



President's Message

Greetings to all International Accounting Section Members,

As my term of office nears its conclusion, I believe that the Section is in a solid position and that it is poised to move ahead strongly. In my final letter, I discuss the importance today of international accounting, current Section activities, the upcoming Orlando conference, and other future Section activities.

Now is a significant time for international accounting issues. The International Accounting Standards Board (IASB) and its International Financial Reporting Standards (IFRS) are the focus of tremendous attention around the world. Indeed, the constitutional review occurring at the IASB deserves our attention and input (see editorial in Volume 3 of *JIA*). However, now is also an important time for issues in many other international accounting areas, such as tax, auditing, education, ethics, systems, and managerial.

For example, the International Federation of Accountants (IFAC) is busy working on international auditing, education, and ethics issues. What should



Robert Larson

international auditing standards be? What should international accounting education standards be? What should international accounting ethics standards be? Section members should be participating in the deliberation process, including the writing of comment letters.

The European Union (EU) is grappling with ten new members, the adoption of IFRS for the consolidated accounts of listed companies, and how to enforce compliance with IFRS. What is the best way to enforce compliance with IFRS in the EU and elsewhere?

Transparency International (TI) reports that corruption is still a major problem in much of the world. How should accounting professionals be involved? Are accountants part of the solution, or the problem (as seen in many high profile cases from around the world)? What can we do to help deal with this problem?

As Section members, we have expertise in these areas. We need to use these abilities as we teach, research, and perform service in our respective countries. We have the opportunity to make a meaningful difference during this transitional time when international standards are being established and refined in so many areas.

Regional Conferences. Gary Braun and the regional coordinators worked hard to make sure that the Section was well represented at the AAA regional meetings. A total of 25 papers and 5 panels on international topics were presented at the regional meetings. I was able to meet many Section members when I attended the Ohio and Southeast regional meetings. The international accounting teaching panel at the Southeast regional meeting drew a very large crowd. We all need to thank Gary and the regional coordinators, Heibatollah Sami, Mehmet Kocakulah, Victoria Shoaf, Mike Chatham, Larry Seese, Stephen Owusu-Ansah, and Paul Herz.

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

The Orlando Conference. Cheryl Linthicum and the Annual Program Committee have done a great job preparing for the Annual AAA meeting in Orlando. This year 87 papers were submitted to our Section for review, and 27 will be presented in 10 concurrent sessions. We have a truly outstanding panel scheduled, with panelists Mary Barth [IASB], D. J. Gannon [Deloitte], Ian Hague [CICA], Sara York Kenny [World Bank/IFC], Paul Munter [KPMG], and Scott Taub [SEC].

Tom Jones, an IASB board member, will be our luncheon speaker on Monday at noon. At the luncheon, we will also announce the winners of the Outstanding IAS Dissertation Award, the Outstanding IAS Educator Award, and the Outstanding IAS Service Award. The awards will be presented by the committee chairs, respectively, Wayne Thomas, Tim Sale, and Mark Myring.

Two international accounting CPE sessions are scheduled on Sunday. Fred Choi will be offering his all day "Seminar on International Accounting." In the afternoon, Paul Pacter [Deloitte] and Mary Barth [IASB] will present "Update on IASB Activity and U.S. GAAP Convergence."

The general Section business meeting is scheduled for Monday at 2:00 PM. We will hear reports from the officers and committee chairs, vote on the slate submitted by the nominations committee, and vote on a couple bylaw changes.

Put it all together, and it looks like a great IAS program in Orlando.

The Present Working for the Future. We have so many people in the Section. I would like to thank all the hard working volunteers of the Section that have helped us to move forward. While I cannot mention everyone, I do want to highlight a few areas.

International Relations. Hector Perera has worked this year with the international relations committee and the Section's country directors on several issues. As non-US residents account for almost one-half of the Section's membership, it is extremely important that we include them in the on-going operations of the Section.

Membership. AAA membership has dropped, as has membership in most Sections, including ours. Nancy Nichols and her committee worked on this issue. They obtained a list of people that had dropped their Section membership during the last two years and invited them to rejoin. They also identified non-members that presented papers at the Mid-Year Conference and invited them to join the Section. Finally, they revised the membership brochure.

Declining membership is affecting the Section's budget. One major cost saving initiative was the discontinuance of sending hard copies of the *Forum* to all members. However, national AAA has indicated that they will be charging Sections and regions more realistic prices for services they provide in the future. For example,

national AAA now reduces our revenues from dues and registration fees by the amount of money lost when credit cards are used.

Forum. Jeannie Harrington deserves special thanks as *Forum* editor. Jeannie works extremely hard to make sure that the *Forum* is a quality product. As national AAA no longer desires much involvement with Section newsletters, Jeannie is learning how to publish the *Forum* herself. She also managed the transition from a hard copy newsletter to a newsletter that almost all members now access via our website.

Website. I also want to thank Tim Sale and David Senteney for all their work on our website. Tim has done an excellent job keeping our website up-to-date with the latest information. We appreciate the many years of service that Tim has given to the Section in this area. The new website should be up and running sometime this Summer.

Journal. I again want to thank Bruce Behn and Lynn Rees for all their work as *JJAR* co-editors for 2003-2004. I also want to thank the University of Tennessee - Knoxville for its generous support of the journal's operations during this past year. The third issue of *JJAR* was published in Winter 2004, and three papers have already been accepted for the fourth issue.

We welcome Lee Radebaugh as the next *JJAR* editor. Dr. Radebaugh's three year term begins on July 1, 2004. We also appreciate Brigham Young University's generous commitment of support for the journal for the next three years.

Mid-Year Conference. Our 2004 Mid-Year Conference in San Diego was great. Bruce Behn has assembled a team, including Wayne Thomas and Joe Godwin, to host another great conference in 2005. The Call for Papers for the 2005 Conference in San Antonio is published in this issue of the *Forum*. It will be held February 3rd - 5th.

Doctoral/New Faculty Consortium. Bruce Behn had an idea, took the initiative, led the charge and will soon be hosting the Section's first Doctoral/New Faculty Consortium. It will immediately precede our 2005 Mid-Year Conference. This is a wonderful opportunity to help our new colleagues. Bruce has already lined up several excellent speakers. I also want to thank KPMG for agreeing to sponsor both our 2005 Mid-Year Conference and the Doctoral/New Faculty Consortium.

Incoming President. Our incoming Section President, Bruce Behn, has been busy lining up his team for next year. Bruce is already working very hard. I am extremely confident that he and his team are positioned to advance our Section on many fronts. Bruce has many great ideas that should strengthen the Section.

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SECTION MEMBERS IN THE NEWS AND ON THE MOVE

MARY BARTH - Mary Barth has been reappointed to another 5 year term as an IASB Board Member. Her second term will end on June 30, 2009.

MIKE CHATHAM - Mike has moved to Virginia, where he has accepted a position at Radford University.

DON HERRMANN - Don has moved to Waco, Texas, where he has accepted a position at Baylor University.

PAUL HERZ - Paul has moved to Durango, Colorado, where he has started a position at Fort Lewis College.

SARA YORK KENNY - Sara is a user group member of an informal IASB advisory group examining SME accounting (accounting and financial reporting by small and medium-sized entities).

THOMAS "MITCH" MCGHEE - Last Fall, Mitch began his new position at the University of Texas at Tyler.

FREDERICK (RICK) NISWANDER - On July 1, Rick became Dean of the College of Business at East Carolina University.

KINGSLEY OLIBE - Last Fall, he began his new position at Texas A&M University - Commerce.

SRIDHAR "SRI" RAMAMOORTI - Sri is now with Ernst & Young LLP in Chicago.

SHAHROKH SAUDAGARAN - Starting July 1, 2004, Shahrokh will head the Milgard School of Business at the Tacoma branch of the University of Washington.

DONNA STREET - Donna will be installed as President of Beta Alpha Psi in August. In June, Donna spoke on behalf of the IAAER at the IASB's IASCF Constitution Review public hearing in New York City.

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

Farewell, but not Goodbye. In conclusion, I would like to thank the Section for allowing me the privilege to serve as President of the International Accounting Section. I have had the support and assistance of a wonderful Executive Board. I have also had the honor to work with an amazing number of Section volunteers. I look forward to seeing many of you in Orlando and to serving the Section in the coming years.

International Accounting Section

Forum Deadlines, Suggestions, Comments for 2004/05

Fall 2004 Issue - September 1, 2004

Spring 2005 Issue – January 15, 2005

Summer 2005 Issue - May 31, 2005

As the exclusive publisher of the *Forum* on the website, this allows us the opportunity and freedom to try some different ideas. 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 format file as an attachment. Submit to Jeannie Harrington at jharrington@mtsu.edu. If sending materials please send to:

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Preliminary Schedule of Activities
INTERNATIONAL ACCOUNTING SECTION
AAA ANNUAL MEETING
ORLANDO, FLORIDA – AUGUST 8-11, 2004

Sunday, August 8

CPE Session 10: 8:30 a.m. – 4:30 p.m.
Seminar on International Accounting
Presenter: Frederick D. S. Choi, New York University

CPE Session 25: 1:00 p.m. – 4:00 p.m.
Update on IASB Activity and U.S. GAAP Convergence
Presenters: Paul Pacter, International Accounting Standards Board
Mary Barth, International Accounting Standards Board Member

Monday, August 9

10:30 AM-12:00 NOON

1.6 International Accounting: Transfer Pricing and Performance Evaluation
Moderator: Kathy Otero, The University of Texas at El Paso
Global Transfer Pricing strategies of intangible assets, E-Commerce, and international taxation of multinationals
Wagdy M. Abdallah, Seton Hall University
An Evaluation of Balanced Scorecard in Valuation: the Case of Exchange Ratio in the M&A in the Financial Industry of Taiwan
Wanncherng Wang, National Cheng Kung University
Discussant: Amy Lau, The University of Hong Kong

12:00 NOON – 1:45 PM

International Accounting Section Business Luncheon (Ticket required)

Speaker: Tom Jones, IASB Member

2:00 PM – 3:30 PM

International Accounting Section Business Meeting

4:00 PM-5:30 PM

3.10 International Financial Reporting Standards IFRS/IASB Update
Moderator: Cheryl Linthicum, The University of Texas at San Antonio
Panelists: Mary Barth, International Accounting Standards Board
D. J. Gannon, Deloitte & Touche
Sara York Kenny, International Finance Corporation (The World Bank)
Paul Munter, Former SEC Fellow, KPMG
Ian Hague, Accounting Standards Board, Canada
Scott Taub, Securities and Exchange Commission

Tuesday, August 10

10:30 AM – 12:00 NOON

4.10 Audit Quality: International Studies
Moderator: Ian Hague, Accounting Standards Board - Canada
Do Auditing Standards Improve the Information Environment of Public Companies? Evidence from an Emerging Market
Heibatollah Sami, Temple University; Haiyan Zhou, The University of Texas - Pan American

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 4)

Discussant: *Government Interference, Ownership, and Demand for Audit Quality in China*
Jason Zezhong Xiao, Cardiff University; Henry He Yang, Renmin University of China
Tony Kang, McGill University

2:00 PM – 3:30 PM

5.9 International Accounting: Properties of Earnings

Moderator: Teresa Conover, University of North Texas
The Threat of Private Litigation and the Predictive Ability of Reported Earnings for Future Cash Flows: International Evidence
Inder K. Khurana, University of Missouri-Columbia; K. K. Raman, University of North Texas;
Dechun Wang, University of Nebraska-Lincoln

Discussant: Gary M. Entwistle, University of Saskatchewan
Valuation Properties of Earnings, Book Value, and Residual Income: The Case of Four Southeast Asian Countries
Kriengkrai Boonlert-U-Thai, Oklahoma State University/Chulalongkorn University (Thailand);
Gary Meek, Oklahoma State University; Shahrokh Saudagaran, University of Washington,
Tacoma

Discussant: Thomas Lin, University of Southern California
A Comparative Analysis of the Distribution of Earnings Relative to Targets in the European Union
Holger Daske, J.W. Goethe-Universität Frankfurt am Main; Günther Gebhardt, J.W. Goethe-Universität Frankfurt am Main; Stuart McLeay, University of Wales, Bangor

Discussant: Thomas Lin, University of Southern California

5.10 Financial Reporting Issues: Asian Perspectives

Moderator: Juan Sanchez, The University of Texas at San Antonio
The Asian Financial Crisis and Accounting Conservatism: Some Hong Kong Audit Pricing Evidence
Ferdinand A Gul, City University of Hong Kong; Bin Srinidhi, City University of Hong Kong;
Tony Shieh, City University of Hong Kong
Impact of Corporate Governance Structure and Family Dominance of Corporate Board on Earnings Management of Hong Kong Firms
Bikki Jaggi, Rutgers University; Sidney Leung, City University of Hong Kong
Transparency and Corporate Governance in Malaysia Before and After the Asian Financial Crisis
Tam Pham, University of New South Wales; Richard D. Morris, University of New South Wales;
Sidney J. Gray, University of Sydney, Australia

Discussant: Huai Zhang, University of Hong Kong

4:00 PM – 5:30 PM

6.9 International Accounting: Securities Regulation and 20-F Filings

Moderator: Linda Kidwell, Niagara University and Charles Sturt University
The First Form 20-F Filing and Stock Price Performance
Haihong He, University of Connecticut; Karen Teitel, University of Connecticut
Trading Volume Reaction to the Earnings Reconciliation of Form 20-F from IAS to U.S. GAAP
Huajing Chen, Temple University; Heibatollah Sami, Temple University

Discussant: John Hepp, University of Wisconsin Madison

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 5)

Wednesday, August 11

10:15 AM – 11:45 AM

7.14 Earnings Management: International Studies

- Moderator: Maria Leach-López, Auburn University Montgomery
The Effect of Earnings Management on the Asymmetric Timeliness of Earnings
Juan Manuel Garcia Lara, Lancaster University; Araceli Mora, Universidad de Valencia; Beatriz Garcia, Lancaster University
- Discussant: Ya-Wen Yang, University of Miami
Earnings Management by Canadian Firms Preceding Cross Listing in U.S. Stock Exchanges
Andreas Charitou, University of Cyprus; Christodoulos Louca, University of Cyprus
- Discussant: Joelle Le Vourc'h, ESCP-EAP
Earnings Management and Tunneling through Related Party Transactions: Evidence from Chinese Corporate Groups
Ming Jian, Nanyang Technological University; T J Wong, Hong Kong University of Science and Technology
- Discussant: Joelle Le Vourc'h, ESCP-EAP

Research Forum Papers:

- Table 28: *On the Association between IPO Anomalies and Regulatory Reforms for Management Forecasts – An Empirical Study in Taiwan*
Chen-Lung Chin, National Chen-Chi University; Hsiou-wei William Lin
Quality, Acceptability, and Enforceability of Accounting Standards and the Value Relevance of Accounting Earnings
Etty R. Wulandari, Nanyang Business School; A. R. Rahman, Nanyang Business School
The Impact of Corporate Governance and Financial Analysts on Accounting Valuation: Evidence from China
Ran R. Barniv, Kent State University; Yan Bao, Frostburg State University
The Impact of Firms' Origin On the Choice to Report Under IFRS
Mari Paananen, Berry College
- Table 29: *Auditors' Responsibilities for Detecting Frauds: An Analysis of the CSRC Enforcement Actions in China*
Michael Firth, The Hong Kong Polytechnic University; Phyllis L. L. Mo, The Hong Kong Polytechnic University; Raymond M. K. Wong, The Hong Kong Polytechnic University
The Effect of Gender on the Ethical Attitudes of Jordanian Managers and Auditors Towards Earnings Management
Talal Al-Hayale, University of Windsor; George Lan, University of Windsor
- Table 30: *Gerhard Mueller: Accounting Educator, Standard Setter, and Internationalist*
Dale L. Flesher, University of Mississippi; Tonya K. Flesher, University of Mississippi
Accounting in New Iraq Mesopotamia: A Historical Prospective and the Possible Use of International Accounting Standards
Fouad K. Alnajjar, Baker College Center for Graduate Studies
Transparent Corporate Governance on the Internet: A Proposed Survey of Gulf Cooperation Council Countries Practices
Peter B. Oyelere, Sultan Qaboos University; Ehab K. A. Mohamed, Sultan Qaboos University
- Table 31: *Management Earnings Forecasts and Inter-Industry Information Transfers: Evidence from Taiwan*
Hsihui Chang, University of California at Riverside; Chunghuey Huang, National Taipei University; Birendra K Mishra, University of California at Riverside

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 6)

- Management Earnings Forecasts in a Low Litigation Environment: Determinants, Specificity and Supporting Disclosures*
 Jeff Coulton, University of New South Wales; Stephen L. Taylor, University of New South Wales
- On the Association of Conference Calls and Innovation*
 Chen-Lung Chin, National Chengchi University, Taiwan; Phil Picheng Lee, Pace University; Ping-Wen Wang, National Chung Cheng University
- Table 32: *Does Market Reward or Penalize Firms for Holding High Levels of Cash?*
 Harri J. Seppanen, Helsinki School of Economics
- Is Too-Big-to-Fall Policy Effective for U.S. Banks in an International Currency Crisis?*
 Zhaohui Zhang, Long Island University C.W. Post; Khondkar E. Karim, Rochester Institute of Technology
- The "Statement of Intermediate Balances": A Tool for International Financial Statement Analysis Based on Income Statements "By Nature," an Application to Airline Industry*
 C. Richard Baker, University of Massachusetts Dartmouth; Yuan Ding, H.E.C. School of Management; Hervé Stolowy, H.E.C. School of Management
- Table 33: *Corporate Governance and earnings management: Evidence from Chinese Private Listed Companies*
 Yuan Ding, HEC School of Management; Hua Zhang, China Europe International Business School; Junxi Junxi, The University of Hong Kong
- Determinants of Internet Reporting by Chinese Listed Companies*
 Pearl Tan, Nanyang Business School, Singapore; Sarah Goh, KPMG, Singapore; Lih-Lin Tan, National Institute of Education, Singapore; Ying-Nee Ting, Singapore Telecommunications
- The Impact of Information Asymmetry on Earnings Management in China*
 Bin Srinidhi, City University of Hong Kong; Ferdinand A Gul, City University of Hong Kong; Judy Sin Lai Tsui, The Hong Kong Polytechnic University
- Table 34: *DCF Valuation and Dual Income Tax System - Implications of the New Austrian Tax System in a Model with Stochastic Profitability*
 Stefan Bogner, Vienna University of Economics and Business Administration; Manfred Fruehwirth, Vienna University of Economics and Business Administration; Markus S. Schwaiger, Vienna University of Economics and Business Administration
- Managerial Ownership and Earnings Informativeness: Evidence from Thailand after the Asian Financial Crisis*
 Piman Limpaphayom, Sasin GIBA of Chulalongkorn University; Sirisuk Manmettakul, PricewaterhouseCoopers ABAS Limited
- Supply Chain Factors That Influences The Size and Sales of Malaysian Manufacturing Companies*
 Sakthi Mahenthiran, Butler University; Indra Devi Rajamanoharan, University of Technology Mara - Malaysia; Hamidah Che Puteh, University of Technology Mara - Malaysia
- Target Costing and Incentive Compensation Systems at Handan Iron and Steel Company in China: Its Unique Features and Differences from Japanese Target Costing*
 Thomas W. Lin, University of Southern California; Kenneth A. Merchant, University of Southern California; Yi'ou Yang, Former China Office of Restructuring Economic System; Zengbiao Yu, Tsinghua University, China
- Table 35: *Do Capital Markets Value Intellectual Capital?*
 Dipankar Ghosh, University of Oklahoma; Anne Wu, National Chengchi University
- Does Environmental Reporting Reflect Actual Pollution Activity? A Comparative Study of U.S. and Canadian Firms*
 Paul Ashcroft, East Central University of Oklahoma; Murphy Smith, Texas A&M University

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 7)

Market and Firm Specific Determinants of Continuous Corporate Disclosures
Roger S Debreceeny, Nanyang Technological University; Asheq Razaur Rahman, Nanyang Technological University

2:00 PM – 3:30 PM

8.13 Corporate Governance: International Perspectives

Moderator: Victoria Shoaf, St. John's University
Disclosure, Corporate Governance, and the Cost of Equity Capital in Emerging Markets
Kevin C.W. Chen, Hong Kong University of Science & Technology ; Zhihong Chen, Hong Kong University of Science & Technology ; John Wei, Hong Kong University of Science & Technology
Exploring Differences in Social Disclosures Internationally: A Stakeholder Perspective
Joyce van der Laan Smith, Virginia Commonwealth University; Ajay Adhikari, American University; Rasoul Tondkar, Virginia Commonwealth University
Board Leadership, Outside Directors' Expertise and Voluntary Corporate Disclosures
Ferdinand A. Gul, City University of Hong Kong; Sidney Leung, City University of Hong Kong
Discussant: Bruce Behn, University of Tennessee

8.14 Culture and Financial Reporting: International Accounting Studies

Moderator: Robert Larson, University of Dayton
Europe and America—Together or Apart: An Empirical Test of Differences in Actual Reported Results
Stephen Brian Salter, University of Cincinnati/Universidad Adolfo Ibáñez; Philip A Lewis, Northern Kentucky University
An Examination of the Influence of National Culture on Accountants' Application of Financial Reporting Rules
George T Tsakumis, Drexel University
Effect of Cultural Environment and Accounting Regulation on Earnings Management: A Multiple Year-Country Analysis
Liming Guan, University of Hawaii at Manoa; Hamid Pourjalali, University of Hawaii at Manoa
Discussant: Stephen Goldberg, Grand Valley State University

4:00 PM – 5:30 PM

9.10 International Financial Reporting: Disclosure

Moderator: Ervin Black, Brigham Young University
Foreign Equity Ownership and Disclosure Transparency in Emerging Markets: Evidence from Korea
Jeong-Bon Kim, The Hong Kong Polytechnic University; Cheong H. Yi, The Hong Kong Polytechnic University
The Impact of Increased Accounting Disclosure on Information Asymmetry: Evidence from an Emerging Market
Haiyan Zhou, The University of Texas – Pan American
The Effect of Bank-based and Market-based Financing on Corporate Disclosure
Kentaro Koga, University of Illinois at Urbana-Champaign
Discussant: Dr. Shamir Andrew Ally, DeSales University, MBA Program

9.11 Financial Reporting Issues: International Studies

Moderator: Jenice Prather-Kinsey, University of Missouri-Columbia
Empirical Analysis on the Information Set Perspective of UK Financial Reporting Standard No.3: Reporting Financial Performance
Stephen W-J Lin, University of Manchester

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Global Perspectives on Accounting Education

Global Perspectives on Accounting Education is a new on-line, peer-reviewed journal that publishes research and instructional resources relevant to accounting faculty and accounting education worldwide. The journal welcomes manuscripts from any and all countries. Manuscripts submitted may be empirical, non-empirical, teaching resources, or a replication of prior research. This journal is unique in that manuscripts considered for publication can make either a direct or indirect contribution to accounting education. An example of an indirect contribution could be a study that bridges education in accounting and other disciplines. Additional information regarding the journal's editorial board, editorial policy, submission guidelines, and review criteria can be viewed at <http://gpae.bryant.edu>.

Electronic submission, review, and submission fee payment shortens the review period resulting in quicker feedback to authors. In addition, on-line publication allows articles to be posted to the web site as soon as they are accepted and formatted, reducing the lead time between acceptance and publication.

Please share information regarding this journal with colleagues, both in accounting and in other disciplines (business and non-business). Access to the published papers is free.

International Accounting Section, AAA Annual Meeting Preliminary Schedule of Activities (*continued from page 8*)

The Impact of UK Accounting Rule Changes on Pension Terminations

Paul John-Marcel Klumpes, University of Nottingham; Yong Li, University of Warwick; Mark Whittington, University of Warwick

Earnings Management in Malaysia: A Study on Effects of Accounting Choices

Aini Aman, Universiti Kebangsaan Malaysia; Takiah Mohd Iskandar, Universiti Kebangsaan Malaysia; Hamid Pourjalali, University of Hawaii at Manoa; Jenny Teruya, University of Hawaii at Manoa

Discussant: Jiwei Wang, Singapore Management University

AAA REGIONAL MEETING DEADLINES FOR 2004/05

Mid-Atlantic – Unavailable

Midwest – St. Louis, Missouri (April 7-9, 2005), Deadline: October 29, 2004

Northeast – Tarrytown, New York (April 14-16, 2005), Deadline: unavailable

Ohio – Columbus, Ohio (April 28-30, 2005), Deadline: January 21, 2005

Southeast – Charlotte, North Carolina (Tentatively early April), Deadline: Unavailable

Southwest – Dallas, Texas (March 1-5, 2005), Deadline: September 7, 2004

Western – Sacramento, California (April 28-30, 2005), Deadline: Unavailable

INTERNATIONAL PAPERS AND PRESENTATIONS FROM 2004 REGIONAL MEETINGS

We owe a big thanks to the individual regional coordinators, as well as Gary Braun, University of Texas at El Paso, the Chair of the Regional Programs, for such fine international presence at the regional meetings. For copies of papers presented, please contact the individual authors.

Mid-Atlantic Regional, Crystal City/Arlington, Virginia (April 15-17)

Section Coordinator: Heibatollah Sami, Temple University

Papers Presented:

Do Financial Analysts Play a Role in Valuation? Evidence from Asian Stock Markets

Yan Bao, Frostburg State University

Are IFRS & U.S. GAAP Converging? Some Evidence from People's Republic of China Companies Listed on the NYSE

John L. Haverty, St. Joseph's University, Philadelphia

Auditor Effectiveness in the United States and United Kingdom: Comparison & Analysis

Robert W. Russ, Wendy W. Peffley, and Alfred C. Greenfield, Virginia Commonwealth University

Transfer Pricing of Intangible Assets, E-Commerce & International Taxation

Wagdy M. Abdallah, Seton Hall University

New Iraq Free Market Economy & Accounting

Fouad K. Alnajjar, University of Michigan – Flint

A Re-examination of Gray's Culture Framework Using a Modification of Nair's Accounting Practice Classification: Is There a Relationship with IAS Conformity?

Nancy M. Borkowski, St. Thomas University, Miami, FL; Richard L. Caldarola, Troy State University; Shafi Ullah, American Intercontinental University, Ft. Lauderdale; Revonna Mitchell, MTG Consultants, Inc.

Sarbanes-Oxley Act of 2002: Corporate Governance & Public Accounting Firms Oversight in NAFTA Countries

Lucia Peek, Western Illinois University; Hugette Blanco, Laurentian University, Canada; Maria Roxas, Central Connecticut State University

NAFTA Professional Mutual Recognition Agreements: Comparative Analysis of Accounting Certification & Licensure

Lucia Peek and George Peek, Western Illinois University; Egbert McGraw, Université de Moncton, Canada; Yves Robichaud, Laurentian University, Canada; Jorge Castillo Villareal, UANL-Universidad Autónoma de Nuevo León, Mexico; Maria Roxas, Central Connecticut State University

Midwest Regional, Kansas City, Missouri (March 25-27)

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

Panels Presented:

Teaching International Tax

Chris Bauman, University of Wisconsin - Milwaukee

Gary McGill, University of Florida

Northeast Regional, Albany, New York (April 29-May 1)

Section Coordinator: Victoria Shoaf, St. John's University

Papers Presented:

Moderator: Sally Schultz, SUNY-New Paltz

Cooperation Between FASB and IASB and its Potential Impact on the Materiality of Form 20-F Reconciliation

Sylwia Gornik-Tomaszewski, St. Johns University; Eva K. Jermakowicz, University of Southern Indiana;

Discussant: Stephen Tomczak, Central Connecticut State University

Between-Country Variations in the Application of the Principle of Auditor Confidentiality: A European Setting

Donald F. Arnold, The Graduate College of Union University; Richard A. Bernandi, Roger Williams University; Presha

E. Neidermeyer, The Graduate College of Union University; Josef Schmee, The Graduate College of Union University

Discussant: Frederic Stiner, Long Island University - Brooklyn

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International Papers and Presentations from 2004 Regional Meetings

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Ohio Regional, Akron, Ohio (May 6-8)

Section Coordinator: Michael D. Chatham, University of Akron

Panels Presented:

Outsourcing and Education

Gyan Chandra, Miami University of Ohio

International Accounting and Financial Developments

Robert Larson, University of Dayton

Ran Barniv, Kent State University

Michael Chatham, University of Akron

Papers Presented:

Accounting Role in Rebuilding New Iraq

Fouad K. Alnajjar, University of Michigan – Flint

Improving the Human Condition through Economic Policy

Michael J. Gallagher, Defiance College

Southeast Regional, Lexington, Kentucky (April 1-3)

Section Coordinator: Larry R. Seese, East Carolina University

Panels Presented:

Four Approaches to Teaching International Accounting

Jeannie Harrington, Middle Tennessee State University

Robert Larson, University of Dayton

Carl Pacini, Florida Gulf Coast University

Larry Seese, East Carolina University

Accounting Integration Panel – Incorporating International, Finance and Information Systems Concepts into Your Classes

Helen Gernon, University of Oregon

Govind Iyer, Arizona State University

J.C. Thompson, Eastern Kentucky University

Papers Presented:

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

Jong-Hag Choi, Hong Kong University of Science & Technology; David A. Ziebart, University of Illinois at Urbana-Champaign

The Predictive Ability of Direct Method Cash Flow Information: Empirical Evidence from Japan

Masumi Nakashima, Sanno College

Share Price and Trading Volume Reactions of U.S.-Listed Foreign Banks to the Financial Services Modernization Act of 1999

William Hillison, Florida State University; Bradley Hobbs, Florida Gulf Coast University; Carl Pacini, Florida Gulf Coast University

Large Accounting Firms' Survey Reveals Emergence of Two Standard Systems in the European Union

Robert K. Larson and Donna L. Street, University of Dayton

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International Papers and Presentations from 2004 Regional Meetings

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The Role of Special Items in Managing Earnings and the Relevance of Accounting Earnings Components: The Tunisian Stock Exchange Evidence

Abdelwahed Omri and Ines Belgacem, Faculty of Economic Science & Management of Tunis

Southwest Regional, Austin, Texas (March 25-27)

Section Coordinator: Stephen Owusu-Ansah, The University of Texas-Pan American

Papers Presented:

Moderator: Tim Louwers, Louisiana State University

Gerhard Mueller: Accounting educator, standard setter and internationalist

Dale L. Flesher and Tonya K. Flesher, University of Mississippi

Discussant: Henry Huang, University of Houston

Does culture impact auditor materiality judgments? Evidence from China and the U.S.

Kun Wang, Texas A&M University

Discussant: David Satava, University of Houston-Victoria

An analysis of auditor selection, disaggregated disclosures and compliance with the implementation of SFAS 131

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

Discussant: TerryAnn Glandon, University of Texas at El Paso

A reexamination of the association between auditor choice, retained ownership, and earnings disclosure for initial public offerings

Kun Wang, Texas A&M University

Discussant: Sandra Welch, University of Texas at San Antonio

Western Regional, Newport Beach, California (April 29-May 1)

Section Coordinator: Paul J. Herz, University of Wyoming

Papers Presented:

Moderator: Patricia Douglas, Loyola Marymount University

Globalization and Culture

Jeanne H Yamamura, University of Nevada Reno; Michimasa Satoh, Nagoya University, Yvonne Stedham, University of Nevada Reno

Earnings Management in Malaysia: A Study on Effects of Accounting Choices

Aini Aman and Takiah Mohd. Iskandar, University Kebangsaan Malaysia; Hamid Pourjalali and Jenny Teruya, University of Hawaii at Manoa

Discussant: Ken Ferris, The American Graduate School of International Management

Moderator: Haroldene F. Wunder, California State University, Sacramento

A Tax Compliance Study of the Impact of Firm Characteristics on International Transfer Pricing

K. Hung Chan and Agnes W.Y. LO, Lingnan University, Hong Kong; Phyllis Mo, The Hong Kong Polytechnic University, Hong Kong

Discussant: Pete Frischmann, Idaho State University

Moderator: Benjamin Y. Tai, California State University, Fresno

The Corporate Income Tax: An International Perspective

Haroldene F. Wunder, California State University, Sacramento

**Call For Papers and
Announcing the First Annual Doctoral/New Faculty Consortium
11th Annual Mid-Year Conference
of the International Accounting Section of the
American Accounting Association
February 3-5, 2005
San Antonio, TX
*Funding Provided by the KPMG Foundation***

**First Annual Doctoral/New Faculty Consortium
(Noon, February 3, 2005 – Noon, February 4, 2005)**

This year, thanks to the generous sponsorship of KPMG, the International Section of the AAA will be holding its first annual Doctoral/New Faculty Consortium starting at noon on February 3 through noon on February 4 before the main IAS Mid-Year Conference starts. Any doctoral students and new faculty in their 1st or 2nd years that are interested in pursuing international accounting research are invited to attend. **The International Accounting Section will pay for one night hotel (on February 3) and the registration fees for the entire midyear conference (which includes all the meals and social events).** The consortium will include top international researchers and educators from around the world. We are planning on limiting this to 30 participants on a first come, first serve basis. New faculty must be in their first or second year in their first position after Ph.D. graduation. Please email Bruce Behn at bbehn@utk.edu if you would like to participate in this event. The itinerary and participant list will be posted on the International Accounting Section's website.

**11th Annual IAS Midyear Conference
(Noon, February 4, 2005 – February 5, 2005)**

Mid-Year Conference Call for Papers and Panel Proposals

The conference facilitates teachers, researchers, & practitioners interested in international accounting to exchange information, network, and discuss emerging issues. Papers or panel discussions on any area of international accounting are welcome. All paper, case, and panel submissions are due by October 15, 2004.

Mid-Year Conference \$500 Prize - Best International Accounting Case

The best international accounting case submitted to the Mid-Year Conference will win a \$500 prize, which may be used to offset travel costs. To win the prize, at least one author of the paper must register, attend, and present the paper at the conference. If the winning paper has

multiple authors, the prize will be divided evenly among the authors.

Mid-Year Conference \$500 Scholarships for Doctoral Students

A special session will feature the work of doctoral students and/or new faculty engaged in international accounting research. A limited number of \$500 scholarships to attend the Mid-Year / Conference will be available for doctoral students presenting papers (i.e., this is in addition to any benefits received for the Doctoral/New Faculty consortium). Scholarship applications must be in the form of a letter of recommendation from the doctoral advisor. Papers and scholarship applications must be sent to Wayne Thomas at wthomas@ou.edu.

Mid-Year Conference Saturday Night Reception to Recognize Past Presidents of the Section

The conference will include Lunch both Friday and Saturday as well as Receptions both Friday and Saturday evening.

To participate in the Doctoral/New Faculty Consortium

Please contact:

Professor Bruce K. Behn

Email: bbehn@utk.edu

To submit a research paper or case

Please contact:

Professor Wayne Thomas

E-mail: wthomas@ou.edu

All papers should be submitted via e-mail in Word format with a separate cover letter, title page, and full text that does not identify the author(s). Papers should not be sent by fax or regular mail.

To submit a panel proposal

Please contact:

Professor Joseph H. Godwin

Email: godwinj@gvsu.edu

Deadline for all submissions is October 15, 2004. All papers, cases, and panel proposals must be in English. Author(s) will be notified of conference acceptance/rejection by November 30, 2004.

Registration and hotel information should be available by August 15, 2004. Conference updates will be posted on the AAA International Section web site (access through AAA website).

CALL FOR PAPERS
THE INTERNATIONAL ACCOUNTING SECTION
of the American Accounting Association
Journal of International Accounting Research

Editor: Lee Radebaugh
Brigham Young University

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

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

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

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

MANUSCRIPT PREPARATION STYLE

Manuscript preparation style should be based on the format used by *The Accounting Review*. Please use this editorial style with all submissions.

HAVE YOU SEEN...?

Wayne B. Thomas, University of Oklahoma

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 Wayne Thomas at wthomas@ou.edu.

Bohren, Oyvind, Jorgen Haug, and Dag Michalsen, "Compliance with Flexible Accounting Standards," *The International Journal of Accounting* (No. 1 Vol. 39, 2004/2004): 1-19.

We examine to what extent firms adhere to the stated intent of noncompulsory accounting standards when reporting for intercorporate investments. The Generally Accepted Accounting Principles (GAAP) in Norway strongly recommend that a 20–50% intercorporate investment is accounted for by the equity method rather than the cost method, if the investment is long-term, of strategic importance, and involves significant influence. Even so, we find that the actual use of the equity method is independent of the duration of the investment period, the fraction of equity held, its recent growth, and the investor's voting power. This lack of compliance suggests that one cannot use the observed choice between the cost method and the equity method to infer the underlying characteristics of the investment as specified by the accounting standard. Flexible GAAP may therefore not induce firms to disclose the information that the GAAP were designed to produce.

Defond, Mark L., and Mingyi Hung, "Investor Protection and Corporate Governance: Evidence from Worldwide CEO Turnover," *Journal of Accounting Research* (No. 2 Vol. 42, 2004): 269 -312.

Recent research asserts that an essential feature of good corporate governance is strong investor protection, where investor protection is defined as the extent of the laws that protect investors' rights and the strength of the legal institutions that facilitate law enforcement. The purpose of this study is to test this assertion by investigating whether these measures of investor protection are associated with an important role of good corporate governance: identifying and terminating poorly performing CEOs. Our tests indicate that strong law enforcement institutions significantly improve the association between CEO turnover and poor performance, whereas extensive investor protection laws do not. In addition, we find that in countries with strong law enforcement, CEO turnover is more likely to be associated with poor stock

returns when stock prices are more informative. Finding that strong law enforcement institutions are associated with improved CEO turnover-performance sensitivity is consistent with good corporate governance requiring law enforcement institutions capable of protecting shareholders' property rights (i.e., protecting shareholders from expropriation by insiders). Finding that investor protection laws are not associated with improved CEO turnover-performance sensitivity is open to several explanations. For example, investor protection laws may not be as important as strong law enforcement in fostering good governance, the set of laws we examine may not be the set that are most important in promoting good governance, or measurement error in our surrogate for extensive investor protection laws may reduce the power of our test of this variable.

Doidge, Craig, G. Andrew Karolyi, and René M. Stulz, "Why are Foreign Firms Listed in the U.S. Worth More?" *Journal of Financial Economics* (No. 2 Vol. 71, 2004): 205-238.

At the end of 1997, foreign companies with shares cross-listed in the U.S. had Tobin's q ratios that were 16.5% higher than the q ratios of non-cross-listed firms from the same country. The valuation difference is statistically significant and reaches 37% for those companies that list on major U.S. exchanges, even after controlling for a number of firm and country characteristics. We suggest that a U.S. listing reduces the extent to which controlling shareholders can engage in expropriation and thereby increases the firm's ability to take advantage of growth opportunities. We show that growth opportunities are more highly valued for firms that choose to cross-list in the U.S., particularly those from countries with poorer investor rights.

Hansen, Fray, "Get Ready for New Global Accounting Standards." *Business Finance* (No. 1 Vol. 10, 2004): 48.

Of the 59 countries surveyed by the International Forum on Accountancy Development in December 2002, 95% reported that they have adopted International Financial Reporting Standards (IFRS) or expect to do so, and 39% have a formal plan to adopt or converge. In September of last year, the European Commission formally adopted a regulation endorsing IFRS and related interpretations. Analysis suggests that the new standards will enhance

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Have You Seen...? (continued from page 15)

transparency and comparability, facilitate European merger and acquisition activity and capital formation, and significantly affect the output from some valuation metrics used to measure business performance. Although relatively few U.S. companies will be directly affected by the 2005 deadline, all U.S. corporations need to take careful note of broader convergence activity. Although Europe is leading the way, the movement toward IFRS conversion is clearly global.

Helbok, Gunther, and Martin Walker, "On the Nature and Rationality of Analysts' Forecasts under Earnings Conservatism," *The British Accounting Review* (No. 1 Vol. 36, 2004): 45-77.

We examine the implications of conservatism bias in reported earnings for research on analysts' earnings forecasts. We show that when earnings are conservative, in the sense of [J. Account. Econom. 24 (1997) 3], earnings changes are no longer equal to earnings surprises and the distribution of earnings surprises is left skewed, due to negative transitory items. Moreover earnings changes become partially predictable, due to the fact that transitory negative earnings surprises reverse in the next period. Under these circumstances analysts are faced with a dilemma when producing their earnings forecasts. Should they issue forecasts that focus on the permanent component of earnings or should they issue forecasts that also incorporate an estimate of the transitory component of earnings? We present theoretical arguments that explain why it would be reasonable for analysts to resolve this dilemma pragmatically by issuing initial forecasts that are focused on permanent earnings, but which are revised over the year to come in line with end of year reported earnings. We also report evidence that suggests that a significant proportion of analysts appear to follow this pragmatic approach. We also present evidence that forecast revisions respond asymmetrically to good and bad news consistent with the predictions of our model. Finally we show that optimism bias is associated empirically with conservatism in reported earnings.

Jones, Stewart, and Peter Wolnizer, Harmonization and the Conceptual Framework: An International Perspective," *Abacus* (No. 3 Vol. 39, 2003): 375-387.

The release of CLERP 9 (Commonwealth of Australia, 2002) requires the Financial Reporting Council and the Australian Accounting Standards Board to adopt International Accounting Standards (IAS) en bloc as domestic reporting standards by 1 January 2005. This article considers the current and future role and direction of the conceptual framework (CF) under the CLERP proposals and a potential IAS reporting environment after January 2005. It is argued that Australia, which has been a major innovator on CF issues, may suffer a major setback if the International Accounting Standards Board's CF is adopted in January 2005. Furthermore, while the International Accounting Standards Board (IASB) has been aggressively pursuing a set of global accounting standards, it remains unclear whether the IASB will, or can, develop an internationally relevant and generally accepted CF which can guide the development of a globally compatible set of accounting standards.

Kang, Tony, "Level of Economic Development of a Firm's Country of Domicile and the Patterns in Stock Market Reaction Surrounding U.S. Earnings Announcements: A Test of the Global Market Segmentation Hypothesis," *Journal of International Accounting Research* (Vol. 2, 2003): 23-37.

Using the level of economic development as a proxy for the degree of capital market segmentation, this study tests the global market segmentation hypothesis, which predicts that the magnitude of the market's reaction to an earnings announcement of an American Depositary Receipt (ADR) firm will vary systematically with the extent to which the firm's home country capital market is segmented. Supporting this idea, the evidence shows that the earnings announcement of an emerging economy ADR induces a larger market reaction than a developed economy ADR. This finding contributes to the market segmentation literature by providing evidence that the market can remain segmented even after cross-listing in the sense that the information environment of firms from segmented economies remains weaker. It also extends prior literature on the information content of earnings by documenting that the degree of capital market segmentation in a multinational firm's country of domicile is an important determinant of the information content of its U.S. earnings announcement.

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Have You Seen...? (continued from page 16)

Khanna, Tarun, Krishna G. Palepu, and Suraj Srinivasan, "Disclosure Practices of Foreign Companies Interacting with U.S. Markets," *Journal of Accounting Research* (No. 2 Vol. 42, 2004): 475-508.

We analyze the disclosure practices of companies as a function of their interaction with U.S. markets for a group of 794 firms from 24 countries in the Asia-Pacific and Europe. Our analysis uses the Transparency and Disclosure scores developed recently by Standard & Poor's. These scores rate the disclosure of companies from around the world using U.S. disclosure practices as an implicit benchmark. Results show a positive association between these disclosure scores and a variety of market interaction measures, including U.S. listing, U.S. investment flows, exports to, and operations in the United States. Trade with the United States at the country level, however, has an insignificant relationship with the disclosure scores. Our empirical analysis controls for the previously documented association between disclosure and firm size, performance, and country legal origin. Our results are broadly consistent with the hypothesis that cross-border economic interactions are associated with similarities in disclosure and governance practices.

Kim, Dong-Kyoon, "The Incentive Effects of Executive Stock Options: Evidence from International Acquisitions," *Journal of Multinational Financial Management* (No. 2 Vol. 14, 2004): 187-200.

I investigate the effect of managerial incentives on international acquisition decisions by examining the relationship between executive stock options and the risk characteristics of international acquisition decisions. To identify how managerial motives are more likely to play a role under different circumstances, I separate international acquisitions into negative and positive announcement period return transactions. I document a positive relationship between the acquiring firm's executive stock options and the risk change of a firm with negative announcement returns. If the effects of risk-taking on option values are sufficiently high, managers engage in excessive risk taking to increase their option's value when international acquisitions are negative NPV projects. I find the opposite relationship for firms with positive announcement returns. As long as international acquisitions are positive NPV projects, managers care more about the concavity of their utility function than the convexity of an option's payoff with the increase of firm

risk.

Platt, Gordon, "ADRs Look Set To Become the Capital-Raising Tool of Choice," *Global Finance* (No. 2 Vol. 18, 2004): 40-41.

Capital-hungry companies in emerging Asia rushed to market with issues of American Depository Receipts (ADRs) late last year in anticipation of improving economic prospects. The surge could signal the beginnings of a trend that is likely to accelerate in 2004. The throng of Taiwanese companies that tapped the US equity market last year was the driving force behind a 32% increase to \$9.5 billion in capital raised using ADRs. Not only did Asian companies dominate the market for ADR capital raising last year, but they also were the most actively traded issues. A number of privatizations are in the works in India, where the local stock rose 74% in US dollar terms in 2003. Indian companies will want to tap the ADR market when their share prices are high. Some market participants say foreign investors are reluctant in many cases to list on the NYSE or Nasdaq because of the need to comply with Sarbanes-Oxley accounting requirements.

Prather-Kinsey, Jenice, and Gary Meek, "on Segment Reporting by IAS Companies," *European Accounting Review* (No. 2 Vol. 13, 2004): 213-234.

International Accounting Standard (IAS) 14 on segment reporting was revised in 1997. IAS 14R substantially changed segment reporting requirements in response to numerous criticisms of the original standard. The objective of this study is to determine how IAS 14R affected the segment disclosure practices of companies claiming to comply with IAS.

This paper examines the following questions: (1) What items of information are disclosed under IAS 14 and IAS 14R? Was there a gain or a loss of information disclosed for business and geographic segments with the implementation of IAS 14R? (2) Has the number of business and geographic segments reported by companies changed with the implementation of IAS 14R? (3) Are companies disclosing the items required by IAS 14R? (4) Are companies' segment reporting practices related to size, country of domicile, industry, international listing status, and having a then-Big 5 auditor?

We find that the impact of IAS 14R is mixed. Companies are responding to IAS 14R, but not wholly

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embracing it. Our findings suggest that companies audited by a Big 5 (now Big 4) firm and, to a lesser extent, companies that are larger, listed on multiple stock exchanges, and from Switzerland have greater compliance with IAS 14R than other companies in our study.

Raonic, Ivana, Stuart McLeay, and Ioannis Asimakopoulos "The Timeliness of Income Recognition by European Companies: An Analysis of Institutional and Market Complexity," *Journal of Business Finance & Accounting* (No. 1-2 Vol. 31, 2004): 115-148.

This study examines international differences in the asymmetric timeliness of accounting earnings by modeling international exposure to different jurisdictions as a firm-specific effect, using an index of regulatory complexity that relates to conditions in each of the capital markets in which the firm's equity is listed. The companies investigated are those with shares cross-listed on European stock exchanges, some of which are also listed in New York. Variation across jurisdictions and markets with respect to earnings timeliness and conservatism can be explained in part as an interaction of market effects and regulatory effects, with some evidence of opposition between the two, and the sensitivity of earnings to stock price changes shows a common, converging trend towards greater accounting conservatism in Europe.

Reilly, David, "As IASB Unveils New Rules, Dispute With EU Continues," *Wall Street Journal* (Eastern edition) (March 31, 2004): A.2.

Under the new IASB rules, banks and insurers in many cases would be required to value complex financial instruments on their balance sheets at current market prices, or fair value. The EU objects to large parts of the rules, saying they will introduce volatility into banks' and insurers' financial results. The IASB argues that a fair-value approach is needed because it best reflects reality. Starting next year, more than 90 countries are expected to either require or allow companies to use international standards, including those being published today. These rules won't apply to U.S. companies, which will still follow U.S. rules. However, the IASB and its U.S. counterpart -- the Financial Accounting Standards Board -- are trying to converge the two types of standards in the hope of one day creating a set of rules that can be used by companies and investors world-wide. As part of this push, the IASB is expected today to publish standards that in

some cases bring international rules closer to U.S. standards. The IASB will forbid companies from using a "pooling of interests" accounting technique that treats acquisitions as a merger of equals. The U.S. no longer allows this technique for acquisitions and the new international standard will follow suit.

Turnbull, Shann, "Why Anglo Corporations Should Not Be Trusted: And How They Could Be Trusted," *FSR Forum* (No. 2 Vol. 6, 2004): 6, 7, 9-12, 14, 15.

This paper identifies eight reasons why it is rational not to trust large complex Anglo corporations and how these reasons could be removed. Two reasons are that directors are overloaded with information but also lack information independent of management to evaluate management and the business. A third reason is that directors do not have systemic processes to discover if their trust in management is misplaced. A fourth and fifth reason is that directors have absolute power to manage their own conflicts of interest and a dominant shareholder can enter into related party transactions that can unfairly extract value. The sixth and seventh reasons are the incentive for directors not to blow the whistle on their colleagues and the impotence of a director to act alone. The eighth reason is that shares can be manipulated and traded covertly. Four changes in corporate constitutions are identified that could remove these concerns. These are to establish a watchdog board, introduce cumulative voting for directors, establish stakeholder councils and introduce sunlight share trading.

Anonymous, "U.S. Accounting Conforms to International Standards," *AFP Exchange* (No. 2 Vol. 24, 2004): 10.

U.S. accountants are one step closer to working under the same rules as their international cohorts. In December 2003, the Financial Accounting Standards Board (FASB) continued its effort to converge U.S. accounting standards to its international counterparts by issuing four proposed standards to improve U.S. generally accepted accounting principles. These latest offerings are part of an effort started by FASB with the International Accounting Standards Board (IASB) in 2002. The new FASB Exposure Drafts propose the following: * Voluntary changes in accounting policies, which would be applied by retrospective application rather than by the cumulative effect adjustment currently required. * Three changes to the calculation of earnings per share. * Exchanges of productive assets must be accounted for based on the fair values of the assets involved, unless the exchange transaction lacks commercial substance. * The exclusion of unusual ("abnormal") amounts of idle capacity and spoilage costs from the cost of inventory and expensed as incurred. FASB will take public comment on the proposals until April 13, 2004.

INTERNATIONAL ACCOUNTING SECTION OF THE AMERICAN ACCOUNTING ASSOCIATION - BY-LAWS

Proposed Changes [Additions are in **bold** print, Deletions are underlined]:

CHANGE 1. Changes to facilitate the planning of our Mid-Year Conferences:

Section VI: COMMITTEES

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

CHANGE 2. The nomination process is extremely important to the section. Many positions list certain qualifications in order for a person to be nominated. There have been some questions as to what is equivalent to being a committee chair. This proposal tries to address that and other concerns:

Section VII: NOMINATIONS

C. The Nominations Committee shall request a copy of the Section's service record from the president-elect to aid it in making the nominations.

1. The academic vice-president must have served as secretary, treasurer, or chair of at least two Section committees in the past five years.

2. The secretary, treasury and the at large members of the Nominations Committee must have served as chair of at least two Section committees in the past five years.

2. Nominees for secretary and treasurer must have served the section in a significant capacity during at least two of the last five years. The two years of service may be obtained while performing the following roles within the section:

- a. secretary
- b. treasurer
- c. journal editor
- d. *Forum* editor
- e. a committee chair
- f. a regional coordinator
- g. an advisory board member

Nominees for the at-large member positions on the nominations committee must have served the section in a significant capacity during at least two of the last five years. The two years of service may be obtained while performing the following roles within the section:

- a. secretary
- b. treasurer
- c. journal editor
- d. *Forum* editor
- e. a committee chair
- f. a regional coordinator
- g. an advisory board member
- h. a member of the nominating committee
- i. a member of the publications committee
- j. a country director

GIFT MEMBERSHIP

Almost half the American Accounting Association's International Accounting Section's members live outside the United States, representing 60 countries. The IAS announces 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 will provide accounting departments at these universities much-needed access to *The Accounting Review*, *Accounting Horizons*, *Issues in Accounting Education*, and *Accounting Education News*.

The Gift Membership Program will be funded entirely by contributions from AAA members. We urge all AAA members to contribute, including those who are not (yet) IAS members. Individuals contributing \$100 or more may designate a specific non-U.S. university 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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