
EAA Members

Newswire

Issue 8
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September 2004



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1. Editorial

WELCOME to the 8th issue of the EAA members Newsletter. In this issue we have an update from the EAA President on the developments occurring in the corporate governance discussions currently being held between the members of the Association's Management Committee. He expressed a little disappointment in the level of engagement in this process from the rest of us (apart from the 29 of you who can feel comfortable in your part so far in this process! - see below) and calls for us all to consider how we can each help develop the Association. See his column below for specific requests for comments and suggestions on future directions for the Association he would like to receive in the near future.

The Thought Piece this issue addresses the issue of politics in the standard setting process - using IAS 39 adoption as a case study of particular importance in the EU at present. Dr. Ann D'Arcy, as someone who works closely with the implementation of IFRSs in a large European company, offers a personal opinion on the practical issues for adopters who will need to put into practice the outcome of these discussions.

In conjunction with this item, see the news items from the EU on IAS 39 adoption and the UK's Accounting Standards Board opinion on what the EU has decided to do in partial adoption of the IASB standard in this area. Seems the battle lines are drawn!

Members are also asked to note the details for the change of editorship of EAR due at the end of 2005 and Peter Walton provides details of the first issue of Accounting in Europe - and announces the decision to produce at least two further volumes under this title over the next two years. The Calls for Papers for these volumes will be released shortly (watch for the announcement on the EAA website).

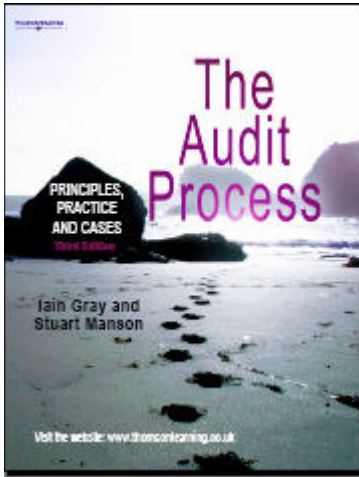
This issue also contains various details on the forthcoming EAA 2005 Congress in Goteborg, Sweden. In particular, members are asked to note the deadline for abstracts/papers is rapidly approaching (November, 15th).

As I say every issue - I am always pleased to receive offers of articles, or any other comments, feedback or suggestions on the current issue of the newsletter, as presented below, or on possible future developments for this members service.

Andy Lymer
EAA Newsletter Editor & Webmanager
20th September, 2004

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

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CIMA

Research Opportunity - The Benefits of Performance Measurement Systems

The Chartered Institute of Management Accountants (CIMA) invites research proposals on the benefits of performance measurement systems (PMS). Performance measurement is clearly an important topic for all organisations, and is currently a topic of much academic research. Recent research suggests that the benefits from performance measurement systems (PMS) lie in their integrative capacities, over time, between operating and strategic concerns, across business processes and even transcending organisational boundaries.

CIMA's Research and Development Group has identified four priorities for research into ways of deriving the benefits of PMS -

1. the processes of performance management;
2. using PMS for planning and budgeting across organisational process/boundaries;
3. linking PMS with incentives and reward systems; and
4. measuring and accounting for intangibles in PMS.

In particular, it would like to encourage field work and case studies which demonstrate the impacts of PMS on business performance and assess the relative impacts of different approaches.

Closing date for applications - 1 November, 2004.

For further details on questions CIMA would like answered, and information on how to apply, see the full call at http://www.eaa-online.org/CIMA/cimahome_calls.cfm

2. Message from the EAA President:

Dear Colleagues,

Let me address you again at the beginning of the new academic year. I trust that you spent a good time during your holidays, and hope that you have survived and also recovered from the first shock when you got back to your universities or other working places.



The basis of my column in this issue of the newsletter is the Interim Management Committee Meeting that was held on 14 September in Brussels. The agenda of the meeting included a number of important points. I would like to comment on three of them which, in my opinion, will have a significant impact on the future development of the EAA.

The first point discussed by the Management Committee dealt with corporate governance changes. All your suggestions regarding the next EAA President and Management Committee members were taken into consideration and - after a relatively extensive discussion - nominations were approved for these positions. It is premature to mention names at this stage. The Management Committee nominations must be complemented by the explicit agreement of the nominees that they are able and willing to accept the suggested positions as well as by their professional curriculum. Only after this will they will be submitted to the EAA Board. Despite of this fact, let me make two comments about these nominations:

- One of the main principles the Committee adopted was the effort to respect your suggestions and recommendations as much as possible. In this regard it is a pity that only 29 out of more than 1,000 EAA members took his/her opportunity to participate in this process. If the EAA is to grow as a prestigious, world-wide respected, organisation whose professional opinions are listen to and noted, it is necessary to improve its internal communications first, especially those bottom-up ones - such as this nominations process.
- One of the possibilities that would lead to the enhancement of discussion inside the EAA is the development of materials, that describe the future strategic orientation of the newly created EAA authorities. From this viewpoint, specific names of members are not as important as the need to develop effective action plans for the Management, Standing Scientific, Conference and Publication Committees, and others, and to coordinate them so that they will lead to synergy in the long-term prospects of the Association. The Management Committee set me the task of organising a common meeting of the chairmen of the Standing Scientific Committee, Conference Committee and Goteborg Organising Committee during the preparatory meeting, to discuss their ideas and to ask them to develop long-term plans and policies for their future activities. I suppose that these principles should be the subject of broad discussion (at a minimum, held electronically) with the wider membership base. In this respect I would very much appreciate your feedback.

One of the important long-term principles that were the subject of discussion at the Management Committee meeting (and for which I would like to ask for your opinion on already) is the principal role of future EAA Congresses. There is no surprise - annual congresses are the most significant EAA event each year and their principal orientation has substantial impact on all other EAA activities. The basic question is: should the future congresses be primarily seen and presented as a networking event, where also less experienced, young, researchers should get a chance to

present their work and improve it through comments received at these events or should the possibilities for presentations be more restricted to “better quality” papers, and – consequently – should the picture of the EAA Congresses be more exclusive?

The last point for which I would like to ask for your opinion was discussed briefly at the end of meeting. Despite of this fact, it could have a substantial impact on the future development of the EAA. The question is whether it would be of value to create further special committees of the EAA, that could act as partners to other world authorities in helping them in the development of the accounting profession.

Recently the EAA has set up one such committee - the EAA International Financial Standards Committee. It seems that, despite the short time since its creation, the Committee has already gained a good reputation. The proof of this is the fact that the Committee Chairman, Günther Gebhardt was (as a representative of the Committee) invited to participate in the special IASB task force whose subject of interest will be financial instruments.

My opinion is that such activities have their role and significance. In my June column in the newsletter I argued that professional education is probably the most important area of recent accounting development. I posed the question, “Should not we find an EAA Education Committee that could be partner of IFAC Education Committee in the process of the International Education Standards Update and Implementation and the other world wide institutions in their effort to enhance the quality of the education of professional accountants? Are they any personalities – EAA members - who are interested in the activities of the Committee?”. This are my last question for this issue of the Newsletter.

I wish you, dear Colleagues, a lot of health, happiness and satisfaction in your personal as well as professional life. I look forward to receiving your responses to all/any of the above comments (my email address is given below to be used for this purpose).

Sincerely yours,

Bohumil Král
President EAA 2004
Kral@vse.cz

3. EAR News and Announcements:

Communications from the Editorial Office:

1. Date of change of the editorship of European Accounting Review

It has recently emerged that there may be some confusion regarding the time of change of the editorship of *European Accounting Review*. Please would you pay attention to the fact that Prof. Kari Lukka will continue as the Editor of *EAR* **until the end of year 2005**. Accordingly, the new Editor will step in not before than 1 January 2006, and will take care of the review processes of manuscripts submitted to *EAR* as of that date. However, even after 1 January 2006, Prof. Lukka will continue to process all the manuscripts submitted to the journal by the end of 2005.

2. Changes in the Editorial team of European Accounting Review

Professor Laurence van Lent from Tilburg University has been appointed an Associate editor of *EAR*. Simultaneously Dr. Christian Leuz has stepped down from his similar position.

3. Future accepted papers for EAR as follows:

- Gerdin, J. The impact of departmental interdependencies and management accounting system use on subunit performance.
- Cormier, D., Magnan, M. & Van Velthoven, B. Environmental disclosure quality in large German companies: Economic incentives, public pressures or institutional conditions?
- García Meca, E., Parra Frutos, I., Larrán Jorge, M. & Martínez Conesa, I. The explanatory factors of intellectual capital disclosure to financial analysts.
- Hassel, L., Nilsson, H. & Nyquist, S. The value relevance of environmental performance.
- Christensen, M. The 'Third Hand': private sector consultants in public sector accounting change.

- Special section on "*The Introduction of International Financial Reporting Standards in the European Union*"
 - Introduction by the Guest Editors: Begona Giner and William Rees
 - Schipper, K. The introduction of International Accounting Standards in Europe: Implications for international convergence.
 - Whittington, G. The adoption of International Accounting Standards in the European Union.
 - Van Tendeloo, B. & Vanstraelen, A. Earnings management under German GAAP versus IFRS.
 - Brown, P. & Tarca, A. A commentary on issues relating to the enforcement of International Financial Reporting Standards in the EU.
 - Pirinen, P. Economic and normative pressures as drivers for the adoption of International Accounting Standards in Finland since 1976.

The schedule for when these papers will be released has not yet been confirmed.

4. Call for Papers for Future Special Section of EAR on Conservatism in Accounting

Guest editors: James A. Ohlson and Laurence van Lent

Accounting tends to understate the net assets on the balance sheet and to defer the recognition of gains in the income statement while losses are booked immediately. In short, accounting is conservative. Extant research suggests that accounting conservatism varies among firms, industries and countries and is much influenced by the specific institutional settings facing management. Nevertheless, accounting conservatism is still ill understood and many questions remain.

European Accounting Review will issue a Special section to further understanding of these important questions. Relevant topics include, among other things:

- Influence of accounting standards (e.g., IFRS) on conservatism
- Relation between corporate governance and conservatism
- Managers and auditors' incentives to be conservative (esp. in the context of recent bookkeeping debacles)
- Conservative accounting and its influence on expected earnings and their growth
- Disclosure and conservatism: substitutes or complements?
- Firm valuation (models) and accounting conservatism

Papers may have an analytical, theoretical, empirical or methodological focus, but should be innovative and rigorous. We especially encourage submissions that exploit differences in various

institutional settings to investigate the determinants and consequences of accounting conservatism.

Submitted papers considered for this special issue will be subject to double-blind review. Authors are encouraged to contact the guest editors in advance should there be any matters on which they require clarification or guidance. Submissions should be sent to the address shown below in electronic format (Word or pdf). The deadline for submissions is **1 July 2005**.

Contact details of the guest editors are:

Guest Editors EAR issue on Conservatism in Accounting
c/o Prof. Laurence van Lent
Tilburg University
Office B810
PO Box 90153
5000 LE Tilburg
The Netherlands
E-mail: vanlent@uvt.nl

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Publications are available from:

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CA House, 21 Haymarket Yards, Edinburgh EH12 5BH
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<http://www.icas.org.uk>

New Publications

The Turnbull Report, Internal Control and Risk Management: The Developing Role of Internal Audit
Michael Page, University of Portsmouth and Laura F Spira, Oxford Brookes University

ISBN 1 904574 05 X £15.00

Towards the 'Great Desideratum'. The Unification of the Accountancy Bodies in England, 1870-1880 *Stephen P Walker, University of Wales*

ISBN 1 904574 01 7 Price £15

The Development of Corporate Web-sites and Implications for Ethical, Social and Environmental Reporting through the Media *Carol A Adams, Deakin University and Geoff Frost, University of Sydney*

ISBN 1 904574 06 8 Price £15

Audit Expectation-Performance Gap in the United Kingdom in 1999 and Comparison with the Gap in New Zealand in 1989 and in 1999 *Catherine Gowthorpe, Oxford Brookes University and Brenda Porter, Victoria University, New Zealand.*

ISBN 1 904574 04 1 Price £15

Visit the ICAS website for a full list of Research Publications and Executive Summaries

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

- 3rd Conference on Performance Measurement and Management Control - Improving Organisations and Society - Nice, France, September 22-23, 2005. See http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=377
- 4th Conference on New Directions in Management Accounting: Innovations in Practice and Research - Brussels, Belgium, December 9-11, 2004. See http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=337
- EDEN Doctoral Seminar on Statistical Methods for Management Research - Leuven, Belgium, January 24-26, 2005. See http://www.eiasm.org/frontoffice/eden_announcement.asp?event_id=399
- EDEN Doctoral Seminar on Case-based Research in Management Accounting - Brussels, April 11-15, 2005. See http://www.eiasm.org/frontoffice/eden_announcement.asp?event_id=388
- 7th Manufacturing Accounting Research Conference - Tampere, Finland, May 30 - June 1, 2005. See http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=370

[02] 2005 DOCTORAL COLLOQUIUM DETAILS

The **KPMG European Doctoral Colloquium in Accounting** to be held on the isle of Gullholmen, Sweden on May 14-17, 2005. The final details of the Colloquium have been posted to the EIASM website at the address below. Please note the deadline for applications is 31 December, 2004, however, earlier application is encouraged.

Get full details on this event at -

http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=398

[03] ACCOUNTING IN EUROPE HITS THE STANDS

The first issue of Accounting in Europe will shortly be arriving through your mail, if it has not already, with the next issue of European Accounting Review. The contents of this volume are listed below. The new journal is a pilot, aimed at publishing research which deals with current issues in accounting and publishes analytical and survey material which is useful to academics, practitioners and researchers.

This issue has the theme of the implementation of IFRS in Europe. It includes commissioned essays and refereed articles. This issue is distributed free of charge to EAA members and subscribers to European Accounting Review, thanks to generous sponsorship from the ACCA.

The EAA Publications Committee has recently given the go-ahead for the pilot to be extended to

issues in 2005 and 2006, and we hope to be able to issue a call for papers shortly.

I am especially grateful to the members of the editorial committee for their extensive and timely work on refereeing the articles in this issue, as well as the commitment and cooperation of the authors. [Peter Walton]

Contents of Accounting In Europe - Volume 1, September 2004

- Introductory Essay - IAS 39: Where Different Accounting Models Collide - Peter Walton
- What can be Expected from Accounting Standards? - Gilbert Ge'lard
- IAS 39: Underlying Principles - Ian P. N. Hague
- The Adaptation of German Accounting Rules to IFRS: A Legislative Balancing Act 27 - Axel Haller and Brigitte Eierle
- Effects of Adoption of International Financial Reporting Standards in Belgium: The Evidence from BEL-20 Companies - Eva K. Jermakowicz
- The Impact of the Change to International Accounting Standards on Debt Covenants: A UK Perspective - Phillip Ormrod and Peter Taylor
- The Secret Past of Fair Value: Lessons from History Applied to the French Case - Jacques Richard
- Implementing IFRS: A Case Study of the Czech Republic - Pat Sucher and Irena Jindrichovska
- Implementation of International Accounting Standards in Poland: Can True Convergence be Achieved in Practice? - Iwona Vellam
- Changing from German GAAP to IFRS or US GAAP: A Survey of German Companies - Barbara E. Weißenberger, Anne B. Stahl and Sven Vorstius

European News

Selected recent European accounting news supplied by AccountingEducation.com

[04] ECONOMIC, CULTURAL & SOCIETAL PRESSURES MAY THREATEN AUDITOR INDEPENDENCE - Economic, cultural and societal pressures may be a threat to auditor independence in economies in transition, according to a research report published by The Institute of Chartered Accountants of Scotland (ICAS). See further details of this new research report at <http://accountingeducation.com/news/news5535.html>

[05] ARC MINUTES POSTED - The European Commission has published the minutes of the 1 October 2004 meeting of its Accounting Regulatory Committee at which the ARC recommended endorsement of IAS 39 for use in Europe with two sections "carved out": The carve-outs would (1) prohibit use of the IAS 39 fair value option as it applies to liabilities, and (2) allow using fair value hedge

accounting for interest rate hedges of core deposits on a portfolio basis. See further details at – <http://accountingeducation.com/news/news5550.html> .

[06] UK ASB ANNOUNCES ITS WAY FORWARD ON IAS 39 - The Accounting Standards Board (the Board) has issued a statement on the implications for UK financial reporting of the modified version of International Accounting Standard (IAS) 39 'Financial Instruments: Recognition and Measurement' proposed by the European Commission. The ASB strongly supports the view that all UK companies should comply as far as possible with the full hedging provisions of the standard and not the amended version, and they will be issuing guidance on this and the amended fair value option as soon as possible. Their declared position is that 'the

position the EU has reached on adoption of IAS 39 is unsatisfactory'. See the full text of the statement at <http://accountingeducation.com/news/news5519.html>

[07] DIRECTORS' PAY - COMMISSION SETS OUT GUIDANCE ON DISCLOSURE AND SHAREHOLDER CONTROL - The European Commission has adopted a Recommendation on directors' remuneration. It recommends that Member States should ensure listed companies disclose their policy on directors' remuneration and tell shareholders how much individual directors are earning and in what form, and ensure shareholders are given adequate control over these matters and over share-based remuneration schemes. See further details at <http://accountingeducation.com/news/news5507.html>

[08] UK ACCOUNTING PROFESSION SET FOR ONE OF GREATEST SHAKEUPS OF ITS HISTORY AS MAJOR PLAYERS ANNOUNCE POSSIBLE MERGER - Proposals to create "a powerful new voice" for the accountancy profession were launched today when three of the leading UK accountancy bodies announced plans for strategic consolidation. The proposals aim to bring together the Chartered Institute of Management Accountants (CIMA), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Chartered Accountants in England & Wales (ICAEW) to create an organisation with 200,000 members and a significant student base across a wide number of countries. The new body will unify the UK's business, practice and public sectors. See further details of this historic announcement at <http://accountingeducation.com/news/news5412.html>

Other News

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

[09] IIA ISSUE POSITION PAPER ON INTERNAL AUDITING'S ROLE IN RISK MANAGEMENT

- As the internal audit profession's "global voice and leader", The Institute of Internal Auditors (IIA) has issued its position on internal auditing's role in enterprise risk management (ERM) efforts. This new paper reflects recent global developments in risk management and internal auditing. It outlines the variety of ways internal auditing can contribute to the management of risk, how internal auditors can maintain their independence and objectivity, and steps they can take to add value and effectiveness to an organization. See further details of this paper at <http://accountingeducation.com/news/news5491.html>

[10] IFAC INVITES COMMENTS ON INDEPENDENCE GUIDANCE IN REVISED CODE OF ETHICS - The Ethics Committee of the International Federation of Accountants (IFAC) has released an exposure draft Revised Code of Ethics for Professional Accountants, clarifying independence

requirements for professional accountants in public practice who perform assurance engagements. See further details at <http://accountingeducation.com/news/news5505.html>

[11] FASAC MEMBERS COMMENT ON CONVERGENCE

- The US Financial Accounting Standards Board has posted on its website the findings of its annual survey of members of the Financial Accounting Standards Advisory Council. One interesting finding is that "FASAC members generally would not automatically assign a higher priority to projects that provide international convergence opportunities. Nor do they believe that the Board should always add a project to its agenda because the IASB does". See the full news item for a link to download the full survey - <http://accountingeducation.com/news/news5551.html>

[12] SEC CHIEF ACCOUNTANT COMMENTS ON IFRS RECONCILIATION

- In his remarks at the IASB meeting with world standard setters on 28 September 2004, US SEC Chief Accountant Donald T. Nicolaisen commented on IASB-FASB convergence activities and the possibility

of eliminating the SEC's requirement that foreign registrants using IFRS also submit a reconciliation of earnings and equity to US GAAP. See further details of this speech at – <http://accountingeducation.com/news/news5552.html>

[13] DELOITTES RELEASE NEW EDITION OF ACCOUNTING ROUNDUP - Deloitte have posted Accounting Roundup: 3rd Quarter 2004 in Review. This is the quarterly edition that summarises selected recent accounting and financial reporting developments at FASB, EITF, GASB, AICPA, SEC, PCAOB, IASB, and IFRIC. See <http://accountingeducation.com/news/news5553.html>

53.html for a link to download this free document.

[14] ANALYSTS AT 17 LEADING SOCIALLY RESPONSIBLE INVESTMENT FIRMS URGE STRONGER CORPORATE REPORTING - In the wake of years of corporate scandals, a coalition of analysts at 17 socially responsible investment firms representing over \$147 billion in assets is urging publicly traded companies around the world to meet a higher standard of reporting on corporate governance, environmental, labour and other key issues. See further details at <http://accountingeducation.com/news/news5534.html>

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5. Congress Update:

Looking forward to EAA 2005 - Göteborg, Sweden, 18-20 May, 2005.



On behalf of the Organising and Scientific Committee of the EAA 2005 Congress, we would thus like to extend a very warm invitation to all the EAA's members, other accounting scholars, as well as accounting professionals.

SECOND CALL FOR PAPERS

The second call for papers is now available at www.eaa-online.org/EAA2005.

Submissions are invited for full papers, or abstracts of papers, on all aspects of accounting and auditing for presentation at the Congress.

The deadline for the submission of full papers, or abstracts, is November 15, 2004.

Full papers, or abstracts, should be submitted electronically by the on-line registration system only (<http://www.eaa-online.org/annual/EAA2005/>) and cannot be submitted by fax, hard copy or e-mail. The on-line registration system is able to handle PDF or Word-files for full paper submission and gives details for abstracts. Papers will be accepted for presentation in parallel sessions or in poster sessions.

ON-LINE SYSTEM

During the past months, the Organising Committee and the Standing Scientific Committee worked very closely together to develop the Congress' On-line Abstract / Full paper submission system. The Congress secretariat also designed the On-line Congress registration system, which includes the hotel booking system.

REDUCED REGISTRATION FEE

In the early stages of planning the 28th Annual Congress, the EAA Management Committee asked the Göteborg Organising Committee to follow Prague's example in attempting to lower the registration fee for the Annual Congress. This was a very difficult task for the Göteborg Organising Committee but every effort was made to reduce the Congress fee. Following Prague's example, we have been able to decrease the early registration fee for the Congress by 10 Euros to 410 Euros, including the EAA membership fee. We also reduced the late registration fee for the Congress to 460 Euros. Following the EAA tradition, the payment must be made in national currency, which is SEK for Sweden. Therefore, the final amount in EUR (or other currencies) may vary, depending on the current exchange rates.

ACCOMMODATION AT DIFFERENT PRICE LEVELS

The Göteborg Organising Committee also undertook to extend the range of accommodations to include inexpensive accommodation. On the On-line Congress registration system, delegates may book a limited number of low-cost accommodations in the SGS Hostel.



THE PLANNED STRUCTURE OF THE CONCURRENT SESSIONS IN GÖTEBORG

The concurrent sessions will be divided into 10 timeslots. Each timeslot will be 1,5 hours. All timeslots will have a symposia and up to 20 parallel sessions. Some timeslots will also include poster sessions.

The symposia are now in an intensive phase of planning. The current situation is that all 10 symposia have a theme, 9 symposia have a chairman and 3 have almost a completed program. Since the year 2005 is important in terms of implementing IAS/IFRS's recommendations in the EU, the 2005 Congress will focus on accounting recommendations in 3 symposia.

The content of the parallel sessions and poster sessions are, of course, dependent on papers submitted by delegates and accepted by the Scientific Committee.

Poster sessions are a new form of session at EAA Congresses. They attempt to substitute the research forum sessions with a more modern and appropriate form of session. More information about structure of the poster sessions will be given later.

EXTERNAL FINANCIAL SUPPORT OF THE CONGRESS

The Congress is financed by fees, sponsor revenues and contributions from scientific foundations. Presently we have 2 gold-sponsors, 1 silver-sponsor and 1 activity sponsor. The Congress also has received a large contribution from a scientific foundation.

FULL PAPERS ACCESSIBLE BEFORE AND DURING THE CONGRESS?

The Organising Committee wishes to make it possible for delegates to have access to the accepted papers before and during the conference. If this is possible, the quality of the discussions at the parallel sessions and the poster sessions will increase.

More information can be found online www.eaa-online.org/EAA2005.

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:

- **16th Asian-Pacific Conference on International Accounting Issues**
7-Nov-2004 to 10-Nov-2004
Sponsor: School of Business, Yonsei University, Korea, Crai
City: Seoul
The Sixteenth Asian-Pacific Conference on International Accounting Issues will be held on November 7-10, 2004 in Seoul, Korea. The main theme of the conference is "Corporate Governance and Accountability".
- **8th European Conference on Accounting Information Systems**
17-May-2005
City: Goteborg, Sweden
This is the next in the annual series of ECAIS events. Held on the day preceding the EAA Congress, this event brings together the leading AIS researchers from around the world to discuss the latest research in the field.
- **Critical Perspectives on Accounting conference, Scholar's workshop and European Symposium**
28-Apr-2005 to 2-May-2005
City: New York City
The CPA conference will be held at the Baruch College Conference Center (14th Floor of the Vertical Campus) from Thursday through Saturday, April 28-30, 2005, beginning with the all-day Emerging Scholars (ECSW) program and an evening reception on Thursday, and ending late Saturday afternoon (allowing *visitors to enjoy the city and its facilities for the remainder of the weekend). The European Critical Accounting conference (ECAS) will be held in the same location on Monday, May 2, 2005.
- **Global Management Accounting Research Symposium (GMARS)**
16-Jun-2005 to 17-Jun-2005
City: Sydney
GMARS aims to promote a "global village" of management accounting research by bringing together a diverse set of the highest-quality research papers, plenary speakers, and researchers from around the world. The next symposium will be held in Sydney, hosted by the University of New South Wales, June 16-17, 2005, at the Swiss-Grand Resort & Spa, Bondi Beach, Sydney.

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. Other Announcements:

- **Call for Papers: Accounting Education: an international journal - Themed Issue on Continuing Professional Development (CPD)/ Continuing Professional Education (CPE)**

In 2006 *Accounting Education: an international journal* plans to publish a themed issue dedicated to Continuing Professional Development (CPD)/Continuing Professional Education (CPE). Invited Guest Editors for this themed issue are Catriona Paisey (Glasgow Caledonian University, UK) and Nick Paisey (Heriot-Watt University, UK). *AE's* usual editorial policies will apply.

CPD/E was identified as an area of interest in the first issue of *Accounting Education: an international journal*. A recent review of the first 10 years of publication of the journal (Paisey and Paisey, *AE*, Vol. 13 (1) pp. 69-99) indicates that it is an under-researched area. Most of the accounting education research published to date has focused on university education in accounting and, to a much lesser extent, on training for initial membership of a professional accounting body. However, very little attention has been devoted to the period of post-professional qualification despite the fact that this stage comprises the greatest part of an accountant's involvement with the accounting profession. The professional bodies, meanwhile, recognise the importance of CPD/E and many have already changed their CPD/E policies to require most, or all, members to engage in CPD/E. Internationally, this agenda is promoted by bodies such as the International Federation of Accountants (IFAC). In May 2004 IFAC issued a new *International Education Standard* (IES 7) calling on all professional accountants to develop and maintain competence that is relevant and appropriate for their work and their professional responsibilities.

Papers are sought on any aspect of CPD/E related to accounting.

We welcome indications of initial interest by potential authors and are happy to discuss proposals at an early stage of development. **The deadline for submissions is 30 June 2005.** Submissions in hard copy format or electronically (Word files only) can be made to either:

Catriona Paisey
Division of Accounting and Finance
Glasgow Caledonian University
Cowcaddens Road
Glasgow
G4 0BA
UK

Fax: ++44 (0) 141-331-3172.
e-mail: c.paisey@cgal.ac.uk

Nick Paisey
Department of Accountancy and Finance
School of Management and Languages
Heriot-Watt University
Riccarton
Edinburgh
EH14 4AS
UK

Fax: ++44 (0) 131-451-3296
e-mail: n.paisey@hw.ac.uk

- **Call for Papers: Financial Information Systems and Cyber Security: A Public Policy Perspective**

In order to help form the debate concerning the relations among financial information systems, cyber security, and public policy, the *Journal of Accounting and Public Policy* <http://www.elsevier.nl/inca/publications/store/5/0/5/7/2/1/> is pleased to announce that it will sponsor the second annual Forum on the topic. The title of the forthcoming Forum is:

Financial Information Systems and Cyber Security: A Public Policy Perspective. The Forum will be held at the University of Maryland's Robert H. Smith School of Business, in cooperation with the Center for Public Policy and Private Enterprise (from Maryland's School of Public Affairs), on May 26, 2005. Coordinators for the Forum are Lawrence A. Gordon, Martin P. Loeb, and William Lucyshyn.

Papers for the Forum should be submitted by February 1, 2005 to either Dr. Lawrence A. Gordon or Dr. Martin P. Loeb at the University of Maryland, Robert H. Smith School of Business, College Park, MD 20742. Authors of papers submitted for the Forum will be notified as to whether their papers have been accepted for presentation by April 1, 2005. Papers selected for presentation at the Forum will automatically receive consideration for publication in a forthcoming special issue of the *Journal of Accounting and Public Policy*.

Further information can be obtained from the Forum Coordinators (see <http://www.rhsmith.umd.edu/accounting/lgordon/> or <http://www.rhsmith.umd.edu/accounting/mloeb/>)

We will be pleased to make announcements that will be of relevance to members in future editions of this newsletter. The EAA however, reserves the right to make a charge for the placement of material of this nature.

Send details of announcements you wish to make by email to the Editor at newsletter@eaa-online.org

8. 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.

- Professor - Ernst & Young Chair for International Accounting and Risk Reporting

Institution: Graduate School of Business Administration, Economics, Law and Social Science (HSG), University of St. Gallen, Switzerland
Deadline for applications: 12 October, 2004

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

9. Other Content....

Thought Piece:

The Impact of Politics in Accounting Standard-Setting: A Case Study of IAS 39

by Dr. Anne d'Arcy, Frankfurt am Main, Germany (anne.darcy@web.de)



Sir David Tweedie, Chairman of the International Accounting Standards Board (IASB) stated recently (September 9th, 2004) before the Committee on Banking, Housing and Urban Affairs of the United States Senate:

„... we must resist attempts to reject standards through political processes rather than the standard-setting process when local or regional interests perceive adverse consequences in particular standards ...“

This statement might be understandable seen from the standard-setter perspective. However, for somebody dealing everyday with accounting application, as I do, some questions come into my mind. First, does this mean a standard-setting process is not a political process but just a technical one? Second, is not any attempt to influence or better lobby to change or to resist a change of a standard guided by local or individual interests? Last, what impact might this interaction between standard-setting and political processes have on the daily work of an accountant, auditor, and user of financial information?

At least, the cause for this statement might be seen as obvious: the Accounting Regulatory Committee (ARC) of the European Commission, made up of representatives from the EU Member States and chaired by the Commission, met on the day before to discuss the (so called) endorsement of the controversial IAS 39, the IASB's Standard on accounting for financial instruments. Although no formal vote was convened, it was confirmed that there was no realistic prospect of full endorsement but it seemed clearly the only compromise solution was a carve out of certain provisions of IAS 39 (partial endorsement). So less than four months away from the compulsory introduction of the IFRS regime for around 7,000 European companies it is still unclear in what way they should account for financial instruments. Moreover, the proposal of a "light" version of the International Financial Reporting Standards (IFRS) in the EU, and therefore for 25 states, at least delays or perhaps even endangers the goal of the IASB to develop a globally accepted single set of accounting standards.

This unique event of a "partial endorsement" can be interpreted as a landmark ruling in a more than 10 year history of development of a standard for financial instruments. IAS 39 is often characterized as IASB's most difficult standard. The 2001 version was preceded by three exposure drafts and an issues paper that contained additional proposals and encompasses some hundred pages of rules and implementation guidance.

With the EU IAS Regulation, that requires the application of IFRSs even for companies only issuing listed debt securities, the process of changing the standard above all speeded up. In this setting, the EU's endorsement mechanism - in the first instance a formal process to include the IFRS into the legal framework of the European Union - contains several unexpected (if not maybe even undesirable) features. It not only ensures that IFRSs do not clash with European and member states' legal frameworks – not an unreasonable motive – but potentially enables politicians to use the mechanism to manipulate accounting rules. These motives might be difficult to keep apart. Also politicians might be driven by reasonable concerns from individuals,

companies, or the public at large, feeling that their comments have not been adequately considered in the standard-setting process. At that time new actors then stepped into the scene. Various high-level officials from French President Jacques Chirac to European Central Bank President Jean-Claude Trichet urged the IASB to change the rules and the EU itself to exert pressure on the IASB to change. At that point, it became clear that IAS 39 was highly political, even though the results of the intervention may well be debatable.

The outcome after many rounds of official (and unofficial) consultation was a revised standard, published in December 2003, that still meets opposition by practitioners, supervisors, and politicians. Two exposure drafts have been issued to - at least in parts - address the concerns, one at the end of March and the other at the end of April 2004. Both encountered resistance as the first still does not fulfill the expectations of the banking community, whereas the second follows the regulators demands conflicting with the view of the practitioners. This means the IASB has had to choose between the conflicting interests of its varying constituencies – particularly the users of IFRS and the regulators - while at the same time continuing to act as an independent and credible standard-setter.

Taking all this into account, neither a quick fix nor a tailor-made solution seems to be within reach. However, coming back to the reality of daily work, in September 2004, an accountant might wonder, among other things, the following:

- If the company already applies IFRS, should or may the financial statements comply with IAS 39 in full, regardless of which exact procedure the EU picks?
- If not, how exactly should, for example, hedge accounting be applied and documented?
- If not, how will these financial statements be audited? According to the IFRS, financial statements can not be described as complying with IFRSs unless they comply with all the requirements of IFRSs. Hence, the auditor won't be able to give an unqualified audit opinion in respect of IFRS compliance.
- If the company applies IFRS for the first time but conforming with the EU IAS 39 version, can it use the first time adoption rules that allows certain exceptions to retrospective application although the condition to follow the entire set is not fulfilled?
- How often will this standard change in the future and how much time will be available to implement the new requirements?

Just to clarify, this piece neither proposes a solution for the IAS 39 question nor comments critically on either the IASB or the EU/ARC positions. The issues addressed here are simply an attempt to raise attention amongst EAA members to the impact on politics in the accounting standard-setting process for every accountant, auditor and user of financial information that deal with IFRS or other standards - and IAS 39 certainly is only one prominent case in point in this regard. In so doing I naturally raise more questions than I provide answers for. In the final analysis, however, this only but reflects the situation hundreds of accountants in the EU (and elsewhere) are facing right now.

[Note - Dr. D'Arcy works for a global bank and is based in Frankfurt. She provides this comment in her personal capacity however, not seeking to express opinions that are necessarily those of her employer]

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Further details about the European Accounting Association, including membership details, can be found on its website at <http://www.eaa-online.org/>. All queries related to membership of the Association should be directed to the Secretariat at eea@eiasm.be

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