



NEWSLETTER No. 115 [November 2019]

The FORUM, Newsletter of the International Accounting Section
Special Issue on 2019 IASB JIAR Research Forum

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President's Letter – Special Issue on 2019 IASB JIAR Research Forum



President's Letter – Special Issue on 2019 IASB JIAR Research Forum

Dear Fellow Section Members,

In late October, the IASB JIAR Research Forum was held at the KPMG conference center Short Hills, NJ. The Research Forum was conceived by the International Accounting Standards Board which has partnered with various organizations and journals in previous years. The organization of this year's conference was headed by Ann Tarca, a board member of the International Accounting Standards Board, and Joanna Ho, Senior Editor of the *Journal of International Accounting Research*. Thanks go to KPMG for supporting the conference.

The two-day Research Forum brought together academics, standard setters, and practitioners. The format provided an excellent opportunity for an exchange of ideas with the aim to contribute to the AAA's focus on greater research relevance. The agenda included four paper presentations and discussions, one panel, and two case studies. The main focus of this special issue of the International Accounting Section's Newsletter, the *Forum*, is to provide a summary report about this excellent conference.

Looking ahead, our Section's most important event of the year is the 2020 Midyear Meeting, to be held January 23-25, 2020, in Orlando Florida. I look forward to seeing many of you in Orlando!

Best regards,

Elaine

Elaine Henry, Ph.D., CFA
President, AAA International Accounting Section
Associate Professor
Stevens Institute of Technology, School of Business

2019 IASB JIAR Research Forum

The agenda of the Research Forum included presentations and discussions of academic papers, one panel, and two case studies. Additional information about the Research Forum contents can be found on the IASB website at <https://www.ifrs.org/news-and-events/2019/iasb-research-forum-2019/>

Also of interest is the site's Resources for Academics at <https://www.ifrs.org/academics/>.

2019 IASB JIAR Research Forum – Academic Papers

The four papers presented at the Research Forum were selected by the Editors of the *Journal of Accounting Research*. For each paper, an author's presentation was followed by two discussants' presentations: an academic discussant and a standard-setter discussant.

The papers came from a variety of countries and used a wide variety of methodologies – experimental, surveys, interviews and archival.

Paper 1 – *Standard Precision and Aggressive Financial Reporting: The Influence of Incentive Horizon* by Hunter, Rose, Tariquzzaman, and Thibodeau. Presented by Kara Hunter (Fairfield University School of Business).

The idea for this paper arose when the presenter encountered a research paper with findings contrary to her personal experience while working as an auditor. Prior research has shown that more precise accounting standards lead to more income-increasing earnings management. This paper's evidence suggests that relationship between standard's precision and earnings management depends on the time horizon of management's incentives.

Specifically, when the incentive horizon is short-term, the paper finds that more precise standards lead to more income-increasing earnings management, which is consistent with prior literature. In contrast, when the incentive horizon is long-term, the paper finds that more precise standards are associated with current income-reducing reporting decisions.

The academic discussant for the paper was Patrick Hopkins (Indiana University), and the standard-setter discussant was Christine Botosan, FASB Board Member.

Paper 2 – *Real Effects of Intangibles Capitalization: Empirical Evidence from Voluntary IFRS adoption in Japan* by Amano. Presented by Yoshiaki Amano (Kyoto University).

This paper examines the goodwill and intangible assets of 40 Japanese companies around the time of voluntary IFRS Standards adoption. The paper was motivated by the differences between Japanese GAAP and IFRS Standards. For example, Japanese GAAP

required goodwill amortization over 20 years, while IFRS Standards do not incorporate goodwill amortization.

The academic discussant was Hollis Skaife (University of California, Davis), and the standard-setter discussant was Linda Mezon, Chair of the Accounting Standards Board (AcSB), Canada.

Paper 3 – Mandatory IFRS and Corporate Governance in Peruvian Corporations by Tanaka. Presented by Gustavo Tanaka (Kyoto University of Foreign Studies).

This paper analyzes aspects of accounting quality and corporate governance before and after the mandatory implementation of IFRS Standards in Peru.

The academic discussant was Joanna Ho (University of California, Irvine), and the standard-setter discussant was Ann Tarca, IASB board member.

Paper 4– The Impact of IFRS 10 on Consolidated Financial Reporting by Bugeja, Loyeung and Ma. Presented by Martin Bugeja (University of Technology, Sydney).

The paper examines the impact of IFRS 10 using data on Australian firms. Specifically, the paper examines the number of subsidiaries that were included in consolidated financial statements pre- and post-adoption.

The academic discussant was Katherine Schipper (Duke University), and the standard-setter discussant was Tom Scott, IASB board member.

2019 IASB JIAR Research Forum – Panel Discussion and Case Studies

The Research Forum included one panel discussion and two case studies.

Panel Discussion—Would the reintroduction of goodwill amortisation be beneficial? The panel was moderated by Katherine Schipper (Duke University), and the Panelists were Mary Barth, Patrick Hopkins, Kristen Lecomte, and Janet Pegg.

The topic addressed by this panel relates to the IASB’s current investigation of possible improvements to accounting for goodwill (announced following the July 2019 board meeting). In particular, the Board will consider reintroducing amortization of goodwill, which was abolished with the adoption of IFRS 3 in 2004. A discussion paper on the topic is expected in February 2020. Refer to <https://www.ifrs.org/projects/work-plan/goodwill-and-impairment/>

Case Study 1—Goodwill: Improving disclosures about the performance of business acquisitions

IASB representatives described staff proposals regarding changes to requirements of IFRS 3 *Business Combinations* in relation to disclosures about acquisitions. Refer to <https://www.ifrs.org/-/media/feature/events-and-conferences/2019/2019-research-forum/ap18a-goodwill-and-impairment.pdf?la=en>

Attendees were then provided with a case study describing a fictitious acquisition and providing information about the acquirer’s disclosures at the time the acquisition was announced, disclosures at the first yearend following the acquisition, and disclosures at the second yearend following the acquisition. Working in breakout groups, participants discussed application of present disclosure requirements to the case setting and explored the potential usefulness of proposed changes in disclosure requirements.

Case Study 2—Primary Financial Statements

IASB representatives gave an overview of the proposals in the forthcoming exposure draft from the primary financial statements project, which attendees then discussed in breakout groups. Within the breakout groups, participants elected to discuss one or more of eight individual aspects of the exposure draft. For example, one proposal in the exposure draft is that all entities should present subtotals for operating profit or loss, and profit or loss before financing and income tax. Another proposal in the exposure draft introduces disclosures on Management Performance Measures. Refer to: <https://www.ifrs.org/projects/work-plan/primary-financial-statements/> For each aspect, participants expressed whether they agreed or disagreed with the proposal in the exposure draft, referring to practitioner experience and relevant academic research.

At the conclusion of the breakout group sessions, the leaders of each breakout group presented a summary of their group’s discussion to the overall Forum.

2019 IASB JIAR Research Forum – Photos



From left:
Anne McGeachin technical staff,
IASB;
Rebecca Villmann, research director,
Canadian Accounting Standards
Board;
Paul Munter (retired) partner KPMG,
accounting professor at University of
Colorado, Boulder



From left:
Anne McGeachin, technical staff
IASB;
Ann Tarca, IASB member;
Mary Tokar, IASB member



From left:
Pat Hopkins, Professor, Indiana University;
Janet Pegg, research analyst at Zion Research Group;
Kris Lecomte, Cognizant;
Mary Barth, Professor Emerita, Stanford University, and member of FAF Board of Trustees



From left:
Joanna Ho, Senior Editor of JIAR;
Ann Tarca, IASB member

Upcoming Events of the International Accounting Section

AAA International Accounting Section.

The 2020 Joint Midyear Meeting of the AIS, SET and International Sections in Orlando, Florida, January 23-25, 2020

The IAS Midyear Meeting will be held jointly with the Accounting Information Systems Section and Strategic and Emerging Technologies Section in Orlando, Florida at the Rosen Center on January 23-25, 2020. The early bird registration discount deadline is Monday, December 23, 2019. The registration deadline is January 8, 2020. Further information about the meeting is available at <https://aaahq.org/Meetings/2020/AIS-SET-International-Joint-Midyear-Meeting>.

The 8th Annual Conference of Journal of International Accounting Research (JIAR) in Taipei, Taiwan, June 24-27, 2020

The conference will take place in National Taiwan University. Keynote speakers are Professor Charles Lee of Stanford University and Mr. Stanley Shih, founder of Acer Inc. Participants are invited to a gala dinner on June 25 and an all-day cultural visit on June 27.

Innovative and high-quality accounting research related to all areas is welcome. The deadline to **submit a paper is January 31, 2020**. Notification of paper acceptance will be **March 31, 2020**. Early registration will begin **May 10, 2020**. Papers can be submitted for consideration in one of the two tracks: Plenary Session submissions or Concurrent Session submissions.

Plenary Session Submission: Please follow the regular submission procedure for *Journal of International Accounting Research* outlined at: <http://aaahq.org/Research/Journals/Section-Journal-Home-Pages/Journal-of-International-Accounting-Research>. The regular submission fee of \$250 will be waived. When submitting, please indicate whether you wish to have your paper be considered for presentation at the concurrent sessions if it is not selected for the plenary sessions. Accepted Plenary Session papers will be published in the *Journal of International Accounting Research* (conditional on satisfactory responses to reviewers' and discussant's comments). The conference will pay for airfare and three nights' stay in the conference hotel (up to \$1,400 US in total) for one presenter; additionally, the conference registration fee will be waived for the presenter.

Concurrent Session Submission: Papers submitted to the Concurrent Sessions will be considered for presentation at the conference, but not for publication in the *Journal of International Accounting Research*. Submissions should be directed via email to taa2019@mail.acc.ntu.edu.tw

Doctoral Consortium (June 24, 2020): Doctoral students can apply by sending Prof. Shuen-Zen Liu (szliu@ntu.edu.tw) a curriculum vitae, a bio, and a brief statement indicating why they would like to attend the consortium. The deadline for **application is January 31, 2020**. A number of PhD students' travel will be partially supported.

Please direct questions to taa2019@mail.acc.ntu.edu.tw or contact C.S. Agnes Cheng (co-chair), Shuen-Zen Liu (co-chair), Steve Lin, or Linda Myers (doctoral consortium coordinator).