
EAA Members Newswire Issue 7 Summer Issue June 2004



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1. Editorial

WELCOME to the 7th issue of the re-launched EAA members Newsletter. In this issue we welcome our new President - Prof. Bohumil Král, who has accepted the responsibility of leading the Association for the next phase of its development. Please read his first President's message as he lays out a number of ideas for the development of the Association he is seeking members' input on. This includes a call for wider participation in the governance of the Association. The ongoing changes for the Association in this area is something we have discussed in the last two newsletters in our President's Messages and you will find details of the current state of these discussions in the EAA news section below.

This issue also contains a report on the very successful EAA 2004 Prague Congress which summarises the details of the event that occurred at the start of April. The Organisers warn us to look out for the movie version hitting your desks in the near future! (the rumours of a deal with Hollywood for future events is something the Exec are denying at present but is only has to be a matter of time!). Please also review the details of the Doctoral Colloquium linked to the Prague event below and information on the next Congress - in Göteborg,

Sweden - taking particular note of the forthcoming paper deadlines.

To conclude this quarter's issue you will find a piece from Prof. Mark Allison (ICAS's Director of Education) discussing the new Continuing Professional Development proposals from IFAC released in May and detailing how academics can (should?) get involved in the call for wider and ongoing development of our profession. Finally, our 'Thought Piece' this quarter is provided by Prof. Wolfgang Ballwieser (Ludwig-Maxillians University, Munich) who discusses the implications for IFRS adoption in Germany, and other codified law countries, post 2005.

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
June 20th, 2004

The editor can be contacted at
mailto:news@eaa-online.org

ADVERT:

CIMA

Enterprise Governance

Enterprise Governance is an emerging term that CIMA and others use to describe a framework that covers both the corporate governance and business management aspects of an organisation. It looks at how companies can balance these two aspects and focus their energies on the key business drivers that move their business forward.

CIMA has joined forces with IFAC (International Federation of Accountants) to release a major report on enterprise governance. Enterprise Governance: Getting the Balance Right includes an analysis of corporate successes and failures in 27 case studies in 10 countries. As part of this report, CIMA has developed a Strategic Scorecard as a means of avoiding the sort of strategic failures that were apparent in the case studies. Please refer to the CIMA website for a copy of the full report www.cimaglobal.com.

CIMA also issued an initial discussion paper at the outset of the project to map out the basic concept of enterprise governance and to set out its approach to the project. This is also available from the CIMA website.

2. Message from the EAA President:

Dear Colleagues,

It is unbelievable how time is flying – it seems to me that we said “Good bye” to each other only yesterday after the Prague Gala Dinner, and that is already two months ago. However, two months was enough time for me to do some thinking about the future of our association.

Let me address you in my first presidential letter with some ideas that I would like to advance in the next period of the EAA life. However, I am aware that I will not be able to work them out without your full support and enthusiasm; therefore the main reason of this statement today is to ask you for your feedback.



The first idea is more like a task. As you know in the interim period between the Seville and the Prague Congresses, the corporate governance of the Association has begun to change – as you will read about in more detail elsewhere in this newsletter. However, it is not yet complete. May I ask each of you to devote adequate attention to this process. There is a saying that “Every citizen is governor in the elections’ day” and I believe that your initiative and suggestions will lead finally to the elections of the best EAA representatives for the next period.

The next three ideas are connected with the fact that each of the former Presidents has contributed to the EAA’s development by his/her efforts. It is now my turn to discuss with you the three possible orientations for my efforts.

The first one relates to the process of International Education Standards implementation and development. I have participated in the IFAC Education Committee activities for the last three years. As we explored in my piece in the previous EAA newsletter, I strongly believe that the ability to eliminate the problems accounting is facing lately by the pressure to “raise the bar” of the level of education is one of the “hot topics” faced by our profession. We should be engaged in this process as an Association. There are many EAA members who have the experience to contribute to either the further develop of IES or their implementation. In this vein, see the piece elsewhere in this newsletter from Prof. Mark Allison of Institute of Chartered Accountants of Scotland who writes about the possible role for academics in the implementation of the new CPD/CPE principles just released by IFAC. Just as our EAA IFRS Committee has now been constituted, I think it would be appropriate and useful to develop closer links between our Association and the IFAC Education Committee – the group responsible for the IES development. I would be personally willing to assist with perhaps an Education Committee or some alternative way for the Association to be engaged in this work.

Furthermore, I would like to contribute to the further development of the relations between our Association and the great number of Russian participants interested in joining with us as evidenced by their growing attendance at our meetings. The Russian delegates have recently become a specific group in our events but who experience particular needs, especially language help, to support their full participation. It is neither a good situation for our Russian colleagues, nor is it in compliance with the EAA spirit. During the Prague Congress some colleagues urged me to do “something” about this sensitive and urgent problem. I am not an idealist, but I am convinced that - thanks to the traditional relations with our Russian colleagues - I am in a better position to start this process than any of my predecessors.

And finally, the Prague Congress again demonstrated the great professional benefit of our meetings, however it frustrating that again the exception to this was our General Assemblies!

There are very few delegates, who are willing to listen to the ideas about the direction our Association may develop in to. There were nearly 1.300 professionals who participated in the Prague Congress, however, only 50 of them participated in the (relatively important) final General Assembly! This I find saddening. It is my goal to try and deepen the spirit of belonging of all of us to our Association for all of our mutual future benefits.

Let me wish you nice holidays and I am looking forward to your feedback as well as to our future meetings.

Sincerely yours,

Bohumil Král
President EAA 2004
Kral@vse.cz

ADVERT:

The logo for CIMA (Chartered Institute of Management Accountants) features the letters 'CIMA' in a stylized font. The 'C' is red, the 'I' is blue, the 'M' is red, and the 'A' is blue.

Chartered Institute of Management Accountants

(CIMA) Research Activity

CIMA has a reputation as a leading authority on management accounting and financial management for accountants in business achieved through a leading edge technical agenda and by investing in research and development activities. CIMA Research is committed to developing the science of management accounting, and we do this by sponsoring academic research projects, events and professorships, as well as disseminating the outputs of our research as widely as possible for example, through our magazine, *Financial Management*, our e-newsletter *Insight*, Mastercourses, executive summaries and other publications. We have a substantial budget to support these activities.

Our current research priorities include:

- performance measurement and management control (including continuous improvement of tools and techniques).
- structure and future of the finance function (e.g. strategic enterprise management, offshoring/outsourcing).
- governance (including enterprise reporting, corporate governance, business governance and risk management).

Our next research initiative, 'benefits of performance measurement' will be formally launched at the Performance Measurement Association (PMA) Conference in Edinburgh on 28-30 July 2004, where will invite applications on the above topic. Further details will be provided at the conference, on the EAA Website and CIMA Global website at the end of July 2004.

A summary of recent research activity is given in our bi-monthly newsletter *Research Update*. The latest edition is available from our website along with our e-newsletter *Insight*, application forms, other technical reports and further information. If you wish to receive *Research Update* in hard copy or would like to subscribe to *Insight*, please contact us.

Contact:

Tel: +44 (0)20 8849 2275

Fax: +44 (0)20 8849 2468

Email: research@cimaglobal.com

Web: www.cimaglobal.com

3. EAR News and Announcements:

Communications from the Editorial Office:

Future accepted papers for EAR as follows:

- Ruiz Barbadillo, E., De Fuentes-Barbera, C., Gomez-Aguilar, N. & Garcia-Benau, M.A. - Audit quality and the going concern decision making process: Spanish evidence
- Elad, C. - Fair Value Accounting in the Agricultural Sector: Some Implications for International Accounting Harmonisation
- Pucheta Martínez, M.C., Vico Martínez, A. & García Benau, M.A.- Reactions of the Spanish capital market to qualified audit reports
- Arya, A., Glover, J. & Liang, P.J. - Inter-temporal aggregation and incentives
- Van Caneghem, T. - The impact of audit quality on earnings rounding-up behaviour: Some U.K. evidence
- Bourguignon, A. - Performance management and management control: evaluated managers' point of view
- Gray, S.J. & Skogsvik, K. - Voluntary disclosures of quoted pharmaceutical companies in Sweden and the UK: The development over the period 1984–98
- Langli, J.C. & Saudagaran, S.M. - Taxable income differences between foreign and domestic controlled corporations in Norway
- Christiaens, J. - Capital assets in governmental accounting reforms: Comparing Flemish technical issues with international standards

Note - no schedule for when these papers will be released has yet been confirmed.

Details of papers accepted for future issues of the journal can also be found on the EAR website (see <http://www.eaa-online.org/pub/futureissues.cfm>).

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

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- 3rd Workshop on Accounting and Regulation - Siena, Italy, September 30 - October 2, 2004. See http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=305
 - International Conference on Accounting, Auditing and Management in Public Sector Reforms - Oslo, Norway, October 7-9, 2004. See http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=358
 - EDEN Doctoral Seminar on Analytical Accounting Research - Brussels, Belgium, October 12-16, 2004. See http://www.eiasm.org/frontoffice/eden_announcement.asp?event_id=361
 - 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 Case based research in Management Accounting - Brussels, Belgium, April 11-15, 2005. See http://www.eiasm.org/frontoffice/eden_announcement.asp?event_id=388
 - 7th Management Accounting Research Conference - Tampere, Finland, May 30 - June 1, 2004. See http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=370

[02] ANNOUNCING THE EAA FINANCIAL REPORTING STANDARDS COMMITTEE

Accounting has always been an important element of the socio-economic environment in many European countries. As it affects the distribution of information, and thus wealth, accounting has long been the subject of rigorous studies which resulted in different schools of thought across Europe, placing different emphases on the roles of accounting (e.g. information for capital markets, profit distribution, taxation, enforcement of contracts).

The adoption of evolving International Financial Reporting Standards in the European Union by the year 2005 affects the rules and roles of accounting in the national environments. The EAA Financial Reporting Standards Committee will comment on proposed and existing International Financial Reporting Standards relying on the rich background of academic accounting research in Europe. It will bring to the attention of standard setters and endorsement institutions, in particular the International Accounting Standards Board and the European Financial Reporting Advisory Group, existing theoretical and empirical research. Where necessary, it will also point to research needs for the adequate resolution of standard setting issues.

The members of the EAA Financial Reporting Standards Committee see their role as intermediaries of accounting thought. The Committee will ask for support of all members of the EAA who can bring in their special expertise on the projects on the agenda of the EAA Financial Reporting Standards Committee.

Agreed by the members of the EAA Financial Reporting Standards Committee: April 26, 2004

Lisa Evans, University of Edinburgh
 Günther Gebhardt, Goethe Universität Frankfurt am Main (Chair)
 Martin Hoogendoorn, Erasmus Universiteit Rotterdam
 Jan Marton, Goteborg University
 Roberto Di Pietra, Università degli Studi Siena
 Araceli Mora, Universidad de Valencia
 Frank Thinggård, Ålborg University
 Petri Vehmanen, University of Tampere
 Alfred Wagenhofer, Karl Franzens-Universität Graz

The EAA FRSC decided to put the following projects on its agenda and nominated the following members to participate in the core groups:

[1] Amendment to IAS 39 – Limited Fair Value Option

Chair: Günther Gebhardt (gebhardt@wiwi.uni-frankfurt.de)
Araceli Mora
Frank Thinggård

[2] Business Combination – Phase II

Chair: Jan Marton (jan.marton@mgmt.gu.se)
Günther Gebhardt
Martin Hoogendoorn

[3] Accounting Standards for Small and Medium Enterprises

Chair: Lisa Evans (lisa.evans@ed.ac.uk)
Roberto di Pietra
Petri Vehmanen

The project core groups are responsible for developing a draft comment.

EAA members with a special interest and expertise in the agenda projects are invited to participate. They should contact the chairpersons.

[03] EAA 2004 GENERAL MEETING - CORPORATE GOVERNANCE CHANGES

As we have presented and discussed in the last two issues of this Members' newsletter, the Association has been closely examining its governance and oversight structures in the last year or so. The details of the proposals for change as given in the previous two newsletters were endorsed, and began their process of adoption, at the General Meetings held in Prague in conjunction with the EAA 2004 Congress. Details of the new structure that is now in process of being put in place can be found by accessing this Powerpoint presentation (<http://www.eaa-online.org/members/Eaanewcorpgovapr04.ppt> -65K). Any questions on these developments should be addressed to the Secretariat of the Association at eea@eiasm.be. These changes fundamentally alter the operation and structure of the Association. It is important all members are aware of these changes and are willing to offer themselves to participate in the new committees and roles that the new structure requires.

European News

Selected recent European accounting news supplied by AccountingEducation.com

[04] EU COMMISSION ASKS ITALY TO CHANGE ITS RULES ON ACCOUNTING BY PROFESSIONAL SPORTS CLUBS ('SALVA CALCIO') - The European Commission has decided to ask Italy formally to change its "Salva-Calcio" law on financial reporting by

professional sports clubs, including Serie A football clubs. The Commission believes that the legislation breaches EU accounting laws in that the balance sheets of a number of sport clubs fail to provide a true and fair view. The Commission's request takes the form of a "reasoned opinion", the second stage of EC

Treaty infringement procedures (Article 226). Unless a satisfactory response is received within two months, the Commission may refer the case to the Court of Justice. See full news article at <http://www.accountingeducation.com/news/news5236.html>

[05] ICAEW RESPONDS TO OFT INQUIRY INTO LIABILITY REFORM

- The issue of levels and nature of auditor liability continues to exercise the UK accounting profession and the UK Government - as elsewhere in Europe. Responding to Tuesday 6 July's announcement by Jacqui Smith MP, UK Minister of State for Industry and the Regions, that there will be an OFT inquiry into the competition aspects of auditor liability reform, Eric Anstee, Chief Executive of the Institute of Chartered Accountants in England & Wales, said: "The status quo should not be an option. The OFT competition inquiry announced by Government today must move the liability debate forward." See further details of the ICAEW response in the full news item at <http://www.accountingeducation.com/news/news5230.html>

[06] CESR BEGINS WORK ON IMPLEMENTING MEASURES TO ESTABLISH EQUIVALENCE BETWEEN THIRD COUNTRIES GAAP AND IAS/IFRS AND LAUNCHES A CALL FOR EVIDENCE -

Following receipt of a mandate from the European Commission (Ref: CESR/04-305), CESR has begun its work in June to consider the equivalence between certain third countries' GAAP and IAS /IFRS and to this end has

launched a call for evidence for interested parties to submit comments by 29 July 2004. See our news item for further details at <http://www.accountingeducation.com/news/news5215.html>

[07] PWC IPO WATCH REPORTS EUROPE'S IPO MARKET ENJOYS STRONGEST QUARTER FOR YEARS -

PricewaterhouseCoopers latest IPO Watch Europe survey, tracking volume and value of IPOs on Europe's main stock exchanges, has recorded a strong second quarter across all markets, the best for several years. There were 95 IPOs between 1 April and 30 June, a significant rise from the 23 offerings in the same period of 2003. It was also well above the 56 recorded in the first quarter of 2004. See further details in our full news item at <http://www.accountingeducation.com/news/news5216.html>

[08] CIMA COUNCIL ELECTS NEW PRESIDENT

- The Council of CIMA has elected its new President, Deputy President and Vice President at its Annual General Meeting, held at the Cafe Royal, London, on 12 June 2004. Professor G Roland Kaye BSc (Hons) MSc FCMA has been elected President. He is currently Dean of the Open University Business School. He is also on the executive of the Association of Business Schools and a director of Open University Worldwide Ltd. More details can be found in our news item at <http://www.accountingeducation.com/news/news5187.html>

Other News

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

[09] IASB PUBLISHES DISCUSSION PAPER ON STANDARDS FOR SMEs

- The International Accounting Standards Board (IASB) published today a Discussion Paper on its proposal to develop a separate set of international accounting standards for small and medium-sized entities (SMEs). The Discussion Paper sets out the IASB's preliminary views on aspects of the proposal and invites comments on them by 24 September 2004. The Discussion

Paper does not include proposals for specific financial reporting standards for SMEs. That will come later. Instead, the Discussion Paper focuses on the Board's approach to the project. See our news item for further details at <http://www.accountingeducation.com/news/news5185.html>

[10] JIAR ANNOUNCES RADEBAUGH WILL BE NEW EDITOR - A statement was recently posted on the American Accounting Association International Accounting Section website by the current Section President, Robert K. Larson, detailing the appointment on a three year term of Prof. Lee Radebaugh as the new editor of the Section's journal - the Journal of International Accounting Research (JIAR). This new appointment was required after the untimely death of the previous editor Professor Seagun Wallace. Prof. Radebaugh begins his term on 1 July 2004.

[11] THE PROFESSIONAL ACCOUNTANTS (AMENDMENT) BILL 2004 RISKS DAMAGING HONG KONG'S CREDIBILITY - The Professional Accountants (Amendment) Bill 2004, due to receive its second and third reading today, risks damaging Hong Kong's credibility as a world financial centre, ACCA has warned. Proposals to leave audit regulation in the hands of the Hong Kong Society of Accountants are out of step with the trend towards independent regulation and oversight in every country with significant capital market activity. See the full news item at <http://www.accountingeducation.com/news/news5238.html>

[12] OFFSHORING AMONG GLOBAL FINANCIAL SERVICES INSTITUTIONS INCREASE BY 38% IN ONE YEAR - The number of global financial institutions that moved specific functions offshore increased by 38 percent in the last year, according to the second annual global financial services industry offshore survey conducted by Deloitte. See further details in our news article at <http://www.accountingeducation.com/news/news5217.html>

[13] IFAC ANNOUNCES FIRST INDEPENDENT CHAIR OF THE IAASB CONSULTATIVE ADVISORY GROUP - The International Federation of Accountants (IFAC), in consultation with international regulators, has appointed Mr. David Damant MA (Cambridge) -- an experienced leader in the global investment community -- as chairman of the Consultative Advisory Group (CAG) to the International Auditing and Assurance Standards Board (IAASB). Mr. Damant's appointment (to be confirmed by the Public Interest Oversight Board when it becomes active later this year) comes at a critical establishment phase as the CAG starts-up its independent operations and reconsiders its membership base. See further details in our full news item at <http://www.accountingeducation.com/news/news5195.html>

[14] FUTURE DIRECTION OF ACCOUNTING STANDARDS IN CANADA - The Canadian Accounting Standards Board (AcSB) has embarked on a process to develop a new five-year plan for the period 2005-2010. To begin the process, the AcSB has decided to seek public input on its future directions. After considering the input received and with the advice of the Accounting Standards Oversight Council (AcSOC), the AcSB will then develop a draft strategic plan that it will expose for public comment. The AcSB expects to finalize and publish its plan in mid-2005. See further details in our news item at <http://www.accountingeducation.com/news/news5193.html>

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John Holland - ISBN 1 871250 99 4 - Price £15.00
- **AUDITQUAL: Dimensions of Audit Quality**
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- **Towards the 'Great Desideratum'. The Unification of the Accountancy Bodies in England, 1870-1880**
Stephen Walker - ISBN 1 904574 01 7 - Price £15.00

The following research project funding is available

- Project (£2,000-£25,000).
- Small project and pilot study (under £2,000)
- Seedcorn (up to £750)

An application form can be downloaded from the ICAS web-site at
<http://www.icas.org.uk/CMS/articleView.asp?article=1051>

Alternatively please contact Professor Christine Helliar, Director of Research at the email address below.

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e-mail: research@icas.org.uk; website: <http://www.icas.org.uk>

5. Congress Update:

Reporting on EAA'2004, Prague, Czech Republic - 27th Annual Congress



The 27th Annual Congress of the European Accounting Association was held at the University of Economics Prague, Czech Republic on April 1 – 3.

A number of innovations and developments to the previous Congress organisations were experimented with at this event. Following is a summary of the key activities of the event.

The Prague Congress organisers thank participants for their helping in making this an excellent Congress.

1. A new paper assessment procedure was introduced by the Scientific Committee to enhance the high quality scientific program of the Congress:

- each abstract was considered by **two** independent members of the Scientific Committee simultaneously and anonymously
- none of the members of the Scientific Committee knew authors' names

- the both reviewers were from different countries and did not know the name of his/her counterpart
- the assessment was performed through the On-line Registration System developed to avoid any confusion and to be fully transparent

2. Paper statistics:

- The Scientific Committee of the EAA 2004 received:
 - 1021 high quality abstracts
 - from 53 countries
 - split into 19 topic areas
- Accepted papers:
 - 789 tentatively
 - 623 definitively

3. During the Conference were:

- two main speeches during the opening plenary session
- 11 fundamental issues during its symposia
- 617 full papers during parallel sessions
- 13 leading publishing firms in a Publishers' Exhibition
- expert opinions of 8 respectable business firm during the Managers' Day, which was newly introduced by EAA 2004 Organizing Committee to extend the Congress range for discussion and make the Congress more attractive also for top managers, consultants and information system designers.

4. Delegates statistics:

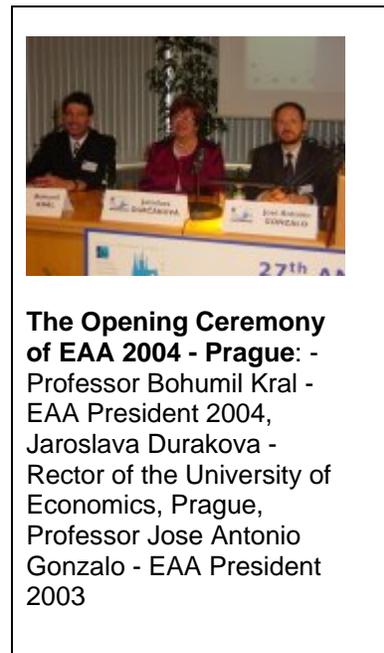
- 1243 Delegates
- From 57 Countries
- 214 Accompanying persons
- Total 1457 participants

5. Social events:

- Three social events were held during the Congress
 - Early Bird Reception in building of the National Museum on the Wenceslas Square;
 - Welcome Reception in the National House on the Namesti miru; and
 - Gala Dinner at the end of the Congress in the Municipal House on the Namesti Republiky

6. Two EAA General Assembly were held during the Congress (the first at the beginning and second at the end of the Congress)

7. A 30 minutes long movie was made by a professional firm to put the EAA 2004 Congress in mind of all participants of the Congress and to have a look at the ambience of the Congress for all other people who did not attend the Conference. The movie has already been edited, presently the CD-ROMs are produced, and they will be distributed by mail to all participants soon.



The Opening Ceremony of EAA 2004 - Prague: - Professor Bohumil Kral - EAA President 2004, Jaroslava Durakova - Rector of the University of Economics, Prague, Professor Jose Antonio Gonzalo - EAA President 2003

EAA 2004 Congress Committee

Report from the KPMG Doctoral Colloquium in Accounting 2004

This year's KPMG Doctoral Colloquium was held in Mostov, which is located 170 km west of Prague. The students represented schools from 12 countries and this included the representative from the AAA, Hui Chen from the University of Tennessee. This year the competition to get into the colloquium was very tough as we received 65 applications for the 17 slots that were available.

The faculty selected Martin Kleinert, Universität Tübingen, as the KPMG Doctoral Colloquium's representative at the AAA Doctoral Consortium.

The faculty this year was David Cooper, University of Alberta (Canada), Tom Groot, Vrije Universiteit (The Netherlands), Wayne Landsman, University of North Carolina (USA), Jan Mouritsen, Handelshøjskolen i København (Denmark), Peter Pope, University of Lancaster (UK), Michael Shields, Michigan State University (USA), Alfred Wagenhofer, Universität Graz (Austria), and myself, Syddansk Universitet (Denmark). This makes up a truly international faculty. The faculty and students provided substantial feedback to the students' proposals. In addition, Jan Mouritsen gave a plenary lecture on Management

Accounting Research from a sociological perspective, and Wayne Landsman delivered a plenary lecture on Financial Accounting Research from an empirical perspective. I would like to take this opportunity to thank the faculty for their devotion. Special thanks go to Tom Groot who has decided to resign from co-chairing the colloquium after serving for three years.

KPMG sponsored this year's KPMG Doctoral Colloquium for the first time. KPMG has promised to sponsor the doctoral colloquium for a three-year period. We owe much to KPMG for this commitment to doctorate education and the development of accounting research in Europe. This represents a major investment in accounting research in Europe and in the European Accounting Association. I sincerely hope that the research will pay this back in terms of research and education of future partners of the accounting firms. I would like to take this opportunity to thank KPMG.

John Christensen

University of Southern Denmark

Student Comments on the KPMG European Doctoral Colloquium in Accounting

The Doctoral Colloquium has the objective to unite 18 doctoral students and to give them the opportunity to present their current and future research. Students from all over Europe (Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Poland, Switzerland, The Netherlands and the UK) and one representative from the AAA discussed their work in progress with leading faculty in the fields of financial and management accounting.

This year, the Doctoral Colloquium took place in Mostov on March 29-31 in advance of the EAA annual conference in Prague. The location of the colloquium was a gothic Castle Hotel from the second half of the 17th century. The Castle proved to be quite a way from any

distractions, as even the Czech bus driver could not find the way. This delay, however, was more than compensated by the warm welcome, beautiful rooms and the tasty food. The castle was the perfect environment to socialize both with the other students and the faculty. And thanks to KPMG this stay was completely paid for.

The (mostly empirical) work in progress in the financial accounting sessions focused this year on the quality of disclosures. We learnt a lot from the immediate comments of our professors and the lively discussions among the faculty. The topics in the management accounting sessions were more diversified but still the faculty succeeded in giving helpful comments and suggestions for improvements.

So thanks go to all the professors for taking the time to go through all these papers and for giving their very valuable comments and to Nicole Coopman, who was always there to help.

As nothing will ever be perfect, some areas for improvement in the future can be identified. It would be interesting maybe to assign one of the students as a discussant to each presentation because sometimes it was difficult to follow the discussion between the

faculty as it would jump from one point to another.

At the conference after the colloquium, we could feel that the connection between the doctoral students will definitely stay alive for the time to come, so we are very grateful for being given this opportunity. It was a wonderful experience.

Annelies Renders and Martin Kleinert

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



The 28th Annual Congress of the European Accounting Association will be held in Göteborg, Sweden, 18 – 20 May 2005. The venue is the School of Economics and Commercial Law at Göteborg University (SEC), which is located within walking distance of the city centre. The conference is organised by the accounting faculty at the SEC.

2005 will be a very special year for accounting and the focus of this Congress will be on multifaceted perspectives of accounting.

Göteborg University is the largest university in the Nordic countries and the most popular in Sweden. It is a city university and has about 40 000 students. The School of Economics and Commercial Law has about 4 000 students. Today, the School of Economics and Commercial Law has research and major educational programmes at both undergraduate and graduate levels in the disciplines of business administration, economics, economic history, human and economic geography, commercial law and informatics.

Göteborg is situated on the West Coast of Sweden and has approximately 470 000 inhabitants. Göteborg has a rich offering of green open spaces, old and new buildings as well as the archipelago. It is roughly equi-distant from the Scandinavian capitals Stockholm, Copenhagen and Oslo and is therefore often viewed as the centre of Scandinavia. The Göteborg region is one of the most popular tourist areas in Scandinavia. The sea, with its fine archipelago, is easily reached by public transport, and it's never far to the countryside and forests with their variety of walks and nature experiences.

Key dates

Deadline for submission of abstracts and papers: **November 15, 2004**

Authors will be notified of acceptance/rejection of abstracts and papers: **February 15, 2005**

Deadline for submission of full paper and registration: **March 15, 2005**

The EAA Doctoral Colloquium will be held on 14 – 17 May 2005. The venue "Skottarn" is located on the west coast archipelago island Gullholmen. The 8th annual European Conference on Accounting Information Systems (ECAIS), will take place on 17 - 18 May 2005.

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

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 and all other interested professionals as well.

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:

- **2004 Annual International Congress on Social and Environmental Accounting**
1-Sep-2004 to 3-Sep-2004
Sponsor: CSEAR
City: Dundee
Annual International Congress on Social and Environmental Accounting, 2004 at West Park Conference Centre, Dundee from 1st-3rd September, 2004. For further details on this event, including information on how to submit a paper, please contact csear@accfin.gla.ac.uk
- **1st International Conference on Enterprise Systems and Accounting 2004 (ICESA '04)**
3-Sep-2004 to 4-Sep-2004
City: Thessaloniki
The ICESA '04 Organizing Committee cordially invites contributors from academia, industry and research to submit their original research and/or a proposal to organize a workshop or a panel discussion in the area of Enterprise Systems and Accounting. The theme of the conference is "The Future of Enterprise Systems and Accounting: New Directions and Challenges for Education".
- **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".
- **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. 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.

- Visitors with research and teaching specialism in Accounting
Institution: Lancaster University, UK
Deadline for applications: currently open
- Lecturing positions in Accountancy
Institution: University College Dublin
Deadline for applications: open until positions filled
- Lecturer and Senior Lecturer positions in Accounting
Institution: University of Sydney, Australia
Deadline for applications: 20 August, 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

8. Other Content....



Professional Developments:

Review of IES 7 Continuing Professional Development

by Professor Mark Allison, Director of Education, ICAS & Technical Advisor to IFAC Education Committee

The International Federation of Accountants (IFAC) issued a new International Education Standard – IES7, Continuing Professional Development (CPD), on 7 May 2004. The Standard places a burden on member bodies of IFAC to require all professional accountants to develop and maintain competence relevant and appropriate to their work and professional responsibilities. The Standard effectively prescribes mandatory CPD for all professional accountants. Member bodies of IFAC have a responsibility to monitor and enforce this requirement.

For many professional accountants the introduction of IES7, and its application in their own member bodies, will not change their own personal approach to maintenance and development of their competence. One of the fundamental principles of professional ethics requires that professional accountants should perform their services with appropriate knowledge and skill. The Standard is in effect formalising this ethical principle.

Professional accountancy bodies do generally monitor this wider ethical responsibility of all professional accountants, and on occasion narrower mandated targets. The reality has

been however that unless a professional accountant worked in a regulated section of the profession, it was unlikely that the professional body would actively enforce CPD. Small random sample checks were the norm.

Professional accountants working in regulated parts of the profession, which vary from country to country, but will normally include auditing, have had to comply with annual and other CPD targets. Indeed the revised draft EC 8th Directive (March 2004) proposes mandatory CPD for auditors in legislation, for the first time.

The traditional method of logging and thereafter monitoring CPD compliance has been through input based approaches largely measured against time spent on courses or other equivalent measurable activities. IES7 whilst providing an input based approach does also identify the benefits of an output based approach concentrating more on measuring the development and maintenance of competence achieved through the learning rather than the various learning activities completed. Matters of measurement and verification are more complex under an output based approach but theoretically at least a strong output based approach provides

greater relevance than an input based system.

The opportunities for the academic community of this reinvigorated education market are potentially huge. Universities will need to adapt programmes to suit the needs of professional accountants. Building programmes with employers around output based systems is one such avenue as is creating a range of electronic and part time delivered modules. All IFAC member bodies must comply with IES7 by 1 January 2006. Accordingly many of these bodies will be looking to form partnerships with universities and other commercial education providers to offer their members a wider range of CPD opportunities than are currently available.

Finally for any of you who are members of an IFAC professional body, you too will find this mandatory requirement being introduced. As educators it is often easy to forget our own responsibility and need for maintenance and development of our competence!

The Standard may be downloaded from the IFAC website by going to <http://www.ifac.org/store>.



Thought Piece: IFRS in a world with codified law

by Prof. Dr. Dr. h.c. Wolfgang Ballwieser, Institute for Accounting, Auditing and Corporate Valuation, Munich School of Management, Ludwig-Maximilians-Universität München

Germany has been aligning their financial reporting with international rules since 1993. This was the year when Daimler Benz was first listed at the New York Stock Exchange. In order to avoid the work-load that would result from parallel financial statements, German law has allowed companies to present consolidated financial statements according to IAS or U.S.-GAAP instead of German Commercial Code (Handelsgesetzbuch) since 1998. Today no German corporation that is listed as part of the DAX 30 - the most important German stock index - uses German Commercial Code for presenting consolidated financial statements. Approximately half of the firms use IFRS/IAS and the other half use U.S.-GAAP.

This choice is however, limited only until the end of 2004. At that time groups which are capital market oriented must present their consolidated financial statements according to IFRS. Groups that are listed in the U.S. then have two years more before they must also comply with IFRS. As German firms have had a lot of experience with IAS over the last few years, this timetable should pose no problem. Unfortunately, there are problems. Why?

The first problem stems from the fact that there are still different reporting rules necessary in Germany from conventional IFRS compliant sets of accounts. There are at least three different financial statements to the basic IFRS set of accounts that are required of German companies in the five they may need to produce to be fully compliant in Germany:

1. statements for tax purposes according to the Einkommensteuergesetz (tax code);
2. individual accounts for the distribution of profit and for information according to Handelsgesetzbuch (commercial code);
3. group accounts according to IFRS;
4. perhaps group accounts and further information for filing with the SEC;
5. statements for management accounting which in Germany traditionally differs from financial reporting, because different objectives need different instruments. Cost accounting is not only necessary for decisions, but also for giving incentives.

A second problem arises from reports which IFRS do not currently have. In Germany, a management report is obligatory for corporations which are at least of medium size. Parts of this report overlap with the financial reporting obligations according to IFRS. It does not make sense to have the same information in different reports. However, if one minimises the overlapping elements, then explanatory footnotes of some kind are then necessary - which is not the best situation for the reader of the reports.

A third problem comes from the immense uncertainty about the concrete shape of IFRS. Those amended IAS and new IFRS that have been developed by the International Accounting Standard Board still need to be endorsed in Brussels by the Commission of the EU before they are national law. At least as I write this, IAS 32 and IAS 39 as well as IFRS 2 to IFRS 5 are not yet so endorsed. There is a great dispute about IAS 39. It is unclear how long it will take until those proposed standards will become effective in national law. If IAS 39, as proposed, will not be endorsed, it will not simply be possible to use the old IAS 39, since this standard has not been endorsed either. A corporation cannot wait until - say - November 2004 to process the data according to the then endorsed standard. Changes of systems are necessary which need time.

Compared to the old system of German financial reporting regulation, new players have been come to the playing field: namely the IASB and the EU. Of course, this is not just a German problem alone but a problem facing many EU countries where differences to their historic codes and practices will result from the EU adoptions of IFRS. However, taking into account the complexity in accounting practice which are described above, the additional uncertainty about the actions that the players will choose is an additional and material burden that is very real for all listed companies in the EU.



[Ed - In future newsletters we would like to provide a review of issues arising in other countries resulting from the adoption of IFRS in the EU in the lead up to, and during 2004. If you would like to send your comments on this issue to me as newsletter editor I would be pleased to collate these together to be published in the lead up to 2005]

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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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