
EAA Members Newswire

Issue 9
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1. Editorial

WELCOME to the 9th issue of the EAA members Newsletter. This is quite a momentous editorial for me as this is the last I shall write as EAA webmanager. I have held this role since creating the website, in 1994, for the 1995 EAA Congress we held in Birmingham where Professor John Samuels, Chair of that Congress and of the Association 1995-6, asked me if I would explore the use of the new Internet technology (then) - the WorldWide Web - to see if it may be of use to help the organisation of a successful Congress. Following this event he then asked me to become the EAA webmanager and assist him that year in setting up a website for the Association - the first academic accounting association to have one. I have continued to carry out this role for the Association since this initial request, latterly with help from the team at AccountingEducation.com.

The Publications Committee has decided that the website management should now be moved to Brussels to be operated into its next phase by the EIASM - who, of course, operate as the EAA Secretariat for most other administrative matters for the Association. This makes sense for the future of the Association's online provision and I wish them every success with taking on this role for the Association.

A new EAA website will be launched in January as a consequence of this change. The web addresses will remain the same, but the management and hosting of the site will now be operated entirely from Brussels with other Association administration - and therefore all future queries in respect of the website should be sent to the usual address for the Secretariat - eea@eiasm.be. The current passwords and userids you use to access the members' section of the current site will also be changing - these will, more logically than at present, become the same as you use for your EIASM profiles. Enhanced services on the new website will include direct access for all EAA members to full papers of EAR online - something we have been working to bring to you for the last two years.

On behalf of the team at AccountingEducation.com - thank you for the opportunity to serve the Association. We will of course continue to operate our site (please come a visit if you haven't already). I will edit one more newsletter (March 2005 issue) before I step down from this role too and of course I will continue to be an active member of the Association so hope to see many of you in Goteborg next year, Dublin in 2006 and other exciting venues in the future.

On to this issue then - as usual it contains various details on the forthcoming EAA 2005 Congress in Goteborg, Sweden. We also have the usual commentary from the President, this time announcing news of the new EAA Education Committee he announced previously he was in the process of setting up - see his full piece for details. He also announces details of the new EAR editor and co-chair of the Doctoral Colloquium.

We also have our regular Thought Piece again - this time providing details of an example of 'Extreme Accounting' that is being looked at as part of the innovative 'Extended Business Reporting' project currently being run by the AICPA. We also have the first report from the EAA Financial Reporting Standards Committee (FRSC) chaired by Prof. Gunther Gebhardt. See below for details on all these items - and other regular items we provide each quarter.

Andy Lymer
EAA Newsletter Editor & Webmanager
10th December, 2004

a.lymer@accountingeducation.com

ADVERT:



New Publications from CIMA

Maximising Shareholder Value: achieving clarity in decision-making

CIMA has recently published a new Technical Report on Maximising Shareholder Value.

This report is an attempt to draw attention to the context, tools, techniques and philosophy of managing for shareholder value, or valued based management (VBM) as it is sometimes known. CIMA defines VBM as “a managerial process which effectively links strategy, measurement and operational process to the end of creating shareholder value”. Like other management concepts, managing for value has been adapted by companies to suit their circumstances. There can be no ‘one size fits all’ model.

The briefing should provide an overview of VBM and should prove a useful introduction for anyone keen to gain a basic understanding of the subject.

Anti-Money Laundering: what every Accountant should know

It is evident that money laundering has been with us for a long time. However, it was not until the events of September 11 2001 that the phenomenon gained global prominence – despite the fact that money laundering first became a criminal offence in the US in 1986 and in the UK, for certain offences, in 1993.

In light of new Money Laundering Regulations (2003) coming into effect on 1 March 2004, CIMA has released the above guide to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003. The new Regulations are applicable for most relevant businesses operating in the UK. This includes businesses working from a UK office for a client who is based abroad. Included in the guide is a 10 point action plan of the key features relevant businesses need to remember.

The above publications, along with a number of other topical publications, are available for free download from the CIMA global website at www.cimaglobal.com.

2. Message from the EAA President:

Dear Colleagues,

It seems only such a short time ago I wished you all the best for the start of the new academic year – and already Christmas is here! This is of course an exceptional part of year offering us an opportunity both to look back evaluating the passing year, but also to look forward to the new year - 2005. In particular this means that the time for the 28th EAA Congress is rapidly approaching.



The preparatory meeting for this Congress that was held from 7 to 8 October in Goteborg and demonstrated to those of us that attended this event that our colleagues from the School of Economics and Commercial Law of the Goteborg University, ably chaired by Olov Olson, are very well prepared for our visit.

In my opinion there is no doubt that this Congress will be again the unique combination of the traditional values we all appreciate from EAA Congresses and an exciting mixture of original ideas and surprises prepared for us by our hosts. Having been given some insight into these plans I can assure you that you should really be looking forward to it!

As I already informed you in the preceding Newsletter, during the preparatory meeting I met with the chairs of the Standing Scientific Committee, Conference Committee and Organising Committee with the aim of discussing their ideas and to ask them to develop long-term intentions and policies for each of their future activities. The meeting reached a conclusion that a Congress 'Mission Statement' should support the wider EAA strategy and also fit into a framework for all EAA activities. After the relatively broad discussion that followed this meeting, including input from all the current Management Committee members, it seems that we are reaching a consensus. I hope that I will be able to give you more details of this outcome in the next Newsletter.

We have also made progress in other important areas of discussion that have been ongoing for some time in the Association - namely the specification of the new corporate governance principles and in finding suitable people to carry out the various roles implied in these new principles. In this regard I am pleased to inform you that two EAA members have already had their nomination for two positions approved by the EAA Board: Salvadore Carmona was approved as new editor of European Accounting Review from 1 January 2006 and Peter Pope to co-chair for the EAA Doctoral Colloquium. Both experts have been participating in EAA activities for a long time; it is not necessary to introduce them to you in a more detailed way. Therefore, let me congratulate them on their appointments and wish them all the best in their new roles for the Association.

As you know from e-mail you will have received, Warren Allen, the chair of the IFAC Education Committee, approached the EAA with an offer to appoint a representative to serve on the newly establishing Education Committee Consultative Advisory Group. This Group will provide a forum the Education Committee can consult on matters such as its agenda and project timetable. Let me thank all 61 EAA members that declared their interest in this Group's activities. It was not an easy task for the EAA Management Committee to select only one expert to act as our representative. Despite this fact, I believe we have chosen the right person: Richard Wilson, Professor of the Loughborough University Business School, member of AAA Education Committee and founding editor of "Accounting Education: an international journal" has been appointed the EAA representative to this Group.

Let me also wish Professor Wilson all the best in his new role for us; I am convinced that he will be successful in both activities connected with this position – in gaining a strong mandate from EAA members on the issues that will be the subject of discussion and in building professional respect within the IFAC Group in supporting EAA opinions and statements.

And finally: let me wish all of you, dear EAA members, a Merry Christmas and a lot of health, happiness and personal, as well as professional, satisfaction in the year 2005.

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. 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.

3. 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
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E-mail: vanlent@uvt.nl

ADVERT:



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CA House, 21 Haymarket Yards, Edinburgh EH12 5BH
research@icas.org.uk
Direct Tel: +44 131 347 0237
Fax: +44 131 347 0111

<http://www.icas.org.uk>

New Publications

Taking Ethics to Heart *Editors: Christine Helliar, ICAS Director of Research and University of Dundee and Jan Bebbington, University of St Andrews*

The Research Committee of ICAS has just completed and published this major Committee project investigating the ethical standing of accountants. The report proposes a framework that could be used by accountants for ethical decision making, and identifies a number of possible remedies and actions that could be undertaken by accountants as individuals, firms and businesses, professional bodies, accounting educators and regulators.

ISBN 1 904574 10 6 **Price £15**

A Survey of European Investor Relations *Claire Marston, Heriot-Watt University*

ISBN 1 904574 08 4 **Price £15**

A Comparative Analysis of Auditor Independence in Economies in Transition *Katarzyna Kosmala MacLulich, Heriot-Watt University & Pat Sucher, Royal Holloway*

ISBN 1 904574 07 6 **Price £15**

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 down loaded from the ICAS web-site. Alternatively please contact Professor Christine Helliar, Director of Research at the email address above.

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):

- 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
- 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

[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

"Accounting in Europe" was published for the first time at the end of September. The Publications Committee took a decision to authorise publication of the 2005 and 2006 issues at its September meeting, and a call for papers has already been circulated to EAA members.

Papers are requested for both 2005 and 2006 issues, addressing a theme connected with the change in the European accounting infrastructure generated by the switch to IFRS by listed companies. Papers considered for publication will, as before, be subject to double blind reviewing and should be submitted by e-mail to Professor Peter Walton (p.j.walton@open.ac.uk) to whom any other queries regarding the publication may also be addressed.

[04] FINANCIAL REPORTING STANDARDS COMMITTEE - REPORT ON RECENT ACTIVITY

The EAA FRSC has currently three active projects:

1 IAS 39 Amendments: The Fair Value Option

In July 2004 the EAA FRSC submitted a first comment letter to the IASB on its ED IAS 39 Amendments "The Fair Value Option". [Main authors: Guenther Gebhardt (chair), Araceli Mora, Frank Thinggard]. The letter expressed a strong disagreement with the proposals in the ED – in line with most other comments except those of central banks and other regulators. The letter was also sent to EFRAG at the request of the EFRAG Chairman Stig Enevoldsen. The comment letter is posted on the IASB website:

http://www.iasb.org/current/comment_letters.asp?showPageContent=no&xml=16_91_79_26072004.htm

The IASB has distributed a new proposal of a draft to the members of the IASB Financial Instruments Working Group that will be discussed in the December 2004 IASB Board meeting.

2 Business Combinations – Phase II

The Business Combinations project still awaits the publication of the Exposure Draft announced for the 4th quarter 2004 and we will then ask interested EAA members for support. [Jan Marton (chair), Guenther Gebhardt, Martin Hoogendoorn]

3 Accounting Standards for Small and Medium sized Enterprises

In September 2004 the EAA FRS submitted a comment letter to the IASB on the Discussion Paper "Preliminary Views on Accounting Standards for Small and Medium sized Enterprises" [Main authors: Lisa Evans (chair), Roberto di Pietra]. The letter is posted on the following website: www.iasb.org. The comment letter in particular summarizes the existing SME research in Europe. As the project will continue EAA members are invited to send any comments and hints on SME research not reflected in the comment letters to the chair of the task force - Lisa Evans (lisa.evans@ed.ac.uk).

The EAA FRSC agreed in December 2004 to add the following projects to its agenda:

4 Reporting Comprehensive Income

Chair: Martin Hoogendorn
Frank Thinggard
Alfred Wagenhofer

5 Revenue and Related Liabilities

Chair: (tbd)
Jan Marton
Alfred Wagenhofer

6 Consolidations

Chair: Guenther Gebhardt
Lisa Evans
Martin Hoogendorn
Jan Marton
Araceli Mora
Roberto di Pietra

The EAA FRSC will concentrate on the more basic conceptual problem areas and deliberately not respond to all the numerous limited scope projects. However, it will take up projects where members have a special interest and competence. In this spirit we added to the agenda:

7 IAS 12 Income Taxes

Chair: Araceli Mora
Lisa Evans

The EAA FRSC will present and discuss its work in a symposium at the EAA 2005 Annual Congress in Goteborg. Representatives from the IASB and from EFRAG are invited to join the panel.

Author - Professor Gunther Gebhardt – Chair – EAA FRSC

European News

Selected recent European accounting news supplied by AccountingEducation.com

[05] AGGRESSIVE EARNINGS MANAGEMENT STILL A THREAT IN THE UK - A report published at the end of last week by the Institute of Chartered Accountants in England & Wales (ICAEW) warns that the threat of aggressive earnings management to UK corporate reporting is still with us and is likely to increase with the introduction of International Financial Reporting Standards (IFRS). See further details in our full news item at <http://www.accountingeducation.com/news/news5588.html> .

[06] FINAL VERSION OF GAS 15 MANAGEMENT REPORT IS SUBMITTED FOR FORMAL PUBLICATION - As a follow up to our coverage of previous stages of this process of creating a regulation for the new Management Report to be required of German companies alongside IFRS accounts, GASB has reported that at its 11th public meeting

they adopted GAS 15 Management Report. The authoritative German version has been submitted to the Federal Ministry of Justice requesting publication in the Federal Gazette pursuant to §342. See further details at <http://www.accountingeducation.com/news/news5718.html> .

[07] IVSC RELEASED 'PRELIMINARY FINAL DRAFTS' OF VALUATION FOR FINANCIAL REPORTING AND THE COST APPROACH FOR FINANCIAL REPORTING - Ahead of 1 January 2005, when many companies, including listed companies throughout the European Union, have to produce their financial statements in accordance with International Financial Reporting Standards (IFRSs), the IVSC has updated its own parallel standards for the valuation of fixed assets. See further details at <http://www.accountingeducation.com/news/news5679.html> .

[08] CIMA/CIPFA/ICAEW CONSOLIDATION - THE PROJECT CONTINUES - Proposals for a major consolidation initiative within the UK accountancy profession return to the spotlight over the course of the next two weeks. Council meetings of the three chartered bodies who are proposing to form a new combined

institute will scrutinise the results of detailed discussions/negotiations which have taken place over the past few months. See the full news item at <http://www.accountingeducation.com/news/news5727.html> for further details on the latest discussions.

Other News

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

[09] TRUSTEES PUBLISH PROPOSED CHANGES IN THE IASC FOUNDATION CONSTITUTION - The Trustees of the International Accounting Standards Committee (IASC) Foundation have published for public comment a consultation document containing their proposals to amend the IASC Foundation Constitution. The Constitution sets out the organisational framework of the IASC Foundation and the International Accounting Standards Board (IASB). For further details see <http://www.accountingeducation.com/news/news5653.html> .

<http://www.accountingeducation.com/news/news5639.html> .

[10] INTERNATIONAL CO-OPERATION AND DEVELOPMENT OF THE GLOBAL ACCOUNTING PROFESSION FORMS THE HEART OF IFAC'S BOARD AND COUNCIL MEETINGS - More than 100 leaders of national accountancy institutes met in Paris at the start of November to participate in the International Federation of Accountants' (IFAC's) Board and Council meetings. This group took action on such issues as corporate governance, developing nations, convergence to international standards and other ways accountancy can contribute to economic growth and stability. See our full news item at <http://www.accountingeducation.com/news/news5637.html> for further details of some important agreements initiated and developed at this meeting.

[12] STABLE PLATFORM OF FINANCIAL STANDARDS ANNOUNCED - NZ ALIGNS WITH UK, EUROPE AND AUSTRALIA - The Accounting Standards Review Board (ASRB) is pleased to announce the establishment of a "stable platform" of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). These NZ IFRS will replace the existing NZ GAAP used in financial reporting, and are equivalent to international standards being applied in the European Union and Australia from 2005. See more details at <http://www.accountingeducation.com/news/news5676.html> .

[11] IFRS AND US GAAP - PWC has produced a publication meant for those who wish to gain a broad understanding of the key similarities and differences between IFRS and US GAAP. It takes into account all pronouncements issued under IFRS and US GAAP up to 30 June 2004. See our full news item to access this free document online -

[13] MEMBERSHIP OF IASB AND FASB INTERNATIONAL WORKING GROUP ON PERFORMANCE REPORTING ANNOUNCED - The International Accounting Standards Board (IASB) has announced the membership of a new international working group that it has established jointly with the United States Financial Accounting Standards Board (FASB). The working group has been set up to help the boards in their joint project to establish standards for the presentation of information in the financial statements that would improve the usefulness of that information in assessing the financial performance of a business enterprise. The working group consists of senior professionals with extensive experience in and responsibility for the preparation, analysis, audit and regulation of financial statements. See full details at <http://www.accountingeducation.com/news/news5657.html> .

[14] GOOGLE LAUNCHES SCHOLARLY SEARCH TOOL - Google - the worlds' number 1 search engine site, yesterday launched a new

service in beta form that focuses on bringing order to scholarly materials available online. See further details in our full news item at

<http://www.accountingeducation.com/news/news5651.html> .

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

5. Congress Update:

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



NEW EAA 2005 CONGRESS HOMEPAGE

All information regarding the EAA 2005 Congress is now available at www.eaa-online.org/EAA2005.

In September the EAA Publications Committee asked the Göteborg Organising Committee to develop a separate website that should be hosted by the conference organisers and linked to the website of the Association. This new structure means that the conference organisers now have direct access to the Congress website, which improves maintenance and updates. The re-designed web-site is now implemented.

954 SUBMISSIONS

The online submission system had been held open until Monday November 22, 2004. The system is now closed for further submissions. The total number of correct submissions is 954 abstracts, which includes 296 full paper submissions. The number 954 is the net amount, which means that duplicates and insufficient submissions had to be followed up by the Congress secretariat, Congrex and were removed. The Standing Scientific Committee is now starting to allocate each submission to the members of the Scientific Committee for the review process.

The abstract/submission system, as well as the personal page, is closed for new submissions and changes of full papers and abstracts.

On the 15th February 2005 the notification of tentative acceptance will be announced via e-mail. Then the personal page will be opened again for submission and changes of full papers.

THE PREPARATORY MEETING IN GÖTEBORG 7- 8 OF OCTOBER 2004

On 7th and 8th October 2004 the preparatory meeting of the 28th EAA Congress was held in Göteborg. Besides the Göteborg organisers, the Prague and Dublin organisers as well as Nicole Coopman (EISAM representative) participated. The planned venues on the premises of the Göteborg School of Economics and Commercial Law were shown to the participants of the preparatory meeting. During the meeting the following issues were discussed:

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- Experience from the Prague congress
 - Plans for the Dublin congress
 - Plans for the Göteborg congress
 - Tour in the school
 - The program
 - The budget
 - Reimbursement issues
 - The congress system
 - The homepage
 - Scientific Committee issues

9 SYMPOSIA

The Organising Committee gladly announces that the 9 symposia at the congress almost are fully developed. The themes of the symposia are:

- "Editors' Panel"
- "The Implementation of IFRS in the European Union"
- "Accounting and Ethics: Milestone or Maelstrom"
- "Review of New Reporting Models for the Public, Private and Third Sectors: what has been learnt?"
- "Variation in Empirical Accounting Research"
- "Gender and Accounting Research"
- "Management Accounting Research: where do we go from here?"
- "Emerging Accounting Recommendations"
- "Dialogue with EFRAG – the EAA Financial Reporting Standards Committee".

Olov Olsen - Chair of the EAA 2005 Congress

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:

- **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.

- **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.

- **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:

- **Workshop on 'Accounting in Europe beyond 2005' - September 29th. – October 1st. 2005 - Venue - University of Regensburg, Germany**

Background - The workshop will be in cooperation with the Journal *Accounting in Europe* and will be held on September 29th – October 1st at the University of Regensburg, Germany. The main theme of the workshop is "Accounting in Europe Beyond 2005". There will be plenary sessions with distinguished speakers from the accounting profession and academia, as well as research papers.

The EU Regulation on the application of International Accounting Standards (IAS-Regulation) will have fundamental consequences not only for the companies concerned but also for the accounting systems and infrastructures of individual member states. The workshop will provide a forum to discuss the impact of this new era of accounting convergence in the EU and to exchange current research results and evidence related to this topic. One major objective is to get information on the influence of IFRS on national accounting regulation in different member states and on potential future developments of accounting convergence in Europe.

Chairpersons - Axel Haller (University of Regensburg, Germany) & Peter Walton (Open University, UK and ESSEC Business School, France)

Target Audience - Participants would be researchers who are interested in international accounting in general, the process of change in accounting regulation, the regulation of financial accounting as well as the internationalisation of accounting in Europe.

Topics - The workshop will address all and any aspects of the fundamental change which financial reporting in Europe has already gone through and will undergo within the next few years. Papers would be specifically welcome to the following topics:

- the transfer of IFRS into European regulations,
- the impact of European politics on international accounting standard setting,
- the impact of the EU IAS-Regulation on the accounting rules of the member states,

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- the impact of IFRS on the regulatory machinery in individual countries,
 - the impact of IFRS on the accounting rules in individual countries,
 - future of accounting for small and medium-sized entities in Europe,
 - differential reporting issues arising from the EU accounting strategy,
 - the problems faced by companies in implementing IFRS,
 - the impact of IFRS on market regulators and compliance
 - the impact of convergence on the accounting profession

Review Process - Submitted papers will be subject to a blind review process. In parallel to submission for the workshop papers may also be submitted for consideration for publication in the Journal *Accounting in Europe*. The two selection procedures are, however, quite separate, and acceptance for the one does not imply automatic acceptance for the other.

Instructions for interested parties - The first call for paper for that workshop and the final programme will come out end of January 2005. All persons interested are invited to send an e-mail to axel.haller@wiwi.uni-regensburg.de till January 20th 2005 and will then automatically receive the workshop programme with the call for paper announcement.

- **Call for Proposals - IAAER Reporting Financial Performance Research Program**

The International Association for Accounting Education and Research (IAAER), in collaboration with the KPMG and University of Illinois *Business Measurement Research Program*, is pleased to invite research proposals under the Reporting Financial Performance Research Program. The program supports scholarly research directed at informing the IASB's decision process for its project on Reporting Financial Performance. Up to five research grants of \$20,000 (U.S.) each will be awarded under this program. In addition, as discussed in more detail below, funded projects will be showcased in three highly visible events involving representatives from the IASB and FASB, as well as renowned accounting researchers. Research teams may publish their findings in the outlet of their choice. The *Journal of Accounting Research* has agreed to provide special "fast-track" reviews for research papers funded under the program that meet its normal standards of publication, and the *Journal of International Financial Management and Accounting* has agreed to offer the option of publication. Funding for this program has been provided by the KPMG and University of Illinois *Business Measurement Research Program* and the KPMG Foundation.

IAAER invites proposals from research teams domiciled anywhere in the world. Additionally, proposals are encouraged from research teams whose members are from different regions of the world. All research approaches and paradigms are welcome including modeling, archival, experimental, field analysis applications, and theoretical. Funding decisions will be based on the potential of the research to provide valuable input to the IASB and its standard setting partners. Members of the Proposal Review Committee will review proposals and make preliminary recommendations to the Program Advisory Committee. Final funding decisions will be made by the Program Advisory Committee.

Submission Deadline

The proposal submission deadline for the RFP Research Program is **February 1, 2005**. Between March 15 and March 30, 2005 the Program Advisory Committee will conduct teleconference interviews with finalists. Funding decisions will be announced as soon as the evaluation process is complete, but no later than **April 15, 2005**.

Further details on this call can be found on the IAAER website at <http://www.iaaer.org/>

Questions about the program or proposal process should be directed to Donna Street at donna.street@notes.udayton.edu.

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.

- Lecturers/Senior Lecturers in Accounting & Finance - Lancaster University Management School, UK. Deadline for applications - 31 January, 2005.
- Professor - Ernst & Young Chair for International Accounting and Risk Reporting - University of St. Gallen - Graduate School of Business Administration, Economics, Law and Social Science (HSG). Deadline for applications - 31 January, 2005

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 Galileo “Extreme” Accounting Model

by Miklos A. Vasarhelyi and Michael Alles (both of Rutgers University, USA)



The malfeasance crisis has shown that the current reporting and assurance models are inadequate for transparent reporting in a dynamic business environment. The AICPA recognized this fact by creating the Special Committee for Enhanced Business Reporting (EBRM). This committee's Public Company Task Force created four potential models¹ for enhanced business reporting which will be passed over to the new EBRM consortium. This Consortium is being formed with a much wider constituency that includes large corporations, standard setters, regulators, users of financial information in a broad multinational context. The proposed models

that range different approaches including PWC's value reporting² have as a common feature a much expanded scope of reporting variables (non-financial) and alternative representation models.

One of these models, the Galileo mode³ focuses on a technologically-based solution which includes the company's Enterprise Resource Planning System (E.g. SAP), an OLAP layer, XBRL-like style sheets, XML derivative-based transaction feeds, alternative disclosure approaches (stochastic reporting), continuous reporting, analytical models, process representation, process relationship disclosures and feeds / interfaces for working intelligent agents. Figure 1 shows a schematic of the technology in the Galileo model.

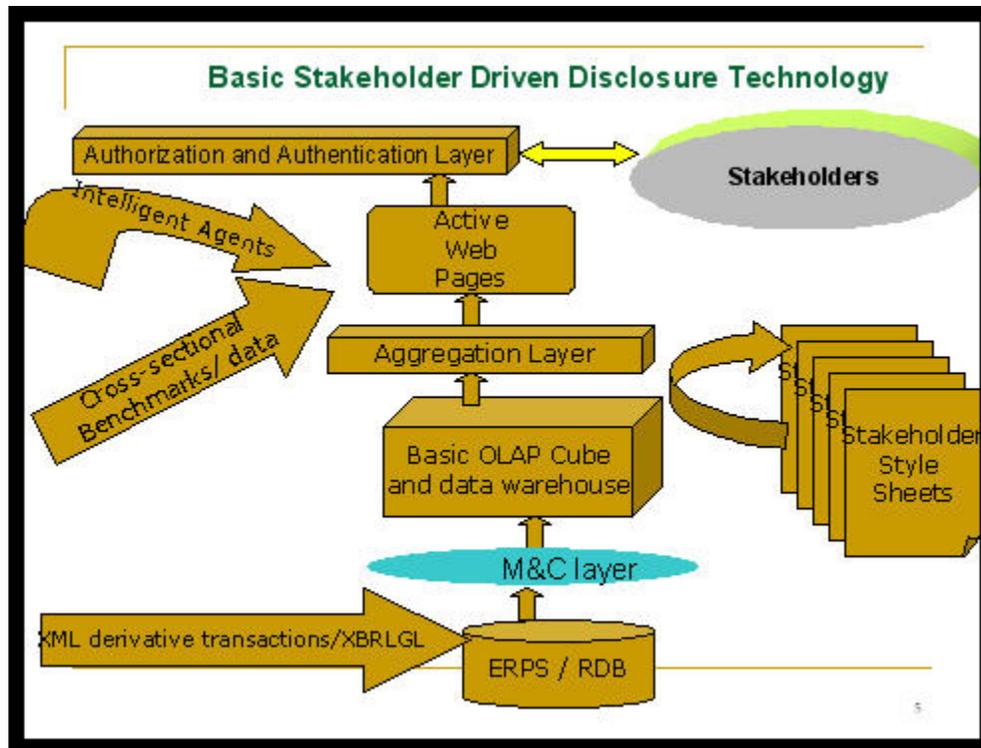


Figure 1: The Galileo EBRM Technology Model

The overall anachronism and conservatism of the evolution of accounting and assurance standards has created a domain of knowledge that has not kept up with the practice of business in a real-time economy. An economy with just-in-time processes, distributed supply chains, global distance e-marketing, very advanced financial engineered instruments, RFID tagged inventory, etc cannot be measured by a paper-based one-dimensional static accounting model.

In order to better think about this evolving business model, and its needs in terms of measurement and assurance, a 5 level view of the world is proposed, as described in Figure 2, where the first level are the processes themselves, the second metrics that measure these processes, the third a relationship level that relates different data points, the fourth measurements at a very high degree of aggregation (KPIs) and their relationships and the fifth level presenting a dynamic process of corporate reporting, corporate continuous monitoring and continuous assurance both at the data, process and report levels.

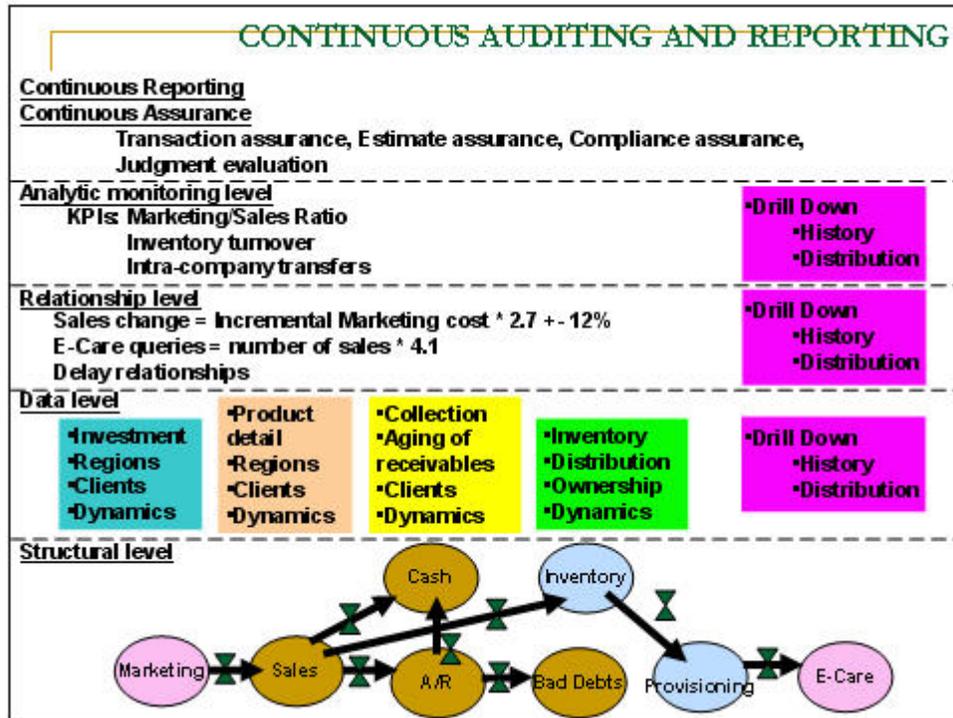


Figure 2: Five levels of the world

The Galileo model not only offers the structure of a technologically supportive structure for very transparent disclosure but also offers some basic rules of measurement (accounting rules) to guide disclosures. Among these rules we include a proposed business reporting portal, that companies report at a very fine sector breakdown with full extended business statements and that consolidation is performed by the information user, that there is substantial disclosure of non-financial information, that organization disclose statistical and structural relationships among their process measurements and KPIs, that the values on corporate balance sheets be dynamically valued using prices posted on the Web at locations as B2B portals and E-Bays and that industry groups while setting XML derivative standards also set required disclosure variables of non-financial nature which are called “points of comparison.”

This “extreme accounting” model is not expected to be implemented as proposed but to serve as the extreme of the benchmark and create the types of social compromises that are necessary to enhance the business reporting model. The database drilldown model will be strange to users and the idea of multilayered reporting while the current reality is not commonly recognized. In addition to technical development substantial education and evolution must happen for their inevitable adoption. Web-based reporting, a product of the nineties would not have been even conceivable in the 20th century but it is now part of the basic skills of the majority of information users and presents substantial improvement over the traditional paper based model.

These issues offer for once the opportunity for academia to lead practice in the development of accounting thought.

1. http://www.ebrconsortium.org/pctf_report_samplerprpt.htm.
2. Eccles, R.G., Hertz, R.H., Keegan, E.M., and Phillips, D.M., The Value Reporting Revolution, John Wiley & Sons, New York, 2001.
3. <http://raw.rutgers.edu/raw/galileo>

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