
EAA Members Newswire Volume 1 Issue 4 September 2003



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1. Editorial

WELCOME to the 4th issue of the re-issued EAA Newswire. As has been the trend over the issues we have released during 2003, this issue again contains various contributions from EAA members detailing events, activities, reports and opinions considered to be of interest to the wider EAA community.

This issue includes updates on the planning activity for the forthcoming EAA Congress in Prague next April - in both the piece supplied by the organisers and in our President's message. Please note the forthcoming paper deadline (2nd November) and the plans to shortly launch the online abstract lodging system and delegate registration process (we are told by the organisers in Prague who are setting up this system this \$ to be available by the end of September).

This quarter's President's Message also contains important information on changes to the management and oversight structures of the EAA approved by the Executive recently. This results from the recognition by the Association of the need for more dynamic leadership in response to its widening range of activities (such as the recently established group to review and comment on harmonisation and globalisation of accounting and auditing standards) and will, almost certainly, be welcomed by most members of the Association.

Please also read the 'Thought piece' this quarter from Professor Anne Loft (Copenhagen Business School) on a subject she feels passionately about - wider involvement of EAA members, and academics in general, in the developments currently occurring in professional education standards in accountancy. She makes a call for greater notice to be taken to what is happening with the globalisation of professional education and calls for more participation by academics in something that will affect us all in

the very near future. Maybe a call for another EAA group on education issues of the kind we have just established to have input into the accounting and auditing standard setting process?

Also see in this issue a report on a recent European Union funded research study on Intangibles Accounting run by a team in Ferrara lead by active EAA member, Professor Stefano Zambon, a report on the 6th European Conference on Accounting Information Systems held just before the EAA in Seville in March and an interview with Dr. Eva Dornauer on developments in Executive level Management Accounting in Germany and beyond.

Please keep the contributions coming to ensure that I do not have to 'press-gang' too many people into making contributions! As usual, I would very much welcome any comments you have on anything to do with the newsletter or the website.

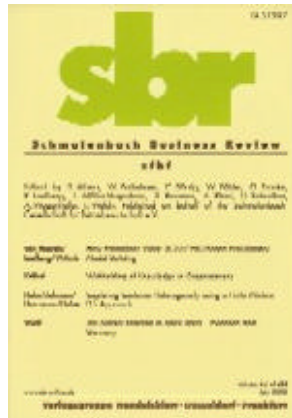
The deadline for the next issue of the newsletter is December 1st for an issue to be released just before Christmas.

Regards,

Andy Lymer
EAA Newsletter Editor & Web manager
September 19th, 2003

The editor can be contacted at <mailto:newswire@eaa-online.org>

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2. Message from the EAA President:

Greetings to all members of the European Accounting Association.

This message aims to firstly reflect on the process our Association is currently involved in with the objective of reforming its governance. Secondly, I wish to inform you about the preparatory meeting for the forthcoming EAA Annual Conference, which was held in Prague in early September 2003.

Leaving aside the role played by the General Assembly (which enables all Association members to participate in our governance) historically, the EAA primary oversight process has been based mainly in two bodies: the Executive Committee (currently consisting of 36 members, including country representatives mainly from European countries with multiple members) and the 'office' of the President of



the Association, aided by the Steering Committee (4 members) which includes the most recently past President, the President elect and a representative of the EIASM. As the EAA has grown in the past decade, the governance and management problems and decisions the Association has had to face have become more complex, and external and internal matters require a more suitable way to deal with them.

Among the relevant issues for the future of the Association are arrangements for the main activities we carry on. This includes the Annual Congress and the publication of the (*European Accounting Review*) journal, but increasingly also to extend the scope of our activities to other matters, such as to other scientific areas in which the EAA can play a role. For instance, the last Executive Committee decided to establish a Financial Reporting Standards Commission, whose mission will be the development of work related with the financial accounting regulation in Europe (European Union and the individual countries). This resulted from the ideas presented in these articles by our previous President, Prof. Jens Elling. This Commission will focus on the discussion and issuing of statements and opinions on the EU/global harmonisation process which is under way, especially from the viewpoint of the scientific developments this represents.

In order to better discuss issues of the widening activities of the Association, and to reach concrete proposals for a reform of the functioning of the Association, the Steering Committee

decided last July to appoint additional members to its group, mainly from the Executive Committee (see Table below), and to start a period of reflection of several months with the aim of providing a written form to these proposals. The first meeting of this 'Enlarged Steering Committee' is expected to take place in Brussels before the end of September. Of course, the work performed by this enlarged Committee on the reform of the governance structure of the Association is to be submitted to the Executive Committee, and will be presented for approval in due course by the General Assembly. I want to acknowledge the willingness of all the new members to accept this role for the Association and to express my best wishes for the important task to be undertaken by this new body.

The second issue I wish to mention in this message is to give a report of the preparation of the 27th Annual EAA Congress, to be held in Prague on 1-3 April, 2004. In my opinion, the work done to date by the members of the Organising and Scientific Committees of the Conference will lead to a high academic level in both the parallel sessions and the various symposia being planned, as well as a pleasant set of social events in one of the most beautiful cities in the world.



This time, as in Seville last year, the Congress is arranged for an earlier date than usual, so the deadlines for submission of abstracts and papers have been placed earlier than in other years [*Ed – see the Congress Update section below for details*]. My personal plea to all of you is to submit complete papers as soon as possible in order to make the task of the Scientific Committee easier. The Committee needs time to evaluate and select the papers in time for the arrangement of the parallel sessions and research forum.

José Antonio GONZALO
President of the EAA
September 2003

Original Steering Committee,

- José A. GONZALO (President)
- Jens ELLING (Past President)
- Bohumil KRAL (President Elect)
- Nicole COOPMAN (Executive Secretary, non -voting member)

plus the newly appointed members for a mandate of 3 years:

- Salvador CARMONA
- John CHRISTENSEN
- Anthony HOPWOOD
- Kari LUKKA
- Aileen PIERCE
- Angelo RICCABONI

3. EAR News and Announcements

Communications from the Editorial Office:

Year 2002 Review statistics for EAR:

Time from submission to sending Editor's first letter of feedback, including time needed for double-blind peer review in the year 2002 (excluding manuscripts submitted to Special sections):

1 - 8 weeks: 21 %
9 - 16 weeks: 42%
17 - weeks: 37 %

Range: 1 - 37 weeks
Average: 16 weeks

Planned contents of next issue of EAR (12.4) - due to be released in late 2003

Special Issue on "Intangibles and intellectual capital: Accounting and managing issues for the new economy" (Guest Editors Baruch Lev and Stefano Zambon)

- Introduction by the Guest Editors
- Labor Leverage, Equity Risk, and Corporate Policy Choice. Rosett, J.
- Do financial analysts get intangibles? Amir, E., Lev, B. & Sougiannis, T.
- Self-Sorting, Incentive Compensation, and Human-Capital Assets. Abdel-Khalik, R.
- The Economic Value of the R&D Intangible Asset. Ballester, M., Garcia-Ayuso, M. & Livnat, J.
- What it means is what it does: A comparative analysis of implementing intellectual capital in Norway and Spain. Chaminade, C. & Roberts, H.
- Exploring Intellectual Capital in hospitals - two qualitative case studies in Italy and Austria. Habersam, M. & Piber, M.
- Intellectual capital accounting as management fashion: a review and critique. Fincham, R. & Roslender, R.
- Accounting for Intangible Assets: Current Requirements, Key Players and Future Directions. Powell, S.

Other accepted articles for future issues of EAR

- Unit costs in central government annual reports - A critical appraisal of the practices developed. Skærbæk, P. & Thisted, J.A.
- The adjustment of financial ratios in the presence of soft budget constraints: evidence from Bulgaria. Konings, J. & Vandenbussche, H.
- Mobilizing local knowledge with "provocative" non-financial measures. Vaivio, J.
- A Descriptive Analysis of Audit Price Changes in the UK 1991 -1995. Pong, C.
- Specification and Power of Cross-Sectional Abnormal Working Capital Accruals Models in the Spanish Context. Alcarria Jaime, J.J. & Gill de Albornoz Noguera, B.
- Long-run abnormal returns and income smoothing in the Spanish stock market. Iñiguez Sanchez, R. & Poveda Fuentes, F.
- Accounting for derivatives: An evaluation of reporting practice by UK banks. Woods, M. & Marginson, D.
- The effect of revised IAS 14 on segment reporting by IAS companies. Prather-Kinsey, J. & Meek, G.

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Latest CIMA Technical Briefings:

One important output from CIMA Technical Services is the technical briefings produced by the Technical Issues team. The following are the most recent of these.

- **Understanding corporate value: managing and reporting intellectual capital:** this guide from CIMA and Cranfield School of Management is an attempt to raise awareness of the need for companies of all sizes to manage and communicate the value of their business beyond what can be captured by numbers
- **The Role of the Non-Executive Director: Making Corporate Governance Work:** the new guide from CIMA, entitled 'The Role of the Non-Executive Director: Making Corporate Governance Work', was published in April to the continuing controversy over the Higgs' report on non-executive directors.
- **Improving Decision-Making in Your Organisation: the CIMA Strategic Enterprise Management (SEM) Initiative :** this report considers the progress of SEM in organisations and why there is often a difference between rhetoric and reality. It also shares some of the learning experiences gained from the CIMA SEM Round Table with the finance directors and chief financial controllers of large and medium sized companies.

To download a free copy of the above briefings, please visit either the CIMA Pages on the EAA website or the CIMA website directly (www.cimaglobal.com)

4. News

EAA News

News of the EAA and of EAA related events

[01] EIASM WORKSHOP ANNOUNCEMENTS - EIASM organises a rolling series of workshops in Accounting. Below are a few forthcoming events related to accounting. For full details, please visit their website (<http://www.eiasm.org>) and select the Functional Calendar of Events.

Accounting events on this list in the near future include:

- *EDEN Doctoral Seminar on Quantitative Empirical Research in Management Accounting*, December 8-12, 2003. Brussels, Belgium.
Registration deadline: October 1, 2003.
Details are available on:
http://www.eiasm.org/frontoffice/eden_announcement.asp?event_id=312
- *Workshop on Capital Market Research in Accounting*
December 11 -13th, 2003. Frankfurt, Germany
Details are available on:
http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=303
- *EDEN Doctoral Seminar on Empirical Financial Accounting Research*
April 26-30, 2004. Brussels, Belgium
Details are available on:
http://www.eiasm.org/frontoffice/eden_announcement.asp?event_id=350

[02] PROFESSOR EVA JERMAKOWITZ TO VISIT EIASM - Eva Jermakowitz is Professor of Accounting at the University of Southern Indiana. Eva is a recipient of the Fulbright Research Award under the European Union Affairs Program. She will conduct research on "Convergence of National Accounting Practices with International Accounting Standards in the European Union". Professor Jermakowitz will be spending 10 months at EIASM starting 15 September.

[03] EAA2004 DOCTORAL COLLOQUIUM - DETAILS RELEASED - Details of the planned 2004 Doctoral Colloquium (29-31st, March, 2004 Mostov, Czech Republic) have been released. This event, as is usual, will be held immediately preceding the EAA Annual Congress in a location very near to the main event. Places are limited and by application only. Deadline for applications is 31st December, 2003. For full details see the EAA 2004 Congress Home page (<http://www.eaa-online.org/EAA2004>) and select the Doctoral Colloquium information section.

[04] EURAM ANNOUNCE LAUNCH OF NEW MANAGEMENT JOURNAL- The European Academy of Management (EURAM) is launching its new journal, *European Management Review*, next year. This provides an important new forum for non-US originated management research. The emphasis of the journal will be on high-quality scholarly research and the quality of EMR's editorial board is a firm indication of the standards we will be applying (see www.palgrave-journals.com/emr for further details). The Editor, Pierre Dussauge, is now accepting first papers for the journal and would welcome high quality submissions from all management disciplines. If you have a paper suitable for the journal please submit it to Professor Dussauge at emr@hec.fr or contact him on this address if you wish to discuss your paper further. They are also looking to recruit reviewers for the journal. If you would like to support EURAM's publication in this way please contact the Editor.

European News

Selected recent European accounting news supplied by AccountingEducation.com

[05] MARG IN THE 21ST CENTURY - The Management Accounting Research Group (MARG) has for 25 years organised free meetings of senior practitioners and researchers to discuss the latest research in the area and to help evaluate the utility of the latest trends in management accounting. CIMA has been a key sponsor since the early 1980s. For next year, the Group has decided to refresh its supporter base. Even with over 500 members, it was decided to initiate a drive for new members. Their first conference of 2004 will be held at the London School of Economics on 25th March and will celebrate the Group's 25th year. See the fuller news item for further details of this group - <http://www.eaa-online.org/news/eaanews.cfm?ID=95>

[06] NEW INTERNATIONAL RESEARCH ADVISER FOR ICAS - The Institute of Chartered Accountants of Scotland (ICAS) has appointed Professor Jan Mouritsen as its new

International Research Adviser. Professor Mouritsen, Vice-Dean of the Copenhagen Business School, will take up the three year post in October succeeding Professor Stephen Zeff. For further details see <http://www.accountingeducation.com/news/news4453.html> .

[07] AUDIT COMMITTEE KEY TO INVESTOR CONFIDENCE SAYS FEE - The European Federation of Accountants has launched a discussion paper with practical recommendations to strengthen corporate governance and to increase confidence in financial reporting. The recommendations specifically strive to move the corporate governance debate forward, by highlighting the essential role the audit committee needs to play in the future. See <http://www.accountingeducation.com/news/news4432.html> for further details.

[08] FEE CALLS FOR EUROPEAN CO-ORDINATION OF OVERSIGHT OF THE AUDIT PROFESSION

- The European Federation of Accountants, (FEE), has launched a new publication which issues a series of recommendations focused on strengthening public oversight of the European audit profession. The FEE discussion paper details the necessary components of a robust public oversight system, and it calls for the swift introduction of a European co-ordination mechanism which would develop common principles for member state oversight systems. See

<http://www.accountingeducation.com/news/news4431.html> for further details.

[09] FOURTH ISSUE OF UK CONVERGENCE HANDBOOK RELEASED BY ICAEW

- The latest version of the UK Convergence Handbook has been published by the ICAEW. This text compares IAS and UK financial reporting requirements and summarises the implications of IAS for UK companies. This fourth update reflects the effects of standards and exposure drafts issued by the IASC, the IASB and the ASB up August 2003. See the full news item for a link to download this full handbook -

<http://www.accountingeducation.com/news/news4445.html> .

[10] ICAS WARNS AGAINST EC INTERVENTION IN CORPORATE GOVERNANCE

- The Institute of Chartered Accountants of Scotland (ICAS) has warned against European Commission plans to prescribe common corporate governance rules and to co-ordinate national governance codes. The Institute points out that even if the Commission decided to take action, that action should be limited to defining key principles of corporate governance which would act as a foundation for the Member States ' own corporate governance codes. See <http://www.accountingeducation.com/news/news4396.html> for further details.

[11] EXTENSION TO SCOPE OF IFRS PROPOSED FOR DENMARK

- The Danish Parliament has invited public comment on proposed legislation that would: Require the use of IFRS in individual company financial statements if an entity uses IFRS in its consolidated statements and permit non-listed companies to choose to follow IFRS, instead of Danish GAAP, in both their consolidated and individual company statements. See <http://www.accountingeducation.com/news/news4387.html> for further details.

Other News

Selected recent news from around the world supplied by AccountingEducation.com

[12] IFAC TO INTRODUCE NEW STRATEGY AND REFORM PROPOSALS AT NOVEMBER MEETING

- IFAC's Board will be proposing a new strategy and significant reform initiatives at the November Council meeting in Singapore. A key component of the reforms is the establishment of a public interest oversight board to oversee IFAC's public interest activities. See

<http://www.accountingeducation.com/news/news4451.html> for further details.

[13] FIRST SET OF IFAC EDUCATION STANDARDS NOW APPROVED FOR RELEASE

- To ensure quality and consistency in accounting education around the globe, IFAC's Education Committee has

developed International Education Standards (IESs) prescribing the education and training requirements for all professional accountants. Titles of the six new standards to be released in mid-October have now been released. See <http://www.accountingeducation.com/news/news4452.html> for further details.

[14] IFAC RELEASES AWARD-WINNING ARTICLES ON FINANCIAL AND MANAGEMENT ACCOUNTING

- The International Federation of Accountants (IFAC) has published an international collection of award-winning articles addressing some of the most significant issues confronting professional accountants in business. Entitled Articles of Merit: 2003, the book features articles selected by IFAC's Professional

Accountants in Business (PAIB) Committee as part of its annual Articles of Merit Award Program for Distinguished Contribution to Management Accounting. See the fuller news item at <http://www.accountingeducation.com/news/news4450.html> for further details and a link to download these articles.

[15] IASB PLANS FOR RELEASING FINAL STANDARDS - The IASB have made it clear that they are committed to providing a 'stable platform' for the transition to IFRS in Europe in 2005. 'Stable platform' means issuing, by 31 March 2004, all of the new and revised Standards that will be required for companies adopting IFRS in 2005, with no further changes until after 2005. At its meeting on 22 September 2003 with representatives of the accounting standard setting bodies in 40 countries, the IASB announced the following plans for releasing various Standards currently under development. See the full news item for further details at <http://www.accountingeducation.com/news/news4446.html> .

[16] ISTAR MONTHLY IASB MEETING REPORT - SEPTEMBER 2003 - The IASB was in London for its first meeting after the summer break. Progress was slow, with much time spent reviewing the fine detail of nearly complete standards, although it did also do some preliminary work in the areas of consolidation and revenue recognition. See the full news story for our full review of the IASB meeting - written especially for AccountingEducation.com as usual by IStAR - <http://www.accountingeducation.com/news/news4441.html> .

[17] PCAOB CHAIRMAN'S FIRST SPEECH - William McDonough, Chairman of the Public Company Accounting Oversight Board, in speaking to a group of accountants, set the tone for his tenure, outlining expectations and "grave" consequences, even for those who meet the letter but ignore the spirit of the law. See the full news item for a link to information from this important speech - <http://www.accountingeducation.com/news/news4418.html> .

[18] CAN NONFINANCIAL INDICATORS SUCCEED WHERE GAAP FAILS? - On September 3rd, Peter R. Fisher Under Secretary for Domestic Finance remarked to the American Enterprise Institute Conference in Washington, DC on whether non-financial indicators succeed where GAAP Fails. Mr. Fisher says that to improve corporate behaviour and to reward corporate performance we need to improve the quality and utility of the information that all corporations disclose to investors. Our existing disclosure framework is not adequate. See our news item for more details of this speech - <http://www.accountingeducation.com/news/news4420.html> .

[19] REBUILDING INVESTOR CONFIDENCE: SOX ONE YEAR LATER - The House Committee on Financial Services has produced a report, "Rebuilding Investor Confidence, Protecting U.S. Capital Markets." The report looks at the impacts the Sarbanes - Oxley Act has had over the past year. See the following news item for a link to this report online - <http://www.accountingeducation.com/news/news4378.html>

This news section is produced in conjunction with AccountingEducation.com – the key global community for accounting educators and researchers. Visit their website at <http://accountingeducation.com/subscribe.cfm> to sign up for their **free** weekly news alert service – called Double Entries – and join over 5,000 other weekly readers receiving weekly news such as above.

5. Congress Update

Looking forward to EAA'2004, Prague, Czech Republic - 27th Annual Congress



On 4th and 5th September 2003 the preparatory meeting of the 27th EAA Congress was held in Prague. Besides the Prague organisers, the Seville and Gothenburg colleagues as well as: Jose Antonio Gonzalo (president of the EAA), Nicole Coopman (EIASM representative) and Andrew Lymer (EAA webmanager and newsletter editor) participated in it.

All the participants of the preparatory meeting were shown the planned venues for the next Congress on the premises of the University of Economics Prague and the places where the social events will be held. Traditional issues that were discussed were:

- Budget (Congress fee, sponsorship)
- Doctoral colloquium
- Registration procedures
- Accommodation reservations
- Draft of timetable of the congress programme
- Proposals of topics for the symposia and its key speakers
- Submission and selection of abstracts
- Abstract evaluation by members of the scientific committee

The important part of discussion was the structure and the content of the Second call for papers. Substantial results of the discussion will be included into the Call that will be available at the official web pages of the EAA 2004 Congress (<http://www.eaa-online.org/EAA2004>) at the beginning of the October.

Registration of delegates and accompanying persons, submission of abstracts and hotel booking will be made only via on-line registration which will be accessible from the EAA website also from early October.

On behalf of the organising and scientific committee of the EAA 2004 Congress we would thus like to extend a very warm invitation to all the EAA's members and all other interested professionals as well.

Congress Organising team - EAA'2004

[Editors Note - all the abstracts from the EAA'2003 can be accessed online as part of our EAA website Presentations Archive - check out the Annual Congress section of the site at <http://www.eaa-online.org/>. This searchable database also contains all abstracts from the Athens Congress in 2001 and the Copenhagen Congress in 2002 whilst our old site contains presentation information all the way back to Birmingham in 1995 for each presentation given at each Congress]

EAA 2005 Congress - Goteborg, Sweden - <http://www.eaa-online.org/annual/EAA2005/>

EAA Members may be interested to know that an preliminary webpage has been created for the EAA 2005 event in Sweden. This provides the current planned dates for this Congress - 18-20 May, 2005. Further details will be added to this page as they become available.

6. Other Events

Listed below are brief details of other (i.e non-EAA) events that we have been notified about that we consider to be of possible interest to members:

- **Accounting Research Workshop**

Event date: 15 October, 2003
Sponsor: Amsterdam Graduate Business School & University of Nyenrode
City: Amsterdam
Following the success of last year's inaugural Accounting Research workshop at the University of Nyenrode we plan to repeat the format this autumn at the Amsterdam graduate Business School.

- **4th International Conference for the British Accounting Association Special Interest Group in Corporate Governance**

Event dates: 12-13 December 2003
Sponsor: British Accounting Association
City: Liverpool
As part of its annual series of events, the BAA SIG Corporate Governance Conference will explore recent research issues in corporate governance.

- **2004 Management Accounting Section Doctoral Colloquium**

Event dates: 8 January 2004
Sponsor: American Accounting Association Management Accounting Section
City: Miami, Florida
A one-day doctoral colloquium will be held at the Sheraton Biscayne Bay Hotel in Miami, Florida immediately preceding the 2004 American Accounting Association Management Accounting Section Mid-Year Conference. The purpose of this colloquium is to provide doctoral students with exposure to current issues and trends in management accounting research. This colloquium is open to all doctoral students whose research interest is management accounting.

- **LSE Accounting Research Training Week: Foundations and Current Developments in Institutional and Analytical Research.**

Event Date: 15-19 March 2004.
Sponsor: London School of Economics
City: London
Workshop Leaders: Professor Thomas Hemmer, Professor Peter Miller and Professor Mike Power
A week-long workshop organised in two sessions for PhD students, Post Doctoral Fellows and Researchers from universities who have an interest in the social and institutional aspects of accounting and earnings management. For further details contact Mary Comben (m.comben@lse.ac.uk).

- **Tenth Accounting and Management History Conference**

Event dates: 25-26 March 2004
Sponsor: Association Francophone de Comptabilite
City: Besancon, France
In the 10th annual conference we wish to provide an historical perspective on current questions related to the control of the company and control within the company. Deadline for papers - 5th November, 2003.

- **7th European Conference on Accounting Information Systems**

Event dates: 30-31 March 2004
City: Prague (immediately before the 27th EAA Congress)
This annual event, brings together academics and practitioners interested in the latest development in accounting information systems research and teaching in a European context. The event is sponsored by CIMA, Bentley College, Elsevier Science publishers, the Universities of Maastricht and

Birmingham. Deadline for papers - 15th December, 2003

City: Durban - Kwazulu-Natal, South Africa
Call for Papers for the International Research Conference for Accounting Educators

- **International Research Conference for Accounting Educators**

Event dates: 30th June - 2nd July, 2004.
Sponsor: South African Accounting Association and the International Association for Accounting Education and Research

Further details on each event can be found on the EAA website at <http://www.eaa-online.org/other/index.cfm>

[See EAA news section above for details of other accounting events organised by EIASM]

Conference Report: ECAIS 2003 - an overview and look forward to ECAIS 2004

ECAIS aims to bring together researchers and practitioners from all disciplines relating to Accounting Information Systems (AIS) to expand European traditions from within the fields of AIS-related research and to reposition existing international AIS-research.

The first European Conference on Accounting Information Systems (ECAIS) took place on April 5th, 1998 in Antwerp, Belgium. ECAIS1998 preceded the 21st Annual Congress of the European Accounting Association. In the years following this first event, ECAIS underwent some changes, including an extension to a two day program, the introduction of workshops, concurrent sessions and keynote speeches, but maintaining the linkage with the annual congress of the European Accounting Association. March 31st and April 1st, 2003 (Seville, Spain), ECAIS was held the sixth time in succession, preceding the 26th Annual Congress of the European Accounting Association. Substantial financial support was again given by Bentley College, CIMA and Elsevier.

In the restricted sense, an accounting information system is the information system which processes financial transactions to provide information for decision making and control. In a broader sense, AIS is concerned with the design and functioning of management information provision. By organizing ECAIS the two days before the Annual Congress of the European Accounting Association the organizers have attempted to attract researchers who approach AIS not just from the point of view of information and communication technology (ICT), but also, and perhaps more so, from the point of view of accounting.

Given the objectives of ECAIS, its organizers have attempted to put together an eclectic program. The keynote speaker, workshop presenters, and paper presenters represented a great variety of different backgrounds, in terms of their education, practical experience, research interests as well as country of origin. Eleven nationalities were represented among the 35 participants: Austria, Brazil, Finland, France, Germany, Hungary, Italy, Netherlands, Spain, United Kingdom, and the United States. Participants from various fields of study were present, including: Auditing, Information Management, (Accounting) Information Systems, Management Accounting, Management Control and Education Research.

The program consisted of three parts:

1. keynote speaker Professor Dan Stone, Editor of the Journal of Information Systems (The Accounting Systems Conundrum and the Forces of Change);
2. workshops by Professors Phil Reckers (Advancing Curriculum Change In Technology), and Arnie Wright and Sally Wright (Issues in Continuous Auditing and Assurance);
3. research paper sessions.

The coverage of the research papers included XBRL, organisational structure and ERP design, case study on Microsoft's Management reporting system, ontological foundations of AIS and accounting practices, conversational elearning in accounting and others (see our website at <http://www.accountingeducation.com/ecais> for full details of this, and previous conferences, including an archive of many of the papers from the last three conferences).

For ECAIS 2004 (30-31st March, in Prague - immediately preceding EAA 2004 as usual) we have already secured Professor Bob Galliers as our keynote speaker, who will discuss inter-disciplinarily in information systems research, and arranged to host (free) workshops on the latest developments in XBRL (from Roger Debreceny, Nanyang technological University, Singapore) and latest developments in ERPs (from Professor Stewart Leech, Melbourne University, Australia)

Jim Hunton, Andy Lymer & Eddy Vaassen - ECAIS co-chairs

[Editor: I would welcome other conference/workshop reports to be included in future newsletters outlining events you have attended or organised that you think would be of interest to the wider EAA membership]

7. Job Adverts

No current vacancies exist on the EAA Website.

For future editions of this newsletter, all outstanding vacancies with deadlines beyond the publication date of each issue will be listed here. If you have a vacancy you would like to have advertised to the membership please email details to the editor to have them included here, and on the website (note - a small charge applies for this service)

Our full vacancy service can be found on the EAA website at <http://www.eaa-online.org/vac/index.cfm>

Send vacancy details by email to the Editor at jobs@eaa-online.org

ADVERT:

CIMA

Recent CIMA Research publications:

- *The Challenge of Management Accounting Change: Behavioural and Cultural Aspects of Change Management* by J Burns, M Ezzamel & R Scapens (£24.95).
- *The Future Direction of UK Management Accounting Practice* by R Scapens, M Ezzamel, J Burns and G Baldvinsdottir (£18.95).
- *Successful Foreign Acquisitions: the Pivotal Role of the Management Accountant* by T Appleyard & S Pallett (available early September 2003).
- *Intellectual capital: Measuring the Immeasurable* by A Wall, R Kirk & G Martin (available early September 2003).

The above publications are available from CIMA Publishing Customer Services at Elsevier Butterworth-Heinemann, on +44(0) 1865 888191 or, bhuk.orders@harcourteducation.co.uk.

& Other Content...

Thought piece: Educating Global Accountants - A role for the EAA?

By Professor Anne Loft, Copenhagen Business School

Introduction

We have heard much of 'harmonisation' and 'convergence' in recent years. These efforts at harmonisation are concerned, first and foremost, with harmonising:

1. Rules concerning the production of financial reports
2. Rules concerning the carrying out of the audit
3. Rules concerning the auditor who does this audit – including both rules concerning behaviour: in particular independence, and rules concerning competence: in particular auditor education and training
4. Rules concerning the context in which the audit takes place (corporate governance).

These all contribute to producing a 'global financial reporting infrastructure' as envisaged by the SEC in its Concept Release on IAS (SEC Concept Release: International Accounting Standards, SEC 2000, available from <http://www.sec.gov/rules/concept/34-42430.htm>).

Who is producing these rules? For the first two items on the list it is fairly clear, namely the private international regulators IASB and the IAASB (currently under IFAC), which are becoming an essential part of global economic governance. Going down the list it becomes less clear. What I will focus on here is the apparently small matter of 3 (ii), auditor competence, which I consider has suffered undue neglect. Whilst, as accounting academics, accounting standards may have little direct effect on our everyday life, except to the extent that we have to teach them, education standards are a different matter altogether. These will affect what we teach, how much and to what level.

'Real world' developments that concern the global harmonisation of audit qualifications

In the 'real world' things are happening in the area of accounting and auditor qualifications. There have been a series of initiatives during the last 5 years which are still in the melting pot. What result they will have is not yet clear, however, I think they have all the makings of a new world order in this area.

There are initiatives coming from four different types of sources (I do not claim this list is exhaustive):

- *From private international organisations:* IFAC, through its Education Committee (EDCOM), had previously issued guidelines but now has international educational standards out as exposure drafts. Its new draft SMOs (statement of membership obligations) in this area envisage that it will be compulsory for member bodies of IFAC to follow these by 2005; the IASCF (International Accounting Standards Committee Foundation), which is trying to create a kind of diploma in IAS.

- *From international or regional governmental organisations:* The UN through the ISAR group, took up the task of developing a 'global qualification' in the mid-to late 1990s. It has since focused more on elaborating its global curriculum. At the regional level the EU is the most influential: the Eighth Directive issued in 1984 brought common standards for the education, training and qualification of statutory auditors. A recent 'Communication' (May, 2003) from the Commission

proposes a radical new extension to this Directive suggesting that the Audit Advisory Committee (the current Audit Committee) should be involved in re-examining the education area, and mentions in this context, IFAC's education standards.

- *From national professional associations working together:* Eight professional associations in Europe have come together to develop a 'common content' for professional accountancy qualifications. The aim of this is that by 2005 national qualifications in the 7 countries concerned, which include the UK, France and Germany, will be common except for those elements of national law, custom and practice, which need to remain unique. Ultimately they hope that 'premier accounting bodies' in other European countries indeed, around the world, would wish to join them. The 'common content' could therefore become a global requirement for professional accountants.

- *From individual (inter)national professional associations acting on their own:* Their aim is to offer an international qualification: The UK-based ACCA have such aims, as does the American AICPA.

Discussion of Initiatives

Thus there are a wide variety of initiatives being undertaken at a global, regional and national level by different organisations, and it is far from clear what will finally emerge. One of the difficulties facing these initiatives is who is this 'professional accountant' that they are aiming to regulate? For IFAC this is fairly simple, on the surface at least – these are members of their member professional bodies. However, what about countries with state registration and where membership of the professional association is voluntary, for example, here in Denmark? The EU's concept of a 'statutory auditor' covers a narrower range of persons but is more precise about the work that the education is training the person for – namely undertaking statutory audits.

Despite these scoping problems, it seems to me not unlikely that a new world order in professional accountancy education will emerge out of IFAC's work on IESs combined with that of the more detailed 'common content' concept being developed in the EU, applied at a global level (this prediction being based on what has happened with accounting and auditing standard setting, and on the particular persons and institutions supporting who are these projects). It should also be noted that the 'common content' idea is attractive because it is such a smart way of getting round the problems of how to handle the situation of an auditor moving from one country to another: to do this they would just need to demonstrate competence in the local practice differences.

What does the Future Hold?

Let us imagine it is 2010. The IAESB (International Accounting Education Standards Board) was set up in 2005 when its standards became compulsory, and within this framework, the European Common Content became more and more accepted, becoming compulsory in 2007 in all Member States of the EU. The National Content element was gradually becoming smaller and smaller as areas such as taxation and company law increasingly converged at EU level. There was pressure on the countries with either a very long or very short auditor education to fall into line. The Danes were holding out for a Masters Degree in Auditing and Business Administration to be compulsory for the local state-authorized auditor qualification, however they were being taken to court by an Turkish auditor who wanted the Danish qualification and thought the national content for the most part unnecessary when English had taken over as the language of international business in Denmark. In a separate but nevertheless related development, with the closing of the Doha Trade Round in 2005 national regulations in accounting were subject to a standstill agreement on more regulation and a 'necessity test', this naturally included educational requirements, where several test cases were now facing the WTO Dispute Panel. There was talk

of an increasing Delaware effect in accounting, where students in Germany were increasingly taking the ICPA (international CPA) or the ACCA international qualification over the Internet instead of bothering with German training. Did Germany have the right to insist on a lot of extra 'national content' for its *wirtschaftsprüfer* in protection of its national economic interest?

At Universities and Colleges the syllabus for courses in accounting and auditing which were to be accredited had to be approved and almost all accounting departments were now using the same international textbooks produced by the leading publisher, Pearson Thomson Wiley, together with computer learning packages giving the virtual learning experience. Examinations were automated. No one wanted to teach accounting anymore! This did not matter so much as there were fewer students anyway. Following trade agreements more and more audit work was outsourced to India (where the accounts were being processed anyway), and Indian practitioners were increasingly coming to work in Europe on their 'GATS' visas.

Do we have any influence on this process? Where is the EAA in all of this?

Hardly anyone seems to be interested in these surely important developments, either from the point of view of research (although there are notable exceptions like Gert Karreman's project carried out at EIASM documents in the last Members' newsletter) or from the point of view of putting forward European academics views in the political arena. Discussing international accounting and auditing standards has more 'status' somehow than discussing international education standards. What happens can scarcely depend on what we do individually or through the EAA, but perhaps we should all consider taking more notice of these developments and considering taking some action. The EAA does not appear to have contributed to these discussions – unlike the IAAER, the International Association for Accounting Education and Research, which has been working with IFAC. Time for a change?

Interview: Michael Haberam talks with Dr. Eva Dornauer on current trends in Executive Management Accounting education in Europe

Dr. Eva Dornauer, born 1949 in Innsbruck, married, two children. Economics Degree at the University of Innsbruck, specialised in International Business and Industries, different courses at other Universities such as St. Gallen and Lausanne. Professional Experiences in teaching at an economic High School, catering trade, retail trade and in a leading position of a Forwarding Agency, since 1972 also active as lektor at the University of Innsbruck and other institutions of higher education focused on Management accounting.

Michael Habersam (MH): When we met last time for teaching management accounting in the 'Executives Education Program' at Schloss Hofen/Bodensee in Austria there was the joke around that in your family there is almost a 'genetic predisposition' for management accounting education

Eva Dornauer (ED): My father and my 9 year older brother, my idol, were accountants, but now my brother is controller in the ÖIAG (Austrian Industries) company. Soon my interests were also focussing in economic

themes and so I studied Business Administration at the University of Innsbruck. I finished my studies in 1980, but since 1971 I have been working for the Institut of Industrial Administration with a focus in accounting and controlling. Since 1972 I have been invited to teach management accounting in different executives education programs in Austria

MH: In your perspective, being involved in different Management Accounting Education Programs for executives in Germany and Austria, what are there remarkable trends in

accounting education to be aware of at the moment?

ED: Firstly, there has to be a focus on a instruction founded in all the classic themes in management accounting. Themes like IAS and US-GAAP are just as important as the state of the art in cost accounting. Secondly, it gets more and more important that accountants know that they have to 'sell' their figures, that means they have to be able to think as if they are one of their customers. Therefore I find it very important to enrich the programs with themes like presentation, moderation and coaching. It is vital that accountants and controllers accept that soft skills are as important as figures. Thirdly, there should be also a focus on Quality Management.

MH: How do you interpret the theory-praxis-relationship in the Management Accounting Education courses of different institutions you were teaching at?

ED: I think it is on a high level. In the most of our executive education programs we have students who are already involved in management decisions in their companies, and so it is possible to have a frequent discussion comparing theory and praxis.

MH: The idea of the Balanced Scorecard by Kaplan & Norton could be interpreted as NOT trying to explain the 'black box' of the organisation by strong causal relations.

Because of the inconvenient vagueness of this idea there is a tendency to impose strong causal relations between the single BSC-perspectives in order to make the tool more predictable in its use. Is this the end of the BSC-idea?

ED: If we choose 'predictability' the BSC is the way to more operative figures. I don't think that this is the right way, because then there is no difference to systems like ROI and others. The perspectives are only enriched. But the strength of BSC we firstly find in the importance of having a vision, then in the necessity to find business strategies and last to try to combine it with operative objectives. For some items I think you will find predictable figures, but also we have to learn that there are influences in our decisions which can be mentioned but are not really predictable.

MH: If you were asked to 'invent' a Management Accounting Education program from zero, what would it be like?

ED: I would prefer to train soft skills as presentation, moderation; to teach founded instruction concerning the different themes of accounting or controlling as well as themes concerning the necessity of Quality Management; and Coaching should take place as accompanying instruction.

MH: Dr. Dornauer, thank you very much for this interview.

Research Report Review: S. Zambon (ed.), *Study on the Measurement of Intangible Assets and Associated Reporting Practices*, Brussels: European Commission, DG Enterprise, April 2003, pp. X-277

In December 2001 the Directorate General Enterprise of the European Commission assigned the task of preparing a study on the measurement and reporting issues of intangible assets to an international consortium of Universities composed of the Stern School of Business (NYU), the Department of Accounting and Business Information Systems of the University of Melbourne, Australia, and led by the Department of Economics of the University of Ferrara, Italy.

The main researchers were Professor Baruch Lev (Stern School of Business), Professor Margaret A. Abernethy and Dr Anne Wyatt (University of Melbourne), and Professor Patrizio Bianchi and Professor Stefano Zambon (University of Ferrara). The latter also coordinated the whole work.

Given the current relevance of intangibles for both national economies and individual company development, the study aims to link up reporting practices and other practical issues relating to intangibles, and the views of the key players on this topic, to examine the policy influencing issues at national, European and international level. In pursuing this aim, the report analyses the extant definitions of intangible assets, the role and representation of intangibles at a macro level and in traditional financial reporting, the economic consequences of the mis-treatment of intangibles at a micro level, and the new measurement and reporting methods and models for intangibles. The study closes by proposing a number of policy recommendations in order to better address and manage the “intangible phenomenon”. An empirical examination of the views of key-players on the reporting aspects of intangibles is also presented as part of the study.

With specific regard to its policy recommendations, the study is founded on two major observations: firstly, the rising importance of intangibles as providing new ways of producing value and new forms of organisation of economic activities; and secondly, the high economic and social costs for firms, industries and capital markets that are generated from the current mis-measurement of intangibles. As a consequence, the study suggests that a policy priority should be to develop a reliable and verifiable measurement system for intangibles which operates coherently at a micro as well as at a macro level. Given this position, the study goes on to propose a set of coherent policy options to this end. These include calls to promote further research on intangibles, to provide incentives to firms to voluntarily measure intangibles, and to set up a pan-European task force to explore this area further to be made up of representatives of key stakeholders (standard setters, companies, auditors, national statistical offices, stock exchanges, financial analysts, and the like).

An original contribution of the study is its interdisciplinary effort, i.e. it aims at the same time to address different dimensions of the problems associated to managing, measuring and reporting on intangibles. Indeed, while it relates micro and macro views of the issues at stake, the study also merges various disciplines and scholarly perspectives through a solid grounding of its arguments on the evidence put forward by the relevant literature and on that emerging from the empirical enquiry carried out.

In conclusion, the study represents a significant contribution to the growing body of research on intangibles and particularly on their reporting issues, by offering a comprehensive description of the state-of-the-art in the field and suggesting new avenues for future scholarly investigation as well as for consistent and up-to-date policy making at an institutional level. As the study points out, it seems clear that today we face a major paradox: the more the economic system is based on intangible assets, the stronger it is because intangibles are major determinants of growth and value creation. However, the more the system is based on intangibles, the more vulnerable it becomes. The challenge that must be dealt with is to learn how to manage, measure and report in this “intangibles environment”.

The Study can be downloaded freely from the EU website at the following internet address:
http://europa.eu.int/comm/enterprise/services/business_services/index.htm

Adele Del Bello
University of Ferrara

Editor's comments:

- Despite its policy-making orientation, the Study has a strong scholarly nature, aiming to provide a state-of-the-art overview of the research in the field. The authors of this report would very much welcome feedback and comments from EAA members. These can be addressed to Prof. Stefano Zambon at zambon@economia.unife.it

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- A hard copy format of this report will be published shortly by the official publication office of the European Commission, by December 2003, and it will be prefaced by E. Liikanen, European Commissioner to Enterprise.
 - As noted in the EAR section above, our journal is currently finalising a special issue on Intangibles and IC, guest edited by Professor Baruch Lev and Professor Stefano Zambon, which is due to appear on No. 4 Issue of 2003. For this special issue, fifty-four papers were submitted.
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