

## Editorial

The Annual Congress of the European Accounting Association is coming closer. We can look forward to three days of enriching academic discourse as well ample opportunity to socialize in one of Europe's most dynamic cities.

A retrospective of the Annual Congress will be delivered in the next issue of the newsletter, published in May.

In this issue, you can read an expert comment by Peter Walton, who takes a closer look at current developments in European regulation of financial reporting and



delivers his thoughts on future prospects. He argues that considerable changes in accounting standards will continue to take place over the next few years, and will

require companies to adopt.

As usual, you can also find information on upcoming EIASM events as well as on other workshops and conferences that might be of interest.

Finally, some of you may want to try the 'sudoku' puzzle, which will offer a regular challenge from this issue on. Truly an accountant's game ...

I hope to see many of you in Dublin!

Yours,

*Martin Messner*

[martin.messner@uibk.ac.at](mailto:martin.messner@uibk.ac.at)

---

### Highlights

---

<b>Looking back at Workshops and Seminars</b>	<b>2</b>
<b>Upcoming EIASM events</b>	<b>3</b>
<b>sudoku #1</b>	<b>4</b>
<b>IFRS in Europe: future prospects, by Peter Walton</b>	<b>5</b>

---

## 29<sup>th</sup> Annual Congress of the EAA Dublin, March 22<sup>nd</sup> – 24<sup>th</sup> 2006

Preparations are nearing completion for the 29<sup>th</sup> Annual Congress of the EAA, due to be held in Dublin between March 22<sup>nd</sup> and 24<sup>th</sup>, 2006. Registration numbers are already very high and we are not far from reaching our limit of 1,200 delegates. Intending participants are reminded to register soon to avoid disappointment! The Scientific Committee has completed its work and over 800 papers have been accepted for presentation at full parallel sessions and research fora. Presenters are reminded to provide hard copies of their papers to

delegates who afford them the courtesy of attending their presentation. A stimulating programme for debate and discussion is reflected in the 11 Symposia planned, including the Opening Plenary Session. Many well-established contributors have agreed to participate in these panel discussions and we are also very pleased to include emerging stars from the international academic accounting community in these popular sessions. A brief perusal of the registered delegate list confirms that EAA 2006

will maintain the tradition of providing participants with valuable networking opportunities that are typical of EAA congresses. The social programme will offer a flavour of Ireland in some of Dublin's historic buildings.

The local organising committee looks forward to welcoming our many colleagues from all over the world to University College Dublin next month.

**Aileen Pierce**

**Chair, EAA 2006**

**Organising Committee**

## Workshop on Management and Accounting in Historical Perspective

### **Impressions from the 4th workshop on Management and Accounting in Historical Perspective, Bologna, 16th-18th Dec 2005.**

It was a small but high class choice of scientists that came together at the Museo del Patrimonio Industriale, a beautiful brick building at the border of Bologna. The workshop hosted by **Salvador Carmona**, Instituto de Empresa (Spain), and **Luca Zan**, Università degli Studi di Bologna (Italy), offered a wide selection of topics and discussed time periods with a clear focus on 19<sup>th</sup> century Europe.

#### **Why accounting history?**

As Nietzsche stated in his famous essay about the benefits and disadvantages of history for live, there is not much that history can contribute to future development. The major strength of historical study is the possibility to explain where we started and what had happened until now. This means not merely describing facts and figures, but also analysing the interests of participants and the powers that

influenced the process. Equipped with this knowledge, scholars can analyse mistakes made in the past and prevent their iteration.

#### **The procedure of the workshop**

At the beginning session Lino Cinquini, Alessandro Marelli, Andrea Tenucci gave an overview of Patterns in Accounting History Research in Italy between 1990 and 2004 followed by the analysis of strategy and accounting in the early Italian firm Larderello 1818-1939 by Trevor Boyns and Fabrizio Cerbioni. The next sessions showed the international orientation of the workshop. Pawan Adhikar, Kjell Grønhaug, Frode Mellemvik spoke about a historical Perspective in Nepalese Central Government Accounting Development and Hilmi Erdogan Yayla analysed the Impacts of 1826 Regulation to the Accounting System of Sultan Süleyman Foundations.

From a chronological point of view, Carlos Larrinaga Gonzalez and Marta Macias with their paper on 'Technologies of Power and

Accountability in sixteenth-century Spain' and Valerio Antonelli, Raffaele D'Alessio and Giuseppe Luliano with a closer look at the case of Teatro San Carlo in Naples, 1737-86, offered the contributions that analysed the earliest time periods.

#### **Personal impressions**

The workshop offered a high number of very interesting topics. Most of all, it showed that the research community working in the fields of management and accounting history is very active. It showed that most changes in accounting practices are not to be understood without the macroeconomic development or the strategic deployment of enterprises. The workshop organization was perfectly arranged by Audrey O'Connor of EIASM.

*Thomas Gstraunthaler*

Innsbruck University School of Management

## EDEN Seminar on Quantitative Empirical Research on Management Accounting

Brussels, December 12-16, 2005

This seminar provided an introduction to and overview of theoretical perspectives and quantitative empirical research methods that are frequently used in research on management accounting practices. In particular, the research methods were archival econometrics, experiments, and surveys, and the theoretical perspectives were the contingency theory of organizations, psychology theories of cognition, motivation, and social interaction, and economics theories of agency, complementarities, and organizational architecture. In

addition, this seminar had sessions on the scope and historical development of quantitative empirical research on management accounting, guidelines for assessing the validity of quantitative empirical research, and strategies for researching and publishing in management accounting. The seminar included lectures, discussions, student-team work to develop research proposals, and student-team presentations of research proposals.

Nineteen doctoral students from Europe and Australia attended the seminar. The teaching faculty was Chris Chapman (University of Oxford, United Kingdom), Frank Moers

(Maastricht University, The Netherlands) and Michael Shields (Michigan State University, USA). This seminar, like its previous three EDEN seminars, was held at the EIASM office complex in Brussels.

Evaluations of the seminar by the students indicated that they found the many sessions to be interesting, stimulating, and value adding. In addition, the students very much enjoyed the many delights of Brussels during the holiday season, including many delicious meals at restaurants.

*Michael Shields*

Call for papers

## VII International Forum of Accountants, Moscow

**VII International Forum of Accountants, 23rd to 25th of May, 2005 in the State Kremlin Palace, Moscow, Russia.**

The Forum is organized and supported by the International Forum "World Experience and Russian Economy" in cooperation with International Accounting Association, Institute of Financial Accountants and International Committee for International Accounting Standards.

The main purpose of the Forum is to discuss modern approaches to development of accounting considering basic trends of world economy, speed up transition to the international standards of accounting and facilitate access to professional education for book-keepers, auditors and accountants by means of international training.

More than three thousand Russian and

foreign delegates and guests representing various branches of financial accounting, taxation, research and education are expected to participate in the sessions of the Forum (itinerary is enclosed).

The main topics of discussions are:

- world trends of the development of accounting,
- practical methods and technologies in the field of professional education for accountants,
- experience of leading foreign and Russian companies,
- recent changes in legislation regarding contemporary accounting and taxation,

Within the framework of the Forum a special round-table is organized to promote the exchange of views regarding the development of

professional contacts between the European and Russian accountants and their organizations.

The cultural program of the Forum includes: Moscow city tour, visit to the Kremlin museums, visit to Sergiev Posad – the jewel of Russian medieval architecture and acquaintance with the famous Russian ballet.

Registration fee for the participation equals \$700 and includes:

- transfer airport-hotel-airport
- interpreter services
- cultural program

*Vladimir Sukharev*

Executive Director, Organizing Committee

## Upcoming EIASM events and job vacancies

### Upcoming EIASM events

Here is a list of selected events organized by EIASM:

- EDEN Doctoral Seminar on Empirical Financial Accounting Research, Brussels, 18-21 April 2006
- EURAM 2006 conference, Oslo, 17-20 May 2006
- Workshop on Financial Market Development in the Central and Eastern European Countries, Prague, 26-27 May
- 7th Workshop on Accounting and Economics, Bergen, 22-23 June 2006
- 4th International Conference on Accounting, Auditing and Management in Public Sector Reforms, Siena, 7-9 September 2006
- EDEN Doctoral Seminar on Analytical Accounting Research,

Brussels, 17-21 October 2006

- 2nd Workshop on Visualising, Measuring and Managing Intangibles and Intellectual Capital, Maastricht, 25-27 October 2006
- 3rd Workshop on Corporate Governance, Brussels, 9-10 November 2006.
- EDEN Doctoral Seminar on producing and evaluating knowledge in management accounting, Brussels, 11-16 December 2006.
- 5th Conference on New Directions in Management Accounting: Innovations in Practice and Research, Brussels, 14-16 December 2006.

For details and for more events, please visit: [www.eiasm.org](http://www.eiasm.org).

### Job Vacancies

- Assistant or Associate Professor in Management Control, Investment Finance. Institution: Grenoble Ecole de Management, France. Deadline for applications: 10 March 2006
- Visiting Professor positions in Financial and Managerial Accounting and Corporate Finance. Institution: Bocconi University, Italy. Deadline for applications: 10 March 2006
- Full-time faculty position in Financial Accounting. Institution: EM Lyon, France.
- Professeurs en comptabilité (postes conduisant à la permanence). Institution: Université du Québec en Outaouais, Québec, Canada. Deadline for applications: 17 février 2006

For details pls. visit: <http://www.eaa-online.org/associations/eea/index.asp>

Call for papers

## Interface Between Academic and Professional Education and Training in Accounting

In 2007, **Accounting Education: an international journal** plans to publish a themed issue dedicated to the *Interface between Academic and Professional Education and Training in Accounting*. Invited Guest Editors for this themed issue are Elaine Evans (Macquarie University, Australia) and Roger Juchau (University of Western Sydney, Australia). AE's usual editorial/review policies will apply.

Interface matters cover a range of topics having historical, current and prospective settings. Research dealing with the 'how', 'why' and 'should' interface questions has had limited exposure in the research journals. The problems of linkage and closure between academic education and professional training have significant currency given the present pressures from students and employers to move accounting preparation to a more efficient, economic and practical basis. Expectations of academics, students, employers and professional bodies struggle for alignment as current

university and professional employment conditions generate new pressures for changing the academic and professional pathways for educational development.

Papers are sought on any aspect of interface topics between academic and professional education and training in accounting, including issues relating to accreditation. The following list of suggested topics is indicative but is not intended to be exhaustive:

- Historical analysis of pathways.
- Critical evaluation of interfaces.
- Models for a successful interface.
- Drivers for changes in interface/linkages.
- Convergence/divergence – accounting education and accounting work.
- Failure in academic and professional provision of accounting education.
- Studies of current academic and professional accounting education – evaluative, critical, analytical.

- Mediating forces for change in accounting education and training
- Significance of expectation gaps.
- Jurisdictional disputes between academic education and professional training in accounting.

We welcome notification of initial interest by potential authors and we are happy to discuss proposals at their embryonic stage. **The deadline for submissions is 30 October 2006.** Submission in hard copy or electronically can be made to either:

**Dr Elaine Evans**, Accounting,  
Macquarie University, New South  
Wales, Australia 2109,  
[eevans@efs.mq.edu.au](mailto:eevans@efs.mq.edu.au)

or

**Professor Roger Juchau**, Accounting,  
University of Western Sydney, Locked  
Bag 1797, Penrith South DC, NSW  
Australia 1797, [r.juchau@uws.edu.au](mailto:r.juchau@uws.edu.au)

## sudoku

#1

Fill in numbers from 1 to 9, such that every row, every column, and every 3x3 square contains one of each digit.

	9						7	
	8	7	6			3		
				7				
5				3		2		9
	4	9		2		8	6	
3		1		6				4
				8				
		4			1	6	8	
	5						9	



Peter Walton on

## IFRS in Europe: future prospects

2006 might be seen as a pivotal year, where there is period of quiet after the major changes of the last three years, and before the 'stable platform' comes to an end and the IASB unleashes more convergence material.

Since the turn of the century, we have experienced the major movements in the European accounting scenery brought about by the adoption of IFRS:

- companies have had to change their systems and take a new look at their balance sheets;
- the Big Four have moved to more centralised technical coordination, and further away from their federal structure;
- the different actors in national standard-setting have realised that the switch to international standards means a loss of influence, and have been reacting to that.

Probably many European accountants (especially those who like me are old enough to have gone through the harmonisation experience of the 1980s) are hoping that the standards and the infrastructure will now enter a stable period. Unfortunately, perhaps, this is unlikely to be the case. For the future, European companies will have to get used to the idea that there will be a continuous stream of changes to standards. The stable platform period has the effect of building up a reservoir of changes that will potentially occur in 2007. This feeling of perpetual change will be exaggerated by the push to eliminate the SEC reconciliation requirement for IFRS users. The deadline for this is 2009, but the FASB and IASB seem willing to try for an earlier date than that, which implies a concentration on convergence issues in the post-2006 period.

The SEC/EU roadmap of issues to be addressed may have been published by the time this article appears. It is likely

to include finalising amendments to IFRS 3 *Business Combinations* and IAS 37 *Non-financial liabilities*, converging on SFAS 131 on segment reporting, revising deferred taxation, and removing proportionate consolidation as a technique for reporting joint ventures. Further in the future, projects that may significantly impact companies will be a review accounting for pensions, performance reporting and revenue recognition.

The roadmap items should not involve any expansion of the use of fair value, although it will involve much more detailed guidance in how to apply fair value. Both IASB and FASB take the view that more time needs to pass, during which preparers and users can become more familiar with fair value,

---

*"We have yet to see what  
impact the new machinery  
for stock exchange control of  
financial reporting will  
have."*

---

and then further expansion might be considered in the light of experience. Outside the roadmap, insurance companies could be facing implementation of what for most are likely to be radical new accounting rules in 2008.

We have yet to see what impact the new machinery for stock exchange control of financial reporting will have. Most European countries had no pro-active system for secondary vetting of financial statements by stock exchange regulators before the introduction of IFRS. Many commentators fear that this will lead to a proliferation of local interpretations. The gloomier of them suggest that globalisation of reporting will have generated the machinery for

fragmentation and therefore its own destruction. However, this probably overstates the case. On the one hand, the national regulators in Europe are consciously trying to coordinate decisions both between themselves and with IFRIC. On the other hand, there never has been uniform accounting at national level. All financial reporting requires judgmental decisions at a detailed level, so application is not uniform. We are unlikely to find differences on mainstream issues being generated.

The standard-setting machinery in Europe has also yet to settle down and seems likely to continue to evolve. Having adopted IFRS, the European Commission does not seem to have been prepared to give the IASB much support. It allowed the European Central Bank to go completely outside the IASB's due process on the fair value option, and then carved the option out of the European version of IAS 39, thereby coming perilously close to sinking the notion of uniform worldwide standards.

When companies have complained about IFRS, the Commission has not generally acknowledged that their problems stem from its decision to use IFRS, but has rather deflected comment to the IASB. This was particularly flagrant with IAS 39 which was finalised years before the Commission formally decided to adopt international standards. On the other hand, Commissioner McCreevy has been a keen supporter of convergence with the US to remove the 20-F reconciliation statement. The Commission has apparently succeeded in establishing greater input to oversight of the IASB by increasing from six to eight the number of Europeans who sit as Trustees of the IASC Foundation. European influence is likely to be increased by the

## IFRS in Europe: future prospects (continued from page 5)

The role of the European Financial Reporting Advisory Group is still evolving. It has seemingly become more aggressive towards the IASB, and also sought to counteract American influence. European constituents are apparently often commenting on IASB work in progress to EFRAG rather than directly to the IASB, encouraging EFRAG more into a role as European champion than as a technical filter whose role is simply to confirm that IFRS are acceptable under the Fourth and Seventh Directives. At the same time EFRAG remains under-resourced and has difficulty in doing all it would like to.

The IASB tries very hard to keep its standards internally consistent, and consistent with its *Framework*. This is a different approach from traditional rule-making which looks for a consensus on what works to solve a particular problem, and the difference is not comfortable for Europeans. The debacle surrounding IFRIC 3 *Emission Rights*, illustrates the problem: a consistent application of IAS 20 and IAS 37 leads to a probable mismatch between the measurement of the emission rights on receipt, and the value of the liability when emissions take place, producing a paper profit or loss. EFRAG pointed out that this was counter-intuitive: the point

of the system was that the rights exactly match the emissions up to the permitted ceiling. The accounting was internally consistent but did not reflect the economic reality of the transaction. EFRAG refused to endorse the Interpretation, and the IASB subsequently withdrew it.

Some Europeans feel they are being fed Americanised drafts which they are then having to try to Europeanise. EFRAG appears to want instead to draw up its own suggestions and feed them back to the IASB. EFRAG will eventually work directly to the European Commission and this may cause it to evolve more towards producing European solutions.

Discussion of European representation on the IASB itself is not necessarily very productive because people do not fall into straightforward categories. However, if one leaves aside the 'British' members (Sir David Tweedie, Prof Geoff Whittington and arguably Tom Jones and Tony Cope), that leaves only three mainland European members out of fourteen. Of those three, two are preparers, usually the least-regarded category of constituents in standard-setting. In that sense mainland Europe is much less present in debate than North America, and this is reflected in

the standards.

Is there likely to be any change in the medium term? EFRAG is likely to continue to evolve and it seems possible that the Board composition might change, although the formal links with national standard-setters limit the potential. Sir David Tweedie's tenure as chairman has been confirmed through to 2010, and many of the current members are early in their second terms, so one should expect a continuing slow change as individuals withdraw, but it will be four or five years before we see a significantly different Board composition.

The prospect for the medium term is therefore for another phase of sophistication and elaboration of existing standards with the emphasis on convergence. But things could look very different when a new phase starts in 2009/2010.

**Peter Walton**

Co-director of the ESSEC-KPMG Financial Reporting Chair, France, and Professor at The Open University, UK

**Contact**

[walton@essec.fr](mailto:walton@essec.fr)

## Disclaimer

Neither the editor nor the European Accounting Association (EAA) claims copyright over the articles or comments provided in this newsletter where alternative source is acknowledged above. In all other cases the EAA is willing to provide an unrestricted license to use the contents of this newsletter for any not-for-profit educational purpose. For all other uses, permission should be sought from the editor. The EAA reserves the right to make a charge for use of this content where considered appropriate by the editor.

All information provided in this newsletter is offered in good faith and whilst all attempts have been made to assure the validity of the contents, they should be also be confirmed by alternative sources before being used in any way. Neither the editor nor the EAA accepts any responsibility for any adverse results brought about by use of the information contained in this newsletter.

All information provided by designated authors expresses the opinion of the

author and may not necessarily be the opinion either of the editor or of the EAA. This newsletter may contain links to websites that are created and maintained by other organizations. Neither the editor nor the EAA necessarily endorses the views expressed on these websites, nor do they guarantee the accuracy or completeness of any information presented there.

This newsletter is produced for members of the European Accounting Association and supplied to all members for whom a correct email address is available on the official register of members held by the EAA Secretariat at the time each issue is circulated. Archived copies of each newsletter can be found in the Members' Section of the EAA Website.

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](mailto:eea@eiasm.be).

**Publisher:** European Accounting Association, c/o EIASM,  
Place de Brouckère Plein, 31  
B - 1000 Brussels  
[eea@eiasm.be](mailto:eea@eiasm.be)

**Editor:** Martin Messner (Innsbruck University School of Management),  
[martin.messner@uibk.ac.at](mailto:martin.messner@uibk.ac.at)

**Photos** in this issue: Peter Walton