors on Auditor Selection in China.

Discussant: Jing Huang, Greenwich University; Jason Xiao, Cardiff University
Giorgio Gotti, University of Tennessee

9.17 International Accounting Differences

Moderator: Haiyan Zhou, University of Texas–Pan American
Determinants of Corporate Financial Transparency in Asian Countries: The Impact of Country-Level Factors.

Discussant: Richard D. Morris, University of New South Wales; Sidney J. Gray, University of Sydney
Karen Teitel, College of Holy Cross

(continued on page 28)

International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 27)

Preliminary Evidence of the Effects of the Adoption of the "Impairment-Only" Approach to Goodwill Accounting in Sweden.

Jenny Barksjo, Göteborg University; Mattias Hamberg, Göteborg University; Mari Paananen, University of Hertfordshire

Discussant: Rosemond Desir, University of Massachusetts Amherst

It's a Small World After All: The Convergence of Disclosure Practices across Legal Regimes over Time.

Timothy J. Fogarty, Case Western Reserve University; Garen Markarian, Bocconi University; Antonio Parbonetti, Università degli Studi di Padova

Discussant: Patricia M. Poli, Fairfield University

**13th Anniversary (2007) Midyear Conference
of the International Accounting Section of the
American Accounting Association**
Funding Provided by the KPMG Foundation

1. Houston, Texas - March 4-5, 1995
2. Vancouver, British Columbia, Canada - March 29-30, 1996
3. New Orleans, Louisiana - March 13-15, 1997
4. Chicago, Illinois - April 3-4, 1998
5. Orlando, Florida - January 8-9, 1999
6. Tampa, Florida - January 9-10, 2000
7. Phoenix, Arizona - January 12-13, 2001
8. Fort Lauderdale, Florida - January 11-12, 2002
9. Orlando, Florida - February 7-8, 2003
10. San Diego, CA - January 30-31, 2004
11. San Antonio, TX - February 3-5, 2005
12. Los Angeles, CA - January 14-16, 2006
13. Charleston, SC - February 1-3, 2007

Details coming on the IAS Website.

INTERNATIONAL PAPERS AND PRESENTATIONS FROM 2006 REGIONAL MEETINGS

Paul Herz, Fort Lewis College, Regional Meetings Coordinator

[Overall: Papers – 38; Panels – 7]

Mid-Atlantic Regional, Pittsburgh, Pennsylvania (April 20-22, 2006)

Section Coordinator: Obeua Persons, Rider University

Papers – 9; Panels – 1

Panel Presented:

Teaching International Accounting as a Course and Across the Curriculum

Moderator: Obeua Persons, Rider University

Panelists: Donna Street, University of Dayton; Obeua Persons, Rider University; and Wagdy Abdallah, Seton Hall University

Papers Presented:

Disclosure and Auditor Choice by Foreign Registrants in the United States

Edward B. Douthett, Jr., George Mason University and Jonathan E. Duchac, Wake Forest University

Discussant: Christopher Luchs, Marshall University

Financial Analysts' Forecasts and Unprecedented Events: The Case of German Reunification

WaQar Ghani, Saint Joseph's University; Tayyeb Shabbir, University of Pennsylvania; and Samuel H. Szewczyk, Drexel University

Discussant: Peter Hostak, University of Massachusetts - Dartmouth

The Impact of US GAAP Reconciliations of American Depository Receipts on Security Analysts' Forecasts

Christopher Luchs, Marshall University

Discussant: Ed Douthett, George Mason University

Corporate Governance in Thailand: What Has Been Done Since the 1997 Financial Crisis

Obeua Persons, Rider University

Discussant: Wagdy Abdallah, Seton Hall University

Implementation of International Financial Reporting Standards in Gulf Countries

Wagdy Abdallah, Seton Hall University; Sabri Al Segini, University of Sharjah; and Athar Murtuza, Seton Hall University

The Value Relevance of Funds from Operations for REIT Investors

Vincent Shea, Kent State University

Discussant: Hong Zhu, Loyola College of Maryland

The Impact of the Sarbanes-Oxley Act of 2002 on the International Business Community

Scott E. Miller, Gannon University

Cash to Accrual Accounting: One Nations' Dilemma

Geoffrey A. Tickell, Monash University

Discussant: Lina Valcarcel, University of the Philippines

Crossing the Global Divide: Adding a Global Dimension to the Accounting Major

Ann D. Servey, Cabrini College

Midwest Regional, Chicago, Illinois (March 30-April 1, 2006)

Section Coordinator: Mehmet C. Kocakulah, University of Southern Indiana

Papers – 6; Panels - 1

Panel Presented:

International Accounting Updates

Moderator: Manny Tipgos, Indiana University Southeast

Panelists: Norllin Rueschhoff, Notre Dame University and Bruce Behn, University of Tennessee

(continued on page 30)

International Papers and Presentations from 2006 Regional Meetings

(continued from page 29)

Papers Presented:

Moderator: Larry Garrison, University of Missouri-Kansas City

Individual Investors' Attitudes Involving U.S. Stock Exchange Listing Requirements for Foreign Entities

John E. McEnroe and Mark Sullivan, both of DePaul University

UK Multinationals' Effective Use of Financial Currency-Hedge Techniques: A Firm-Specific Approach to Estimating and Explaining Foreign Exchange Exposure

Stephen D. Makar and Stephen H. Huffman, both of University of Wisconsin Oshkosh

Bank Relations and Security Analyst Forecasts among Japanese Firms

Kentaro Koga, University of Illinois at Urbana-Champaign and Satomi Uchino, Waseda University

Enterprise Resource Planning (ERP) and Implementation Woes: Why Companies Don't Fully Benefit from Their Systems

Mehmet C. Kocakulah and Brian L. McGuire, both of University of Southern Indiana; and Kelly D. Huff, Tri-State

Milling

Accounting Internationalization in Germany: The Case of DAX-30 Companies

Eva K. Jermakowicz, University of Southern Indiana and Ingeborg Wulf, University of Oldenburg

An Empirical Investigation of the Relationship between Corporate Social Responsibility and Executive Compensation:

U.S. versus Canada

Lois S. Mahoney, Eastern Michigan University; Linda Thorne, York University, and Donna Bobek, University of Central Florida

Northeast Regional, Portsmouth, New Hampshire (April 20-22, 2006)

Section Coordinator: Sylwia Gornik-Tomaszewski, St. John's University

Papers – 4; Panels – 1

Panel Presented:

International Convergence toward the Highest Quality of Accounting Standards

Moderator: Patrick Casabona, St. John's University

Panelists: Miguel Millan, Ignacio Perez, and Omar Esquivel, all of Deloitte & Touche LLP

Papers Presented:

Moderator: Sylwia Gornik-Tomaszewski, St. John's University

The Effect of Firm Specific Characteristics and the Mexican Corporate Governance Code on Earnings Quality

Susan Machuga, Central Connecticut State University and Karen Teitel, College of the Holy Cross

Discussant: Victoria Shoaf, St. John's University

International Financial Reporting Standards and Accounting Practices in the Gulf Countries

Wagdy M. Abdullah and Athar M. Murtuza, both of Seton Hall University

Discussant: Joan Hollister, Marist College

Determinants of Disclosure: Evidence from disclosures about financial instruments by STOXX 50 companies

Patricia Teixeira Lopes, University of Porto and Lucia Lima Rodrigues, University of Minho

Discussant: Joan Hollister, Marist College

Does Conservative Bias Explain the Growth Anomaly?

Joan Hollister, Marist College and Victoria Shoaf, St. John's University

Discussant: Susan Machuga, Central Connecticut State University

Ohio Regional, Cleveland, Ohio (May 4-6, 2006)

Section Coordinator: Timothy J. Sale, University of Cincinnati

Papers – 1; Panels - 2

Panels Presented:

Approaches to Teaching International Accounting.

Timothy J. Sale, University of Cincinnati

Rob Larson, University of Dayton

Jayne Fuglister, Cleveland State University

(continued on page 31)

International Papers and Presentations from 2006 Regional Meetings

(continued from page 30)

Plenary Session #1: *The Impact of Recent Legislation on the Regulation of the Accountancy Profession – U.S. and International.*

Stella Fearnley, UK Oversight Board; Mark H. Taylor, SEC Academic Fellow; and Garrett L. Stauffer, Senior Partner - PricewaterhouseCoopers

Papers Presented:

Moderator: Robert K. Larson, University of Dayton

Bewildered but Better Informed: A Qualitative Study of the Changing Attitudes of Accountants and Regulators to the Introduction of International Financial Reporting Standards (IFRS) in the UK.

Stella Fearnley, Annette Gillies, Tony Hines, and Caroline Willett, all of University of Portsmouth Business School

Southeast Regional, Knoxville, Tennessee (March 30-April 1, 2006)

Section Coordinator: Lisa Owens, Clemson University

Papers - 7; Panels - 0

Papers Presented:

Moderator: Richard Chen, Eastern Kentucky University

Impact of Auditors on the Implementation of SFAS 131

Dave L Nichols, W. Mark Wilder, and J. Riley Shaw, all of University of Mississippi

The Impact of Corporate Social Disclosure on Investment Behavior – A Cross National Study

Joyce van der Lann Smith, Virginia State University, Rasoul H. Tondkar, and Rober L. Andrews, both of Virginia Commonwealth University

Market Reaction to the Information Environment in Cross Listing and R&D Intensive Firms: Evidence from Taiwan Electronics Companies

Fu-Jen (Daniel) Hsiao, University of Texas at Arlington and Ch-Chuang Hsieh, Chung Hua University

Which Earnings Components Drive Earnings? Evidence from the UK

Ann L-C Chan, University of Liverpool, Stephen W.J. Lin, Florida International University, and Norman Strong, Manchester Business School

The Value Relevance of Purchasing Power Parity Deviations Inherent in the Reporting of Foreign Currency Translation Adjustments

David A. Ziebart, University of Kentucky and Jong-Hag Choi, Hong Kong University of Science and Technology

Teaching International Accounting: An Assignment to Measure the Ability of Students to Use the Internet to Translate Currencies and Record the Results

William Pollard, Appalachian State University

Developing an Undergraduate International Accounting Course That Satisfies the AICPA's Core Competency Framework

Nancy L. Christie, Western Washington University

Southwest Regional, Oklahoma City, Oklahoma (March 2-4, 2006)

Section Coordinator: Gary P. Braun, University of Texas at El Paso

Papers – 7; Panels – 1

Panels Presented:

“State of the Art in International Accounting”

Panelists: Donald R. Herrmann, Oklahoma State University and Wayne Thomas, University of Oklahoma

Papers Presented:

Financial Characteristics of the Banking Industry in the GCC Region: Islamic vs. Conventional Banks

Taisier A. Zoubi, and Dennis Olson, American University of Sharjah, UAE

Systematic Risk and International Diversification: An Empirical Perspective

Kingsley O. Olibe, Texas A & M University – Commerce; Franklin A. Michello, Middle Tennessee State University; and Jerry Thorne, North Carolina A & T State University

Earnings Management Before Convertible Debt Issuance

Oktay Urcan, University of Texas at Dallas

(continued on page 32)

International Papers and Presentations from 2006 Regional Meetings

(continued from page 31)

Social Skills Differences Among CPA Firm Personnel of Different Cultures: An Exploratory Study Using FIRO-B
Mohamed E. Bayou, University of Michigan – Dearborn; Philip Siegel, College of Charleston; and James W. Smith, University of Washington

The Impact of Firm Disclosure Quality on Cross-listing Choices

Qianhua Ling, Oklahoma State University and Li Li Eng, Oklahoma State University – Tulsa

The Incremental Information Content of Non-US GAAP Earnings Disclosures: Evidence from UK Firms

Kingsley O. Olibe, Texas A & M University – Commerce

A Comparison of the Performance Valuation Models: Evidence from China-based Firms Cross-listed in the U. S.

Kun Wang, Texas Southern University and L. Murphy Smith, Texas A & M University

Western Regional, Portland Oregon (April 27-29, 2006)

Section Coordinator: Nancy Christie, Western Washington University

Papers – 4; Panels - 1

Panels Presented:

Different Approaches to Teaching International Accounting.

Panelists: Nancy Christie, Western Washington University; Judi Hora, University of San Diego; Robert Larson, University of Dayton and Lee Radebaugh, Brigham Young University

Papers Presented:

Moderator/Discussant: Sudha Krishnan, Loyola Marymount University

Determinants of Corporate Disclosure and Transparency: Evidence from Hong Kong and Thailand.

Stephen Yan-Leung Cheung, City University of Hong Kong; J. Thomas Connelly, and Piman Limpaphayom, both of Chulalongkorn University; and Lynda Zhou, Bank of China, Prudential Asset Management Ltd.

The Stock Market Evaluation of the Usefulness of Accounting Information in Transitional Economies: The Case of China.

Shwu Hsing (Grace) Wu, Argosy University; Meihua Koo, University of Nevada, Las Vegas; and Tsu-chuan Kao, National Kaohsiung First University of Science and Technology

Incorporating Aspects of Foreign Direct Investment of U.S. and Non-U.S. Multinational Enterprises into the Curriculum.

Haroldene F. Wunder, California State University, Sacramento

Moderator/Discussant: S.E.C. Purvis, California State University, San Bernadino

An Approach to Organizing International Aspects of the Sarbanes-Oxley Act for Teaching Purposes.

Glade Tew, Brigham Young University, Hawaii

**AMERICAN ACCOUNTING ASSOCIATION
THE INTERNATIONAL ACCOUNTING SECTION
CALL FOR PAPERS
FOR
THE JOURNAL OF INTERNATIONAL ACCOUNTING RESEARCH**

Editor: Lee H. Radebaugh, Brigham Young University

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The *Journal of International Accounting Research* publishes articles that increase our understanding of the development and use of international accounting and reporting practices or attempt to improve extant practices. International accounting is broadly interpreted to include the reporting of international economic transactions; the study of differences among practices across countries; the study of interesting institutional and cultural factors that shape practices in a single country but have international implications; and the effect of international accounting practices on users. The *Journal* has a diverse readership and is interested in articles in auditing, financial accounting, managerial accounting, systems, tax, and other specialties within the field of accounting. The *Journal* is open to research using a wide variety of research methods, including empirical-archival, experimental, field studies, and theoretical. The *Journal* may include sections for Notes (shorter articles) and Commentaries. Education articles should be sent to a journal such as *Issues in Accounting Education*.

All manuscripts are sent to two reviewers, although one or more additional reviewers may be consulted in some instances. Reviews will be double-blind (i.e., to both the author and reviewer). A strong effort will be made to complete the initial review within two to three months. The review process is intended to provide constructive comments that improve the quality of manuscripts by focusing on critical issues. The editorial team recognizes that the nuances of a paper are better left to the authors.

Submission Of Manuscripts

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2. To expedite the process, an electronic submission and review process can be employed. To preserve anonymity, place the cover page and the remainder of the document in separate Microsoft® Word or PDF files. In the case of manuscripts reporting on field surveys or experiments, the instrument (e.g., questionnaire, case, interview plan) should also be submitted in a separate file, with the identity of the author(s) deleted. Email the cover page, manuscript, and, if applicable, the instrument as attached files to Lee H. Radebaugh, Editor, at: Lee_Radebaugh@byu.edu. The submission fee is \$25.00 in U.S. funds for members of the AAA International Section, or \$50.00 for others, made payable to the American Accounting Association. The submission fee is nonrefundable. To charge the fee, access the AAA web site at: <https://aaahq.org/AAAforms/journals/jiarsubmit.cfm>. Please indicate in the email that you have charged the fee. Alternatively, the submission fee may be paid by check to the American Accounting Association, and mailed to Lee H. Radebaugh, Editor, *Journal of International Accounting Research*, KPMG Professor, School of Accountancy and Information Systems, Marriott School, Brigham Young University, 516 TNRB, Provo, UT 84602-3068, USA.

3. If electing to submit hard copies, four copies of manuscript should be mailed to Bruce K. Behn at the address above. In the case of manuscripts reporting on field surveys or experiments, four copies of the instrument (e.g., questionnaire, case, interview plan) should be submitted. Information that might identify the author(s) must be deleted from the instrument. The submission fee should be enclosed or charged at the AAA web site (per above).

4. Revised manuscripts must be submitted within 12 months from request; otherwise they will be considered new submissions.

Books for review should be sent to the Book Reviews Editor: Dr. Wayne Thomas, School of Accounting, Price College of Business, University of Oklahoma, 307 W. Brooks # 200, Norman, OK 73019-4004, USA. Scholars interested in reviewing books are requested to forward their names and particular interests to the Book Reviews Editor.

Manuscript Preparation Style

These practices are based on *The Accounting Review*. The primary difference is the acceptability of international standard size A4 paper and a 150 word abstract. For initial submission, any widely used style is acceptable.



**EIGHTEENTH ASIAN-PACIFIC CONFERENCE
ON INTERNATIONAL ACCOUNTING ISSUES
October 15-18, 2006
Maui, Hawaii**

Co Sponsored by:

*California State Polytechnic University, Pomona, U.S.A.
California State University, Northridge, U.S.A.
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The Eighteenth Asian-Pacific Conference on International Accounting Issues will be held on October 15-18, 2006 in Maui, Hawaii. The conference will provide an important forum for the interaction of different ideas and information between academicians and practitioners, in order to enhance the understanding of international accounting issues in various Asian-Pacific countries. During the past seventeen years, our conference has been held in Fresno, California (1989), Vancouver, Canada (1990), Honolulu, Hawaii (1991), Dunedin, New Zealand (1992), Mexico City, Mexico (1993), Taipei, Taiwan (1994), Seoul, Korea (1995), Vancouver, Canada (1996), Bangkok, Thailand (1997), Maui, Hawaii (1998), Melbourne, Australia (1999), Beijing, China (2000), Rio de Janeiro, Brazil (2001), Los Angeles, California (2002), Bangkok, Thailand (2003), Seoul, Korea (2004), and Wellington, New Zealand (2005). Over 300 participants from 36 countries attended our Wellington conference.

Papers should be submitted in English. All submissions must be received by May 15, 2006. Notification about the decision will be made by June 30, 2006. Detailed information regarding the upcoming Eighteenth Asian-Pacific Conference is as follows:

Conference Registration Fee:

Registration fee of \$300 (U.S. Dollars) per delegate includes a reception, 1 breakfast, 2 luncheons, 1 dinner (Banquet and Entertainment), a copy of the program and proceedings, and a one-day tour. To register for the conference, please visit our website at www.apconference.org

CPE Credits:

Participants in past conferences have earned up to 20 hours of CPE credits.

Conference Hotel:

The Conference will be held at the Ritz-Carton, Kapalua in Maui, Hawaii.

Rate for Run of House Occupancy is: \$190 + Tax

To make your hotel reservation, please visit the conference website at www.apconference.org

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HAVE YOU SEEN?

Christopher D. Hodgdon

University of Vermont



Editorial Note: If you have an abstract or know of an abstract that would be of interest to the members of the AAA International Accounting Section, please email the reference information and abstract to Chris Hodgdon at chodgdon@bsad.uvm.edu

Aerts, Walter, Denis Cormier, and Michel Magnan, "Intra-Industry Imitation in Corporate Environmental Reporting: An International Perspective," *Journal of Accounting and Public Policy* (Volume 25, No. 3, 2006): 299-331.

Relying on an institutional theory framework, we assert that the cognitive uncertainty surrounding the means and ends of corporate environmental reporting (CER) implies that its appropriateness is likely to be derived through social comparison processes. Since for CER purposes, a firm's own industry is likely to constitute an organizational field from which emanate strong conformity pressures, we expect firms to engage in mimetic behavior that is driven by their industry counterparts' own imitation patterns. We explore such intra-industry imitation in CER over a six-year period in a sample of large firms from three different countries: Canada, France and Germany. Results suggest that, in a given year, a firm's imitation of other firms' CER within its industry is determined by the tendency of other firms within the industry to imitate one another. This mimetic process is enhanced in highly concentrated industries and is weakened when a firm is subject to public media exposure. Some economic variables that may represent coercive forces and a firm's dependence upon financial resources providers also contribute to a firm's imitation profile. Moreover, it appears that high quality reporting is more likely to generate these mimetic behaviors than low quality reporting. In addition, through routine, a firm's own practice in a prior year determines its tendency to imitate its reference group in the current year. Forces that underlie imitation differ to some extent between countries. Overall, results are consistent with an institutional mimetism interpretation of intra-industry imitation.

Ali, Muhammad Jahangir, Kamran Ahmed and Darren Henry, "Harmonization of Accounting Measurement Practices in South Asia," *Advances in International Accounting* (Volume 19, 2006): 25-58.

This study examines the extent of harmonization of selected accounting measurement practices in three South Asian countries: India, Pakistan and Bangladesh. The study is based on a sample of 566 non-financial companies for the financial year 1997–1998. The degree of harmonization is measured using Van der Tas's (1988) I index and Archer, Delvaile, and McLeay's (1995) modified C index. The values of the I index and the C index show a relatively higher degree of harmonization in the areas of property, plant and equipment, foreign currency translation and long-term investment, and a lower level of harmonization in the areas of inventory, amortization of goodwill and leases. The results suggest that low harmonization levels are both due to the degree of flexibility available in selecting benchmark treatments in some International Accounting Standards (IAS) and also to non-compliance by companies with IAS-mandated requirements. Significant further work is required by South Asian Federation of Accountants and the other regional accounting bodies if the goals of regional and international accounting harmonization are to be achieved.

Astami, Emita W., and Greg Tower, "Accounting-Policy Choice and Firm Characteristics in the Asia Pacific Region: An International Empirical Test of Costly Contracting Theory," *The International Journal of Accounting* (Volume 41, No. 1, 2006): 1-21.

This study provides evidence on the cross-sectional relationship between firm-specific variables and management's choice of accounting policies by examining four key accounting-policy disclosures in the 2000/2001 annual reports of 442 listed companies in the Asia Pacific region. The dependent variable is the composite measure for the income increasing (decreasing) accounting-policy choice tendency. The results show that firm-specific variables linked to Costly Contracting Theory partially explain management's

(continued on page 36)

Have you Seen...? (continued from page 35)

choice of accounting policies. Companies that pursue income-increasing accounting techniques are characterized by lower financial leverage, lower level of ownership concentration, and higher investment opportunity sets. This finding holds true when country and industry control variables are not considered. When the control variables are included, the CCT variables are less a factor and instead country of reporting provides the strongest explanation for company managers' choice of accounting policies. Indonesian companies utilize the most income-decreasing accounting technique.

Calleja, Kenneth, Michael Steliaros, and Dylan C. Thomas, "A Note on Cost Stickiness: Some International Comparisons," *Management Accounting Research* (Volume 17, No. 2, 2006): 127-140.

Contemporary studies on cost behaviour find that costs increase more with activity increases than they decrease in response to equivalent activity decreases. This sticky cost behaviour contradicts the traditional model which assumes that costs behave symmetrically for activity increases and decreases. Using a sample of US, UK, French, and German firms, we find that operating costs are sticky in response to changes in revenues; operating costs increase, on average, by around 0.97% per 1% increase in revenues, but decrease by only 0.91% per 1% decrease in revenues. Costs of French and German firms are more sticky than costs of UK and US firms; we conjecture that this result is attributable to differences in systems of corporate governance and managerial oversight. Costs tend to be less sticky over longer time-horizons and when firms sustain larger drops in revenue. Firm-specific and industry characteristics also impact on levels of cost stickiness.

Chan, K. Hung, Kenny Z. Lin and Phyllis Lai-lan Mo, "A Political-Economic Analysis of Auditor Reporting and Auditor Switches," *Review of Accounting Studies* (Volume 11, No. 1, 2006): 21-48.

This study examines whether auditor opinions are affected by political and economic influences from governments. We use auditor locality (local versus non-local) to capture such influences from local governments in China. Based on data from China's stock markets for the period 1996-2002, we find that local auditors, who have greater economic dependence on local clients and are subject to more political influence from local governments than non-local auditors, are inclined to report favorably on local government-owned companies to mitigate probable economic losses. Moreover, companies with qualified opinions are more likely to switch from a non-local auditor to a local auditor than companies with unqualified opinions. Contrary to some prior studies, we find that in China's political environment, local government-owned companies that switched from a non-local auditor to a local auditor after receiving a qualified opinion can succeed in opinion shopping.

Daske, Holger, "Economic Benefits of Adopting IFRS or US GAAP – Have the Expected Cost of Equity Capital Really Decreased?" *Journal of Business Finance & Accounting* (Volume 33, No. 3-4, 2006): 329-373.

The question of whether the adoption of International Financial Reporting Standards (IFRS) results in measurable economic benefits is of special interest, particularly in light of the European Union's adoption of IFRS for listed companies. In this paper, I investigate the common conjecture that internationally recognised financial reporting standards (IAS/IFRS or US GAAP) reduce the cost of capital for adopting firms. Building on Leuz and Verrecchia (2000), I use a set of German firms that have adopted such standards and investigate the potential economic benefits of this reporting strategy by analysing their cost of equity capital through the use and customisation of available implied estimation methods. Evidence from the 1993–2002 period fails to document lower expected cost of equity capital for firms applying IAS/IFRS or US GAAP. During the transition period I analyse, the expected cost of equity capital in fact appear to have rather increased under nonlocal accounting standards.

Davis-Friday, Paquita Y., Li Li Eng, and Chao-Shin Liu, "The Effects of the Asian Crisis, Corporate Governance and Accounting System on the Valuation of Book Value and Earnings," *The International Journal of Accounting* (Volume 41, No. 1, 2006): 22-40.

This paper examines the value relevance of earnings and book value in four Asian countries: Indonesia, South Korea, Malaysia and Thailand, in the period surrounding the Asian financial crisis. Specifically, we examine the impact of the economic environment on the value relevance of book value and earnings. We also examine the effects of corporate-governance mechanisms and the type of accounting system (continued on page 37)

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together with the economic environment on the value relevance of accounting numbers. Our results indicate that the value relevance of earnings in Indonesia and Thailand was significantly reduced during the Asian financial crisis while the value relevance of book value increased. In Malaysia, the value relevance of both earnings and book value decreased during the crisis. In Korea, neither book value nor earnings was significantly impacted by the crisis. Our results indicate that the level of corporate-governance mechanisms has an impact on the extent of changes in the value relevance of book values, but not earnings. Specifically, the value relevance of book value declines when corporate governance is weak. Finally, our results indicate that accounting systems (i.e., IAS or tax-based) also affect the extent of changes in the value relevance of book value resulting from the crisis.

De Waegenare, Anja, Richard C. Sansing, and Jacco L. Wielhouwer, “Who Benefits from Inconsistent Multinational Tax Transfer-Pricing Rules?” *Contemporary Accounting Research* (Volume 23, No. 1, 2006).

This paper uses a strategic tax compliance model to examine taxpayer reporting and tax authority audit strategies in an international setting with two tax authorities. The setting features both information asymmetry between the taxpayer and the tax authorities and inconsistent tax transfer-pricing rules. The latter creates the possibility of each country trying to tax the same income. We study the effect of the probability of transfer-pricing rule inconsistency on the strategies and payoffs of the taxpayer and the tax authorities. We find that an increase in the probability of transfer-pricing rule inconsistency induces more aggressive auditing by governments. It therefore deters taxpayers from shifting income to the low-tax country in situations in which the transfer-pricing rules are consistent, and can either increase or decrease the income reported to the low-tax country in cases in which the transfer-pricing rules are inconsistent. We find that an increase in transfer-pricing rule inconsistency could either increase or decrease the taxpayer's expected tax liability, and could either increase or decrease the deadweight loss from auditing. Our results call into question the conventional wisdom that the prospect of double taxation due to transfer-pricing rule inconsistency increases a firm's expected tax liability and governments' expected audit costs.

Easton, Peter, “Use of Forecasts of Earnings to Estimate and Compare Cost of Capital Across Regimes,” *Journal of Business Finance & Accounting* (Volume 33, No. 3-4, 2006): 374-394.

I critically examine several of the methods used in the recent literature to estimate and compare the cost of capital across different accounting/regulatory regimes. I focus on the central importance of expectations of growth beyond the short period for which forecasts of future payoffs (dividends and/or earnings) are available. I illustrate, using the stocks that comprised the Dow Jones Industrial Average (DJIA) at December 31, 2004, as an example, the differences between the growth rates implied by the data, and growth rates that are often assumed in the literature. My analyses show that assumptions about growth beyond the (short) forecast horizon may seriously affect the estimates of the expected rate of return and may lead to spurious inferences.

Etter, Edwin R., Barbara Lippincott and Jacqueline Reck, “An Analysis of U.S. and Latin American Financial Accounting Ratios,” *Advances in International Accounting*, (Volume 19, 2006): 145-173.

Financial accounting ratios of non-U.S. companies are subject to misinterpretation by U.S. investors due to differences in accounting principles, institutional practices, and economic environments. The purpose of this study is to compare selected financial accounting ratios of companies from seven Latin American countries with those of a matched sample of U.S. companies, and explain any observed differences in the ratios based on the above three factors. In general, the results indicated that the liquidity, activity, and coverage ratios of the Latin American companies were lower than those of the U.S. companies. The profitability ratios varied, however, with the profit margin on sales generally higher for the Latin American companies, the return on assets mixed, and the return on equity ratios not significantly different between the Latin American and U.S. companies.

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Frost, Carol Ann, Elizabeth A. Gordon, and Andrew F. Hayes, "Stock Exchange Disclosure and Market Development: An Analysis of 50 International Exchanges," *Journal of Accounting Research* (Volume 44, No.3, 2006): 437-483.

This study examines associations between measures of stock exchange disclosure and market development at 50 of the member stock exchanges of the World Federation of Exchanges. We focus on stock exchange disclosure systems (rather than actual company disclosures) because this approach links stock exchange policy with desired outcomes related to market development (such as liquidity, trading activity, and market size relative to gross domestic product). We find strong support for the hypothesis that the strength of the disclosure system (disclosure rules, monitoring, and enforcement) is positively associated with market development, after controlling for legal system, legal protection of investors, market size, and several other potentially relevant explanatory variables.

Geiger, Marshall A., Brendan T. O'Connell, Paul M. Clikeman, Elena Ochoa, Kristen Witkowski and Ilias Basioudis, "Perceptions of Earnings Management: The Effects of National Culture," *Advances in International Accounting* (Volume 19, 2006): 175-199.

Manipulating, or "managing," reported earnings is a temptation faced by every accountant and corporation around the world. This study investigates whether national culture influences perceptions of the acceptability of earnings management. Participants from eight countries evaluated 13 vignettes describing various earnings management practices (Merchant & Rockness, 1994). Our results demonstrate considerable variation in perceptions across nations to the earnings management scenarios, providing strong evidence that the practice of earnings management was not perceived similarly in all countries. Using Hofstede's (1991) cultural indices, we find that the differences in aggregate perceptions across countries were not closely associated with any of the cultural dimensions examined. We do, however, find that perceptions of earnings manipulations involving the timing of operating decisions were associated with both the Power Distance Index and the Masculinity Index.

Gujarathi, Mahendra, and Dorothy Feldmann, "Dividend Imputation Systems in Industrialized Countries: An Examination of Relative Tax Burdens," *Advances in International Accounting* (Volume 19, 2006): 243-259.

Dividend taxation has been a controversial issue especially since the enactment of the 2003 U.S. legislation entitled "Jobs and Growth Tax Relief Reconciliation Act" (JGTRRA). This paper presents taxonomy of dividend tax systems and illustrates dividend relief practices in the OECD (Organization for Economic Cooperation and Development) countries. None of the OECD countries follow the conduit (i.e., full imputation) system, and the classical system (where double taxation of dividends occurs) prevailed only in one country (Ireland) other than the U.S. in 2003. Dividend imputation in most of the OECD countries is only partial and takes place at the shareholder level in the form of tax credit or split rate. The paper also demonstrates a method to compute the effective tax rates (corporate plus individual taxes) on dividends, and presents such rates for the OECD countries. In comparison with the average dividends tax rate of 39.6% in other OECD countries, the U.S. had a rate of 60.7%, which JGTRRA has brought down to 44.8%.

Hail, Luzy, and Christian Leuz, "International Differences in the Cost of Equity Capital: Do Legal Institutions and Securities Regulation Matter?" *Journal of Accounting Research* (Volume 44, No.3, 2006): 485-531.

This paper examines international differences in firms' cost of equity capital across 40 countries. We analyze whether the effectiveness of a country's legal institutions and securities regulation is systematically related to cross-country differences in the cost of equity capital. We employ several models to estimate firms' implied or ex ante cost of capital. Our results support the conclusion that firms from countries with more extensive disclosure requirements, stronger securities regulation, and stricter enforcement mechanisms have a significantly lower cost of capital. We perform extensive sensitivity analyses to assess the potentially confounding influence of countries' long-run growth differences on our results. We also show that, consistent with theory, the cost of capital effects of strong legal institutions become substantially smaller and, in many cases, statistically insignificant as capital markets become globally more integrated.

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Haverty, John L., “Are IFRS and U.S. GAAP Converging? Some Evidence From People's Republic of China Companies Listed on the New York Stock Exchange,” *Journal of International Accounting, Auditing and Taxation* (Volume 15, No. 1, 2006): 48-71.

This research investigates the comparability and convergence of two sets of accounting standards from 1996 to 2002: United States' Generally Accepted Accounting Principles (U.S. GAAP) and International Financial Reporting Standards (IFRS). The investigation involves a sample of companies from the People's Republic of China (PRC) that are listed on the New York Stock Exchange (NYSE). PRC companies traded on the NYSE generally prepare IFRS financial statements and provide a limited reconciliation to U.S. GAAP, creating a unique quasi-experimental opportunity to examine differences between two sets of accounting numbers produced by two different sets of accounting standards while holding the company constant. Comparability is measured by using Gray's index of comparability, and a set of measures are introduced to capture several dimensions of convergence over time in reported net income, net assets, return on net assets, and earnings per share. The evidence shows lack of comparability, caused largely by the revaluations of property, plant and equipment permitted under IFRS, but not permitted under U.S. GAAP. There is, however, substantial evidence of convergence over time.

LaCross, Catherine C., and Richard A. Bernardi, “Disclosures of Codes of Ethics on Corporate Websites: A Pre- and Post-Sarbanes-Oxley Longitudinal Study,” *Advances in International Accounting* (Volume 19, 2006): 91-114.

Until recently, corporate ethics was not a topic of major concern. In the United States, it changed with the WorldCom scandal and Enron catastrophe. The effects of unethical decision-making took its toll on consumers' confidence and portfolios, resulting in a desire for more transparency and increased ethical conduct. The study uses the top 100 US-based and top 100 Internationally-based corporations from the 2001 Fortune Global 500. We examined whether companies had a published corporate code of ethics on their websites in July 2002, January 2003, March 2003, and July 2003. We found that there was not a significant difference between the number of US-based and Internationally-based corporations for the first two observation dates. However, there was a significant difference between the number of US-based and Internationally-based corporations for the March 2003 observation date that coincided with the implementation date of the Sarbanes-Oxley Act. Finally, while the rate of change dramatically decreased for Internationally-based corporations after the implementation date of the Sarbanes-Oxley, US-based corporations continued to make their codes of ethics more accessible at a higher rate.

Lee, John Y., Charles Tang and Surinder Tikoo, “The Degree of Internationalization and the Stock Market Valuation of Earnings,” *Advances in International Accounting* (Volume 19, 2006): 201-219.

In this paper, we examine the impact of the degree of internationalization on a firm's ability to reduce risk and increase profits. Our study seeks to overcome three limitations of many previous studies on the value of internationalization: use of a single measure of internationalization, accrual-basis accounting measures of firm performance, and a small sample size. We use a multi-measure index, stock market assessment, and a large sample size of various firms. Our findings indicate that (1) a firm's degree of internationalization has a positive impact on the investor response to the earnings changes and (2) the market's positive response to the value of internationalization is confined to a high level of internationalization. Our results do not support the argument that, at high levels of internationalization, the costs of internationalization exceed the benefits.

Lewis, Philip A., and Stephen B. Salter, “Europe and America – Together or Apart: An Empirical Test of Differences in Actual Reported Results,” *Advances in International Accounting* (Volume 19, 2006): 221-242.

The accounting convergence debate has assumed an Anglo-American vs. Continental European dichotomy. Alexander and Archer (2000) using logical analysis and d'Arcy (2001) using regulations suggest a different truth, an EU group including the U.K. vs. an American-led group. This view has been debated without result in Nobes (2003, 2004), Alexander and Archer (2003), and d'Arcy (2004). This study brings some closure by using actual reported results from recent 20-F filings. It finds the Anglo-American accounting model vs. Continental European dichotomy unsustainable.

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Loft, Anne, Christopher Humphrey, and Stuart Turley, “In Pursuit of Global Regulation: Changing Governance and Accountability Structures at the International Federation of Accountants (IFAC),” *Accounting, Auditing & Accountability Journal* (Volume 19, No. 3, 2006): 428-451.

IFAC, a Swiss-registered non-governmental organization, is emerging as an important international (auditing) standard setter amongst a powerful group of regulators, including the World Bank, the International Organisation of Securities Commissions (IOSCO) and the European Commission (EC). The purpose of this paper is to focus on the changing governance and accountability structures within IFAC, the way such changes are shaping, or re-shaping, its “public interest” commitments and the resulting strategic implications for processes of auditor regulation and public oversight in the global financial arena. The material and analysis presented in the paper derives from an extensive review of official reports, consultation documents and related responses, a range of other information available on IFAC's web site (www.ifac.org) or those of other key regulatory players in the global financial arena. The paper analyzes how IFAC is succeeding as an international standard setter with an established place in the global financial infrastructure. From analysis of the recent establishment of a Public Interest Oversight Board (PIOB) and the changing nature of representation on IFAC's Public Interest Activity Committees (PIACs), the paper reveals a growing reliance on governance by experts together with a growth in influence of the large, multinational accounting firms. Governance of auditors has become a matter of global importance and governance structures are being reconfigured. By highlighting the changes that have taken place within IFAC's governance system, the paper establishes the importance for public policy of further study and debate concerning the nature and practical operation of such a system, particularly given IFAC's position within a complex but developing global governance arena. IFAC is becoming an integral player in global financial governance processes and yet has not been subject to any substantial academic accounting research. This paper seeks to rectify this by focusing on the structures and processes underpinning both the development of IFAC's International Standards on Auditing (ISAs) and its own global strategy for advancement.

Myring, Mark, “The Relationship Between Returns and Unexpected Earnings: A Global Analysis by Accounting Regimes,” *Journal of International Accounting, Auditing and Taxation* (Volume 15, No. 1, 2006): 92-108.

Numerous studies have documented a long-term association between earnings and returns. Surprisingly, few attempts have been made to internationally examine market reactions to earnings releases over return windows less than 12 months. This paper globally explores the market reaction to unexpected earnings defined by both the change in earnings per share (EPS) and analyst forecast errors (AFE) using a 1-month return window. First, the existence of the earnings–returns relationship is examined using a sample of firms from 32 countries grouped into accounting regimes. Accounting regimes represent groups of countries that exhibit similarities in accounting standards, stock market characteristics, corporate governance mechanisms, and economic conditions. Thus, similar reactions to earnings are expected within regimes. Next, the incremental information content of analyst forecasts, a proxy for investors' earnings expectations, is examined. Finally, changes in the structure of the earnings–returns relationship over time are investigated. Results support the existence of a relationship between earnings and returns in all accounting regimes. In addition, analyst forecast errors appear to be incorporated into earnings expectations in most developed countries. Finally, evidence suggests that the significance and explanatory power in the earnings–returns relationship has increased in recent years.

Ndubizu, Gordian A., and Maria H. Sanchez, “The Valuation Properties of Earnings and Book Value Prepared Under US GAAP in Chile and IAS in Peru,” *Journal of Accounting and Public Policy* (Volume 25, No. 2, 2006): 140-170.

The worldwide trend toward integration of capital markets heightens the debate on whether international accounting standards (IAS) and US generally acceptable accounting principles (GAAP) are equivalent accounting regimes for cross-border listings. The Securities and Exchange Commission (SEC) operates from the premise that IAS falls below the threshold and mandated reconciliation from IAS to US GAAP. A major concern is that reconciling the IAS accounting numbers to US GAAP when the underlying contracts are formulated based on IAS results in assessment noise in the Ndubizu and Wallace [Ndubizu, G.A., and Wallace, R.S., 2003. Contracts Valuation Assessment Noise and Cross-Border Listing of Equities on US and UK Stock Markets. *The International Journal of Accounting* 38, 397–420] sense. We examine the valuation properties of US GAAP in Chile and IAS in Peru in which contracts and their representation in the financial statements are based on the same GAAP to minimize

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the likelihood of assessment noise. We find that earnings and book value are value relevant in the two accounting regimes. However, US GAAP as applied in Chile is more value relevant than IAS applied in Peru. The results are robust to alternative specifications, including controlling for cross-sectional and inflation-induced scale effects present in level regressions, tax-book alignment, and other country-specific factors. Further, the results of the study provide evidence that US GAAP is more timely, conservative, and informative about the expected future normal earnings for loss firms than IAS in emerging economies.

Nobes, Christopher, and Hans Schwencke, "Modelling the Links Between Tax and Financial Reporting: A longitudinal Examination of Norway Over 30 Years up to IFRS Adoption," *European Accounting Review* (Volume 15, No. 1, 2006): 63-87.

The operational links between tax and financial reporting vary on a continuum from country to country and from period to period. We propose a model for how the links vary over time in developed Western countries. This takes account of competing purposes for accounting, and the mutual reactions of taxation and financial reporting authorities. We illustrate the model using the case of Norway over a 30-year period up to the adoption of IFRS. This has the incidental benefit of analysing the operational links for Norway, which has not been done systematically before, at three dates. We also put Norway into the context of four other countries by adopting and somewhat enhancing existing methodology. We show that Norway has moved from a 'continental' position to one that exceeds the disconnection of tax from financial reporting found in the USA or the UK. We raise several research questions related to the generalisability of our model.

Prather-Kinsey, Jenice, "Developing Countries Converging with Developed-Country Accounting Standards: Evidence from South Africa and Mexico," *International Journal of Accounting* (Volume 41, Issue 2): 141-162.

I examine the usefulness (relevance and timeliness) of earnings announcements in two emerging markets, the Johannesburg Stock Exchange (JSE) and the Bolsa Mexicana de Valores Stock Exchange (BMV). A weighted least-squares regression is used to test the association of book values of earnings and equity with firm market value. I find that on JSE and BMV, earnings and/or book value of equity are value relevant in explaining stock prices. I also find that this association is greater in 2000 as compared to 1998 on the BMV. Regarding timeliness, I find that earnings announcements are accompanied by unusually different returns on JSE, but not on BMV. Market infrastructure, specifically insider-trading rules, may explain BMV results. I suggest that accounting and market infrastructure interact and that such interaction is valuable input to the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) in their deliberations regarding one set of accounting regulations for all countries.

Soonawalla, Kazbi, "Accounting for Joint Ventures and Associates in Canada, UK, and US: Do US Rules Hide Information?" *Journal of Business Finance & Accounting* (Volume 33, No. 3-4, 2006): 395-417.

Unlike US GAAP, accounting principles in Canada and the UK require disclosure of disaggregated components of joint ventures and associates. Using comparative analysis of Canadian, UK and US data, this study investigates the potential loss of forecasting and valuation relevant information from aggregating joint venture and associate accounting amounts. Findings show that aggregating joint venture and associate investment numbers, and aggregating joint venture revenues and expenses, each leads to loss of forecasting and valuation relevant information. Thus, current US accounting principles likely mask information that financial statement users could use to predict future earnings and explain share prices.

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Street, Donna L., “The G4's Role in the Evolution of the International Accounting Standard Setting Process and Partnership With the IASB,” *Journal of International Accounting, Auditing and Taxation* (Volume 15, No. 1, 2006): 109-126.

Between 1992 and 2001, representatives of the G4 national accounting standard setting bodies and the International Accounting Standards Committee (IASC) participated in a working group known as the G4+1. Immediately following the formation of the International Accounting Standards Board (IASB), the G4 announced that the working group would no longer meet. Alternatively, the G4 national standard setters would form a partnership with the IASB via liaison representatives. This paper focuses on the objectives and mission of the G4+1, the G4's relationship with the IASC, the impact of the G4 on the restructuring of the IASC to establish a quality independent global accounting standard setter, former G4 participants' perceptions of the IASB, and the significance of the IASB's current partnership with the G4 national accounting standard setters. The paper additionally discusses recent changes to the IASC Foundation Constitution and considers how modifications to the liaison structure may impact the IASB's partnership with its G4 national standard setting partners. Portions of a monograph published by the Institute of Chartered Accountants in England and Wales entitled *Inside G4+1: The Working Group's Role in the Evolution of the International Accounting Standard Setting Process*, provide the background for the paper.

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