

INTERNATIONAL  
ACCOUNTING SECTION  
of the



American  
Accounting  
Association

# FORUM

INTERNATIONAL ACCOUNTING

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Middle Tennessee State University

## PRESIDENT'S MESSAGE

Hello colleagues. It is with great joy and enthusiasm that I serve the International Accounting Section of the American Accounting Association. Thank you for entrusting me as your 2007-2008 President. I am humbled. It is because of your support, contributions and hard work that we are a growing and vibrant International Accounting Section.

Colleagues, I invite you to attend the Midyear meeting held jointly with IAAER in sunny San Diego, California, February 7-9, 2008 at the Horton Grand Hotel. Your officers and chairs have been working tirelessly to provide you with opportunities for professional development, continuing professional education, research enhancement, networking forums, and international accounting pedagogy seminars. Carolyn Callahan is developing a challenging Doctoral/New Faculty Consortium scheduled for Thursday morning, February 7. We deeply appreciate the funding to underwrite this consortium from the KPMG Foundation as this allows participants free attendance. The consortium begins with a dinner on Wednesday evening, February 6. On February 7, Carolyn has lined-up some great speakers for the general sessions, followed by small breakout sessions where participants will interact with presenters. The consortium culminates with lunch. I know she will have a superb program that will be critical to doctoral students and new faculty in developing their research agendas.

The Midyear meeting begins on Thursday afternoon at 3:00 pm with a CPE session; yes a CPE session with State Board CPE credit. Donna Street is organizing this session and has already secured Mary Tokar of KPMG (and a former IFRIC member), Ian Hague of the Canadian Accounting Standards Board, Cheryl Linthicum (presently on second term at the SEC) and Paul Munter of KPMG to speak at the CPE session. If you want to learn more about International Financial Reporting Standards (IFRSs), their differences from U.S. GAAP and how to incorporate IFRSs into your international accounting course, this CPE session is the place to be. Donna is also planning a panel session that you do not want to miss.

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**Jenice Prather-Kinsey**

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## President's Message *(continued from page 1)*

Betsy Gordon and Tony Kang are working hard to provide you with plenary sessions, concurrent research sessions, and forums beginning Friday morning, February 8, through Saturday afternoon February 9. They will be publishing your accepted manuscript in our inaugural published proceeding should you, the authors, elect. Authors will also have an opportunity to fast track their accepted paper into *Journal of International Accounting Research (JIAR)*, *Journal of International Financial Management and Accounting (JIFMA)*, or *Accounting Education: An International Journal*. Authors will be notified whether their papers have been accepted by December 7, 2007. Please read the submission guidelines closely as presented on the AAA IAS webpage before submitting your manuscript. Tony is also asking you to volunteer as reviewers, discussants and/or moderators. Volunteers for these responsibilities will be needed in making this the most successful Midyear Meeting. To submit a paper or volunteer, visit our webpage at: <http://aaahq.org/international/index.html>.

Another highlight of the Midyear meeting is the Horton Grand Hotel: a Victorian era hotel located in the Gaslamp Quarter of downtown San Diego and within a mile of the beach. The Horton Grand Hotel is centrally located near world-class shopping in Horton Plaza, diverse restaurants and nightclubs in the Gaslamp Quarter and beautiful Seaport Village. The San Diego Tour Trolley stops at the front door for transportation and sightseeing to most of San Diego's major attractions. Horse drawn carriages are also available at the front door for an authentic tour of the charming Gaslamp Quarter. The hotel features distinct rooms, each with a fireplace. The early bird reception will be at the hotel on Thursday evening, February 7, 2008. San Diego State University is hosting a dessert reception with live entertainment on Friday evening, February 8, 2008 at the Horton Grand and there will also be a closing reception on Saturday evening. So what are you waiting for, visit <http://aaahq.org/international/index.html> and register for the conference.

Thank you for your support in helping those who are less fortunate. I believe that one of the greatest gifts we can give is to help those faculty and students in developing countries who want to learn but don't have the resources that many of our colleges and universities provide to us. We received more than \$1,600 in donations and pledges for Gift Memberships to colleges and universities in developing countries at our annual meeting in Chicago. You broke the record. This means that about seven colleges and universities will receive subscriptions to *The Accounting Review*, *Accounting Horizons*, and *Issues in Accounting Education*, *Accounting Education News* and *Journal of International Accounting Research*. Without your generosity these colleagues would not have had an opportunity to learn of the many benefits of membership in the AAA IAS. If you have not made a pledge or donation, it's not too late, just contact Ian Hague ([Ian.Hague@cica.ca](mailto:Ian.Hague@cica.ca)) and he will be glad to assist you or use the donation form on the Section web site.

The *Journal of International Accounting Research* has been published for six years. I am happy to announce our new editor, Ken Ferris. Ken is Professor at Claremont Graduate University in the Peter F. Drucker and Masatoshi Ito Graduate School of Management. He has also been on faculty at Thunderbird, Northwestern and Ohio State University. He has authored or co-authored 11 books, 57 articles and 80 case studies. Ken brings to us a great wealth of editorial knowledge as he has served on the editorial boards of *The Accounting Review*, *Accounting Organizations and Society*, *Issues in Accounting Education*, *Behavioral Research in Accounting*, *Asia-Pacific Journal of Accounting*, and *Journal of International Accounting Research*. Moreover, he has published in the above journals as well as in *Auditing: A Journal of Practice and Theory*, *Journal of Accounting Literature*, *Contemporary Accounting Research*, *International Journal of Accounting Education and Research* and *Journal of International Financial Management and Accounting*. I thank Ken for taking on the responsibility of editor of *Journal of International Accounting Research* and I applaud the Nominations Committee for securing such a distinguished accounting academic.

In closing, I thank Jeannie Harrington for continuing on as editor of our Newsletter. This is a challenging responsibility and Jeannie produces a quality, informative and timely newsletter for the section. I deeply appreciate the support of our officers for 2007-2008: Don Herrmann, Immediate

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## **President' Message** *(continued from page 2)*

Past-President, Cheryl Linthicum, Vice President-Academic and President-Elect; Mary Tokar, Vice President Practice; Ian Hague, Treasurer; and Paquita Y. Davis-Friday, Secretary.

I thank the chairs of each of the International Accounting Section Committees: Robert Larson, Advisory Board; Greg Burton, Annual Program Committee; Eva Jermakowicz, Annual Program CPE, Andy Lymer, Information Technology; Stella Fearnley, International Relations; Mahendra Gujarathi, Membership; Sid Gray, Outstanding Dissertation Award; Stephen Zeff, Outstanding Educator Award; Paul Herz, Outstanding Section Service Award; Tim Doupnik, Publications Committee; Myungsun Kim, Regional Programs; Norlin Rueschhoff, Section Historian; Patricia Poli, Strategic Planning; and George Gamble, Teaching and Curriculum (Education). Please contact your regional coordinators if you are interested in having an international accounting panel, research forum or concurrent session within your region: Obeua Persons, Mid-Atlantic; John McGowan, Midwest; Steven Fritsche, Northeast Region; Ran Barniv, Ohio Region; Lisa Owens, Southeast Region; Murphy Smith, Southwest Region; and Meihua Koo, Western Region. I appreciate all of these officers, committee chairs and regional coordinators in providing critical leadership to the section. I encourage all who read this newsletter to get involved with the section and challenge you to invite others to join.

Thank you all for your support. I am happy to receive your feedback ([Prather@missouri.edu](mailto:Prather@missouri.edu)). The officers and I look forward to seeing a record-breaking number of you as registrants at the Midyear meeting in San Diego, California, February 7-9, 2008. United, we can make great strides in propelling our section forward.

Cheers,

Jenice Prather-Kinsey, President, International Accounting Section



*Outgoing President Don Herrmann receiving a plaque from Incoming President Jenice Prather-Kinsey for his outstanding service during 2006-2007.*

# Country Practice—Nigeria

BY OBAZEE, Jim Osayande, Technical Director  
Nigerian Accounting Standards Board

## INTRODUCTION

A country's accounting and disclosure system is part of its financial system and more generally its institutional infrastructure. Economic theory suggests that, in well-functioning economies, the elements of the institutional infrastructure evolve to fit and reinforce each other. Thus, the accounting system is likely to be geared towards the informational and contracting needs of the key parties in the economy. For this reason, it is important to understand the role of financial accounting in a country's institutional infrastructure and, in particular, its role in corporate governance and capital markets. Thus, a key question in evaluating an accounting system is whether it satisfies the needs of the economy's main contracting parties and, in the context of financial systems, whether the relevant financing parties are well informed.

This means that Accounting information plays an important role in financial contracting. Financial claims and control rights are often defined in accounting terms. For instance, debt contracts use accounting numbers and financial ratios to specify when a corporate borrower is in default. In determining dividend payments to shareholders, firms frequently refer to past and current accounting earnings. Investors in public equity markets use financial statements to monitor their claims, make investment decisions or exercise their rights at shareholders meetings.

Given this role, it is reasonable to expect that accounting systems evolve such that they facilitate financial transactions and contracting. Moreover, standardizing accounting, either by regulation or private standard setting, is likely to reduce transaction costs. It seems cheaper to provide a common set of measurement rules for all or many contracts, rather than to negotiate a particular set of measurement rules on a contract-by-contract basis. To capitalize on this effect, accounting standards are geared towards the informational and contracting needs of key parties in an economy which are also likely to be the main parties having interest in financial reporting. That is, the accounting system is the accounting likely to reflect ownership and governance structures and the financing patterns in a country.

In Nigeria, accounting has traditionally been governed by "prudence" and "creditor protection", i.e. measurement rules that are favorable to creditors and limit payment to shareholders. As a result, Nigeria debt contracts generally do not have extensive debt covenants restricting dividends to shareholders. They simply rely on the legal restrictions imposed by the accounting rules. In contrast, for instance, US-GAAP is not geared towards debt contracting. Not surprisingly US debt contracts generally include extensive debt covenants, such as accounting based payout restrictions, and in some cases, there are specific modifications to US-GAAP to take into account the need for debt contracting.

In summary, the accounting system is a subsystem of the financial system interacting with the other subsystems (e.g. equity and credit markets, corporate governance). Ideally, the accounting system is complementary to the other element of the institutional framework.

This fit between accounting system and a country's institutional infrastructure is likely what results in different accounting systems and informational regimes across countries.

This fact alone presents Accounting Standard Setters with some challenges. These include:

A growing need for International Accounting Standards

No individual Standard setter has a monopoly on the best solutions to accounting problems.

No national standard setter is in a position to set accounting standards that can gain acceptance around the world

There are many areas of financial reporting in which a national standard setter finds it difficult to act alone.

Notwithstanding the above assertion, one can easily distinguish two stylized financial systems; namely an "arm's-length" or "outsider" system and a "relationship-based" or "insider" system. The two systems differ in the way they channel capital to investment opportunities, how they ensure a return to investors and, most importantly, in the way they reduce information asymmetries between contracting and financing parties.

In an outsider system, firms rely heavily on public debt or equity markets in raising capital. Corporate ownership is dispersed and to a large extent in the hands of consumers *(continued on page 5)*

## **Country Practice—Nigeria** *(continued from page 4)*

that directly or indirectly, via mutual funds, invests their savings in public debt or equity markets. Investors are at arm's length from firms and do not have privileged access to information. They are protected by explicit contracts and extensive investor rights, which are enforced by the legal system. Public debt and equity markets and, in particular, the market for corporate control play a major role in monitoring managers and firms. Consequently, financial disclosure is crucial as it enables investors to monitor their financial claims and exercise their rights. Disclosure is also important for a well functioning takeover market.

Thus, in an outsider system, information asymmetries between firms and investors are primarily resolved via public disclosure. The accounting and disclosure system focuses on outside investors ensuring that they are reasonably well informed and, hence, willing to invest in the public debt and equity markets.

In contrast, in a relationship-based system, firms establish close relationships with Banks and other financial intermediaries and rely heavily on internal financing, instead of raising capital in public equity or debt markets. Corporate ownership is generally concentrated and characterized by substantial cross holdings. Corporate governance is mainly in the hands of insiders with privileged access to information (e.g. Board members). Given the nature of the system, information asymmetries are resolved primarily via private channels rather than public disclosure. Thus, the key contracting and financing parties are reasonably well informed, while outside investors face a lack of transparency. As such, opacity is an important feature of the system because it provides barriers to entry and protects relationships from the threat of competition. Opacity effectively grants the financing parties some monopoly power over the firm, which allows insiders to secure sufficient returns and in turn ensure insider financing to firms.

In this system, the role of accounting is not so much to publicly disseminate information, but to facilitate relationship-based financing. For instance, by limiting the claims of outside shareholders to dividends, you protect creditors and promote internal financing. In essence, as insiders have privileged access to information through their relationships, accounting takes on other roles such as the determination or restriction of payouts. This kind of accounting usually supports private channels of information.

Traditionally, outside investors have not been at the centre of the Nigerian accounting system. Rather, the system has been exhibiting elements that support insider governance and relationship-based contracting. That is, the system has been such that include institutional arrangements that ensure that the key financing parties privately obtain the necessary information to exercise their control rights.

Very recently however, several elements of the Nigerian institutional framework have been subjected to major reforms such as the recapitalization of the Banks, Insurance and even the Economic Reforms and Governance Programme of the federal government of Nigeria. These reforms suggest that the Nigerian financial system is moving towards an arm's-length system.

These changes can be explained in part by the immense financial needs of the Nigerian economy wherein the Nigerian total capital imports started to exceed its total capital exports. That is, after several years of exporting capital, Nigeria has become a net capital importer. This change implies that the Nigerian economy could no longer rely on the traditional sources of finance. As international capital markets are not relationship-based, Nigerian firms have to play by international rules and face demands for reliable public information. It is at this juncture, that the relevance of Accounting Standards in Securities Regulation, Public Sector financial reporting and Private Sector financial transactions/events become visible. This in turn is placing heavy demand on the current national Statements of Accounting Standards with a serious pointer that the multiplier effects will either jettison the current pronouncements or change the future direction of the Statements of Accounting Standards in Nigeria all together.

### **WHERE IS THE NASB NOW?**

The Nigerian Accounting Standards Board has so far published twenty-four Statements of Accounting Standards (SAS) as listed below. It also has five Exposure Drafts in circulation and four projects that are in different stages of finality.

*(continued on page 6)*



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

SAS No.	Title	Issued Date	Remarks
1	Disclosure of Accounting Policies	11/84	**IAS 1
2	Information to be Disclosed in Financial Statements	11/84	**IAS 5
3	Accounting for Property, Plant and Equipment	11/84	IAS 16
4	On Stocks	03/86	IAS 2
5	On Construction Contracts	08/86	IAS 11
6	On Extraordinary Items and Prior Year Adjustment	08/86	**IAS 8
7	On Foreign Currency Conversions and Translations	06/88	IAS 21
8	On Accounting for Employees' Retirement Benefits	06/90	IAS 19 and 26
9	Accounting for Depreciation	08/89	**IAS 4
10	Accounting by Banks and Non-Bank Financial Institutions (Part 1)	10/90	Local GAAP **IAS 30
11	On Leases	03/91	Implementation Guide released on it 1996 (IAS 17)
12	On Accounting for Deferred Taxes	02/92	Replaced by SAS 19
13	On Accounting for Investments	11/92	**IAS 25
14	Accounting in the Petroleum Industry: Upstream Activities	12/93	Local GAAP (Extractive activities)
15	Accounting by Banks and Non-Bank Financial Institutions (Part 2)	12/96	Local GAAP **IAS 30
16	Accounting for Insurance Business	12/97	*Local GAAP/IFRS 4
17	Accounting in the Petroleum Industry: Downstream Activities	12/97	Local GAAP (Extractive activities)
18	On Statement of Cash Flows	12/97	IAS 7
19	Accounting for Taxes	12/00	IAS 12
20	Abridged Financial Statements	12/01	Local GAAP
21	On Earnings Per Share	03/02	IAS 33
22	On Accounting for Research and Development Costs	06/06	*IAS 38
23	Provisions, Contingent Liabilities and Contingent Assets	06/06	IAS 37
24	Segment Reporting	11/06	*IAS 14/IFRS 8

\*\* Relevant IAS has either been withdrawn or revised.

\* Related to a part of the relevant IAS/IFRS

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## Country Practice—Nigeria *(continued from page 6)*

### “EXPOSURE DRAFTS” (ED) ON RE-REVIEW

ED No.	Title	Current Status
22	Financial Reporting in an Inflationary Environment	Comment period ended 06/02. Public enlightenment was held on it 11/03. Council’s approval imminent (IAS 29)
25	On Interim Financial Reporting	Final Council’s deliberation scheduled for 11/06 (IAS 34)

### EXPOSURE DRAFTS IN CIRCULATION (ED)

Accounting for Telecommunication Activities (Local GAAP) –ED 27;  
Business Combinations (IFRS 3) –ED 28;  
Consolidated and Separate Financial Statements (IAS 27) –ED 29;  
Investment in Associates (IAS 28) –ED 30; and  
Interests in Joint Ventures (IAS 31) –ED 31.

### CURRENT PROJECTS ON THE BOARD’S AGENDA

Accounting by Not-for-Profit organizations;  
Accounting for Intangible Assets (IAS 38);  
Conceptual Framework (to review Preface to Statement of Accounting Standards and the framework for the preparation and presentation of financial statements); and  
Financial Reporting by Small and Medium Sized Entities.

The Governing Council of the Nigerian Accounting Standards Board at its last meeting that took place in September also approved the following projects, on what it referred to as projects on accelerated adaptation, to be added to its agenda:

Impairment of Assets- IAS 36  
Financial Instruments: Presentation- IAS 32  
Financial Instruments: Recognition and Measurement- IAS 39  
Financial Instruments: Disclosures- IFRS 7

They also approved a complete review of SAS 1-5 and SAS 8 to be in accordance with the relevant pronouncements of the IASB.

### GLOBAL CONVERGENCE

Global Convergence is best defined by the objective outlined in the IASCF constitution, which states that the ultimate aims of the IASB and other accounting standard setters are:

1. To develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world’s capital markets and other users make economic decisions;
  2. To promote the use and rigorous application of those standards;
- In fulfilling the objectives associated with (1) and (2) above, to take account of, as appropriate, the special needs of small and medium-sized entities and emerging economies; and to bring about

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## Country Practice—Nigeria *(continued from page 7)*

unison of national accounting standards and International Financial Reporting Standards (IFRSs) to high quality solutions.

IFRSs are defined as Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise:

- i. International Financial Reporting Standards;
- ii. International Accounting Standards; and
- iii. Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

There are several approaches to embracing IFRSs in a jurisdiction. These include situations where:

1. IFRS are, by definition, domestic accounting principles;
2. IFRSs are integrated into domestic accounting standards, using the exact words in the IFRS, but with the possibility of local jurisdiction restricting accounting alternatives provided in the IFRS and the provision of additional commentary to assist implementation;
3. IFRSs are incorporated into local legislation without amendments after a formal review;
4. IFRSs are the benchmark towards which domestic accounting standards are moving, through a gradual process of convergence or harmonization.

These variations in application, responses and approaches to IFRSs seem to lead commentators to conclude that there are two main ways to convergence. One that promotes adoption (a complete replacement of national accounting standards with IASB's standards) and the other, which tends to adaptation (modification of IASB's standards to suit peculiarities of local market and economy without compromising the accounting standards and disclosure requirements of the IASB's standards and basis of conclusions).

Convergence gives standards an authority and credibility that cannot be equaled by any other set of standards, be the issuer a national or regional organization.

If this submission is true, what then has been the principal factor impeding advancement in the convergence process until now...with Europe, America and the rest of the world?

What is immediately obvious to me is that, although almost every jurisdiction is in favour of global convergence in concept, not all are willing to change the way things are done to achieve the objective. Regrettably, the pillars of the barrier are not necessarily technical. They include cultural issues, mental models, legal impediments, educational needs and political influence. In Nigeria, the NASB is in favour of retaining the structure of their standards; that is, Introduction; Definition of Terms; Explanatory Notes; Accounting Standards; Compliance with Legal Requirements and Compliance with relevant International Standards. The barrier here is mental model.

Second, the projects concluded so far by the IASB, no doubt, can still be improved upon. But are such improvements prerequisite for global convergence? Certainly not. What then best serve the public interest? How does one explain to a jurisdiction that the direction that the Board has legislated is now changed after just three months of releasing a standard?

Third, with regard to accounting standards, even though the IASB may, in the past, have believed, that IFRSs were suitable for all private sector entities, listed and unlisted, large and small, it is also true that today the IFRSs are designed to satisfy, to a large extent, the needs of the entities that work in the financial market and global capital market. Accordingly, the IFRSs necessarily reach a degree of complexity that exceeds the needs of the entities that are not subject to the same level of demand information. Putting it mildly, Samuel A. Dipiazza Jr. (Global CEO of PWC) said, "we find ourselves, collectively, being challenged by preparers for complexity of reporting standards. We find ourselves, collectively, being second guessed by regulators for inconsistent interpretations and we find ourselves, collectively, struggling with insuring that the corporate reporting model remains relevant to the investor, a primary stakeholder in (the) entire effort."

Fourth, there is also the challenge of the applicability of the entire package to the small and medium sized entities. I am very much aware of the efforts of the IASB in this direction but my concern is to the extent that though the IASB continues to refer to the project as

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## **Country Practice—Nigeria** *(continued from page 8)*

accounting standards for SMEs, the content of the project refers to the development of accounting standards suitable for entities that do not have public accountability and publish general purpose financial statements for external users other than regulators (These are not all SMEs).

Fifth, I would like to support the view that in an integrated financial and capital market, the logic of a unique set of standards should accept that a key condition for the preservation of a global convergence is to have the IASB reflect the consensus of the international community and pronouncements that are oriented to the public interest. The annual meeting of World Accounting Standards Setters is not enough to satisfy this yearning.

Finally, a look at the countries that are said to have converged thus far, jettison the definition of convergence altogether. For instance, the European Union (EU) Countries do claim that they have converged with IASB's pronouncement in line with the EU directives. Do the auditors' reports of companies in EU countries (following EU's directives) say that they are in compliance with IASs/IFRSs?

### **FUTURE DIRECTION OF THE NASB ON CONVERGENCE**

The NASB believes that convergence to high quality accounting standards is a key driver for the promotion of growth and efficiency in capital markets and to the development of economic growth and stability across all economies. As such the NASB is set to relinquish some institutional preferences.

To demonstrate this understanding, the Governing Council has accepted the following challenges as the pivotal for the future of the Board:

- Reviewing of existing Standards
- Proper identification by reviewing legislation and modalities (proposed alignment with a possible FRC Act)
- Setting up of a public accountability unit for auditors
- Deliberately bridging the perceived gap between the pronouncements of the Board and the IASB
- Publication of technical bulletins, primers, implementation guides, newsletters, etc
- Putting in place a review mechanism that automatically benchmarks itself against international developments
- Participating in international standard setting by engaging in twining arrangements with national and/or regional standard setters as well as the IASB and IFAC.
- Providing for an Academic Advisory Body for the Board
- Introduction of Liaison meetings with relevant industries
- Introduction of an Emerging Issues Task Force to facilitate its process for Statements that cannot wait for due process of Standard setting.
- Introduction of fellowship and exchange programme with top accounting firms to boost its inspectorate activities.
- Introduction of Professional development session, etc.

The Accountancy Bodies in West Africa (ABWA) made up of the following West African countries - Benin Republic, Burkina-Faso, Cameroon, Cote D'Ivoire, Gambia, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo- held their bi-annual conference in Cotonou, Benin Republic in April this year. The theme of the conference was 'Regional Integration and Economic Development in West Africa. This conference closely followed a meeting held by ABWA in Ghana in March this year also. Both programmes led to similar conclusions.

The member countries decided to harmonise their national standards with the International Accounting Standards by adaptation. This means that in place of directly adopting the standards issued by the IASB, the national standards shall be adapted to the international standards to the greatest degree possible. This is the Nigerian position as at now. This looks to me a great idea which takes the peculiarities of individual countries into cognizance. But how sustainable is this direction?

I can easily foresee three fundamental problems. First, after enormous efforts to adjust national standards, the IASB may make important modifications to its standards leaving these nationally adapted standards in a state of disharmony. Second, there may be difficulties

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with the implementation of the adapted standards for SMEs, which may lead to differential standards for SMEs in the future. Third, there are some IASB standards that may lose their meanings and guidance if adapted, for example IAS 39.

Notice that the Auditor's report in Nigeria refers to compliance with national GAAP and no reference to IASs/IFRSs. This seems to be the current situation in Albania, Botswana, Canada, China, Hong Kong, India, Iran, Japan, Korea, Malaysia, Mexico, New Zealand, Philippines, Romania, Singapore, Sri Lanka, Taiwan, Uzbekistan and United States of America.

### **CONCLUSION**

I will like to submit here that a globally acceptable high quality set of accounting standards would contribute substantially to enhancing financial reporting worldwide. In the end, I do believe that all countries will adopt such IASB's pronouncements or a set of guidance that are consistent with IASB standards as well as derived from national laws or regulations. Such relationships must be capable of eliminating the requirements of reconciliation between countries, able to maintain a stable platform of IFRSs and be able to strike a balance between a principle-based set of accounting standards in most instances and few rule based standards in areas where precision is a sine qua non.

In Nigeria, there is still a strong desire to bear in mind the particular needs and possibilities of local environment while urgently desiring to embrace convergence by adaptation in the short run, selective adoption in the medium term (especially with the new legislation that is under consideration in Nigeria- Financial Reporting Council Act- that is similar to that of the United Kingdom) and full adoption in the long run. The relative time intervals between the runs rest squarely at the door step of the Governing Council of the Nigerian Accounting Standards Board.

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**International Accounting Section**  
**Forum Deadlines, Suggestions, Comments for 2007**  
**Spring 2008 Issue – February 15, 2008**  
**Summer 2008 Issue - May 31, 2008**  
**Fall 2008 Issue - September 30, 2008**

Any comments and suggestions you have to make the *Forum* more informative and enjoyable are appreciated. Please submit comments and items for publishing via email using a Microsoft Word Times New Roman 12 font format file as an attachment. Submit to Jeannie Harrington at [jharrington@mtsu.edu](mailto:jharrington@mtsu.edu). If sending materials please send to:

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*Forum Editor Jeannie Harrington*



*IAS Members Stella Fearnley (2nd from left) and Richard Brandt, University of Portsmouth and Vivien Beattie (third from left), University of Glasgow, received the 2007 Wildman Medal at the AAA National Meeting. Their winning submission was a co-authored book entitled “Behind Closed Doors: What Company Audit is Really About”. The Wildman Medal has recognized exceptional research that advances the theory and practice of accounting since 1979.*

**Supporting the underdog**

At the IAS Section luncheon at the AAA Annual Meeting in August 2007, incoming IAS Section President, Jenice Prather-Kinsey spoke of her objectives for her upcoming year in office. Among those objectives, she announced that she has always believed in supporting the underdog—those less fortunate than ourselves—and hence one of her objectives would be to see the gift membership programme well supported by Section members. In that regard, she asked those attending the luncheon to consider pledging an amount to support the gift membership program. That simple announcement has resulted in over \$1,100 of donations being received to support the programme—enough to ensure that five well-deserving schools in less-developed countries will receive AAA and IAS Section membership for 2007-2008, including much-needed access to *The Accounting Review*, *Accounting Horizons*, *Issues in Accounting Education*, *Accounting Education News*, and *Journal of International Accounting Research*.

# International Accounting

Membership: 1,087

## Objectives

The Section shall serve the following purposes:

1. To encourage, support, and promote interest in all aspects of international accounting through the American Accounting Association, both in the United States and throughout the rest of the world;
2. To provide means of communication among AAA members, other academicians, and professional accountants interested in international accounting through:
  - a. Regional and National Section meetings (held concurrently with meetings of the AAA or other organizations) as well as international meetings;
  - b. An annual Section Midyear Conference;
  - c. Publication of a newsletter (International Accounting *Forum*);
  - d. Preparation of publications relevant to international accounting, particularly the Section journal (*Journal of International Accounting Research*);
  - e. Collection and dissemination of information about international accounting courses taught throughout the world;
  - f. Publication of a Section membership list (with indication of special interest areas); and
  - g. Support of international liaison activities conducted by the AAA administrative office or other AAA committees, and the encouragement of international faculty exchanges;
3. To encourage international accounting research by Section members and to provide a forum for exchange of research findings through:
  - a. Appropriate programs at annual Section Meetings and Regional Meetings;
  - b. Assisting AAA research committees and providing advisory groups for international accounting projects; and
  - c. Monitoring of important international accounting events and foreign research;
4. To facilitate, as far as feasible, special research, teaching, or information needs of Section members as they arise.

## 2007–2008 Officers

### President

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### Vice President–Academic (President-Elect)

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### Vice President–Practice

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## International Accounting Section—Organizational Structure 2007-08 Officers and Committee Members

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### **Secretary**

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## International Accounting Section—Organizational Structure 2007-08 Officers and Committee Members

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## International Accounting Section—Organizational Structure 2007-08 Officers and Committee Members

(continued from page 14)

### **Midyear Conference**

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### **Outstanding Educator Award**

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Herbert S. Autrey Professor of Accounting  
Jesse H. Jones Graduate School of Management  
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### **Outstanding Section Service Award**

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## International Accounting Section—Organizational Structure 2007-08 Officers and Committee Members

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## International Accounting Section—Organizational Structure 2007-08 Officers and Committee Members

(continued from page 16)

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## **Wanted Paper Reviewers for Annual Meeting**

The International Accounting Section is seeking reviewers for papers submitted for possible presentation at the AAA's Annual Meeting to be held in August 2008 in Anaheim, California. Each reviewer will be asked to review no more than two papers. The turnaround is fairly tight. Papers will be sent out to reviewers as soon as possible after the early-January submission deadline. If you are willing to serve as a reviewer, please contact Greg Burton at [fgb2@byu.edu](mailto:fgb2@byu.edu).

# CALL FOR MEMBERS TO SERVE ON IAS COMMITTEES FOR 2008-2009

Below is a list of IAS committees for the period August 2008 to August 2009. Section members interested in serving on a committee should complete the form and send it to the address below:

Cheryl Linthicum  
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University of Texas – San Antonio  
San Antonio, TX 78249-0632  
Phone: (210) 458-5785  
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Email: [clinthicum@utsa.edu](mailto:clinthicum@utsa.edu)

To increase your chances of serving on a committee, please mark three choices and indicate your preference (1 = first choice; 2 = second choice; 3 = third choice).

Annual Program

## **Regional Programs**

Midyear Meeting

Mid-Atlantic Region

Continuing Education

Midwest Region

Research

Northeast Region

Teaching Resources

Ohio Region

International Relations

Southeast Region

Information Technology

Southwest Region

Outstanding Dissertation Award

Western Region

Outstanding Educator Award

Outstanding Service Award

Publications

Strategic Planning

Name \_\_\_\_\_

Affiliation \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

**AAA International Accounting Section Executive Committee Meeting  
Meeting Minutes  
Chicago Hilton, Chicago, Illinois  
Sunday, August 5, 2007, 12:00 – 1:00 pm**

Members Present: Paquita Davis-Friday, Ian Hague, Don Herrmann, Rob Larson, Cheryl Linthicum, Jenice Prather-Kinsey, Donna Street

President-Elect – Jenice Prather-Kinsey: Jenice suggested appointing Andy Lymer as the section’s new webmaster for 2007-2008. Andy will update the webpage as requested and will hire an associate to reconfigure the Section web site. Andy will pay the associate a one-time fee of \$5,000 to reconfigure the webpage. The incoming and outgoing executive committee members unanimously agreed to appoint Andy Lymer Section webmaster subject to contract review.

Outstanding Dissertation, Educator, and Service Awards: Is it necessary to have one each year? Update policies and procedures to include the caveat that if there is no candidate who merits the award, then none shall be awarded. The Outstanding Educator Award should be for an academic while the Outstanding Service Award may be granted to a non-academic.

Gift Membership: Individual pledge forms will be placed at the luncheon tables (ask for potential schools) and luncheon participants will be asked to make pledges to be awarded as gift memberships to schools in developing countries. Indicate that \$130 buys a membership for a designated school.

Positioning the Section for the future (IFRS, etc): *IAE/JIAR* case journal; IFRS CPE day at midyear, and regional meetings; Review SWOT analysis

Midyear meeting and Doctoral/New Faculty Consortium: Consider using distance learning technology to broadcast to participants outside of North America. Revise requirements for untenured/assistant professors; give priority to those outside of the U.S.?

The meeting was adjourned at 12:52 pm.

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*Chicago skyline*

**AAA International Accounting Section Outgoing Officers and Chairs Meeting  
Meeting Minutes  
Chicago Hilton, Chicago, Illinois  
Sunday, August 5, 2007, 1:00 – 2:15 pm**

Members Present: Erv Black, Greg Burton, Teresa Conover, Paquita Davis-Friday, Sid Gray, Mahendra Gujarathi, Ian Hague, Jeannie Harrington, Don Herrmann, Rob Larson, Cheryl Linthicum, Patricia Poli, Jenice Prather-Kinsey, Lee Radebaugh, Norlin Rueschhoff, and Donna Street

International cases in *Issues in Accounting Education*: 17 out of 37 cases submitted will be published in the special issue in the fall.

Treasurer – Cheryl Linthicum: The AAA's new accounting system has delayed the 2006-07 information. The dues increase will allow the Section to run on unrestricted funds rather than utilizing designated and restricted funds. The Section's financial position is sound.

Annual Program – Greg Burton: 115 papers submitted, 54 accepted (47%); 34 new scholar papers, 101 Forum papers, 124 reviewers, 79 moderators, and 86 discussants. The submitting authors are from 22 different countries: 42 from the US, 12 from Taiwan and Australia, 7 from Hong Kong, 5 from China, Singapore and England, 4 from Canada, 2 each from Japan, the Netherlands, Korea, New Zealand, Mexico and Brazil and 1 each from the Czech Republic, France, Thailand, Puerto Rico, Oman, Kuwait, Egypt and Turkey; 15% of the papers are behavioral; 3 panels (Ian Hague, Japan and European Union). The luncheon speaker is Arthur Wyatt.

Publications Committee – Teri Conover: Outstanding *JJAR* manuscript award was presented at the midyear meeting. The new editor of *JJAR* is Ken Ferris.

*JJAR* – Lee Radebaugh: One issue of the Journal (Vol 6, No 1) was delayed; it has now been submitted and will be published later this year.

*Forum* – Jeannie Harrington: September 30 is the deadline for the Fall issue. It will include Annual Program information, the Budget and minutes.

Membership – Mark Myring: He sent e-mails to faculty in Hasselbeck who indicated an interest in international accounting.

Advisory Board – Rob Larson: The past president by-law change will be completed during 2007-08 fiscal year.

International Relations – Ian Hague: Two gift memberships were awarded to the Gulf University for Science and Technology (Kuwait) and University Yogyakarta (Indonesia): Stella Fearnley secured E&Y sponsorship for a UK scholar to attend the midyear meeting.

Outstanding Dissertation Award – Erv Black: Together with five committee members, evaluated four submissions to arrive at the recipient, Annelies Renders from KU Leuven.

Outstanding Educator Award – Wayne Thomas: The award will be presented at the luncheon.

Outstanding Section Service Award – Sid Gray: Together with three committee members, evaluated two nominations to arrive at the recipient who will be announced at the Luncheon.

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## **Minutes—Committee Chairs (Outgoing)** *(continued from page 20)*

Regional Programs – Patricia Poli and Mahendra Gujarathi: 38 papers presented during international sessions at regional meetings this year.

Section Historian – Norlin Rueschhoff: The web page has been partially updated, but is not currently linked to the Section's web site. It will be completed this fall.

Plans for next year – Jenice Prather-Kinsey: Appoint Andy Lymer to set up the Section web site for a fee of \$5000 subject to contract review. Include password-protected material. Consider a pledge to provide a gift membership for a university from a developing country. Register for the midyear meeting and reserve your hotel room!

The meeting was adjourned at 2:00 pm.

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## **AAA International Accounting Section Incoming Officers and Chairs Meeting Meeting Minutes Chicago Hilton, Chicago, Illinois Sunday, August 5, 2007, 2:30 – 3:45 pm**

Members Present: Greg Burton, Carolyn Callahan, Paquita Davis-Friday, Ken Ferris, George Gamble, Sid Gray, Mahendra Gujarathi, Ian Hague, Jeannie Harrington, Don Herrmann, Paul Herz, Eva Jermakowicz, Myungsun Kim, Rob Larson, Cheryl Linthicum, Andy Lymer, Sharon Lightner, Patricia Poli, Jenice Prather-Kinsey, Norlin Rueschhoff, Donna Street, Mary Tokar, Steve Zeff

Treasurer – Cheryl Linthicum: The AAA's new accounting system has delayed the 2006-07 information. The 2007-08 dues will increase by \$15. The dues increase will allow the Section to run on unrestricted funds rather than utilizing designated and restricted funds. KPMG continues to support the midyear meeting and Doctoral/New Faculty Consortium. The largest annual expenditure is for the midyear meeting. Thanks in part to the reserve created to support the Journal over the past few years, the Section's financial position is sound.

Midyear Conference Committee – To be held jointly with IAAER February 7-9, 2007 in San Diego, California.

Doctoral/New Faculty Consortium Co-Coordinator – Carolyn Callahan: The Consortium will be held on Thursday, February 7 and the structure will be the same as previous years. There will be some new faculty from outside of the U.S. Karl Mueller (Penn State) has agreed to speak at the Consortium.

- o Papers and Cases Program Co-Coordinator – Elizabeth Gordon and Tony Kang: The deadline for submissions is October 1, 2007.
- o Speakers and Panels Program Co-Coordinator - Donna Street: Mary Barth has agreed to present an IASB update. There will be an IFRS Education Roundtable. The IAAER is co-sponsoring the meeting, but not the Consortium so the budgets will be kept separate.
- o Other: Sharon Lightner and Victoria Krivogorsky: San Diego State University is sponsoring a reception. One idea is an after-dinner dessert and wine reception.

Annual Program – Greg Burton: 115 papers submitted, 54 accepted (47%); 34 new scholar papers, 101 Forum papers, 124 reviewers, 79 moderators, and 86 discussants. The submitting authors are from 22 different countries: 42 from the US, 12 from Taiwan and Australia, 7 from Hong Kong, 5 from China, Singapore and England, 4 from Canada, 2 each from

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## **Minutes—Committee Chairs (Incoming)** *(continued from page 21)*

Japan, the Netherlands, Korea, New Zealand, Mexico and Brazil and 1 each from the Czech Republic, France, Thailand, Puerto Rico, Oman, Kuwait, Egypt and Turkey; 15% of the papers are behavioral; 3 panels (Ian Hague, Japan and European Union). The luncheon speaker is Arthur Wyatt.

Mary Tokar indicated that the IAASB is involved in a project to overhaul auditing standards; there may be an opportunity for the Section's involvement.

Continuing Education Committee – Eva Jermakowicz, Chair: Include a session on teaching IFRS and invite faculty to present. Consider working with regional coordinator to have a CPE session at the regional meetings.

Information Technology Committee – Andy Lymer: He has managed the AccountingEducation.com site for the past 8-9 years and has experience with the AAA IT committee. His e-mail address is Andy@accountingeducation.com.

International Relations Committee – Stella Fearnley, Chair: Jenice Prather-Kinsey encouraged everyone to pledge a contribution toward a gift membership. The list of country directors excludes Latin America and most of Africa, therefore we should look into other ways of identifying schools.

Membership Committee – Mahendra Gujarathi, Chair: Mark Myring has sent e-mails to faculty in Hasselbeck who indicated an interest in International Accounting; The committee will also encourage faculty from developing countries to become active in the Section.

Nominations Committee – Donna Street, Chair: The call for nominations will be posted in the *Forum* and the committee will meet in San Diego.

Outstanding Dissertation Award Committee – Sidney Gray, Chair: Mahmud Hussein, Gary Meek and Holly Skaife are committee members.

Outstanding Educator Award – Steve Zeff, Chair: There were discussions about changes to the policies and procedures for nominations, including whether an award should be given each year if there are insufficient nominations.

Outstanding Section Service Award – Paul Herz, Chair: Don Herrmann, Teri Conover, and Norlin Rueschhoff are committee members. Jenice reminded everyone that the award is for service to the Section only.

Publications Committee – Tim Douppnik, Chair: Kevin Chen, Judy Hora, Gary Meek, and Wayne Thomas are voting members of the committee.

- o *JiAR*– Ken Ferris: Since June 30, six papers have been received; one rejected, one withdrawn, three under review, and one is awaiting a formatting change.

- o *Special Issues in Accounting Education* issue – Gary Meek is working on this.

- o *Forum* – Jeannie Harrington: September 30 is the deadline for the Fall issue. It will include Annual Program information, the Budget and minutes.; Steve Zeff suggested that the minutes be included on the web site rather than in the Forum in order to reduce the length of the Forum, however Jeannie indicated that the by-laws require their inclusion; also include a section on the web site for nominations.

Regional Programs Committee – Myungsun Kim, Chair: The committee will make sure that there is at least one international session at each regional program meeting.

Section Historian – Norlin Rueschhoff: The web page has been partially updated, but is not currently linked to the Section's web site. It will be completed this fall.

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## Minutes—Committee Chairs (Incoming) *(continued from page 22)*

Strategic Planning Committee – Patricia Poli, Chair: No report.

Teaching and Curriculum Committee – George Gamble, Chair: The committee will be working with the midyear and annual program committees. They will also attempt to gather current international curricula from schools.

Advisory Board – Rob Larson: The past president by-law change will be completed during 2007-08. The Strategic Plan will be forwarded to committees.

The meeting was adjourned at 3:45 pm.

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### AAA International Accounting Section General Business Meeting Chicago Hilton, Chicago Illinois Monday, August 6, 2007, 2:15 – 3:45 pm

Members Present: Susan Anders, Bruce Behn, Erv Black, Gary Braun, Greg Burton, Alex Castro, Teresa Conner, Paquita Davis-Friday, Stella Fearnley, Ken Ferris, Steve Goldberg, Sid Gray, Robert Gruber, Ian Hague, Jeannie Harrington, Don Herrmann, Kazuo Hiramatsu, Roger Hussey, Tatsuo Inoue, Eva Jermakowicz, Tony Kang, Cheryl Linthicum, Andy Lymer, Mitch McGee, Gary Meek, Mark Myring, Caroline Oadis, Patricia Poli, Jenice Prather-Kinsey, Lee Radebaugh, Asheq Rahman, Norlin Rueschhoff, Stephen Salter, Donna Street, and Tony Tinker.

President – Jenice Prather-Kinsey: Andy Lymer will be the Section's new webmaster. His e-mail address is [A.Lymer@birmingham.ac.uk](mailto:A.Lymer@birmingham.ac.uk).

Nominations Committee – Bruce Behn, Chair: The committee members were Sid Gray, Rob Larson, Tim Sale, and Donna Street.

The following slate was unanimously accepted:

- o Vice President - Academic/President Elect: Cheryl Linthicum (UT-San Antonio)
- o Vice President - Practice: Mary Tokar (KMPG)
- Treasurer (two-year term): Ian Hague (Canadian Accounting Standards Board)
- o Advisory Board (2 new members needed, plus chair needs to be selected; 1 year terms): Rob Larson, Chair (University of Dayton) and Asheq Rahman (Massey University)
- o Publications Committee (2 new members needed, 2 year terms): Judy Hora (University of San Diego) and Kevin Chen (HKUST)
- o Nominations Committee: Somnath Das (UI-Chicago), Patricia Poli (Fairfield University) and Victoria Krivogorsky (San Diego State University)

Treasurer – Cheryl Linthicum: The AAA's new accounting system has delayed the 2006-07 information. The 2007-08 dues will increase by \$15. The dues increase will allow the Section to run on unrestricted funds rather than utilizing



**Don Herrmann**



**Andy Lymer**



**Bruce Behn**

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## Minutes—Business Meeting *(continued from page 23)*

designated and restricted funds. KPMG continues to support the midyear meeting and Doctoral/New Faculty Consortium. The largest annual expenditure is for the midyear meeting. Thanks in part to the reserve created to support the Journal over the past few years the Section's financial position is sound.

o Jenice made a motion that we approve the budget and Teri Conover seconded the motion. It was unanimously approved.

Annual Program – Greg Burton: 115 papers submitted, 54 accepted (47%); 34 new scholar papers, 101 Forum papers, 124 reviewers, 79 moderators, and 86 discussants. The submitting authors were from 22 countries around the world including: 42 from the US, 12 from Taiwan and Australia, 7 from Hong Kong, 5 from China, Singapore and England, 4 from Canada, 2 each from Japan, the Netherlands, Korea, New Zealand, Mexico and Brazil and 1 each from the Czech Republic, France, Thailand, Puerto Rico, Oman, Kuwait, Egypt and Turkey; 15% of the papers are behavioral; 3 panels (Ian Hague, Japan and European Union). The luncheon speaker was Arthur Wyatt.



**Greg Burton**



**Cheryl Linthicum**



**Lee Radebaugh**

Midyear Conference Committee – To be held jointly with IAAER February 8-9, 2008 in San Diego, California.

o Reserve your room at the Horton Grand Hotel.

*JiAR* – Lee Radebaugh, Editor: The Spring issue of the *Journal* (Vol. 6, No. 1) was delayed; it has now been submitted and will be published later this fall. The papers for the Fall 2007 (Vol. 6, No. 2) issue have all been accepted and are under editorial review. All new submissions are to be submitted to Ken Ferris. The AAA is testing a new submission and publication process that should reduce the time to publication.

*Forum* – Jeannie Harrington, Editor: September 30 is the deadline for the Fall issue. She is working on ways to reduce the length of the Forum and has referenced the Auditing newsletter for ideas.



**Ken Ferris**

Special international case issue of *Issues in Accounting Education* – Gary Meek, Editor: There will be 17 cases in the issue which should be published in mid to late November. Gary will look into making the title and topic of the cases available on the web page.

AAA Membership Activities – Bruce Behn: There is a new focus on giving teaching more visibility in the Association. Twelve new teaching sessions were added this year in addition to the effective learning sessions. Additionally, there is now an organized space for recruiting. There was a record number of attendees this year (approx 3,000). The total membership is 8,000. The AAA is considering different dues structures to attract more students. There is a new membership database under development that should be available soon.



**Gary Meek**

*(continued on page 25)*



**Minutes—Business Meeting** *(continued from page 24)*

Membership – Mark Myring: Sent e-mails to faculty in Hasselbeck who indicated an interest in International Accounting. He also has brochures available for potential members.

International Relations – Ian Hague: Stella Fearnley secured funding from E&Y to sponsor a UK scholar to attend the midyear meeting. E&Y agreed to renew the funding for the next three years.

President-Elect – Jenice Prather-Kinsey: More than \$1,500 in pledges have been secured for gift memberships.

The meeting was adjourned at 3:10 pm.



*Mark Myring*



*Ian Hague*



*Jenice Prather-Kinsey*



# SCENES FROM THE AAA NATIONAL MEETING LUNCHEON



*Left, Greg Burton, Annual Program Chairman*



*Right, Arthur R. Wyatt, Luncheon Speaker, former IASC Chair, former Arthur Andersen partner, and professor at the University of Illinois*



*Left to right: Erv Black, Wayne Thomas, and Sid Gray*



*Paquita Davis-Friday*



*Don Herrmann and Cheryl Linthicum*



*Jenice Prather-Kinsey*



*Left, Gary Meek*



*Right, Arthur Wyatt*



# ADDITIONAL SCENES FROM THE NATIONAL MEETING LUNCHEON





## SCENES FROM SOME INTERNATIONAL PANELS AT THE ANNUAL MEETING



*Left to right: Japanese Accounting Panelists*

- *Tsuguoki (Aki) FUJINUMA, Immediate Past Chairman and President of the Japanese Institute of Certified Public Accountants,*
- *Junichi, MARUYAMA, Deputy Commissioner for International Affairs, Financial Services Agency,*
- *Kazuo HIRAMATSU, Kwansei Gakuin University, (Moderator)*
- *Toshifumi TAKADA, Tohoku University*



*Development of Management Accounting Practices in China Panelists:*  
*(Clockwise) Lixia Tang, Haier Group Co. Ltd, Raef Lawson, Institute of Management Accountants, Ken Merchant, University of Southern California, and Amy Hing-Ling Tau, The University of Hong Kong*



## WORLDWIDE DIVERSITY OF IAS PROGRAM AT ANNUAL MEETING

By Greg Burton, Annual Program Chair

We were allocated 21 sessions for the 2007 Annual Meeting. 18 of these sessions were used for traditional paper presentations. Three sessions were panel discussions. These sessions were 1) Fundamental Research Issues Raised by International Corporate Governance Comparisons, 2) A Globally Converged Conceptual Framework, and 3) Japanese Accounting.

### Summary of 2007 Annual Meeting Submissions

	Submitted	Accepted	Will be presented
Traditional Session papers:	115**	54 (47%)	52
New Scholar papers:	34	7 (21%)	5*
Forum papers:	101	31 (31%)	29
Panel sessions	3	3	3

\*Two accepted new scholar papers were changed to traditional session papers to replace papers by two authors who declined to present their papers.

\*\* Three papers were withdrawn.

Section members also responded well to volunteer activities. A summary of volunteers follows.

### Summary of 2007 Annual Meeting Volunteers

Reviewer volunteers	124
Moderator volunteers	79
Discussant volunteers	86

### Affiliation of Submitting Authors (Presented Papers 112)

United States	42	Czech Republic	1
Taiwan	12	France	1
Australia	12	Thailand	1
Hong Kong	7	Puerto Rico	1
China	5	Oman	1
Singapore	5	Kuwait	1
England	5	Egypt	1
Canada	4	Turkey	1
Japan	2		
Netherlands	2		
Korea	2		
New Zealand	2		
Mexico	2		
Brazil	2		

<b>International Accounting Section</b>				
<b>Annual Budget</b>				
	<u>2006-07</u>		<u>2007-2008</u>	
	<b>Budget</b>		<b>Budget</b>	
<b>Unrestricted Fund</b>				
<b>Cash Inflows</b>				
Dues-Full Members - (\$10/ \$15 per member)*	10,000.00		\$15,000.00	
Dues-Associate Members	300.00		\$450.00	
Journal Submission Fees (\$25 per submission)	1,200.00		\$1,200.00	
Journal Subscriptions	2,000.00		\$3,200.00	
Midyear Meeting Registration	10,000.00		\$14,000.00	
Interest Income	3,000.00		\$4,000.00	
Contributions - Midyear Meeting**	20,000.00		\$20,000.00	
Contributions - Gift Membership	500.00		\$1,000.00	
<b>Total Cash Inflow</b>		<b>\$47,000.00</b>		<b>\$58,850.00</b>
<b>Cash Outflows</b>				
<b>Newsletter</b>				
Printing	0.00		\$0.00	
Mailing	0.00		\$100.00	
AAA Staff Support/New Software	500.00		\$300.00	
<b>Total Newsletter</b>		<b>\$ 500.00</b>		<b>\$400.00</b>
<b>Annual Meeting</b>				
Luncheon Speaker Expenses	1,000.00		\$1,000.00	
Plaques and Awards	100.00		\$300.00	
Officer Meeting room and refreshments			\$500.00	
Program Chair: Admin Expenses	400.00		\$500.00	
<b>Total Annual Meeting</b>		<b>\$ 1,500.00</b>		<b>\$2,300.00</b>
<b>Midyear Meeting</b>				
AAA Staff Support	1,500.00		\$1,500.00	
Hotel-Rooms/Food/Beverage - Doctoral Consortium	12,500.00		\$16,000.00	
Hotel-Rooms/Food/Beverage - Midyear Meeting	12,500.00		\$15,000.00	
Speakers - Doctoral Consortium	2,500.00		\$2,500.00	
Speakers - Midyear Meeting	2,500.00		\$2,500.00	
Meeting Coordinator Expenses	750.00		\$1,600.00	
Printing and Postage	750.00		\$500.00	
Journal /Case Awards	500.00		\$1,000.00	
<b>Total Midyear Meeting</b>		<b>\$ 33,500.00</b>		<b>\$40,600.00</b>
<b>General/Administrative</b>				
Postage & Printing	300.00		\$400.00	
Website Development	500.00		\$5,000.00	
Awards - Dissertation, Educator, Service	1,400.00		\$2,250.00	
Council Fee	1,000.00		\$0.00	
Gift Memberships	1,000.00		\$1,000.00	
President Travel and Administration Expense	0.00		\$2,000.00	
Officer Travel - Council	2,500.00		\$3,750.00	
Miscellaneous	300.00		\$600.00	
<b>Total General/Administrative</b>		<b>\$ 7,000.00</b>		<b>\$15,000.00</b>
<b>Total Cash Outflow</b>		<b>\$ 42,500.00</b>		<b>\$58,300.00</b>
<b>Net Change in Cash - Unrestricted Fund</b>		<b>\$ 4,500.00</b>		<b>\$550.00</b>
<b>Restricted Fund</b>				
<b>Cash Inflows</b>				
Dues-Full Members (\$10/20 per member)*	10,000.00		\$20,000.00	
<b>Total Cash Inflow</b>		<b>\$10,000.00</b>		<b>\$20,000.00</b>
<b>Cash Outflows</b>				
Editor Expenses	1,000.00		\$2,500.00	
Journal Promotion	1,000.00		\$1,000.00	
JLAR Paper Award	1,000.00		\$1,000.00	
Copying, Printing, Mailing	12,000.00		\$12,000.00	
AAA Staff Support	8,000.00		\$8,500.00	
<b>Total Cash Outflow</b>		<b>\$ 23,000.00</b>		<b>\$25,000.00</b>
<b>Net Change in Cash - Restricted Fund</b>		<b>-\$13,000.00</b>		<b>-\$5,000.00</b>
<b>Total Change in Cash - Unrestricted and Restricted Funds</b>		<b>-\$8,500.00</b>		<b>-\$4,450.00</b>

\*\$20 membership dues include \$10 for section operations and \$10 restricted for publication of the Section's journal.

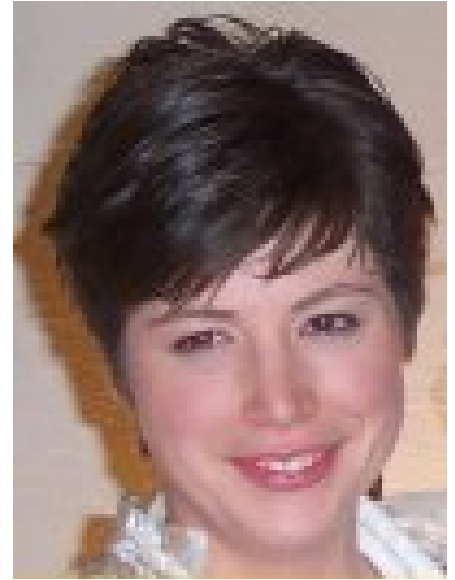
An increase in membership dues to \$35 will be voted on at the annual meeting to take effect in September 2007.

The dues will be allocated \$20 restricted, \$15 unrestricted.

\*\* \$20,000 contribution from KPMG earmarked for Midyear Meeting (\$10,000) and Doctoral/New Faculty Consortium (\$10,000).

## 2007 OUTSTANDING IAS INTERNATIONAL ACCOUNTING DISSERTATION AWARD

Annelies Renders was named the recipient of the 2007 Outstanding International Accounting Dissertation Award. Dr. Renders is an Assistant Professor in the Department of Accounting and Information Management at Maastricht University, the Netherlands. She completed her dissertation while at Katholieke Universiteit in Leuven, Belgium. Her dissertation advisor was Professor Ann Gaeremynck at KU Leuven.



*Annelies Renders*

### ABSTRACT

#### **Corporate Governance and Performance: Controlling for Sample Selection Bias and Endogeneity**

In her dissertation, Professor Renders investigates econometric problems in studies of the relation between corporate governance and performance. Her study provides evidence on how endogeneity and sample selection bias affect the coefficient of corporate governance. Using panel data for the FTSE Eurotop 300 companies, she finds significant, and even negative, coefficients on corporate governance under OLS. After controlling for sample selection bias and endogeneity, the coefficient on corporate governance becomes positive and highly significant. The evidence also indicates that both problems contribute equally to the bias in the coefficient. Overall, she finds that controlling for sample selection bias and endogeneity is important to the interpretation of corporate governance effects on performance.



*Erv Black announces the 2007 Outstanding IAS International Accounting Dissertation Award. Dr. Renders could not attend the AAA Annual meeting because she was at home with her newborn baby. Congratulations to Dr. Renders!*



## 2007 OUTSTANDING IAS INTERNATIONAL ACCOUNTING EDUCATOR AWARD

Professor Donna L. Street received the 2007 Outstanding IAS International Accounting Educator Award. She has been the Professor and Mahrt Chair in Accounting at the University of Dayton since 2002. Prior to that time, she served as the Andersen Alumni Professor of Accounting at James Madison University (JMU) from 1986-2002. Dr. Street has a BBA from East Tennessee State University and a Ph.D. and Masters of Accountancy from the University of Tennessee. Her teaching interests include financial accounting, accounting theory and international accounting.

Dr. Street has received many awards in her lifetime including the AAA IAS Section inaugural Service Award in 2004, JMU Outstanding Faculty Advisor, Arthur Andersen/Richard E. Claire Award for Beta Alpha Psi Outstanding Faculty Advisor, Outstanding Teacher Award at JMU, JMU College of Business Madison Scholar and Virginia Society of CPAs Outstanding Accounting Educator Award. She has received several research grants from many sources including PwC, the Association of

Chartered Certified Accountants, the Institute of Chartered Accountants in England and Wales, Corporate Performance Measurement Group of Large Accounting Firms, DAI (German Stock Market Institute) and JMU.

Donna has written many monographs including *Making Acquisitions Transparent- An Evaluation of M&A Related IFRS Disclosures by European Companies in 2005* (with Martin Glaum and Sylvia Vogel), *G4+1 from the Inside: Its Role in the Evolution of the International Accounting Standard Setting Process*, *Financial Accounting of Companies in the New Market— Compliance with Disclosure Requirements According to IAS and US GAAP* (with Martin Glaum), and *Observance of International Accounting Standards: Factors Explaining Non-compliance by Companies Referring to the Use of IAS* (with Sidney Gray). She has written several chapters in books and has written over 60 articles in publications including *Journal of International Accounting, Auditing, and Taxation*; *Journal of International Financial Management and Accounting*; *Research in Accounting Regulation*; *Indian Accounting Review*; *Journal of International Accounting Research*; *Advances in International Accounting*; *Accounting Horizons*; *The International Journal of Accounting*; *Advances in Accounting Behavioral Research*; *Accounting Education: An International Journal*; *Accounting Enquiries*; *Critical Perspectives on Accounting*; *Journal of Accounting Education*; *Advances in Public Interest Accounting*; *Journal of*



**Wayne Thomas awards Donna Street with the 2007 Outstanding IAS International Accounting Educator Award**



**Wayne Thomas announces Donna Street as the award winner.**

(continued on page 33)



**International Accounting Educator Award** (continued from 32)

*Legal Studies Education; Behavioral Research in Accounting; Accounting and Business Research; CPA Journal; Accounting and Business; AIMR Advocate, Accountancy; Strategic Finance; Accountancy International; Journal of Accountancy; Management Accounting; and New Accountant.*

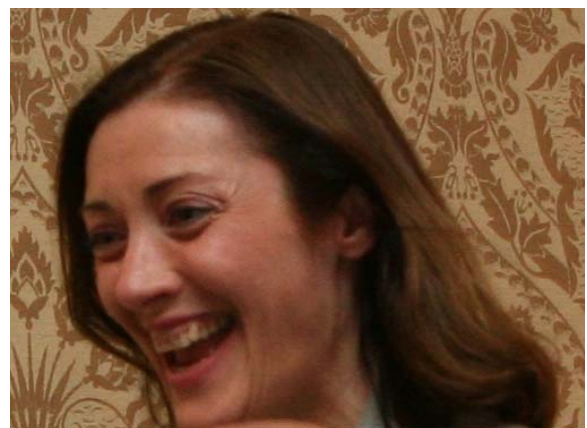
Dr. Street has made countless presentations at AAA national, regional, and IAS section meetings, and the AAA New Faculty Consortium. Outside the U.S., she has presented in Bucharest, Hungary; Milton Keynes, UK; Dublin; Beijing; Mexico City; Goteborg, Sweden; Wellington, New Zealand; Quebec City; Vancouver; Prague; London; Seville, Spain; Frankfurt; Hong Kong; Niagara Falls; Rio De Janeiro; Sydney; Copenhagen; Kobe, Japan; Athens; Munich; Bordeaux, France; and Melbourne.

She is the co-editor of the *Journal of International Financial Management and Accounting*, Institutional Perspectives Section, and IAAER Consulting Editor for *Accounting Education: An International Journal*. In addition, she has served as associate editor, on the review board or ad hoc reviewer with 17 publications.

Professor Street is the current president of the *International Association for Accounting Education and Research (IAAER)*. She has been very active in the AAA serving on many committees nationally. She has served in many capacities to the IAS and most recently was the president of the AAA IAS in 2005/06. Professor Street has been very active in the Beta Alpha Psi, most recently serving as the past President in 2005/06.

Dr. Street has been a visiting scholar at Geissen University in Frankfurt, Germany and Aston University in Birmingham, UK. She was the coordinator of the University of Dayton Toulouse/Paris Study Tour and the London Study Tour. She was faculty member in residence at the James Madison University Semester in London Program.

Congratulations to Professor Street! Thank you so much for your contribution to International Accounting education!



*A surprised Donna Street*

***2007 Outstanding IAS International  
Accounting Educator Award Winner  
Donna Street***

## 2007 OUTSTANDING IAS INTERNATIONAL ACCOUNTING SERVICE AWARD

Lee H. Radebaugh received the 2007 Outstanding IAS International Accounting Service Award. Lee is the KPMG Professor in the School of Accountancy and Director of the Kay & Yvonne Whitmore Global Management Center at Brigham Young University (BYU). Prior to BYU, he taught at the Pennsylvania State University and was a visiting professor at Escuela de Administración de Negocios para Graduados (ESAN), in Lima, Peru, New York University and at Glasgow University in Scotland. He also served as President of the Brazil Porto Alegre South Mission of the Church of Jesus Christ of Latter-day Saints from July 1, 2000 to July 1, 2003. Dr. Radebaugh received his B.S. in Accounting from BYU, and his MBA and DBA from Indiana University.

In addition to this honor, Professor Radebaugh received the 2007 Distinguished Service Award for the Marriott School of Management at BYU, the Outstanding International Accounting Educator of the AAA IAS in 1998, the International Person of the Year by the World Trade Association of Utah in 1997/98, the 1998 Marriott School Citizenship Award at BYU, the Outstanding Faculty Award for the Marriott School of Management in 1990, the Exxon Distinguished Teaching Award in 1982, the Arthur Andersen Excellence in Teaching Award in 1982, the co-winner of the Academy of International Business Doctoral Dissertation Competition in 1973 and was elected to the Fellows of the Academy of International Business in 1995.

Professor Radebaugh has co-published several books including *International Business: Environments and Operations*; *International Accounting and Multinational Enterprises*; *Globalization and Business*; *Global Accounting and Control*; *International Dimensions of Contemporary Business*; *Investment in the North American Free Trade Area: Opportunities and Challenges*; *The New International Cities Era*; *The Canada/U.S. Free Trade Agreement: The Impact on Service Industries*; *International Aspects of Segment Disclosures: A Conceptual Approach*; *Canada/U.S. Free Trade Agreement*; *Canada-U.S. Economic Relations in the "Conservative" Era of Mulroney and Reagan*; *Canada-U.S. Trade Relations: Problems and Prospects*; *Foreign Director Investment in the U.S. and Canada: Problems and Perspectives*; *A Compendium of Research on Information and Accounting for Managerial Decision and Control in Japan and International Business Curriculum Survey*. He has written over 40 articles in publications including *Journal of International Financial Management & Accounting*, *Journal of International Business Studies*, *Journal of Accounting Research*, *International Journal of Accounting*, *International Executive*, *Middle East Management Review*, *The Internal Auditor*, *Accounting Review*, and *Accounting and Business Research*.



**2007 Outstanding IAS International Accounting Service Award Winner Lee Radebaugh**



**Sid Gray announces the 2007 Outstanding IAS International Accounting Service Award Winner**

(continued on page 35)

## **International Accounting Service Award** (continued from 34)

Professor Radebaugh has made over 75 presentations at a variety of venues including the AAA national, regional, and IAS section meetings and several universities throughout the world. He has made international presentations in Mexico City; Rio Grande Do Sul, Brazil; Istanbul, Turkey; Bordeaux, France; Stockholm; Sydney; Bangkok, Thailand; Antwerp, Belgium; Seoul; Venice; British Columbia; Budapest; Stuttgart, Germany; Singapore; Glasgow; Mozambique, Zimbabwe; Nice, France; Kyoto, Japan; London; St. Gallen, Switzerland; Aarhus, Denmark; Barcelona, Spain; and Alexandria, Egypt.

He has presented major management development programs to many companies including the Tong Yang Group of Korea, the LG Group in Seoul, Clorox International Company, ATT, IOMEGA Corporation, Stockholm School of Economics, the Financial Management Program at Penn State University, the Executive Management Program at Penn State University, IBM, the University of Glasgow, the Inter-Americas Executive Management Program at Penn State University, ESAN in Lima, Peru, and IESA in Caracas, Venezuela.

Dr. Radebaugh has been very active in the American Accounting Association, the Academy of International Business, the International Association of Accounting Education and Research, and the European Accounting Association. He has served the IAS most recently as the editor of *Journal of International Accounting Research* from 2004-07. He was also the President (chair) of the IAS in 1978/79. In addition, he has served as the chair of the following committees: Nominations (3 times), Long range budget, Notable Doctoral Dissertation Award, Ad Hoc Committee to Review the By-laws, Committee on Relations with AAA and Other Sections, Publications (twice), and Research. He has also served on several other committees for the section and for the AAA nationally.

Dr. Radebaugh is married to Tanya, and they have six children and several grandchildren. Thanks so much to Professor Radebaugh for his outstanding service to our profession!



***Sid Gray awards Lee Radebaugh with the 2007 Outstanding IAS International Accounting Service Award***



# **CALL FOR NOMINATIONS**

## **Outstanding International Accounting Dissertation Award**

The International Accounting Section of the American Accounting Association invites submissions for its Outstanding International Accounting Dissertation Award, to be presented at the Annual Meeting of the American Accounting Association in Anaheim, California, during August 2008. All doctoral dissertations successfully defended during the 2007 calendar year in all areas of international accounting – including topics in financial, managerial, auditing, taxation, and information systems – are eligible for this award. Eligible individuals should submit via e-mail the following materials by **February 28, 2008**:

1. Summary of their dissertation not exceeding 20 pages including tables, or a working paper based on their dissertation, and
2. A letter of support from his/her dissertation committee chairperson.

Upon reviewing these initial submission materials, the Outstanding Dissertation Award Committee will select finalists for the award. Finalists will be requested to submit copies of the complete dissertation to the committee.

Please send submissions to:

Sidney Gray  
School of Business  
H69 Economics and Business Building, Room 107  
The University of Sydney  
Sydney NSW 2006, Australia  
Phone: +61 2 9351 3552  
Fax: +61 2 9351 6755  
Email: [s.gray@econ.usyd.edu.au](mailto:s.gray@econ.usyd.edu.au)

**The DEADLINE for nominations is February 28, 2008.**

### **Winners of the Outstanding International Accounting Dissertation Award to date are:**

1984 Trevor J. Harris, University of Washington  
1985 (none awarded)  
1986 Betty C. Brown, University of Louisville  
1987 Shahrokh M. Saudagaran, University of Washington  
1988 David Sharp, Massachusetts Institute of Technology  
1989 Teresa L. Conover, University of North Texas  
1990 F. Norman Shiue, George Washington University  
1991 Ajay Adhikari, Virginia Commonwealth University  
1992 Stephen B. Salter, University of South Carolina  
1993 Patricia McQueen, New York University  
1994 Keith R. Duncan, Bond University, Australia  
1995 Mary A. Flanigan, Virginia Commonwealth University  
1996 Wayne Thomas, Oklahoma State University  
1997 Paquita Y. Davis-Friday, University of Michigan  
1998 Karl Albert Muller III, University of Illinois Urbana-Champaign  
1999 Jan Marton, Göteborg University, Sweden  
2000 Tracy Manly, University of Arkansas  
2001 Takashi Yaekura, University of Illinois Urbana-Champaign  
2002 Ole-Kristian Hope, Northwestern University  
2003 Thomas A. Matthews, University of Waterloo  
2004 Steven Francis Orpurt, University of Chicago  
2005 Christopher Hodgdon, Virginia Commonwealth University  
2006 Etty Retno Wulandari, Nanyang Business School, Singapore  
2007 Annelies Renders, Katholieke Universiteit, Belgium

## **CALL FOR NOMINATIONS**

### **Outstanding International Accounting Educator Award**

The International Accounting Section of the American Accounting Association invites nominations for its Outstanding International Accounting Educator Award. The general selection criteria are as follows.

The award is presented to an individual who has made a substantial contribution to international accounting education through scholarly endeavours in research and teaching over a sustained period of time – through publications, educational innovation, research guidance to students, active involvement in the activities of international professional and academic organizations, and serving as an example to others in promoting international accounting education.

The awardee will be honored with a plaque at the Section's annual meeting luncheon. A sketch of his or her accomplishments will also be included in the Section's newsletter, *Forum*.

Please submit nomination materials and documents, along with the *curriculum vitae* of your nominee to:

Stephen A. Zeff  
Herbert S. Autrey Professor of Accounting  
Jesse H. Jones Graduate School of Management  
Rice University - MS 531  
6100 Main Street  
Houston, Texas 77005  
Phone: 713-348 6066  
Fax: 713-348 6296  
Email: sazeff@rice.edu

**The DEADLINE for nomination is February 28, 2008.**

**Winners of the Outstanding International Accounting Educator Award to date are:**

1990 Paul Garner  
1991 Gerhard Mueller  
1992 Vernon Zimmerman  
1993 Fred Choi  
1994 Sidney Gray  
1995 Murray Wells  
1996 Belverd Needles  
1997 Gary Meek  
1998 Lee Radebaugh  
1999 Steve Zeff  
2000 Ahmed Riahi-Belkaoui  
2001 Helen Gernon  
2002 Christopher Nobes  
2003 Robert Parker  
2004 Shahrokh Saudagaran  
2005 Kazuo-Hiramatsu  
2006 Chee Chow  
2007 Donna Street



# **CALL FOR NOMINATIONS**

## **International Accounting Section Outstanding Service Award**

The International Accounting Section of the American Accounting Association invites nominations for its Outstanding Service Award. The purpose of this award is to recognize an International Accounting Section member who has provided outstanding service to the section. Active and retired (or deceased) academics are eligible. The former must be a current section member and the latter must have been an active section member during his/her academic career.

The written nomination should contain supporting documentation including, but not necessarily limited to:

Letters of recommendation from current or former section members.  
Record of service on committees, as an officer, as editor of a section publication, etc.  
Evaluations from committee chairs and/or members regarding the nominees's committee service.

Please mail, fax or email nominations to:

Paul Herz  
Department of Accounting  
School of Business Administration  
Fort Lewis College  
Durango, CO 81310-3999  
Phone: (970) 247-7591  
Fax: (970) 247-7623  
Email: [HERZ\\_P@fortlewis.edu](mailto:HERZ_P@fortlewis.edu)

**The DEADLINE for nomination is February 28, 2008.**

Winners of the Outstanding International Accounting Service Award to date are:

2004 Donna Street  
2005 Norlin Rueschhoff  
2006 Hanns-Martin Schoenfeld  
2007 Lee Radebaugh

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## **CALL FOR NOMINATIONS**

### **Section Officers and Other Positions**

The 2008/2009 Nominations Committee of the American Accounting Association's International Accounting Section solicits nominations for the following positions: Academic Vice-President and President Elect, Vice-President Practice, Secretary, Advisory Board Members (two openings), Publication Committee Members (two openings), and Nominations Committee Members (three openings). Please specify the position for which you are nominating the individual(s). The Section By-laws specify prior service requirements for certain positions. Please consult the Section By-laws published on the Section's web site to see if your candidate(s) meets the specific requirements for the nominated position(s).

**Nominations must be received by the Nominations Committee Chair no later than January 1, 2008.**

Please send nominations to:

Donna L. Street  
Mahrt Chair in Accounting  
School of Business Administration  
University of Dayton  
Dayton, OH 45469-2242  
Phone: (937) 229-2461  
Fax: (937) 229-2270  
Email: [donna.street@notes.udayton.edu](mailto:donna.street@notes.udayton.edu)

### **AAA Regional Meetings, 2008**

Please support your regional meetings. Present a paper or volunteer to serve on a panel. Remember you may present the same paper at two different AAA meetings. Regional meetings are great venues for Doctoral Student papers; please encourage your doctoral students to take advantage of these opportunities. For further information, please contact Myungsun Kim at [mk88@buffalo.edu](mailto:mk88@buffalo.edu) or the appropriate IAS Regional Meeting Coordinator listed on pages 16 and 17.

**Mid-Atlantic** – Philadelphia, Pennsylvania (April 24-26, 2008), Deadline: January 14, 2008

**Midwest** – Troy, Michigan (March 27-29, 2008)

**Northeast** – Newport, Rhode Island (November 6-8, 2008)

**Ohio** – Dayton, Ohio (April 24-26, 2008)

**Southeast** – Birmingham, Alabama (April 3-4, 2008)

**Southwest** – Houston, Texas (March 6-8, 2008)

**Western** – San Francisco, California (May 1-3, 2008)

**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](mailto:chodgdon@bsad.uvm.edu)

**Abdelsalam, Omneya H., “Corporate governance and the timeliness of corporate internet reporting by U.K. listed companies,” *Journal of International Accounting Auditing & Taxation* (Volume 16, Issue 2, 2007): 111-130.**

This study is an examination of the timeliness of corporate internet reporting by U.K. companies listed on the London Stock Exchange (LSE). The research examines the significance of several corporate governance and firm-specific characteristics as potential determinants of the timeliness of corporate internet reporting. Our primary analysis provides evidence of a significant association between timely corporate internet reporting and the corporate governance characteristics of board experience and board independence. Our findings provide evidence that boards with less cross directorships, more experience in terms of the average age of directors, and lower length in service for executive directors provide more timely corporate internet reporting. We find that board independence is negatively associated with timely corporate internet reporting. Follow-up analysis provides additional evidence of a significant association between the timeliness of corporate internet reporting and board experience. The evidence indicates that role duality and block ownership are associated with less timely corporate internet reporting. Our findings also reveal strengths and weaknesses in the Internet reporting of U.K. listed companies. Companies need to voluntarily focus on improving the timeliness dimension of their corporate internet reporting so that the EU and U.K. accounting regulators do not replace recommendations with regulations.

**Arnedo, Laura, Fermín Lizarraga, and Santiago Sánchez, “Does public/private status affect the level of earnings management in code-law contexts outside the United States? A study based on the Spanish case,” *The International Journal of Accounting* (Volume 42, Issue 3, 2007): 305-328.**

This study analyzes the difference in earnings quality between public and private firms in Spain. We go beyond the income-increasing incentives on which the United States debate has been exclusively based and build on previous Belgian results by considering institutional differences and differences in the type of blockholder and by proposing a new income-smoothing methodology. No significant differences are found for income smoothers and increasers except for those included in the Spanish IBEX-35 index, which show lower manipulation levels due to the predominance of supervision over market pressure. Higher levels of income decreasing are found for private companies. We attribute this to the expropriation practiced by public firms through real activities in their relationship with the banks, which leads to a lower need to engage in downwards manipulation.

**Baker, C. Richard, and Elena M. Barbu, “Trends in research on international accounting harmonization,” *The International Journal of Accounting* (Volume 42, Issue 3, 2007): 272-304.**

International harmonization of financial accounting standards has been the goal of many professional and academic accountants during the last 40 years. As of January 1, *(continued on page 41)*

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2005, international accounting harmonization entered a new and perhaps decisive phase. From that date, all companies domiciled in the European Union with shares listed on securities exchanges are required to prepare their consolidated accounts in accordance with International Financial Reporting Standards (IFRS). This landmark event presents an opportunity for accounting researchers to assess the status of research on international accounting harmonization. In this paper, we review articles published in major English language accounting journals during the period from 1965 through 2004 in order to trace thematic and methodological trends in this line of research and to assess where the research may evolve from here.

**Barlev, Benzion, Dov Fried, Joshua Rene Haddad, and Joshua Livnat, “Reevaluation of Revaluations: A Cross-Country Examination of the Motives and Effects on Future Performance,” *Journal of Business Finance & Accounting* (Volume 34, Issue 7/8, 2007): 1025-1050.**

This study examines the motives for asset revaluations in a sample drawn from 35 countries that permit asset revaluations. Prior studies that examined this issue concentrated on one or two countries, the UK and Australia, and showed that revaluations are related to financing needs, the capital intensity of the firm as well as issues related to political costs. The previous literature also found that revaluations were indicators of improved future performance and that performance was related to the magnitude of the revaluations. This study shows that although the conclusions drawn from the previous studies are applicable to countries that are similar to the UK and Australia, they do not hold when applied to a much larger set of countries and that the motivations for and effects of revaluation are not uniform across various country classifications.

**Bennett, Bruce, and Michael E. Bradbury, “Earnings Thresholds Related to Dividend Cover,” *Journal of International Accounting Research* (Volume 6, Issue 1, 2007): 1-17.**

An important line of international accounting research is the comparative quality of earnings across various jurisdictions. Several studies use earnings thresholds as a measure of earnings quality (e.g., Bhattacharya et al. 2003; Lang et al. 2003; Barth et al. 2005; Lang et al. 2005; Peasnell et al. 2005). An implicit assumption in these studies is that firms in all countries are managing earnings towards the same objective (Land and Lang 2002). We argue that international research ought to consider the possibility of an earnings threshold relating to dividend cover. Given that firms are reluctant to reduce dividends (DeAngelo and DeAngelo 1990; DeAngelo et al. 1992), the dividend-cover earnings threshold is economically important. We examine earnings distributions for the dividend-cover earnings threshold for a sample of 2,264 observations from New Zealand firms over the period 1986 to 2002. We find an asymmetry in the distribution of earnings associated with the dividend-cover earnings threshold. We also find that this asymmetry disappears after a change in legislation that removed the nexus between earnings and dividends. Similar to prior research, we find that an asymmetry exists for the zero earnings threshold, but it is not as pronounced as that found in U.S. data. An implication of our results is that research using international data ought to consider country-specific institutional settings when considering earnings thresholds.

**Callao, Susana, José I Jarne, and José A Laínez, “Adoption of IFRS in Spain: Effect on the comparability and relevance of financial reporting,” *Journal of International Accounting Auditing & Taxation* (Volume 16, Issue 2, 2007): 148-178.**

EU Regulation 1606/2002 requires application of International Financial Reporting Standards (IFRS) by groups listed on European stock markets. In Spain, listed groups are now obliged to prepare consolidated financial information under IFRS, and legislative changes to bring local rules into line with international standards have been tabled. In this context, the potential impact of IFRS is fraught with uncertainty. Our study of IBEX-35 companies focuses on the effects of the new standards on comparability and the relevance of financial reporting in Spain. We address these objectives by seeking significant differences between accounting figures and financial ratios under the two sets of (continued on page 42)

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standards (i.e. Spanish accounting standards and IFRS). The results obtained show that local comparability has worsened. The study reveals that local comparability is adversely affected if both IFRS and local accounting standards are applied in the same country at the same time. Reforms to bring local rules into line with international standards are therefore urgent. We also find that there has been no improvement in the relevance of financial reporting to local stock market operators because the gap between book and market values is wider when IFRS are applied. While there has been no gain in terms of the usefulness of financial reporting in the short-term, improved usefulness may be achieved in the medium to long-term.

**Chan, K. Hung, Kenny Z. Lin, and Fang Zhang, "On the Association between Changes in Corporate Ownership and Changes in Auditor Quality in a Transitional Economy," *Journal of International Accounting Research* (Volume 6, Issue 1, 2007): 19-36.**

This study uses agency theory to test whether the demand for quality-differentiated audits by listed Chinese companies is systematically associated with changes in ownership structure, which is characterized by the dominance of government and institutional owners in a transitional economy. Our empirical test results are supportive of agency theory. Specifically, we find that a decrease of government shares and a corresponding increase of institutional shares lead to a general increase in the demand for higher-quality audits in China's stock market. However, the influence of individual shareholders on a firm's auditor-choice decisions appears insignificant. Our results suggest that in the absence of institutional features typically found in free-market economies that provide incentives for managers to supply credible accounting information via quality audits, the introduction of large institutional block-holders can be a good alternative for a transitional economy.

**Chen, Kevin C.W., and Jiwei Wang, "Accounting-based regulation in emerging markets: The case of China's seasoned-equity offerings," *The International Journal of Accounting* (Volume 42, Issue 3, 2007): 221-236.**

In China, listed companies are required to achieve a minimum return on equity (ROE) before they can apply for permission to issue additional shares through seasoned-equity offerings (SEO). We document two benefits of this accounting-based regulation in China. First, this regulation limits the increase in the supply of shares and the dilution of existing share prices. The Chinese stock market reacted positively to the announcement of this accounting-based regulation. Moreover, investors' reactions to SEO, announcements are less negative since the accounting-based regulation was introduced than before the regulation was enacted. The second benefit is that the regulation reduces adverse selection in SEO, as shown by the finding that prior to this regulation, firms below the ROE threshold underperformed the market after their SEO, much like what has been observed in other markets; while those above the threshold outperformed the market. Thus, although positive accounting theory predicts that regulations based on accounting numbers create incentives for managers to manipulate their accounting numbers, accounting-based regulations in China seem to serve some useful purposes.

**Eaton, Tim V., John R Nofsinger, and Daniel G Weaver, "Disclosure and the cost of equity in international cross-listing," *Review of Quantitative Finance and Accounting* (Volume 29, Issue 1, 2007): 1-24.**

In this paper, we examine the relationship between disclosure level and the cost of equity capital for a sample of international firms cross-listing on the New York Stock Exchange. Increased disclosure has the potential to reduce information asymmetry, reduce the cost of financing and increase analyst following. Using an international asset pricing model, we find that listing firms experience a decrease in both disclosure risk and systematic risk while matching firms do not. Further, we find that the magnitude of the decrease is related to three types of disclosure: accounting standards; analyst following; and exchange/regulatory investor protection. Our results suggest that increased disclosure through accounting standards is beneficial to investors and that disclosure can be accomplished through information

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intermediaries, e.g., analyst following. For firms with the lowest levels of disclosure prior to cross-listing, all three types of disclosure appear to be valuable.

**Ezzamel, Mahmoud, Jason Zezhong Xiao, and Aixiang Pan, “Political ideology and accounting regulation in China,” *Accounting, Organizations and Society* (Volume 32, Issue 7/8, 2007): 669-700.**

This paper analyzes the relationship between political ideology and accounting change covering the transition from Maoism to Dengism in China. Under Mao, the ideological principles of class struggle primacy, central planning, and public ownership were mobilized to construct a class view of accounting according to which Western accounting concepts were prohibited because they were considered a tool of capitalist exploitation. Under Deng, the new ideological principles of economic development primacy, marketization, and mixed-ownership paved the way for a different view of accounting to emerge. Accounting was re-presented as a science and a neutral technology with no national boundaries, and the adoption of what were deemed Western accounting concepts, such as conservatism, was encouraged. In both eras, accounting was construed as a malleable object shaped by the force of the dominant political discourse. We show how in each era political ideology created a context that was rendered more or less compatible with the adoption of particular accounting concepts.

**Haniffa, Roszaini, and Mohammad Hudaib, “Locating audit expectations gap within a cultural context: The case of Saudi Arabia,” *Journal of International Accounting Auditing & Taxation* (Volume 16, Issue 2, 2007): 179-206.**

This paper offers an insight into the types of audit expectations gap that exist within a cultural context. Specifically, it investigates if the business and social environment affect the perceptions of audit performance of users and auditors. Using a combination of mail questionnaires and semi-structured interviews, the study reveals the existence of a performance gap with respect to the roles specified in the statutory pronouncements and those that can reasonably be expected of auditors in Saudi Arabia. The results further indicate the performance gap arises from four factors in the environment within which auditing is practiced: licensing policy, recruitment process, the political and legal structure, and dominant societal values. Interview results reveal the influence of institutional and cultural settings on the audit expectations gap and indicate that the inclusion of Islamic principles in auditing standards and the code of ethics would help reduce the expectations gap that exists in Saudi Arabia.

**Jaafar, Aziz, and Stuart McLeay, “Country Effects and Sector Effects on the Harmonization of Accounting Policy Choice,” *Abacus* (Volume 43, Issue 2, 2007): 156-189.**

This study assesses the extent of accounting harmony in Europe prior to the recent switch to IFRS, by presuming that accounting is harmonized when all firms operating in similar circumstances adopt the same accounting treatment for similar transactions regardless of their domicile. The policies studied concern inventory, depreciation and goodwill, and the odds of using alternative accounting methods are predicted by logistic regression. The empirical results suggest that, while international exposure and firm size are significant factors, country effects are considerably greater than sector effects, which is inconsistent with harmonized accounting.

**Jaggi, Bikki, and Judy Tsui, “Insider Trading, Earnings Management and Corporate Governance: Empirical Evidence Based on Hong Kong Firms,” *Journal of International Financial Management & Accounting* (Volume 18, Issue 3, 2007): 192-222.**

We document positive association between earnings management and insider selling after the fiscal year-end for Hong Kong firms. This positive association is especially evident before the 1997 Asian Financial Crisis. Our findings suggest that Hong Kong executives manage reported earnings to maximize

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their private benefits from insider selling. Additionally, we find that a higher proportion of independent directors (INED) on corporate boards moderate the positive association between insider selling and earnings management. Stricter monitoring of earnings management by INED is especially evident when no member of the family with majority ownership is present on corporate boards as a director. This suggests that the presence of family members with majority ownership on corporate boards significantly reduces INED's monitoring effectiveness. Our findings suggest that strict regulations are needed to control insider trading, and independence of corporate boards is important for monitoring of earnings management associated with insider trading. Furthermore, appointment of family members with majority shareholdings should be avoided to enhance independence and to monitor effectiveness of corporate boards.

**Jermakowicz, Eva K., Jenice Prather-Kinsey, and Inge Wulf, "The Value Relevance of Accounting Income Reported by DAX-30 German Companies," *Journal of International Financial Management & Accounting* (Volume 18, Issue 3, 2007): 151-191.**

International Financial Reporting Standards (IFRS) are required for consolidated financial statements of all European Union (EU) publicly traded companies starting from the December 2005 fiscal year end [Regulation (EC)]; and endorsed by the International Organization of Securities Commission (IOSCO) for its member countries beginning in 2000. We examine the challenges and benefits, including value relevance, of the adoption of IFRS by DAX-30 companies, the German premium stock market. Based on a survey sent to DAX-30 company executives, we find most companies agreeing that implementing IFRS should improve the comparability of financial statements. The complex nature, high cost of adopting and lack of guidance for implementing IFRS, as well as increased volatility of earnings after adopting IFRS, are listed among the most important challenges of conversion to IFRS. We use regression to measure another benefit: the value relevance of book values of earnings and equity in explaining market values of DAX-30 companies during the period 1995-2004. Using 265 observations, we find that adopting IFRS or US Generally Accepted Accounting Principles or cross-listing on the New York Stock Exchange significantly increases the value relevance of earnings relative to market prices.

**Jiang, Guohua, "Stock performance and the mispricing of accruals," *The International Journal of Accounting* (Volume 42, Issue 2, 2007): 153-170.**

I investigate the relationship between contemporaneous stock-price performance and the persistence of accrued earnings, and its impact on the accrual anomaly. I find that, in a fiscal year, accrued earnings for stocks that have performed poorly are less persistent in predicting future earnings than accrued earnings for stocks that have performed moderately. I further find that a hedge-strategy based on accruals earns greater abnormal returns following bad-news years. The results are consistent with conservative accounting causing accrued earnings to be even less persistent in bad-news years and investors failing to efficiently price this differential in persistence.

**Kraft, Arthur, Andrew J. Leone, and Charles E. Wasley, "Regression-Based Tests of the Market Pricing of Accounting Numbers: The Mishkin Test and Ordinary Least Squares," *Journal of Accounting Research* (Volume 45, Issue 5, 2007): 1081-1114.**

The test developed in Mishkin [1983] (hereafter, MT) is widely used to test the rational pricing of accounting numbers. However, contrary to the perception in the accounting literature, the exclusion of variables from the MT's forecasting and pricing equations leads to an omitted variables problem that affects inferences about the rational pricing of accounting variables. Only if the omitted variables are rationally priced is their exclusion irrelevant. Failure to recognize this issue leads accounting researchers to employ the MT without appreciating how omitted variables affect the inferences they draw. We demonstrate that when additional explanatory variables are included in the MT, the rational

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pricing of accruals is not rejected. That is, the accrual anomaly documented in Sloan [1996] vanishes when additional explanatory variables are incorporated into the MT. We also show that in accounting research settings, where samples are large, ordinary least squares (OLS) is equivalent to the MT. As a result, accounting researchers should consider using OLS or be more explicit about the exact advantages of the MT over OLS in their research setting.

**Machuga, Susan, and Karen Teitel, "The Effects of the Mexican Corporate Governance Code on Quality of Earnings and its Components," *Journal of International Accounting Research* (Volume 6, Issue 1, 2007): 37-55.**

The Corporate Governance Code (Code) was established in Mexico in January 2000 to increase investor confidence by encouraging more accurate financial reporting and more transparent disclosure practices by management. Using a sample of Mexican firms, we investigate whether or not there is an improvement in earnings quality surrounding the implementation date of the Code. We use a variety of earnings quality characteristics frequently studied in prior international research. Our results indicate that the quality of earnings increases after the implementation of the Code. While earnings quality characteristics generally improve for firms listed exclusively on the Mexican Bolsa, we only document improvements in income smoothing and timely loss recognition for Mexican firms listed on U.S. stock exchanges. Our results suggest that the filing jurisdiction of Mexican firms influences the impact we observe in changes in quality of earnings surrounding the implementation of the Mexican Corporate Governance Code.

**Missonier-Piera, Franck, "Motives for fixed-asset revaluation: An empirical analysis with Swiss data," *The International Journal of Accounting* (Volume 42, Issue 2, 2007): 186-205.**

This paper investigates the economic motives of fixed-asset revaluations of Swiss listed companies. We provide international insights on revaluation motives, particularly in a stakeholders' regime, over a period which is characterized by significant changes of the accounting standards relative to fixed-assets valuation. We also test the impact of international stakeholders on the choice of whether to revalue assets. Results from pooled data show positive associations between revaluation and both the proportion of foreign sales and leverage, and a negative association with the investment opportunities. These findings suggest that revaluation is used as a device to improve creditors' and foreign stakeholders' perceptions of the financial health of the firm and thereby improve the firm's borrowing capacity. Cross-sectional results show that although leverage has declined over the periods investigated, interest rates have become lower for firms that revalue upward their fixed assets (compared to non-revaluers), emphasizing the debt-costs hypothesis.

**Ndubizu, Gordian A., "Do Cross-Border Listing Firms Manage Earnings or Seize a Window of Opportunity?" *The Accounting Review* (Volume 82, Issue 4, 2007): 1009-1030.**

Firms raising new equity capital at cross-listing (IPO) and those cross-listing existing home-country public shares (non-IPO) benefit from earnings that are high when they cross-list on U.S. stock exchanges. IPO firms have greater benefits than non-IPO firms because they receive cash infusion at listing. I find that performance (ROA) and cash flows peak at cross-listing period for all cross-border firms. Using a matched-firm research design to control for industry and performance, the results suggest that both IPO and non-IPO firms time cross-listing when performance is peaking (seize a window of opportunity). Further tests investigate whether IPO and non-IPO firms differ in their incentives to engage in earnings management at the time of cross-listing. The results suggest that both appear to engage in the same level of earnings management at the time of cross-listing. This suggests that incentives to boost earnings to obtain higher cash infusion are not the main motivation for the earnings management observed. Other incentives, such as greater investor recognition could be a stronger motivation.

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**Ogneva, Maria, and K. R. Subramanyam, “Does the stock market underreact to going concern opinions? Evidence from the U.S. and Australia,” *Journal of Accounting & Economics* (Volume 43, Issue 2/3, 2007): 439-452.**

We examine 12-month returns following disclosure of first-time going concern (GC) opinions in the U.S. and Australia. We find no evidence of significant negative abnormal returns associated with GC opinions in Australia. In the U.S., negative abnormal returns subsequent to GC opinions are sensitive to choice of expected returns - notably, there are no significant negative abnormal returns when using factor models or after controlling for momentum. Overall, contrary to Taffler, Lu, Kausar's [2004. In denial? Stock market underreaction to going-concern audit report disclosures. *Journal of Accounting and Economics* 38, 263-285.] U.K. results, we are unable to document a market anomaly in the U.S. or Australia associated with GC opinions.

**Orens, Raf, and Nadine Lybaert, “Does the financial analysts' usage of non-financial information influence the analysts' forecast accuracy? Some evidence from the Belgian sell-side financial analyst,” *The International Journal of Accounting*, (Volume 42, Issue 3, 2007): 237-271.**

This paper examines whether the use of non-financial information by sell-side financial analysts influences the accuracy of analysts' forecasts. The research findings, based on a survey of Belgian financial analysts, suggest that financial analysts who use more forward-looking information and more internal-structure information offer more accurate forecasts. Furthermore, the listed Belgian firms examined in this study have improved their non-financial information reporting over time. However, neither the frequency nor the quantity of non-financial information mentioned by financial analysts in their reports appears to have increased over time.

**Persons, Obeua S., "Corporate Governance in Thailand: What Has Been Done Since the 1997 Financial Crisis?" *International Journal of Disclosure and Governance* (Volume 3, Issue 4, 2006): 288-305.**

The study finds that Thailand has taken many steps to improve its corporate governance including voluntary approaches such as best practice guidelines for board of directors and audit committees, and corporate governance rating; and mandatory approaches such as enhancing the rights of minority shareholders and creditors, increasing the board of directors' accountability, making accounting and auditing standards consistent with the internationally acceptable standards, and strengthening the enforcement of securities regulation. This study also provides suggestions for further improvement with respect to minority shareholder protection and education, the responsibilities of the BOD vs. the top management, the BOD structure of financial institutions, further amendments to the new Bankruptcy Act, the need for whistle-blower law, the valuation of certain assets, and the compliance with the Buddhist precepts. In addition, the Thai government needs to improve the check and balances of its own governance process and its “populist” policies. These findings and suggestions have direct implications for other developing countries which are attempting to improve their corporate governance.

**Richardson, Grant, “The Influence of Culture on Tax Systems Internationally: A Theoretical and Empirical Analysis,” *Journal of International Accounting Research* (Volume 6, Issue 1, 2007): 57-79.**

Although culture is assumed to play a role in the development of tax systems internationally, its influence is not well understood. This study draws on the cultural frameworks by Hofstede (1980) and Gray (1988) to develop a theoretical model of the influence of culture on tax systems internationally. It also empirically tests hypotheses that relate Hofstede's (1980) individualism, uncertainty avoidance, power distance, and masculinity cultural dimensions to some key values of tax systems: equity, simplicity, neutrality, and visibility. Based on data from 43 countries, the regression

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results show that individualism is significantly related to all of the tax values, while power distance is significantly related to equity, neutrality, and visibility; and uncertainty avoidance is significantly related to simplicity, neutrality, and visibility. However, masculinity is not related to any of the tax values in the regression analysis. These findings provide support for the importance of culture in influencing tax systems.

**Street, Donna L., and Cheryl L. Linthicum, "IFRS in the U.S.: It May Come Sooner Than You Think: A Commentary," *Journal of International Accounting Research* (Volume 6, Issue 1, 2007): ix-xvii.**

In April 2007, the Securities and Exchange Commission (SEC) announced the Commission's plan to seek comments on its intention to allow foreign private issuers a choice between International Financial Reporting Standards (IFRS) and U.S. Generally Accepted Accounting Principles (GAAP). Even more significant, the Commission announced that it may, at some point in the future, consider allowing a choice between U.S. GAAP and IFRS for U.S.-headquartered issuers. In this commentary, we pose questions/issues to be carefully considered within the context of making these decisions. These include, but are not limited to, a consideration of whether eliminating the reconciliation could stall convergence efforts and/or minimize the joint efforts of the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) to improve problem areas for current financial reporting. We encourage academics to draw upon their research and expertise and engage in the discussion and debate by providing relevant comment letters to the SEC.

**Tsakumis, George T., Anthony P Curatola, and Thomas M Porcano, "The relation between national cultural dimensions and tax evasion," *Journal of International Accounting Auditing & Taxation* (Volume 16, Issue 2, 2007): 131-147.**

Although penalties and audits exist, tax evasion is a widespread phenomenon and continues to be a problem for many countries. National culture may contribute to a further understanding of intentional noncompliance across countries. In this study, we investigate the influence of national culture on tax compliance levels across 50 countries. Using Hofstede's (1980) cultural framework as a basis for our hypotheses, we find that a noncompliant country's profile is characterized by high uncertainty avoidance, low individualism, low masculinity, and high power distance. Our results have implications for both research and practice. This is the first study to employ Hofstede's cultural framework as an explanation for international tax compliance diversity and serves as the starting point for the development of an international tax compliance framework. Tax policy implications also are addressed.

**Van der Meulen, Sofie, Ann Gaeremynck, and Marleen Willekens, "Attribute differences between U.S. GAAP and IFRS earnings: An exploratory study," *The International Journal of Accounting* (Volume 42, Issue 2, 2007): 123-142.**

In this study we explore attribute differences between U.S. GAAP and IFRS earnings. Our study is motivated by the ongoing harmonization process in accounting standard setting as well as by recent convergence projects by the FASB and the IASB. We test two market-based earnings attributes, i.e., value relevance and timeliness, as well as two accounting-based earnings attributes, i.e., predictability and accrual quality. These attributes are tested for German New Market firms as they are allowed to choose between IFRS and U.S. GAAP for financial reporting purposes. Overall, we find that U.S. GAAP and IFRS only differ with regard to predictive ability. The fact that U.S. GAAP accounting information outperforms IFRS also holds after controlling for differences in firm characteristics, such as size, leverage and the audit firm. However, our results also seem to suggest that these differences are not fully valued by investors, as we do not observe significant and consistent differences for the value-relevance attribute.

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**Wang, Yuenan, and Amalia Di Iorio, “The cross-sectional relationship between stock returns and domestic and global factors in the Chinese A-share market,” *Review of Quantitative Finance and Accounting* (Volume 29, Issue 2, 2007): 181-203.**

By using an extension of the Fama and MacBeth cross-sectional regression model, this analysis examines the relationship between stock returns and (i) a local beta, (ii) two global betas, and (iii) some firm-specific characteristics in the Chinese A-share market. The results of the analysis suggest that neither the conditional local beta nor the global betas has a significant relationship with stock returns in A-shares. Our findings indicate that firm factors, such as the book-to-market ratio and firm size, are important in explaining stock returns. However, the size effect is sensitive to the specification of the model. Finally, the results of sub-period tests indicate that the A-share market did not become increasingly integrated with either the world stock markets or the Hong Kong stock market over the period 1995-2002.

**Wu, Junjie, Agyenim Boateng, Colin Drury, “An analysis of the adoption, perceived benefits, and expected future emphasis of western management accounting practices in Chinese SOEs and JVs,” *The International Journal of Accounting* (Volume 42, Issue 2, 2007): 171-185.**

This paper considers the adoption, perceived benefits, and expected future emphasis of western management accounting practices in the Chinese emerging market economy based on a sample of 64 joint ventures (JVs) and 115 State Owned Enterprises (SOE) gathered from a questionnaire survey. The study finds that the level of adoption of management accounting practices is most influenced by ownership type of the enterprise (JV or SOE) and to a lesser extent by the nature of the management accounting techniques to be adopted. A further significant finding is that management accounting practices such as budgeting for controlling costs, profit and sales budgeting, and target costing are perceived to be more beneficial for SOEs compared to JVs. However, responsibility accounting which is traditionally associated with SOEs and accounting for decision making is perceived to be less beneficial to SOEs compared with JVs.

**Zhao, Ronald, and Benedicte Millet-Reyes, “Ownership Structure and Accounting Information Content: Evidence from France,” *Journal of International Financial Management & Accounting* (Volume 18, Issue 3, 2007): 223-246.**

This paper investigates how family and bank ownership affect the accounting information content of French firms. In Continental Europe, the existence of block-holders triggers specific corporate governance issues, including the transparency of financial reporting. Our test results for the clean surplus model show that book value carries a significantly greater weight for family-controlled firms. This finding is attributed to their lack of incentive to report timely and relevant earnings to outside (minority) investors. In contrast, bank owners are under more market pressure to achieve earnings persistence through the use of accounting accruals. Bank ownership is also associated with higher levels of debt. These results are consistent with findings that in code law countries, insiders dominate as a source of finance, and financial reporting is aimed at creditor protection.

## *Issues in Accounting Education*

### *Special Issue: Cases in International Accounting*

#### *Note from Guest Editor Gary Meek*

Seventeen cases will appear in this special issue of *Issues in Accounting Education*. They span a variety of topics and placement in the curriculum. Most can be used in more than one course, and several of the cases have a common theme. Five cases deal with issues surrounding GAAP differences, and three cases are about international transfer pricing. The cases are arranged in this issue by their likely use in the curriculum or by their theme. The following is a list of the cases. More information about the cases can be accessed through the International Accounting Section web site. Publication is in the Fall of 2007.

1. International Financial Reporting – Inventory Costing at Exxon and BP (K. Moreland)
2. Besser Pharma: International Accounting for Pensions (M. Geary & D. Street)
3. Megascreeens USA Inc. (S.E.C. Purvis & C. Carlsaw)
4. Identifying and Coping with Balance Sheet Differences: A Comparative Analysis of U.S., Chinese, and French Oil and Gas Firms Using the Statement of Financial Structure (H. Stolowy, Y. Ding & G. Entwistle)
5. The Matrix Format Income Statement: A Case Study about Earnings Management and Reporting Financial Performance (A. Tarca)
6. Svenska Handelsbanken: Controlling a Radically Decentralized Organization without Budgets (T. Libby & R. M. Lindsay)
7. Europe's Enron: Royal Ahold (M. Knapp & C. Knapp)
8. Actions Speak Louder than Words: A Case Study of Mexican Corporate Governance (J. Reisch, L. Austen, & L. Seese)
9. Beijing Biotechnology Company: Financial Reporting Issue of Expansion to the West (B. McConomy & X. Bixia)
10. China Eastern Airlines: People's Republic of China Accounting Standards, International Financial Reporting Standards, or U.S. Generally Accepted Accounting Principles? (J. Haverty)
11. Weak Signal: Evidence of IFRS and U.S. GAAP Convergence from Nokia's 20-F Reconciliations (Y. Yang, S. Lin, & E. Henry)
12. Making the Right Comparisons: Novartis AG (E. Henry & Y. Yang)
13. Financial Reporting Challenges in a Global Regulatory Environment: The Case of SAP (J. Beckman, B. Eierle, & K. Eisenrieder)
14. GlaxoSmithKline Plc.: International Transfer Pricing and Taxation (M. Gujarathi)
15. International Transfer Pricing at Marks Pharmaceuticals: A Tax and Financial Accounting Perspective (T. Noga, B. Wilkinson, and C. Ford)
16. International Transfer Pricing and Intellectual Property: The PrimeCo Case (M. Myring & R. Bloom)
17. International Consulting Income: An Investigation of the Tax Implications of a U.S. Individual Working in Canada (B. Wilkinson & T. Noga)

# Using Practitioner Articles to Integrate International Accounting Topics into Cost and Management Accounting Courses

## By Robert K. Larson, University of Dayton

Rob Larson has served on three panels (Issues in Teaching International Accounting, Different Approaches to Teaching International Accounting and Approaches to Teaching International Accounting) during the last couple years that have talked about ways to integrate international accounting issues into regular accounting courses. This article discusses suggestions for integrating international issues into cost/managerial accounting courses.

Today, relatively few colleges or universities in the US require students to take a separate international accounting course. When those courses are available, managerial accounting is usually either a fairly small part of the course or it is not included at all. However, many studies have shown that college students need to have a strong understanding of the international implications of all accounting topics. One approach to reach more students is to try and integrate international managerial accounting dimensions into existing cost and managerial accounting courses.

This can be accomplished by incorporating practitioner accounting articles into current courses. Practitioner accounting articles have the advantage of usually being fairly short and understandable. The module nature of this approach allows international topics to be inserted where related topics are presented in the regular textbook. For example, during a discussion of Activity Based Costing (ABC), students might read about experiences when ABC was tried in another country. Conversely, several articles could be used together to cover a particular topic, such as German cost accounting.

Practitioner accounting articles are also a low cost option. Most professional accounting bodies allow educators to make free copies of their articles for classroom use. Also, many university libraries today have electronic versions of the articles. Faculty can often have these articles posted to an e-reserve so students can easily access them without having either to search on-line for the articles or purchase copies.

The two best practitioner journals with good managerial and cost accounting articles are *Strategic Finance* and *Management Accounting Quarterly*, which are both published by the Institute of Management Accountants (IMA). Relevant articles can also sometimes be found in the *Journal of Accountancy* (American Institute of Certified Public Accountants).

Articles can be used in different ways. It could be an additional reading assignment. Students could be asked to outline or write an executive summary of an article. In a seminar class, an article could be used as a basis for a student presentation or the focus of an organized discussion.

Below are examples of articles that faculty may want to use. Many recent relevant articles are available. A large number discuss German cost accounting now that the IMA has a major initiative to learn more about those systems. Also included are some articles that are a bit older on topics that are harder to find (ex. management accounting in France). But, the information in many older articles is still quite relevant. These articles should help get you started. Good Luck!

### Overview of International Management Accounting Issues:

- “The Rigorous Business of Budgeting for International Operations,” Ken Milani and Juan Rivera, *Management Accounting Quarterly*, Winter 2004, pp. 38-50.
- Discusses foreign currency exchange rates, translation exposure, transaction exposure, economic exposure, interest rates and the Fisher Effect and the International Fisher

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## **Integrating International Accounting Issues** *(continued from page 50)*

effect, inflation and purchasing power parity, transfer pricing and how these and other factors affect budgeting for international operations.

### International Transfer Pricing:

- “SOX and APAs: A Look at their Compatibility,” Mitch McGhee, *Strategic Finance*, May 2007, pp. 15-16.
- “Advance Pricing Agreements: A Chance for Certainty Amidst Chaos, Part 1,” J. William Harden and Timothy B. Biggart, *Strategic Finance*, September 2004, pp. 12-13.
- “Advance Pricing Agreements: A Chance for Certainty Amidst Chaos, Part 2,” J. William Harden and Timothy B. Biggart, *Strategic Finance*, October 2004, pp. 11-12.
- “Setting the Right Transfer Price,” Stephen Crow and Eugene Sauls, *Management Accounting*, December 1994, pp. 41-47.

Large accounting firms often grant permission for accounting educators and students to print copies for educational purposes of publications found on their websites. Here are a few examples of reports on transfer pricing that are currently available on accounting firms’ websites:

- ➔ PricewaterhouseCoopers, International Transfer Pricing, 2006. Available at: [http://www.pwc.com/extweb/searchresults.nsf/Search/advancedsearch\\_pubs?OpenDocument&ss=olive](http://www.pwc.com/extweb/searchresults.nsf/Search/advancedsearch_pubs?OpenDocument&ss=olive)
- ➔ Ernst & Young, The Essential Guide to Transfer Pricing, 2006. Available at: [http://www.ey.com/global/content.nsf/International/Dynamic\\_Library](http://www.ey.com/global/content.nsf/International/Dynamic_Library)
- ➔ Deloitte, Strategic Matrix for Global Transfer Pricing, 2004. Available at: <http://www.iasplus.com/resource/0406transferpricing.pdf>

### Balanced Scorecard – International Usage:

- “Scorecarding Goes Global: Companies Around the World are Deriving Benefits from Performance Management Tool,” Raef Lawson, W. Stratton, and Toby Hatch, *Strategic Finance*, March 2006, pp. 34-41.

### French Management Accounting:

- "ABC in France." P.-L. Bescos & C. Mendoza. *Management Accounting*, April 1995, pp. 33-41.
- "The Balance Scorecard and Tableau de Bord: Translating Strategy into Action," M. J. Epstein & J.-F. Manzoni. *Management Accounting*, August 1997, pp. 28-36.

### German Management Accounting:

- “Getting Down to Specifics on RCA,” Kip Krumwiede and Augustin Suessmair, *Strategic Finance*, June 2007, pp. 50-55.
- “Merging GPK and ABC on the Road to RCA,” Brian Mackie, *Strategic Finance*, November 2006, pp. 32-39.
- “Cultural Influences on German versus U.S. Management Accounting Practices,” John B. MacArthur, *Management Accounting Quarterly*, Winter 2006, pp. 10-16.

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## **Integrating International Accounting Issues** *(continued from page 51)*

- “Are ABC and RCA Accounting Systems Compatible with Lean Management?” Lawrence P. Grasso, *Management Accounting Quarterly*, Fall 2005, pp. 12-27.
- “Relevance Added: Combining ABC with German Cost Accounting,” G. Friedl, Hans-Ulrich Kupper, and B. Pedell, *Strategic Finance*, June 2005, pp. 56-61.
- “Rewards and Realities of German Cost Accounting,” Kip R. Krumwiede, *Strategic Finance*, April 2005, pp. 26-34.
- "Lessons from German Cost Accounting," P. A. Sharman, *Strategic Finance*, December 2004, pp. 28-35.
- “Bring on German Cost Accounting," P. A. Sharman, *Strategic Finance*, December 2003, pp. 30-38.

### Japanese Management Accounting:

- "Implementing ABM with Hoshin Management," T. Asada, Jack C. Bailes, K. Suzuki. *Management Accounting Quarterly*, Winter 2000, pp. 6-11.
- "Management Accounting (and Other) Lessons from the Japanese," R. A. Howell & M. Sakurai. *Management Accounting*, December 1992, pp. 28-34.

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The International Association for Accounting Education and Research (IAAER) and Association of Chartered Certified Accountants (ACCA) are pleased to invite research proposals to support the work of the International Accounting Education Standards Board (IAESB). The program supports scholarly research directed at the IAESB's standard setting activities. Up to five research grants of US\$25,000 each will be awarded under this program. Funded projects will be showcased at events involving representatives from the IAESB, as well as renowned accounting education researchers. Funding for this program has been provided by ACCA. The deadline for proposal submissions is March 31, 2008.

For more information, please visit: <http://www.iaaer.org/?page=IAAER/ACCA/IAESB%20Grant%20Program>



**American Accounting Association International Accounting Section**  
**Call for Papers for**  
***The Journal of International Accounting Research***

**Editor:**

Kenneth Ferris, Claremont Graduate University



***Editor Kenneth Ferris***

**Editorial Policy**

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**

1. Manuscripts currently under consideration by another journal or other publisher should not be submitted. At the time of submission, the author must state that the work is not submitted or published elsewhere.
2. To expedite the process, an electronic submission and review process is preferred. To preserve anonymity, it is advised that the cover page and the remainder of the document be placed 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. The cover page, manuscript, and, if applicable, the instrument should be emailed as attached files to Kenneth Ferris, Editor, at: [Kenneth.ferris@cgu.edu](mailto:Kenneth.ferris@cgu.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>. Alternatively, (although this is not encouraged) the submission fee also may be paid by check to the American Accounting Association, and mailed to Kenneth Ferris, Editor, *Journal of International Accounting Research*, Peter F. Drucker & Masatoshi Ito Graduate School of Management, Claremont Graduate University, 1021 N. Dartmouth Avenue, Claremont, CA 91711.
3. If electing to submit hard copies, one copy of the manuscript should be mailed to Kenneth Ferris at the address above. In the case of manuscripts reporting on field surveys or experiments, one copy 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.
5. Manuscript preparation and style can be found on the section website at <http://aaahq.org/international/index.html>.

**14th Annual Mid-Year Conference and 4th Annual Doctoral/New Faculty Consortium of  
the International Accounting Section of the American Accounting Association  
in collaboration with the  
International Association for Accounting Education and Research and  
San Diego State University's School of Accountancy, and  
Center for International Business Education and Research (SDSU CIBER)  
February 7 – 9, 2008, San Diego, California  
\*Funding Provided by the KPMG Foundation\***

## **Conference Schedule**

The conference will begin Thursday afternoon, February 7, with a CPE workshop and early bird reception. The IFRS CPE workshop featuring Mary Tokar and Paul Munter of KPMG is being planned for Thursday afternoon at 3:00 p.m. preceding the opening reception. The conference will continue with plenary sessions, panels, concurrent sessions, poster sessions and other events through Saturday afternoon. A dessert reception will be held on Friday night and a closing reception will be held on Saturday evening. The 4<sup>th</sup> Annual Doctoral Student/New Faculty Consortium will be held on Thursday, February 7 with an opening reception/dinner on Wednesday evening, February 6. Eligible doctoral students will have all meeting fees waived and hotel costs, for two nights, paid (double accommodation). New Faculty will have similar benefits but must pay the midyear registration fee. Single accommodations will be available. For further details, contact: Professor Carolyn M. Callahan (E-mail: [ccallahan@walton.uark.edu](mailto:ccallahan@walton.uark.edu))

## **Registration Information**

Participants will be able to register for the Conference through the American Accounting Associations website. The registration fee for the midyear meeting is \$175 and the CPE fee is \$25. More details on registration will be available soon.

## **Hotel Information**

Horton Grand Hotel  
Three-Eleven Island Avenue  
San Diego, California 92101  
Tel: (619) 544-1886 or (800) 542-1886

Located in the Gaslamp Quarter of downtown San Diego, The Horton Grand Hotel is a full-service historical Victorian era hotel comprised of 132 unique, beautifully appointed guest rooms including 24 suites. The Horton Grand Hotel is centrally located near world-class shopping in Horton Plaza, diverse restaurants and nightclubs in the Gaslamp and beautiful Seaport Village. The San Diego Tour Trolley stops at the front door for transportation and sightseeing to most of San Diego's major attractions. Horse drawn carriages are also available at the front door for an authentic tour of the charming Gaslamp Quarter. In the Gaslamp, you'll find a truly eclectic blend of food, fun, and culture--all within one of San Diego's most historic areas. Stroll past the district's other grand, historic buildings restored to their original character.

Conference Rate: A limited number of rooms have been reserved at the conference rate of \$179/night per traditional room, and \$239 per studio suite. This rate is available until Friday, January 04, 2008. The following telephone numbers may be used when making reservations (619) 544-1886 or (800) 542-1886. When calling, please identify your affiliation with the American Accounting Association. Note we cannot guarantee that any additional rooms will be available in the hotel once our block of rooms is sold out, even if the block is sold out before the cut off date. You should make your reservations as early as possible to ensure availability.

# **Fifth Annual JIBS Paper Development Workshop**

## **Academy of International Business Annual Meetings, Milan, Italy**

### **Monday, June 30, 2008**

The Fifth Annual JIBS Paper Development Workshop (PDW) will be held in Milan, Italy, from 7:30 am to 1:00 pm on Monday, June 30, 2008, as part of the pre-conference program for the AIB annual meetings. The PDW organizer is Laszlo Tihanyi (Texas A&M). The Workshop is being sponsored by the Texas A&M and South Carolina CIBERs and the Academy of International Business.

The purpose of the workshop is to provide participants with detailed feedback on their work prior to submission to the *Journal of International Business Studies* (JIBS) and other journals that publish high-quality international business research. Almost 40 JIBS editors and members of the Consulting Editors Board (CEB) and Editorial Review Board (ERB) have already agreed to participate -- the largest group of JIBS editors ever assembled for a Paper Development Workshop.

We are inviting original papers from junior faculty members who have not previously published in JIBS. While papers from advanced doctoral students are also welcome, the workshop is primarily designed for junior faculty. In particular, we hope to attract papers from junior scholars who are:

- \* Located in universities in emerging/transition economies, or in universities that offer limited support for international research, or where international business studies has limited support; or
- \* Trained in other disciplines (e.g., political science, organizational behavior), but would like to reorient themselves so they can conduct and publish international business research.

Because of the location of the 2008 AIB Meeting, we particularly want to attract submissions from scholars in the European Union and surrounding countries that are underrepresented in JIBS and AIB.

The PDW will be structured to provide feedback to authors of two types of papers: Advanced Papers and Paper Ideas. The program will start at 7:30 am with an introductory session for everyone led by the JIBS editorial team (<http://www.palgrave-journals.com/jibs/editors/editors.html#eden-1>). The participants will then split into two groups. Authors of Advanced Papers will be paired with ERB and CEB guest editors for two rounds of one-on-one discussions where the guest editor will provide the author with comments on improving his/her paper. At the same time, authors with Paper Ideas will attend a panel led by JIBS editors on successful publication strategies. After a break, all participants will split into multiple small-group sessions consisting of JIBS editors, guest editors and authors. In each session, authors of Paper Ideas will each briefly present their idea and receive feedback from their group. The workshop will conclude with a wrap-up session for everyone, led by the JIBS editors, and followed by a lunch for all the participants. The PDW will conclude at 1 p.m.

We expect to include 30 Advanced Papers and 20 Paper Ideas in the workshop. Both types of papers should be submitted electronically to Deanna Johnston, JIBS Editorial Assistant ([jibsae@mays.tamu.edu](mailto:jibsae@mays.tamu.edu) <<mailto:JIBSAE@jibs.net>> ) with "PDW submission" in the subject line. The deadline for submissions is January 15, 2008. Advanced Papers must be less than 10,000 words in length, and follow the JIBS Style Guide ([http://www.palgrave-journals.com/jibs/style\\_guide.html](http://www.palgrave-journals.com/jibs/style_guide.html)). Please include three keywords that best describe your paper. Paper Ideas should be about two pages in length and include a theoretical framework, propositions and proposed research design. Participants will be notified about the acceptance of their submission no later than March 1, 2008. Authors will need to confirm their participation and submit final papers by March 31, 2008. All papers will be posted online for downloading no later than three weeks before the PDW.

Please note:

- \* The JIBS PDW is not open to registrants for other pre-conference AIB programs running simultaneously with the workshop, including the AIB Doctoral and Junior Faculty Consortia. This restriction applies to both authors and guest editors.
- All participants must be present for the whole PDW (7:30 am-1:00 pm) on Monday June 30. If you are flying from North America, you will need to leave June 28 in order to arrive in Milan on June 29 so you can attend the Workshop on June 30. Please make your hotel accommodations and flight arrangements with these dates in mind.

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## JIBS Paper Development Workshop *(continued from page 55)*

\* Because the PDW ends at 1:00 pm, participants will have the afternoon open for other activities (sightseeing, meeting with co-authors). The regular AIB conference activities begin late afternoon. We believe the Fifth Annual JIBS Paper Development Workshop will provide intensive and useful feedback for authors, and facilitate networking between authors and the JIBS editors and guest editors. We hope to see you there!

Please address any questions to:

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### **Announcement and Call for Papers – Brazilian Business Review**

Brazilian Business Review (BBR) is the leading South American Accounting and Finance Journal. It's an online journal published quarterly in English and Portuguese. All instructions for submission are available on the website – [www.bbronline.com.br](http://www.bbronline.com.br). The papers published in the last edition are:

#### **Accounting based valuation formulae**

*James A. Ohlson and Alexsandro Broedel Lopes*

#### **Analysts' Optimism and Selection Bias**

*Antonio Lopo Martinez*

#### **Conceptual Analysis of Comprehensive Income and Operating Income: evidence in the Brazilian Financial Sector**

*Antonio Carlos Coelho*

*Luiz Nelson Carvalho*

#### **Regulation of Pension Fund Credit Risk: Lessons from the Banking Sector**

*Pedro Americo Herbst*

*Antonio Marcos Duarte Júnior*

#### **The Influence of Positive Accounting in Postgraduate Programs in Accounting: a bibliometric analysis of Brazilian academic production from 2002 through 2005**

*Ricardo Lopes Cardoso*

*José Carlos T. Oyadomari*

*Octavio Ribeiro de Mendonça Neto*

The Editorial Board is composed of distinguished academics such as Greg Miller (Harvard), Ryan LaFond (MIT), Armando Gomes (Washington University) and others. BBR is committed to publish high quality accounting and finance research, and papers are welcomed in all areas of accounting and finance.

Alexsandro Broedel Lopes, Editor

## AAA GIFT MEMBERSHIP

Almost half the American Accounting Association's International Accounting Section's (IAS) members live outside the United States, representing 60 countries. The IAS administers the Gift Membership Program to provide sponsored gift AAA memberships to department chairs in universities outside the United States to be selected by the IAS's International Relations Committee or by individual contributors. The gift membership provides accounting departments at these universities with AAA and IAS Section membership, including much-needed access to *The Accounting Review*, *Accounting Horizons*, *Issues in Accounting Education*, *Accounting Education News*, and *Journal of International Accounting Research*.

The Gift Membership Program is funded entirely by contributions from AAA members. We urge all AAA members to contribute, including those who are not [yet] IAS members. Individuals contributing US\$200 or more may designate a specific non-US university, with which they are not affiliated, as the beneficiary of their contribution.

Mail your tax-deductible contributions to the American Accounting Association, 5717 Bessie Drive, Sarasota, FL 34233-2399. Checks should be made payable to the American Accounting Association. If you choose to pay by credit card, you may mail a signed photocopy of this page to the American Accounting Association or fax a signed photocopy to (941) 923-4093.

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