

# FINANCIAL ACCOUNTING AND REPORTING

## Special Interest Group (FARSIG)

# NEWSLETTER

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BRITISH ACCOUNTING &  
FINANCE ASSOCIATION

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## WELCOME GREETING FROM THE FARSIG CHAIR:

### ANNUAL UPDATE

It must be Autumn when the leaves fall, the nights draw in and you receive the latest annual FARSIG newsletter. Indeed, this is our sixth. Once again I am delighted to write to you about last year's activities and future events of the group. We continue our main aim of enhancing the profile of financial accounting and reporting in both teaching and research as well as informing policy and interacting with the Profession. We have had another very successful year.

I am pleased to relate that the January Symposium on the Future of Financial Reporting, which is now a fixed event, took place on 7 January 2011. Once again it was very successful. There were five speakers –with four non-academics and one academic. Richard Barker from Said Business School, Oxford University, gave a presentation on whether fair value is still appropriate in the future. David Cairns from LSE and World Bank then discussed the question whether the EU 'experiment' with IFRS will continue to survive. Alan McGill, Partner from PricewaterhouseCoopers, talked about carbon Accounting and the potential this to be the Future for reporting. Subsequently, Pauline Wallace, also from PricewaterhouseCoopers, discussed about the potential future developments for financial reporting. Finally, James Clunie, Visiting Professor University of Edinburgh University and Senior Financial Analyst at Scottish Widows Investment Partnership, gave an interesting insight on the current accounting developments from a financial analyst's perspective.

We are working with the ACCA to produce an ACCA Research report that should be ready for the next Symposium that is planned for 13th January at the ACCA, London. Five speakers have provisionally accepted: Stephen Cooper,

Richard Dunbar, Michael Jones, Michael Mainelli and Carol Page.

At the BAFA Conference in April we were entertained with an extremely interesting and thought-provoking presentation by Andrew Chambers. He looked at the House of Lords enquiry into auditing after the Global financial Crisis. His talk and the ensuing discussion were for many one of the highlights of the conference.

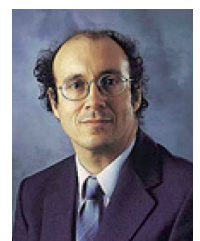
David Oldroyd has continued to be the Chair of the FARSIG Technical Committee. David and members of the committee continue to do an excellent job providing comments on several IASB discussion drafts, including 'IFRS Foundation's strategy review'.

The 15th Financial Reporting and Business Communication Conference was held as a joint FARSIG/ Bristol University event in Bristol on 7 and 8 July 2011. It proved a great success with about 80 delegates, from over 15 countries and there were three plenary sessions during the conference. The 16th annual conference will also be held at Bristol on 5th and 6th July 2012. All welcome, details can be found on page 5.

I would like to thank Tony Hines for his significant work as Treasurer of FARSIG. Tony has done the job since FARSIG's inception 6 years ago and now has decided that enough is enough. Tony has stepped down from this role. Mark Clatworthy has kindly offered to undertake this role. I would also like to welcome Kevin McMeeking from Exeter University who is the newest member of the committee.

I would finally like to thank all the committee members for their hard work behind the scenes.

**Mike Jones,**  
**BAFA, FARSIG, Chair**



Welcome to the sixth issue of the Financial Accounting and Reporting SIG newsletter. The main objective of this newsletter is to communicate details of on-going research projects, publications, and important developments in the practice of financial reporting, new ideas and reflections on the teaching of financial accounting and reporting as well as information on forthcoming events.

First, I would like to draw your attention to couple of relevant dates to note in your diary:

Following last year's successful event, the fifth one-day FARSIG symposium will be held January 13th 2012 (see the flyer opposite for more details). The BAFA annual conference will take place from Tuesday 17th April to Thursday 19th April 2012 at the Hilton Hotel, Brighton. Information about other conferences and symposiums can be found on page 5.

Pages 5 to 7 provide interesting information on on-going projects and publications that has been brought to our attention by the ICAEW, ICAS, CIMA and ACCA. In addition, Ralph Adler has kindly contributed a summary of a special issue of Accounting Education: An International Journal on teaching IFRS (page 5).

I am sure that all remaining content will be equally informative to readers.

We would be very pleased to receive submissions on anything along these lines from readers for consideration in future publications.

As a concluding remark, I would like to thank Mike Jones and the SIG committee members for their contribution to the preparation and production of this newsletter.

Yannis Tsalavoutas  
Editor, Financial Accounting and Reporting SIG newsletter  
Ioannis.Tsalavoutas@stir.ac.uk

### **BRITISH ACCOUNTING AND FINANCE ASSOCIATION NEWS**

By Christine Helliar (Chair, BAFA)

Over the last few months BAFA has been busy on a number of fronts. First, BAFA, CPAF and CDAF submitted responses to the REF consultation exercise and made a number of suggestions including reducing the maternity leave rule from 14 months to 1 publication less per pregnancy. As we now know, this suggestion has already been accepted! The full response can be found on the BAFA web site. Second, BAFA and CPAF responded to the ABS journal rankings consultation. Again, this can be found on the BAFA website.

However, the ABS have now announced that the next rankings will not be until after the REF in 2014 but BAFA has a number of initiatives under way about the rankings process and we will let members know if they come to fruition. Third, BAFA, CPAF and CDAF are arranging to meet ICAS and ICAEW about the future of the accounting profession and it is hoped that some positive action may result arising from this meeting. Overall, BAFA and all of its groups are very active in promoting our profession and our discipline and engaging with numerous stakeholders.

### **BAA FARSIG FRBC CONFERENCE 2011**

The fifteenth Financial Reporting and Business Communication Conference was organised by the University of Bristol by Mike Jones and Richard Slack and held at Armada House (the same venue as 2010) on the 7th and 8th of July. The conference was preceded by an excellent social dinner attended by over 30 delegates that provided an early opportunity to catch up with old friends and make new acquaintances. The conference itself was attended by 80 delegates, from over 15 countries, with large contingents from Portugal and Italy as well as Australia, Spain and Sweden. Delegates presented their research, followed, in most cases, by a discussant reviewer, on a wide variety of financial reporting topics using a range of methodologies. The conference maintained its reputation, providing a friendly and extremely supportive environment for the dissemination and development of research. Another successful PhD stream also took place, where students at various levels of their doctoral studies, including the two students who had been awarded a FARSIG doctoral bursary, presented their work on topics including environmental accounting in China, voluntary information disclosure and the Thai stock market liquidity and goodwill impairment. At the conference dinner it was fitting that Mike made presentations to both Howard Mellett and Mark Clatworthy for their past involvement and support in the organisation of prior conferences.

There were three plenary sessions during the conference. Brian Singleton-Green, ICAEW corporate reporting manager, discussed during his presentation: Should Firms' Business Models affect their Financial Reporting? There was also a plenary forum chaired by Mike Jones that debated various aspects around global perspectives on fraud. The panellists all presented on respective county issues and along with Mike were Hans Rudi Lenz, Andrea Melis, Gunnar Rimmel and David Gwilliam. The key note speaker, in the traditional pre dinner session, was Christopher Napier from Royal Holloway. Christopher provided us with a very entertaining, insightful and informative lecture on accounting and cartography. Just as some maps may be deceiving in some respects, for instance London Underground and geographic location of stations, so perhaps can financial statements.



Christopher Napier giving the Plenary of the 2011 FRBC Conference

Our thanks to all plenary speakers for their lively presentations covering a wide range of issues. The sixteenth conference will be held at the University of Bristol on the 5th and 6th of July 2012. Anyone interested in attending the conference should contact Mike Jones (MichaelJohn.Jones@bristol.ac.uk) in the first instance. We are grateful to ICAEW charitable trusts that provided financial support for the event.

Richard Slack

# The British Accounting and Finance Association

## Financial Accounting and Reporting Special Interest Group

Invites you to attend a one-day Symposium on

### The Future of Financial Reporting 2012: Problems and Solutions



**13th January 2012**  
**9.30am-4.00pm**  
Hosted by the ACCA  
ACCA  
29 Lincoln's Inn Fields  
London, WC2



This Symposium aims to bring together a series of high profile speakers to discuss the future of financial reporting. Financial reporting is at an interesting juncture. The global financial crisis and its aftermath have meant a questioning of basic issues within accounting such as measurement principles, financial regulation and the conceptual framework.

This one-day conference, entitled the Future of Financial Reporting, aims to explore some of these issues. This symposium will provide a forum for both practitioners and academics to hear and engage in discussion with well-informed speakers.

#### Invited speakers to include

- Stephen Cooper** IASB Board Member. – "Liability measurement: Wrestling with a persistent and troublesome problem."
- Richard Dunbar** Investment Director, Scottish Widows Investment Partnership. – "Increasing rules and complexity: but are we getting any wiser?"
- Michael Jones** Professor of Accounting, University of Bristol. – "Creative Accounting, Fraud and International Accounting Scandals."
- Michael Mainelli** Executive Chairman Z/Yen Group, Emeritus Professor of Commerce, Gresham College. "Confidence Accounting: Reporting for uncertainty."
- Carol Page** Director, Panel Operations Financial Reporting Review Panel (FRRP). "The FRRP's role in achieving the consistent application of accounting standards."

#### TO REGISTER FOR THE SYMPOSIUM

The price for attending the event, including a buffet lunch and afternoon tea, and a set of conference papers, is set at £150 for non BAFA members (includes membership of BAFA), £100 for BAFA Members and £70 for PhD candidates.

If you wish to attend the Symposium, please complete the form below and send it with a cheque to Mark Clatworthy, Treasurer of FARSIG, Cardiff Business School, University of Cardiff, Colum Drive, Cardiff, CF10 3EU. Cheques should be made payable to the *Financial Accounting and Reporting Special Interest Group*. Bank credit details are available from Mark Clatworthy (ClatworthyMA@cf.ac.uk).

I would like to attend the BAA FARSIG Symposium on The Future of Financial Reporting 2012

Title \_\_\_\_\_

Name \_\_\_\_\_

Institution \_\_\_\_\_

Address \_\_\_\_\_

Email \_\_\_\_\_

Telephone \_\_\_\_\_

Please indicate below if you have any specific dietary requirements:

Vegetarian \_\_\_\_\_

Other \_\_\_\_\_

If you have any questions about this event please contact the organiser Mike Jones, Chair FARSIG, Bristol University, Department of Accounting and Finance (Michaeljohn.Jones@Bristol.ac.uk)

### **FARSIG COMMITTEE MEETINGS 2011 AND FARSIG TECHNICAL COMMITTEE**

During 2011 there have been 2 FARSIG committee meetings including the Annual General Meeting held at the British Accounting Association annual conference. Dates and venues of the meetings were as follows along with a synopsis of the relevant minutes:

#### **AGM 13 APRIL 2011 ASTON, BRITISH ACCOUNTING AND FINANCE ASSOCIATION CONFERENCE**

Summaries from the FARSIG symposium (The Future of Financial Reporting 2010, Jones and Slack) were provided to all attendees prior to the start of the meeting. In relation to FARSIG events held during the year, Mike Jones (chair) provided a review of the most recent FARSIG symposium (January 2011) followed by the planning underway for the 15th Financial Reporting and Business Communication (FRBC) conference to be held in July.

For the FARSIG symposium we were pleased to have, yet again, five top quality speakers covering a range of contemporary issues facing accounting. Thanks to all of the speakers (Richard Barker, visiting professor, Said Business School; David Cairns, visiting professor LSE; James Clunie, Scottish Widows; Alan McGill and Pauline Wallace, both PWC). The financial status of FARSIG was reported in a healthy position to support any future event planning and associated funding requirements.

#### **7 JULY 2011: BRISTOL, FINANCIAL REPORTING AND BUSINESS COMMUNICATION/FARSIG CONFERENCE**

The Composition of the committee was discussed and Kevin McMeeking is to join the committee. Mark Clatworthy to replace Tony Hines as treasurer – the committee expressed their sincere thanks Tony for his long standing tenure, work and commitment to FARSIG as treasurer. Report on the FRBC/FARSIG conference (see separate full report in Newsletter) which had been a success with over 80 international delegates. The conference included parallel sessions with discussants and also a PhD stream, where both recipients of FARSIG doctoral bursaries presented their work.

Two excellent plenary speakers, Chris Napier (Royal Holloway, London) and Brian Singleton- Green (ICAEW) and an accounting fraud panel (Hans Rudi Lenz; Andrea Melis; Gunnar Rimmel; and David Gwilliam) chaired by Mike Jones. At the dinner Mike Jones thanked both Howard Mellett and Mark Clatworthy for their invaluable contributions to the organisation of past FRBC conferences. Future planning for FARSIG symposium to be held at ACCA offices, London, Friday 13 January 2012. Four potential speakers so far identified (Steven Cooper, IASB; Carol Page, FRRP; Richard Dunbar, analyst, Scottish Widows; and Michael Mainelli, Chairman, Z/Yen and visiting professor, LSE).

### **THE FARSIG TECHNICAL COMMITTEE**

The technical committee of FARSIG is chaired by David Oldroyd. In keeping with FARSIG's goal of acting as an interface between accounting academics and the profession, the technical committee submits comments-letters to the IASB on its discussion papers. These are published on the IASB board's website. Submissions have been made to the board, since its conception, in connection with: IFRS Foundation's strategy review, financial statement presentation; recognition of revenue in contracts with customers; leases; fair value measurements; IFRS for small and medium-sized entities; the objectives of financial reporting and the qualitative characteristics and constraints of decision-useful information; employee benefits; the reporting entity.

All of these reports are highly relevant to professional practice with their emphasis on situation specifics opposed to global measurement rules, stewardship, accountability and prudence. David Oldroyd has also been elected on behalf of the group to the IFRS Consult Committee of the International Association for Accounting Education and Research (IAAER).

The IAAER has a seat on the Standards Advisory Council, and the purpose of the Consult Committee is to advise the IAAER on its dealings with the IASB. Therefore, membership of this new committee provides another channel for the FARSIG technical committee to feed its views to the IASB. To date we have made representations via this route on financial statement presentation, the concerns of accounting educators and academics relating to the IFRS standard-setting process and the IFRS Foundation's strategy review. The overall aim of the FARSIG technical committee is to increase the relevance of academic accounting research to professional practice. The committee meets up in person normally at the annual FARSIG symposium on the future of financial reporting held in London in January.

If you would like to join us please contact:  
d.a.mccollum-oldroyd@durham.ac.uk



*From left to right, Mike Jones, Andrew Chambers, Richard Taffler, Pauline Weetman, Richard Slack and Mark Clatworthy at the BAFA conference in April*

## TEACHING AND RESEARCH NEWS

### **A SPECIAL ISSUE ON TEACHING IFRS AT ACCOUNTING EDUCATION: AN INTERNATIONAL JOURNAL**

*Accounting Education: an international journal* recently dedicated a special issue to the topic of Teaching IFRS. The idea of creating a single set of globally-accepted, highly understandable, and legally enforceable accounting standards has been around for many years. But it is only during the past few years that sufficient momentum has built around its widespread adoption. Today, companies in over 120 countries are either required or allowed to adopt IFRS as their method of financial accounting and reporting (AICPA, 2011), making IFRS not just the world's most adopted but also the world's most accepted set of financial accounting and reporting standards. IFRS's ascendancy has brought new challenges and opportunities for those who teach accounting. The days when a single country's national accounting standards had exclusive reign over the financial accounting curriculum of universities and professional accounting bodies have certainly ended. IFRS and the IASB's The Conceptual Framework for Financial Reporting (2010) are increasingly displacing nationally-based accounting standards and frameworks.

*Accounting Education: an international journal's* volume 24, issue 4 provides eight papers that explore how to design and deliver IFRS-based programmes for teaching and learning purposes. The authors of these eight papers are recognised experts in the field of teaching IFRS. Collectively these papers offer help in two main areas: 1. pedagogical advice concerning the design and delivery of IFRS-based teaching and learning and 2. selection advice for educators who are faced with choosing from an ever growing number and diversity of IFRS instructional materials. The journal issue's contents are both timely and likely to have considerable impact in providing guidance for those who teach financial reporting around the world. Accordingly, the contents will be especially relevant for accounting educators in tertiary institutions, trainers in professional firms, and accounting professional bodies seeking to ensure that their members possess acceptable levels of attainment for admission and continued membership.

Ralph Adler, Associate Editor, *Accounting Education: an international journal*

### References

AICPA (2011) [http://www.ifrs.com/ifrs\\_faqs.html#q3](http://www.ifrs.com/ifrs_faqs.html#q3) (12 October 2012).

IFRS Foundation (2010b) The Conceptual Framework for Financial Reporting 2010, (London: International Accounting Standards Board.)

## NEW QUALIFICATIONS OFFERED BY ICAS

### **DIPLOMA IN INVESTMENT ACCOUNTING**

The investment Accounting Diploma was launched by the Institute of Chartered Accountants of Scotland (ICAS), Scottish Investment Operations (SIO) and the Chartered Institute of Bankers Scotland (CIOBS), to address a skills gap in the investment industry. Diploma candidates will gain a solid understanding of the theory and practice of investment accounting in four key areas: financial accounting; finance; fund accounting; and technical accounting.

The Diploma was awarded the "Innovation in Education and Skills" title at the Scottish Financial Enterprise Innovators' 2009 awards.

For further details go to:

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

### **THE ICAS TAX QUALIFICATION**

ICAS has introduced a new qualification to its portfolio with the addition of the ICAS Tax Qualification. The qualification, which will be supported by the services of tax publishing and training experts Tolley, has been created to meet the changing demands and needs of employers and students in the field of taxation. The qualification structure and syllabus content has been developed in consultation with tax practices to provide the tax skills and knowledge required of a tax professional working in a mixed client environment dealing with individual, corporate and indirect tax matters.

The ICAS Tax Qualification can be taken as a standalone qualification or in combination with the CA qualification. Students will begin studying with ICAS and Tolley for the ICAS Tax Qualification in autumn 2011.

For further details go to:

<http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=7569>

## FORTHCOMING CONFERENCES: DATES FOR YOUR DIARY

FARSIG Symposium 2012, Jan 13th, see page 3

BAFA 2012 Annual Conference, Aston Business School, 17-19 April

EAA 2012 Ljubljana, Slovenia, 9-11 May

Financial Reporting and Business Communication Conference 2012, Bristol, 5-6 July

8th Eufin Workshop, University of Economics, Prague, Czech Republic, 6-7 September 2012

### ICAS NEWS

#### **ICAS RESEARCH FUNDING**

ICAS is committed to supporting high quality research which is timely and relevant to the accountancy profession or business. Applications are encouraged from researchers and institutions anywhere in the world and are welcome at any point in time. Successful applicants benefit from a close working relationship with a world class professional body that has close links with national and international policy makers and regulators. Research results are widely distributed and discussion events may be held to launch reports and encourage debate.

ICAS seeks research proposals that are in the public interest and which will help to inform the development of future policy. For further details of the application process and to download an application form please go to [www.icas.org.uk/researchfunding](http://www.icas.org.uk/researchfunding). For an informal chat about a research proposal please contact the ICAS Research Centre on 0131 347 0237 or [research@icas.org.uk](mailto:research@icas.org.uk).

#### **STAY AHEAD WITH RESEARCH**

If you would like to subscribe to receive e-mail notification of our new research strategy, new publications, initiatives, funding opportunities and our research newsletter, please email [research@icas.org.uk](mailto:research@icas.org.uk).

#### **ICAS RESEARCH PUBLICATIONS**

ICAS research publications are available to download free of charge from the ICAS website [www.icas.org.uk/research](http://www.icas.org.uk/research). The following financial reporting research reports may of interest to FARSIG members include:

- **Small company abbreviated accounts: A regulatory burden or a vital disclosure?** John Kitching, Robert Blackburn, Eva Kasperova, Kingston University and Jill Collis, Brunel University
- **The darkening glass: Issues for translation of IFRS** Rachel Baskerville, Victoria University and Lisa Evans, University of Stirling
- **Implementing fair value accounting in the agricultural sector** Charles Elad, University of Westminster and Kathleen Herbohn, University of Queensland

### ICAS TECHNICAL – FINANCIAL REPORTING

#### **LOSING THE EXCESS BAGGAGE – REDUCING DISCLOSURES IN FINANCIAL STATEMENTS TO WHAT'S IMPORTANT**

This report is a culmination of a joint working group established by the Institute of Chartered Accountants of Scotland and the New Zealand Institute of Chartered Accountants. The project was undertaken on behalf of the International Accounting Standards Board (IASB), to review the disclosure requirements

in existing IFRS and to recommend an approach to reduce the volume of mandatorily provided information.

While the requirements of each standard seemed reasonable at the time of that standard's development, the combined impact of the existing requirements has led to lengthy financial statements cluttered by excessive detail. The working group considered the disclosure requirements on a standard by standard basis in order to recommend deletion of specific requirements and enhancing the use of materiality in financial reporting disclosures.

The working group believe that implementation of the recommendations in the report would reduce the length of financial statements by 30%, remove unnecessary detail and enable clearer communication. This would enhance the usefulness of the financial statements and thereby serve better the objective of financial reporting. It would also enable preparers of financial statements to spend less time on preparing numerous detailed disclosures that are often irrelevant and more time on developing meaningful disclosures. In short, the excess baggage would be lost and the focus would be on what's important.

Download the publication: <http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=7612>

#### **THE INFORMATIONAL CAPACITY OF FINANCIAL PERFORMANCE INDICATORS IN EUROPEAN ANNUAL REPORTS**

Dainelli F., Bini L. University of Florence, Dept. of Business Administration

Financial performance indicators (FPIs) play a central role in investment decisions and European Union makes their publication mandatory by the Directive No. 51/2003.

This study examines FPI disclosure practices in four European countries - Germany, Italy, the Netherlands and the UK - on a sample of 237 listed companies.

The informational capacity of FPIs is measured under two dimensions: a) quantity and kind of indicators; b) level of compliance with the qualitative characteristics defined by the IASB's Framework.

### ACCA NEWS

#### **INTERNATIONAL VARIATIONS IN IFRS ADOPTION AND PRACTICE**

Christopher Nobes, Royal Holloway, University of London

This project is designed to investigate the degree to which financial reporting remains different, by country, even within the area of the world that has apparently adopted IFRS. The differences between countries can be divided into two main types: (i) the degree to which IFRS has been mandated or allowed for particular companies or types of reporting, and (ii) the degree to which the practice of IFRS differs along national lines. These two issues are closely linked because of the underlying forces that have caused the long-run accounting differences between countries.

### ICAEW NEWS

#### **UK BANK RISK DISCLOSURES**

A new research briefing *UK bank risk disclosures in the period through to the onset of the global financial crisis* by Philip Linsley of York University published earlier this year. The study examines the narrative reporting of risk within the annual reports for eight major UK banks over a period of seven years.

Copies are available to download free of charge from [www.icaew.com](http://www.icaew.com)

#### **BUSINESS MODELS IN ACCOUNTING**

The latest report in ICAEW's Information for Better Markets series is *Business Models in Accounting: The Theory of the Firm and Financial Reporting*. Drawing on the economic theory of the firm, the report argues that any sensible approach to measurement issues in financial reporting will reflect firms' business models. It also suggests that a firm's business model can help decide when fair value or historical cost information is likely to be most useful.

Free copies are available from [www.icaew.com/bettermarkets](http://www.icaew.com/bettermarkets). To order multiple copies for students, please contact Brian Singleton-Green at [brian.singleton-green@icaew.com](mailto:brian.singleton-green@icaew.com).

#### **ACCOUNTING FOR FINANCIAL INSTRUMENTS**

ICAEW's Information for Better Markets Conference this year will be on the theme of 'Accounting for financial instruments: everybody's problem?' It will be held at Chartered Accountants' Hall in London on 19-20 December. The principal speakers are Christian Laux on 'Financial instruments, financial reporting and financial stability', Gunther Gebhardt on 'Financial instruments in non-financial firms: what do we know?', Stephen Ryan on 'Risk reporting quality', and Tom Linsmeier on 'Business models, measurement and financial instruments'.

There is no charge for attendance at the conference, but places are limited. For more information, visit [www.icaew.com/bettermarkets](http://www.icaew.com/bettermarkets). If you wish to attend, please email [events@icaew.com](mailto:events@icaew.com).

### CIMA NEWS

#### **SUCCESSFULLY AWARDED FUNDING FOR RELEVANCE REGAINED RESEARCH INITIATIVE**

CIMA would like to congratulate the successful candidates: Lin Fitzgerald (Loughborough University), Lisa Jack (University of Portsmouth), Pingli Li (Middlesex University Business School) and Regine Slagmulder (Vlerick Leuven Gent Management School) on being awarded funding for the CIMA research initiative, Relevance Regained. The initiative invited research proposals on topics which looked at performance management related research with an aim to launch the results at a special event in 2012.

The event will celebrate the anniversary of 25 years since the publication of 'Relevance lost' and 20 years since Kaplan and Norton first promoted the Balanced Scorecard™, the most widely adopted framework to incorporate non financial measures and provide some balance to the more traditional financial measures used to judge corporate performance. We look forward to working with all four research teams and receiving the outputs in the year ahead

### RHODA'S FINAL WORD

My initial thought for this Last Word was to share with you a "Funny Things Students Write in Exams" story. I have to confess to laughing at the following explanation of the matching process, which I encountered in an exam script last week. "The accruals principle is the principle which helps the company calculate bill management. Some of the company payable no needs to pay so early, in this situation company would needs to calculate out how much this kind of current asset could be used by the company for higher potential operating strategy. To use the accrual, the company will see the this year payable been shown on the balance sheet and the next year payable been shown on the income statement in order to clarify the company financial expense."

What can you say to that? Yes, it is funny but then, as with so many funny things, there is vexed and thorny ground beneath it. It is ground that has been under discussion in my family recently. My eldest daughter is writing an essay, for her Theory of Knowledge module on the International Baccalaureate, on whether vocabulary shapes what we can know. Obviously, my student was not from the UK. Their answer had much of the vocabulary we might have been expecting and yet it was so far off the mark it was absurd. The difficult question of trying to separate the effects of language from knowledge is one that we, as academics, struggle with on a regular basis. Is this a failure of language or of knowledge and if the answer is knowledge, then is this our fault for failing to find the language to make the student understand the accruals concept?

My daughter tells me that the problem of linguistic determinism is highly disputed and is the subject of the Sapir-Whorf hypothesis. So, next time you are struggling to attribute a mark to such an exam answer, take comfort in the fact that the philosophical issues involved have confounded some great theoretical minds. Alternatively, just pick a mark and laugh at absurdity of it all.

With apologies, as ever, to any real linguists or epistemologists for my amateur ramblings.

Rhoda Brown

## CONSTITUTION

### The main purposes of the FARSIG are to:

1. Encourage research and scholarship in Financial Accounting and Reporting.
2. Establish a network of researchers and teachers in Financial Accounting and Reporting.
3. Enhance the teaching of Financial Accounting and Reporting.
4. Provide support for PhD students in Financial Accounting and Reporting.
5. Develop close links with the accounting profession so as to inform policy.
6. Publish a newsletter and organise targeted workshops.
7. Develop and maintain relationships with the British Accounting Association and the Professional Accountancy Institutes.

## SIG EXECUTIVE COMMITTEE MEMBERS

### Chair

#### Michael Jones

School of Economics, Finance  
and Management  
University of Bristol  
8 Woodland road  
Bristol  
BS8 1TN  
Michaeljohn.Jones@Bristol.ac.uk

### Treasurer

#### Mark Clatworthy

Cardiff Business School  
Colum Drive  
Cardiff  
CF10 3EU  
ClatworthyMA@cf.ac.uk

### Chair of Technical Committee

#### David Oldroyd

Durham Business School  
Durham University  
Mill Hill Lane  
Durham  
DH1 3LB, UK  
d.a.mccollum-oldroyd  
@durham.ac.uk

### Secretary

#### Richard Slack

School of Accounting & Financial  
Management  
Newcastle Business School  
University of Northumbria  
at Newcastle  
Northumberland Building  
Newcastle-upon-Tyne  
NE1 8ST  
Richard.Slack@unn.ac.uk

### Newsletter Editor

#### Yannis Tsalavoutas

Accounting and Finance Division  
Stirling Management School  
University of Stirling  
Stirling  
FK9 4LA  
Ioannis.Tsalavoutas@stir.ac.uk

### Vivien Beattie

Department of Accounting  
and Finance  
University of Glasgow  
65-73 Southpark Avenue  
Glasgow  
G12 8LE  
V.Beattie@accfin.gla.ac.uk

### Rhoda Brown

School of Business and  
Economics  
Loughborough University  
Loughborough  
Leicestershire  
LE11 3TU  
R.M.Brown@lboro.ac.uk

### David Gwilliam

Department of Accounting  
and Finance  
University of Exeter  
Streatham Court  
Rennes Drive  
Exeter, EX4 4PU  
david.gwilliam@exeter.ac.uk

### Tony Hines

University of Portsmouth  
Business School  
Richmond Building  
Portland Street  
Portsmouth  
PO1 3DE  
Tony.Hines@port.ac.uk

### Kevin McMeeking

Department of Accounting  
University of Exeter  
Streatham Court  
Streatham Campus  
Exeter  
EX4 4ST  
K.P.McMeeking@exeter.ac.uk

### Howard Mellett

Cardiff Business School  
Colum Drive  
Cardiff  
CF10 3EU  
Mellett@cf.ac.uk

### Jill Solomon

Department of Management  
King's College London  
University of London  
Franklin-Wilkins Building  
150 Stamford Street  
London  
SE1 9NH  
jill.solomon@kcl.ac.uk

### Richard Taffler

Warwick Business School  
The University of Warwick  
Coventry  
CV4 7AL  
Richard.Taffler@wbs.ac.uk

### Pauline Weetman

Management School  
University of Edinburgh  
William Robertson Building  
50 George Square  
Edinburgh  
EH8 9JY  
P.Weetman@ed.ac.uk

### Geoffrey Whittington

Judge Institute of Management  
University of Cambridge  
Trumpington Street  
Cambridge  
CB2 1AG  
gw12@cam.ac.uk