
EAA Members Newswire Volume 1 Issue 5 December 2003



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1. Editorial

WELCOME to the 5th issue of the re-launched EAA members Newsletter - the final one for 2003.

This issue contains a longer than usual message from the President which he urges members to read and consider. It discusses important proposals for changes to the management and oversight structures of the Association. These plans will be put to those gathered, as EAA members, in Prague at the forthcoming Congress. Please make your voice heard on these issues, in person there if you can, or by other means you consider appropriate (directly to the President or perhaps via your national representative, if you have one, for example).

Beyond this discussion, the key focus of the rest of this issue is the recent release of the first set of professional education standards by IFAC (released in October). Two of our main articles address this issue. The first of these is an interview with Clare Egan, the Technical Manager at IFAC responsible for overseeing the creation and introduction of these standards. Secondly, Our Thought Piece this issue also addresses this area. It is written by Prof. Bohumil Kral (University of Economics, Prague and our Chair for the forthcoming EAA 2004 event) who has held a seat on the IFAC Education Committee for the last three years - the period over which these standards were proposed, developed and issued. Together they provide us with a unique insight into the need for, purpose of, and structure of these new guidelines which are set to influence the

accounting world at a fundamental level in the next few years.

Please also review the other content of this newsletter - including importantly the call for papers for a new EAA publication - the return of Accounting in Europe - as its own publication this time, not as part of EAR. We also have details of some of the latest publications from ICAS and CIMA and a call for proposals for Round Two of the KPMG LLP and UIUC - Business Measurement Research Program.

As usual, I encourage members to provide feedback on this issue, and particularly to make suggestions, or to offer content, for future issues.

Please note the deadline for the next issue of the newswire will be 1 March, 2004 (to produce the first issue for 2004 just before the EAA Congress in April)

I wish you all an enjoyable and prosperous New Year.

Andy Lymer
EAA Newsletter Editor & Webmanager
20th December, 2003

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

ADVERT:



Publications are available from:

**ICAS Research Centre,
CA House, 21 Haymarket Yards, Edinburgh EH12 5BH**
research@icas.org.uk
Direct Tel: +44 131 347 0237
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<http://www.icas.org.uk>

**MANAGEMENT OF INTELLECTUAL CAPITAL AND
ITS IMPLICATIONS FOR BUSINESS REPORTING**

Robin Fincham and Robin Roslender

University of Stirling

Successfully managing intellectual capital emerges as a significant challenge to management. Given intellectual capital's central role in the value-creation activities of companies, there is a pressing need to ensure that the information that accountants make available in any business report includes appropriate details of a company's stock of intellectual capital.

ISBN 1 871250 98 6 Price £15

**THE FUTURE OF CORPORATE GOVERNANCE:
INSIGHTS FROM THE UK**

*Ian Fraser and William Henry, Glasgow
Caledonian University*

This report identifies various views on recent developments in corporate governance and aims to draw insights from aspects of contemporary corporate governance practice. The report makes various recommendations for the improvement of corporate governance practice in the UK.

ISBN 1 871250 99 5 Price £15

2. Message from the EAA President:

I want to greet all the EAA members again and share with you a few thoughts related to some important issues of our interest: on the one hand, the academic consequences of the adoption of the IFRS in the European Union and, on the other hand, the way we are proposing to change the Association governance in the near future.

IFRS IN THE EUROPEAN UNION

On the first issue, it is important to realise that the publication of the majority of the International Accounting Standards and Interpretations in the Official Diary of the European Union, in its issue of 13th of October 2003, marks the point of departure for a new stage in the progress of the financial information in the Old Continent.

(Cont.)



(Continued from previous page)

Consolidated financial reporting by European listed companies is about to change dramatically, and this will affect the way that European controlled companies and subsidiaries design and handle both their internal and external reporting activities. Furthermore, the creation of a European level of standards could lead Governments of different Member countries to change their national reporting rules in order to achieve the desired goal of convergence. Perhaps, we are at the beginning of the period where we will see the overcoming of many of the significant accounting misunderstandings that have dogged European business for a long time now.

From the perspective of the academic world, this process provides us a series of challenges to be dealt with in the next few years. Firstly, it calls for further development of our current teaching systems; knowledge of international accounting principles is clearly to become as essential as the knowledge of national systems of accounting and reporting. For most countries in Europe, the problem they now face is not only the co-existence of two different sets of accounting rules that can be applied in their country, but the fact that the international standards are strongly based on a conceptual framework, while national accounting principles are often founded on tradition, tax law or in political decisions taken by governments in the past.

The spread of IFRS-based reporting also creates other challenges in the whole scope of the accounting discipline, not just financial reporting itself, from the redesign of accounting information systems to the process of organising the audit of companies. The teaching and research done in all these fields will also be affected therefore. The role that academics may play in the acceptance and diffusion of the international accounting standards is of crucial importance, especially when there remain forces in the business arena that continue to call for a return to more 'comfortable' past positions, where local lobby interests were the main determinants of the accounting choices in the standards.

Nevertheless, it is fair to say that International Financial Reporting Standards still have weaknesses that will need to be overcome in the future, and the academic profession must be aware of the role it can play in the discussion and improvement of these standards, either directly or indirectly. Among these problems remain the implementation of measurements based on fair value, the reduction of alternatives in the measurement of some of the financial statement items and the accounting for certain transactions, such as insurance contracts or business combinations.

As I discussed in issue 3 of this newsletter series, to support these objectives for European academics' involvement with the process of developing and issuing of accounting standards, the EAA has established a Financial Reporting Standards Committee (FRSC). This group's mission is to provide scientific advice on the issues related to the process of the elaboration of IFRS's, and to support the task now done by other bodies, such as the European Financial Reporting Advisory Group (EFRAG), in the proactive determination of the future standards.

I am pleased to announce that the EAA FRSC will be chaired by Professor Günther Gebhardt (Johann Wolfgang Goethe University) will have its first meeting during the Prague Conference, in order to discuss its strategy and procedures. Future issues of the newsletter will bring you details of the outcome of these meetings.

CHANGES IN THE EAA GOVERNING BODIES

As our Association becomes larger, its governance inevitably becomes more complex. Ensuring we give due consideration to all interests, while continuing to be able to accomplish all the goals we set ourselves, is becoming more difficult. For this reason an Enlarged Steering Committee (ESC), composed of ten members, was established after the Seville Conference with the

purpose of assisting the original Steering Committee of three Presidents (past, actual and elected), to redesign the governance of the EAA as a whole (I discussed this group and its function in my message in Issue 4 of this newsletter series).

The outcomes of the work done by this ESC is now being considered by the Executive Committee, which governs the Association and holds the powers of administration of behalf of the members. If approved by the Executive Committee, the changes will be presented to the members for final approval as some of these changes need to be incorporated into the Statutes. It is current envisaged that this will happen at the next annual General Assembly of the Association, to be held in Prague at the Annual Congress.

The proposed amendments to the governance of the EAA are in two different areas: governing bodies (President, Steering Committee and Executive Committee) and operational bodies (eg. Publications Committee, Doctoral Colloquium Chairs, Conference Committee, Scientific Committee, Financial Reporting Standards Committee). Below I will try to comment on the main aspects of the proposed reforms concerning the governing bodies, with the aim of giving you, as EAA members, the scope and relevance of the proposals to be presented at the next General Assembly (if the Exec Committee approves these plans). In my next newsletter message, just before the Congress itself, I will give more details on the proposed new operational bodies.

The proposed new names for the governing bodies are as follows:

- “Management Committee” to replace the current “Steering Committee”, and
- “Board” to replace the current “Executive Committee”.

The role of the President, as the main representative and leader of the Association, has become more important in the recent past. The proposal is in future to allow the members to directly elect to this position a relevant European academic with the appropriate knowledge of the Association. The term of this position will be for a period of 2 years (that could be enlarged one year more). The nomination of the candidate is a task of the Management Committee, the Board will also need to accept the proposed name, and the final election will be held in the Annual General Assembly of the Association. The current proposal is to have a nominee presented at the Prague Conference (Spring 2004), so that the final appointment by the Assembly could take place in the Gothenburg Conference (Spring 2005).

The Management Committee will be in charge of the daily management of the affairs of the Association. This body will be formed by the President (and the President-elect, if any), the Chairman of the forthcoming Conference, the Executive Secretary and six other members, of which three at least (and no more than four) should already be members of the Board. These additional members are to be appointed for a term of three years, renewable just once. The Management Committee will meet at least two times a year, and the meetings can be attended, upon invitation, by the Chairpersons of the operational Committees and others as appropriate or necessary.

Secondly, the Board, intended to replace the current Executive Committee. This body governs the Association and holds the powers of administration. It is proposed that this body will have the composition and appointment terms as outlined in the table below.

As currently, the Board will meet ordinarily once a year, usually during the Annual EAA Conference.

THE PROPOSED EAA BOARD	
Members	Appointment (years)
President	2+1
President-Elect (if there is one)	1
President, Treasurer and Secretary of the Annual Conference	1
President of the prospective Conference	1
National representatives of each European country with 10 or more members	3
Chairs of the operational EAA Committees	3
Editor of the EAA Journal	3
Representative of the EIASM (ex officio)	-
Executive Secretary (ex officio)	-
Webmanager (will attend upon invitation)	-

This proposed restructuring of the governing bodies will result in making the task of management of the Association more effective. It will require that the President become more deeply involved in the affairs of the Association than was the case in the past. The Management Committee will be called to give the needed advice on the principles to be followed, and the Board will continue with their mission of setting the strategy of the EAA as a whole.

SUMMARY

Times are changing in the accounting world. In the same way that financial reporting and accounting in Europe needs to gain a high levels of uniformity and comparability, and the EU had to choose a particular way to accomplish the goal of convergence, our Association needs to reform its governance structures in order to meet its main goals more effectively, i.e. to serve the interest of accounting academia in Europe.

Finally, I wish you, on behalf of the European Accounting Association and my own name, a Happy and Prosperous New Year 2004. Greetings and Peace for all of you!

José A. GONZALO

Dec, 2003

3. EAR News and Announcements:

Communications from the Editorial Office:

The Editor of *EAR* would kindly like to remind current and potential authors submitting to *EAR* of the following instruction, included in the Notes for contributors:

Authors should submit their article by **e-mail** in MS Word format to the Editor of *EAR*, Prof. Kari Lukka (kari.lukka@tukkk.fi), including an abstract and six keywords suitable for indexing and online search purposes. In addition, **one complete copy of the article should be mailed as a paper hardcopy** to the Editor (Turku School of Economics and Business Administration, Rehtorinpellonkatu 3, FIN-20500 Turku, Finland).

Authors should keep in mind that this applies also when resubmitting a manuscript. Currently, there seems to be some misunderstanding regarding these procedures, which is causing unnecessary work at the Editorial office.

ADVERT:



Latest CIMA Technical Briefings:

The following is the most recent Technical Briefing produced by CIMA's Technical Services team.

Performance Reporting to Boards: A Guide to Good Practice

According to the latest guide from CIMA, unless companies improve the quality and timeliness of business information delivered to the boardroom, corporate failures will continue to happen. The report highlights that many companies do not know where value is created or destroyed in their business.

CIMA is concerned with the best practice of board reporting necessary for good market performance and corporate governance. *Performance Reporting to Boards* sets out the principles of good reporting of both financial and non-financial information to boards of directors, the systems companies need to have in place to do it and the culture that supports it. It outlines characteristics of good information and key performance indicators, and provides tables detailing good and poor practice. There is also a performance reporting checklist.

The case studies at the end of the report broaden the perspective by revealing two differing innovative approaches to performance reporting.

The first case describes how the logistics company DHL changed the focus and structure of its performance reviews with a view to improving decision making at board level. The result was the appointment of a dedicated team of business performance analysts charged with supporting board directors.

The second case, from the management consultancy Metapraxis, focuses on an implementation of an early warning service for company directors. The service is designed to help finance teams support their boards in providing relevant and forward-looking reporting.

To download a free copy of the report, please visit the CIMA website (http://www.cimaglobal.com/downloads/perf_reporting.pdf)

4. News:

EAA News

News of the EAA and of EAA related events

[01] EIASM WORKSHOP ANNOUNCEMENTS

EIASM is organising a series of workshops in Accounting. For full details, please visit their website (<http://www.eiasm.org/index1.html>) and select the Functional Calendar of Events.

Accounting events on this list in the near future include (select the hyperlink for further details):

- The Workshop on Accounting and Economics - Frankfurt, Germany - June 17-19, 2004. For further details see: http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=304
- The Workshop on Audit -Copenhagen, Denmark - September 9-11, 2004. For further details see : http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=339

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- The Workshop on Accounting and Regulation - Siena, Italy - September 30-October 2, 2004. For further details see:
http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=305
 - The International Conference on Accounting, Auditing and Management in Public Sector Reforms - Oslo, Norway - October 7-9, 2004. For further details see:
http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=358
 - The 4th Conference on New Directions in Management Accounting - Brussels, Belgium - December 9-11, 2004. For further details see:
http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=337

[02] ANNOUNCING THE LAUNCH OF ACCOUNTING IN EUROPE - A NEW EAA PUBLICATION

As an experiment, the EAA is planning to publish a single volume issue of a new journal, *Accounting in Europe*. This will be in the spirit of the old section in *European Accounting Review* and will aim to publish research, analytical material and also some commissioned articles on special themes of interest to the European accounting community.

Evidently at this time the most significant theme is the adoption of IFRS within the European Union, and this issue will concentrate on all aspects of that. Papers should be submitted to Professor Peter Walton, ESSEC Business School, BP 105, 95021 Cergy Pontoise Cedex, France (walton@essec.fr) by 31 January 2004. Style guidelines will be the same as for *European Accounting Review*.

Publication is planned for the summer of 2004 and the journal will be distributed free of charge to EAA members and EAR subscribers. This issue is being generously sponsored by the Association of Chartered Certified Accountants (ACCA) as part of their centenary celebrations.

Accounting in Europe is intended to provide descriptive and analytical material in a European context. It should provide articles which reflect on practice, and which provide analysis and comment. The articles should aim to occupy intellectual ground between pure research and the practitioner. They should provide a useful contribution to academic knowledge and help to achieve a more sophisticated understanding of accounting in its context.

It is intended to provide an eclectic publication outlet which will encourage both younger researchers and those from research traditions not well represented in English language journals. It will consist mostly of articles submitted by members of the research community which will be subject to blind refereeing. It will also include some commissioned pieces.

This trial issue will focus on the adoption of IFRS in Europe and the intention is that it will be published in the summer of 2004.

Editorial team: This issue will be edited by Peter Walton (ESSEC Business School). There will be an editorial committee who will be responsible for reviewing articles. Those who have agreed to be on the committee are: Sally Aisbitt (Open University Business School) Kristina Artsberg (Jönköping International Business School) Lisa Evans (Edinburgh University) Axel Haller (Linz University) Martin Hoogendoorn (Erasmus University) Ann Jorissen (Antwerp) Kari Lukka (Turku School of Economics and Business Administration) Araceli Mora (Valencia University) Bernard Raffournier (University of Geneva) Stephen Zeff (Rice University).

Further details on this issue as it develops, and on future issues, if this so ensues, can be found on the EAA website at <http://www.eaa-online.org/pub/aie.cfm>

[03] A NEW PRESIDENT FOR EIASM

After 8 years in office as president of the EIASM Board, Professor Anthony Hopwood has resigned. He is succeeded by Professor Paul Coughlan. Paul is Professor of Operational Management at Trinity College in Dublin, Ireland, and has been a member of the EIASM Board since 1999.

Anthony Hopwood will of course continue to play an important role in EIASM, both as Past-President on the Board and EIASM-Professor of Accounting.

The new President's policy statement for the coming three years will be published shortly on the EIASM website (<http://www.eiasm.be>)

[04] INTERNATIONAL ACCOUNTING NETWORK

The EIASM ran a workshop on Accounting in Europe in Brussels in September. The participants of this agreed that it would be useful to them to create an electronic mailing list of people interested in international accounting, in order to exchange information, details of events etc. If you would like to be included on this mailing list, please e-mail Professor Peter Walton (walton@essec.fr)

ADVERT:



The KPMG LLP and UIUC –

Business Measurement Research Program

Call for Proposals for Round Two

The Program is now open for the second round of research proposal submissions. All research approaches and paradigms are acceptable including modelling, experimental, archival and field analysis applications. During Round Two the Program Advisory Board has a special interest in receiving proposals on the linkages between business modelling and measurement and fraud detection.

The **submission deadline for Round Two proposals is February 1, 2004**. Funding decisions for Round Two proposals will be announced as soon as the evaluations are complete, but no later than May 15, 2004.

All proposals must be submitted electronically to the Program Assistant, Michelle Loyet, at the following email address: mloyet@uiuc.edu.

Proposal text and all supporting materials must be in a single electronic file in either Word or PDF format. Multiple files or files in other formats will be returned to the authors for reformatting.

Applicants who have questions about the program or proposal process should send their enquiries to Timothy Bell at tbell@kpmg.com or A. Rashad Abdel-khalik at rashad@uiuc.edu. Other enquiries should be directed to Michelle Loyet at mloyet@uiuc.edu.

The "Invitation to Submit Proposals" for Round Two and other important program information, including teleconference details, may be viewed on the program web site: <http://www.business.uiuc.edu/kpmg-uiucresearch/index.htm>.

European News

Selected recent European accounting news supplied by AccountingEducation.com

[05] UPDATE ON INTEGRATION OF EUROPEAN CAPITAL MARKETS - An inter-agency monitoring group within the European Commission has published its second interim report on progress toward regulating European securities markets at the EU level. See the following address for further details: <http://www.accountingeducation.com/news/news4683.html>

[06] EFRAG INVITES COMMENTS ON PROPOSAL TO STRENGTHEN ITS ROLE AS LIAISON STANDARD SETTER IN EUROPE - The European Financial Reporting Advisory Group (EFRAG) has invited comment on proposals to enhance its role and streamline its operating processes with the goal of "strengthening European input to the IASB". See the following address for further details: <http://www.accountingeducation.com/news/news4685.html>

[07] ICAEW SEES PASS RATES AT OVER 80% FOR FIRST OPEN BOOK ADVANCED STAGE EXAM SESSION - The Institute of Chartered Accountants in England & Wales (ICAEW) has issued the results of the first completely open book exam session of the Advanced Stage exams - which proved a resounding success with pass rates for all papers at over 80%. An open-book exam style was extended by the Institute to make assessment more like the real working environment of accountants and to test students on their ability to use resources effectively. See the following address for further details: <http://www.accountingeducation.com/news/news4703.html>

[08] UK GOVERNMENT LAUNCHES CONSULTATION ON DIRECTOR AND AUDITOR LIABILITY - Options for a radical overhaul of directors' and auditors' liability were unveiled yesterday by Patricia Hewitt, UK Secretary of State for Trade & Industry. The consultation document 'Director & Auditor

Liability' seeks responses on a wide range of options designed to 'maintain an effective and competitive audit market alongside a diverse, talented and willing pool of potential company directors'. See the following address for further details: <http://www.accountingeducation.com/news/news4699.html>

[09] EUROPEAN COURT OF AUDITORS PUBLISHES ITS 2002 ANNUAL REPORT -

The European Court of Auditors is responsible for auditing the EU accounts each year. Yesterday they published their report on EU activity and reporting for the 2002 year. Like most large entities (including most audits of governments) the report tries to be positive but with underlying tones of 'its not quite right yet'. In this particular case, they ECA says it welcomes the recognition of the EU that is still has a little way to go to get its house in order over its huge annual budget. See our full news item for further details of this audit report, including the full press release issued by the ECA. See the following address for further details:

<http://www.accountingeducation.com/news/news4618.html>

[10] HCCC COMES INTO BEING IN FRANCE TO OVERSEE FUTURE OF AUDITING PROFESSION -

The decree which lays down the working rules for the new HCCC's (Haut Conseil du Commissariat aux Comptes - High Council of External Auditors) was published on November 27th in le Journal Officiel. The committee, working with the Minister of Justice, will be in charge of monitoring the auditing profession in France as well as overseeing its independence and professional code of ethics, with support from the CNCC. This is a major change to the France auditing system and follows the passing on August 1st, 2003's of the French Financial Security law. See the following address for further details:

<http://www.accountingeducation.com/news/news4677.html>

Other News

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

[11] IASB ISSUES REVISED STANDARDS ON FINANCIAL INSTRUMENTS

- The International Accounting Standards Board (IASB) has issued revised versions of its two Standards dealing with financial instruments. IAS 32 deals with the disclosure of financial instruments and their classification as debt or equity. IAS 39 deals with recognition, derecognition, measurement and hedge accounting. See the following address for further details:
<http://www.accountingeducation.com/news/news4695.html>

[12] IASB WELCOMES US MOVE TO CONVERGE WITH IFRS

- The IASB has issued a statement welcoming the release of four Exposure Drafts by the FASB. The proposals are part of a joint effort to eliminate differences between US generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). The four FASB Exposure Drafts released this week address the accounting for changes in accounting policies, earnings per share, exchanges of non-monetary assets, and inventory measurement. A fifth US Exposure Draft, on the classification of liabilities as current or non-current, is expected in January 2004. See the following address for further details:
<http://www.accountingeducation.com/news/news4702.html>

[13] PCAOB ANNOUNCE RULES ON OVERSIGHT OF NON-US FIRMS

- The Public Company Accounting Oversight Board last week voted unanimously to propose for public comment rules relating to the inspection and investigation of non-U.S. public accounting firms. The Board also voted unanimously to propose extending the registration for non-U.S. firms by 90 days to July 19, 2004. See the following address for further details:

<http://www.accountingeducation.com/news/news4686.html>

[14] GAO STUDY PUBLISHED ON AUDIT FIRM ROTATION

- The US General Accounting Office (GAO) has published its report on Public Accounting Firms – Required Study on the Potential Effects of Mandatory Audit Firm Rotation. The study was mandated by the Sarbanes-Oxley Act of 2002. The report says, that GAO believes that mandatory audit firm rotation may not be the most efficient way to strengthen auditor independence and improve audit quality. See the following address for further details:
<http://www.accountingeducation.com/news/news4684.html>

[15] CIMA LAUNCHES STRATEGIC ENTERPRISE MANAGEMENT WEBSITE


- CIMA has launched a website addressing issues related to strategic enterprise management. Its aim is to provide a resource on core management accounting topics. See the following address for further details:
<http://www.accountingeducation.com/news/news4623.html>

[16] ACCOUNTABILITY LAUNCHES WEBSITE FOR DISBELIEVERS

- Why is it that there are relatively few companies that have committed significant resources to corporate responsibility, when there seem to be so many studies that show a clear business benefit? And how and when can businesses 'do well by doing good'. Check out the new Conversations with Disbelievers website which for the first time brings together much of the available quantitative evidence that addressing social challenges can help businesses improve their financial bottom lines. See the following address for further details:
<http://www.accountingeducation.com/news/news4624.html>

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		<p>Publications are available from: ICAS Research Centre, CA House, 21 Haymarket Yards, Edinburgh EH12 5BH research@icas.org.uk Direct Tel: +44 131 347 0237 Fax: +44 131 347 0111 http://www.icas.org.uk</p>
<p>OPINION SHOPPING AND THE ROLE OF AUDIT COMMITTEES WHEN AUDIT FIRMS ARE DISMISSED: THE US EXPERIENCE</p> <p><i>Clive Lennox, Hong Kong University of Science and Technology</i></p> <p>Enron and other recent corporate scandals have fuelled concerns about standards of financial reporting. This report provides timely evidence on the relationships among senior management, auditors and audit committees, using US data.</p> <p>ISBN 1 871250 93 5 Price £15</p>	<p>PERFORMANCE REPORTING BY UK CHARITIES: APPROACHES, DIFFICULTIES AND CURRENT PRACTICE</p> <p><i>Ciaran Connolly, University of Ulster & Noel Hyndman, Queen's University Belfast</i></p> <p>This report contributes to the debate on the accountability of charities. It argues that well developed and appropriate performance measurement and performance reporting systems can help to discharge an important aspect of accountability.</p> <p>ISBN 1 871250 97 8 Price £15</p>	
<p>THE TRANSFORMATION OF THE PUBLIC SECTOR: THE ROLE OF ACCOUNTING IN SUSTAINING CHANGE</p> <p><i>Irvine Lapsley, Tom Brown, Audrey Jackson, Rosie Oldfield, Chris Pong, University of Edinburgh</i></p> <p>The present study has sought to clarify the influence of accounting and accountants as agents of change within the reform of the public sector.</p> <p>ISBN 1 871250 96 X Price £15</p>	<p>THE CASE FOR DEPRIVAL VALUE</p> <p><i>Occasional Paper – William Baxter</i></p> <p>This paper is the latest on a topic that Professor Baxter first encountered in the 1930s and which he has continued to develop throughout his long and productive academic career.</p> <p>ISBN 1 871250 94 3 Price £5</p>	

5. Congress Update:

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



EAA members may be interested to hear the current status of the preparations for the EAA 2004 event, forthcoming in April 2004.

The Prague Congress Scientific Committee has now started its work with the evaluation of the abstracts submitted by the deadline (which has now passed). For the first time in the EAA history this review will be implemented by two Scientific Committee members anonymously examining every abstract. The results of evaluation will be available at the end of January 2004.

Up to the deadline for the abstract submission (1 December) we received 1,021 abstracts in 18 topic areas. By the same date we already have 1036 registered participants from 54 countries all over the world.

Full details of the event can be found from the EAA2004 home page at <http://www.eaa-online.org/annual/EAA2004/> - this will shortly include the facility to register as a delegate and to book accommodation.

Regards - Congress Organising team - EAA'2004

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:

- **Beyond 2005: Financial Reporting by EU Private Companies**

5-Feb-2004

Sponsor: ACCA

City: Brussels

All 7,000 EU listed companies will be required to use International Financial Reporting Standards (IFRS) for their reports from 2005. Unlisted companies in some member states are likely to have the option of using IFRS (which might in future include a standard for SME's), but in others will have to continue to use existing national rules. This one-day conference is to consider the implications of these developments for the millions of private enterprises large and small in the EU (plus the 10 new states due to join in 2004).

- **The International Accounting Conference**

4-Mar-2004 to 6-Mar-2004

Sponsor: AUEB, Zimmerman Center (UIUC)

City: Athens

The 2004 annual conference of The International Journal of Accounting will be held in Athens, Greece. It will be jointly sponsored by The Athens University of Economics and Business and the Zimmerman Center of the University of Illinois at Urbana-Champaign. The conference will be held on March 4-6,

2004. The theme of the conference this year will be - Economic Institutions, Culture, and Accounting.

- **Tenth Accounting and Management History Conference**

25-Mar-2004 to 26-Mar-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.

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

Event dates: 30-Mar-2004 to 31st-Mar-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

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]

7. Job Adverts:

Following are currently outstanding vacancies from our vacancy advertising service offered via our website. Further details on each position can be found on the website.

- [Lecturers/Senior Lecturers in Accounting & Finance \(2 positions\)](#) - Institution: Lancaster University Management School (LUMS), UK. Deadline for applications: commence review in December 2003
- [Faculty Positions in Accounting , Finance , Marketing and Management](#) - Institution: Universidad Carlos III de Madrid - Department of Business Administration. Deadline for applications: 01, February 2003

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

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)

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

8. Other Content....



Interview - with Clare Egan - Technical Manager, Education Committee, IFAC

Andrew Lymer (AL): What is the role of IFAC's Education Committee?

Clare Egan (CE): IFAC's Education Committee is focused on developing an accountancy profession that has the professional knowledge, skills and professional values, ethics and attitudes to serve the overall public interest. It:

- develops standards, guidelines, discussion papers and other information documents on the education and development of professional accountants; and
- acts as a catalyst in bringing together the developed and developing nations, as well as nations in transition, and to assist in the advancement of accountancy education programs worldwide.

AL: Who is represented on this Committee?

CE: The Committee includes representatives from IFAC member bodies, the large accountancy firms and in 2004 will include two members of the public. The Committee also includes two permanent observers representing the International Association of Accounting Education Research (IAAER) and the United Nations Conference on Trade and Development (UNCTAD).

AL: What pronouncements and documents does the Committee develop?

CE: The Committee develops three types of documents:

1. *International Education Standards for Professional Accountants (IES)* which prescribe standards of generally accepted “good practice” in education and development for professional accountants.
2. *International Education Guidelines for Professional Accountants (IEG)* which assist in the implementation of the IES by providing advice or guidance.
3. *International Education Papers for Professional Accountants (IEP)* which promote discussion or debate on education and development issues affecting the profession, present findings, or describe situations of interest relating to education and development issues affecting the profession.

AL: Why develop Standards rather than continuing to develop Guidelines? Why now?

CE: The decision to develop education standards was largely driven by the profession’s efforts to move towards convergence to high quality standards in accounting, auditing, public sector accounting and ethics. Education must be the starting point for the profession to achieve common technical and practice standards throughout the world. The Committee’s previous documents, International Education Guidelines, did not have the level of authority which required IFAC member bodies to comply, or gain recognition from regulatory and statutory authorities which set the education requirements for the profession in many countries. The first IES were issued in October 2003.

AL: What are the key areas the standards cover?

CE: The standards issued in October 2003 address the following components of the education process leading to qualification as a professional accountant:

- *IES 1, Entry Requirements to a Program of Professional Accounting Education* prescribes the requirements for entry to an IFAC member body’s program of professional accounting education and practical experience.
- *IES 2, Content of Professional Accounting Education Programs* prescribes the professional accountancy knowledge that all candidates require to function competently as professional accountants.
- *IES 3, Professional Skills* prescribes the mix of skills that individuals who seek to qualify as professional accountants need to acquire.
- *IES 4, Professional Values, Ethics and Attitudes* prescribes the professional values, ethics and attitudes professional accountants should acquire during the education program leading to qualification as a professional accountant.
- *IES 5, Practical Experience Requirements* aims to ensure that candidates seeking to qualify as professional accountants have acquired the practical experience necessary before presenting themselves to the public as professional accountants. The IES prescribes candidates should gain a minimum of three years of practical experience before qualification.
- *IES 6, Assessment of Professional Capabilities and Competence* addresses the requirements for a final assessment of a candidate’s professional capabilities and competence before becoming a professional accountant.

The Committee also exposed a proposed IES addressing continuing professional development (CPD) for comment in October 2003. It is anticipated a final IES addressing CPD will be issued in mid-2004.

In an environment of constant change, a commitment to lifelong learning is essential, and IES aim to cultivate and reinforce this value among professional accountants so they effectively maintain professional competence throughout their careers.

For more detail on the Standards, go to
http://www.ifac.org/Education/downloads/Education_Brochure_10_03.pdf

The Standards may be downloaded from the IFAC website free of charge www.ifac.org

AL: How will these Standards be applied at the national level. Will they be enforced by IFAC?

CE: All IFAC member bodies are expected to comply with the IES, effective from January 1, 2005. IFAC's compliance program will monitor compliance with the Standards. IFAC recognizes that member bodies may be at different stages in their development and the required level of understanding may vary in different bodies and over different time periods. Also, education needs and the institutional and cultural environments around the world also differ. While IES need to be complied with, it is acknowledged that needs vary and the IES may be complied with in different but equivalent ways.

AL: Is this an attempt to move towards a global accounting qualification?

CE: The Standards are intended to set the base level requirements in terms of content and processes which all education programs should include, and are not intended to establish a set model on which all programs should be based.

AL: What are the key implications of the introduction of these standards for European accounting academics (teaching, course admin and research).

CE: The standards prescribe the essential elements of the content and process of accounting education. Accounting academics may give consideration to the content of their programs, and the way courses are structured and taught, including the integration of different knowledge areas within a course. The proposed standard on CPD encourages member bodies to experiment with output based approaches to learning and development, and research in this area would be welcome.

AL: What other major projects does the Committee have on its workplan?

CE: Two key projects on the committee's workplan, include research to provide guidance on assessment methods used in accounting education programs, and research to provide guidance on the best ways to inculcate professional values, ethics and attitudes for future members of the profession. In addition, the committee will address what additional guidance is needed to assist member bodies to implement the requirements in the standards.

AL: How could EAA members usefully get involved with IFAC's activities in accounting education?

CE: The Committee encourages as many interested parties as possible to provide comments on documents released on exposure, and to promote the use of the Committee's materials and activities. In 2004, along with IFAC's other standard setting committees, will operate with greater transparency by making agenda papers, workplans, project proposals, etc publicly available on the IFAC website, and its meetings will be open to the public to observe. Comments and feedback are welcomed.

To learn more about the IFAC Education Committee and its work program, visit the IFAC website www.ifac.org/Education



Thought Piece: Personal reflections on the recent work of the IFAC Education Committee

by Prof. Ing. Bohumil Král, CSc. - Head of the Management Accounting Department, Faculty of Finance and Accounting, University of Economics, Prague, Chair of EAA 2004.

In 2000 the Czech Chamber of Auditors and Union of Accountants were granted admission to IFAC and were given the possibility of participating in their Education Committee – one of the seven key IFAC Committees (see <http://www.ifac.org/Education/> for details on this Committee's remit and make-up). Given that IFAC represents 155 professional bodies from 114 countries world-wide, participation in this Committee is an exceptional opportunity to share experience with accountants from all around the world to represent not only the Czech accounting profession, but also our whole Republic. I had the honour to be the Czech representative chosen to participate in the Education Committee's work for the last three years. For this reason I would like to offer some reflections on the Committee's activities over this period.

Over the time I sat on this Committee, the principle focus of its work was to develop their emphasis from a largely traditional orientation on accounting, law and taxation knowledge to one of a much wider business education for accountants. The whole period was characterised by increasing emphasis on the need for accountants to not only be educated (and experienced) in these core areas, but also in those such as corporate governance, human relation management, communication, information technology, marketing, globalisation, and in the ethical aspects of business and his/her profession.

A further focus in the recent work of the Committee was the effort to integrate all of the instruments that have substantial impact to an accountants' profile. Their aim is not only to

educate accounting professionals so that they will acquire a sufficient range of knowledge from specified problem areas, but also to create the conditions from which accountants can enhance their experience and professional intuition for practical problem solving in the modern business environment. These aspects are all developed from the view-point of four key positions in which a professional accountant can find themselves: in the role of user, manager, developer of accounting information systems and its external auditor.

The key delivery vehicle of this work has been the historical project that led to the International Education Standards for Professional Accountants (IES) issued in October, 2003 (see <http://www.ifac.org/Store/Category.tmp?Category=Education>). These standards are of vital importance to the future harmonisation attempts occurring right across the accounting profession - including IAS/IFRS and International Auditing Standards. They represent the next significant element in the process of international harmonisation.

The decision to develop IES occurred at the Committee meeting in Mumbai in February 2001, and was confirmed by the full IFAC Board before the Committee next meeting in Budapest in August 2001. Prior to the current time, documents issued by the Education Committee were at the level of Guidelines - materials that should give an inspiration and instruction how to achieve desired results, but not to impose particular rules on members.

The first set of these Standards have now been issued. Six initial Standards stating the requirements for entering the profession were issued in October (the seventh Standard, addressing Continual Professional Development, is currently in the form of an Exposure Draft and will be issued in 2004). This is the next step to world-wide harmonisation of accounting. Other initiatives have focused on the harmonising of output information produced financial accounting, and the application of auditors' techniques for its verification, but this adds to these processes the education requirements, skills, experience and professional intuition for those who are responsible for the content of this information.

Why was this necessary? Motivations for the need to harmonise global approaches to accounting education include the experience of the so-called "Asian crisis", during the 1990's. Other reasons included the many practical complications with national application of the existing Guidelines. The process, techniques and methods used world-wide to date were not bringing about comparable outputs – in spite of the wide range of professional bodies which declared unity with them. Public bodies and professional institutions around the world have also become increasingly focused on the need for Standards and are moving away from principle-based guidelines of the variety IFAC then had in this area. Pressure was also being exerted by the representatives of external users who were becoming more concerned with the reliability (or unreliability) of accounting information. The idea of IES implementation therefore had the agreement of institutions such as World Bank, World Trade Organisation and United Nations.

Despite these reasons, the decision of the Committee to issue standards was only accepted after broad discussion and was not easily born. In particular, developing countries representatives expressed serious concerns over whether the external verification of the compliance of national education and certification programs with IES will lead to the undesirable differentiation and perhaps even the breaking up of the integrated front of IFAC members. Concerns also were expressed over how to acquire financial resources for development of national programs, which are not at the desired new level, and whether

compliance with the new Standards would lead to undesirable unification, which will override the specific national needs of various countries. Nevertheless, the conclusion accepted by the Education Committee was that this was the logical result of the wider harmonisation efforts and should be progressed.

Substantial part of work undertaken related to the IES development rested with the English-speaking countries representatives. Nevertheless, concepts and detailed wordings were also approved by other members working in three task forces, focusing on:

- Introduction to Standards and their Framework,
- Pre-qualification Standards and
- Standards of continuous professional development of accountants.

In the periods between the Committee's meetings there was no time for wider discussion of issues between the various task forces. For this reason the main part of meetings over the next two years (London – March 2002, Beijing – November 2002, Brasilia – March 2003 and Cape Town – August 2003) was focused on the analysis of contextual and structural issues of the outputs of these three task forces to ensure consistency of approach in the final outputs.

Negotiations towards the agreed standards over this period was influenced not only by effort to "raise the bar" in requirements for the development of the accounting profession world-wide, but also by natural tendency of the various Committee members to defend the quality of their own education and certification programs and to attempt to carry national interests through into the Standards. This is not a problem unique to educational standard harmonisation of course.

The process of the development of these Standards was an excellent example of the need for diplomatic and political skill in developing harmonised results. The Education Committee benefited greatly from the fact its chairman, Mr. Warren Allen from New Zealand, had these abilities and was able not only to find compromises and "win-

win” situations from different viewpoints, but also to do so whilst maintaining the focus on keeping the Standards at the necessary high level to safeguard the future credibility of our professional. The successful outcome we reached from this process owes much to him and the IFAC team.

The opportunity to participate in this process has offered enormous inspiration for the

development of the accounting profession in the Czech Republic, as I am sure it has elsewhere. Personally, my participation in the Education Committee’s activities provided a tremendous learning environment and has provided the most interesting part of my professional life (so far!).

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