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Japan Accounting Association

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## **Preface**

*Japanese ACCOUNTING FORUM* of Japan Accounting Association (JAA) is published annually to publicize academic activities of JAA in English. The first issue of *Japanese ACCOUNTING FORUM* was published in 1993. This edition for 2014 is the 22nd issue of *Japanese ACCOUNTING FORUM*.

This issue contains the summary of presentations at the 72nd Annual Conference of JAA which was hosted by Chubu University in Aichi Prefecture on September 3-6, 2013. It also includes the reports of regional activities of JAA during the 2013 academic year.

I sincerely hope that *Japanese ACCOUNTING FORUM* serves the readers to better understand the activities of JAA.

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No. 22, 2014

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## **2013 Annual Conference of JAA**

### **Report**

#### **2013 Annual Conference**

Chairman of 2013  
Annual Conference  
**Takahide Sawamura**  
Chubu University

The 72nd Annual Conference of the Japan Accounting Association (JAA) was held over three days, from September 4 (Wed.) to September 6 (Fri.), 2013. The Nagoya Tokyu Hotel hosted the first day, September 4, while Chubu University Kasugai Campus hosted the remaining two days, September 5 and 6. After consideration by Program Committee Chair Kazuo Hiramatsu and professors on the program committee, the overall theme of the conference was set as “Seeking of Accounting Innovation.”

This was the first time in 42 years, since the 30th Annual Conference convened at Nagoya University in 1971, that the Annual Conference has been held in this region. This is because we thought it is necessary, in the current period of global economic and social upheaval, to return to the basics of accounting and create accounting that conforms to a new era. We established three venues with Plenary sessions based on this theme. At these venues, we looked deeper into the study of accountancy as a social science while probing innovation from various viewpoints, such as globalization, diversification, and interdisciplinary aspects with a frank exchange of opinions.

Following the Council and General Assembly of Membership on the first day of the conference (September 4, Wed.), there were presentations of the Subject Research Committee Report (Report 1) and of the Special Committee Reports (Report 2), followed by a special speech by the IAESB Chair Peter Wolnizer. We also held a welcome reception at the Nagoya Tokyu Hotel that evening.

Beginning on the second day (September 5, Thu.), the conference was held at Chubu University Kasugai Campus, where there were 45 free topic presentations, two presentations in the English session, seven presentations in the graduate student session, and four presentations from the Korean Accounting Association (KAA) and the Taiwan Accounting Association (TAA) in the International session. Furthermore, there were two presentations in the Study Group Report, followed by presentations on the Plenary sessions at three venues (four presentations at each).

On the third day (September 6, Fri.), there were 39 free topic presentations, 12

presentations in the graduate student session, and two presentations at the Chubu Session chaired by Nobuo Kamata with a debate by three panelists. The discussion regarding the Plenary sessions was separated into Venue 1, Venue 2, and Venue 3. There were subsequent presentations and debates from the three speakers at the IFRS Session moderated by Ikuo Nishikawa.

The content of the 72nd Annual Conference was approved by the Program Committee. The enormous support of the members, general participants, program members, study group leaders, and officials of the academic society resulted in a successful conference of more than 800 attendees. I would like to express my gratitude to everyone who helped bring about such a successful conference.

The schedule for the 2013 Annual Conference was as follows:

Date and Time	Events
Sept. 3 13:00–15:00	Screening Committee for Awards
15:00–17:30	Meeting of Board of Directors
Sept. 4 10:00–12:00	Meeting of Council
12:30–14:00	General Assembly of Membership
14:15–14:55	Subject Research Committee Report
15:00–16:25	Special Committee Reports
16:45–17:45	Special Speech “Revisions of IESs—Implication and Opportunities for University Education”
Sept. 5 9:30–11:50	International Session
9:30–11:50	Concurrent Sessions
12:45–14:10	Study Group Reports
14:30–16:30	Plenary Sessions—Presentation “Seeking of Accounting Innovation”
Sept. 6 9:30–11:50	Chubu Session
9:30–11:50	Concurrent Sessions
12:45–14:30	Plenary Sessions—Discussion “Seeking of Accounting Innovation”
14:45–17:00	IFRS Session

**2013 Annual Conference of JAA  
Plenary Session: Seeking of Accounting Innovation**

**Session 1: Retrospect and Prospect of Innovation in  
Financial Accounting**

**Seeds of Innovation in an Empirical Accounting Research:  
Japan-U.S. Comparison of Earnings Quality From Management  
Perspectives**

**Tetsuyuki Kagaya**

Hitotubashi University

The purpose of this study is to examine why the relevance of accounting studies has been lost in the past decades and how we should conduct the research in the future to recover the innovation in empirical accounting fields. In particular, I focus on the topic, “What are the real economic roles of financial accounting?,” which is an unanswered question in accounting. I analyze the differences between CFOs’ views of earnings quality in the U.S. and Japan to examine it, because earnings quality is closely related to economic roles of financial accounting.

Earnings quality depends on what objectives financial information users have and who these users are. I make a conjecture that in the U.S. accounting system it is assumed that accounting information, especially earnings information, is mainly for investors, and usefulness for investors’ decision-making is the most important factor in considering earnings quality because accounting information can contribute to improvement of discipline from the capital market. On the other hand, I speculate that in the Japanese accounting system it is assumed that accounting information is not only for investors, but also for other stakeholders for long-term relationships or transactions. It is difficult for firms to meet all the needs of accounting information from multiple stakeholders; therefore, they shed light mainly on stewardship. I show some evidence which support my conjectures. Firstly, U.S. firms put more emphasis on earnings information in normal situations than Japanese firms, therefore their motivations for managing earnings are stronger. In particular, executive compensation or subsequent career for top managers may promote earnings management. Secondly, U.S. firms shed more light on future-oriented, transparent, and neutral information, meanwhile Japanese firms focus more on persistent and prudent earnings. Thirdly, U.S. CFOs tend to believe that management professional judgment could improve earnings quality; meanwhile Japanese CFOs tend to think that detailed guidelines or rules improve it. Fourthly, U.S. CFOs believe that capital market players and corporate governance, designed by perspectives for improving the disciplines from capital market, improve earnings quality, but Japanese CFOs don’t believe so. These facts suggest that the differences between the U.S. and Japan depend on whether a country puts more emphasis on a market-based corporate system or relation-based corporate system. We have much opportunity to develop innovative research in Japan from relation-based accounting system.

# **The Usefulness of Historical and Forecast Accounting Information in Firm Valuation**

**Koji Ota**

Kansai University

As a market-based accounting researcher, I have always felt that forecast information is much more important than historical information in the stock market. After all, it is investors' perception of the future prospects of firms that moves the market, not a bunch of stale information contained in financial statements. This view is substantiated by a large body of academic research that investigates the decision-making usefulness of accountings information from the information perspective. It presents strong evidence that historical accounting information is of quite limited use in the presence of forecast information.

The usefulness of accounting information, however, cannot be determined from the information perspective alone. There is another approach to it, which is the measurement perspective. This motivated me to investigate the usefulness of historical and forecast accounting information from the measurement perspective.

I make use of three well-known accounting-based valuation models, namely the Ohlson model, the Feltham-Ohlson model, and the Ohlson-Juettner model, and compare the relative ability of the competing valuation models to explain contemporaneous stock prices and to predict future stock returns. The empirical results show that the valuation model that uses both historical and forecast accounting information exhibits the best performance in both aspects, followed by the model that uses only historical information, and lastly, the model with forecast information alone. This implies that the stock market impounds both historical and forecast accounting information into share prices.

The findings are encouraging for academic accountants. Because there is not much we can do to improve the usefulness of forecast information, but there is some room left for us to enhance the usefulness of historical accounting information that is founded on the current accounting system. Perhaps, it is our duty to help improve the current accounting system towards the one that serves the investors to make more well-informed decisions.

# **Implication of Controversies over Assets and Liabilities View: Cost Analysis of Fair Value and Historical Cost Measurements**

**Yoshinori Kawamura**

Waseda University

Since the U.S. Financial Accounting Standards Board issued its Discussion Memorandum on elements of financial statements in 1976, accounting standard setters have developed accounting standards based on the trade-off between the assets and liabilities view and the revenues and expenses view.

In this article, I developed an analytical framework based on the theory for firm valuation, which generally holds that a firm value can be assessed by the book value and the future abnormal income even though not all assets and liabilities are recognized on the balance sheet and measured at fair value. The framework revealed that a firm has an incentive to minimize its reporting cost by adopting the mixed attribute model, where fair value measurements and historical cost measurements are selectively used.

I found that a firm's incentive to minimize the reporting cost would justify adopting the mixed attribute model, provided that the users are able to evaluate the firm value regardless of the firm's accounting policies. Next, I extend the model to incorporate the user's benefits from disclosure of fair value measurements. In this case, the scope of the fair value measurements would likely to be widened, but still there should remain the scope of historical cost measurements and the full fair value accounting is unlikely to be justified unless certain rare conditions are met.

Furthermore, I extend the model to identify two recognition criteria where two different sets of measurements are disclosed. From this extension, I obtained implications over the issues of simultaneous disclosure of net income and comprehensive income, including the issues relating to distinction between the recycling items and the non-recycling items.

I concluded this article that financial reporting should focus on selective use of fair value measurements and historical cost measurements, which is a process of determining the cost minimization equilibrium. A balancing act between two opposing views is an indispensable process for building socially cost-effective financial reporting system. This conclusion might indicate that accounting standards should be developed based on the differences in business models, which determines the behavior of the cost function of each industry or firm.

## **An Historical Analysis on Accounting Recognition of Executory Contracts**

**Nobuhiko Sato**

Kumamoto Gakuen University

This paper focuses on the extent of recognition on a statement of financial position for executory contracts, especially lease transactions and derivative contracts. The assets and liabilities arising from them are expanding in accounting regulations. Recently, IASB/FASB has published a series of documents requiring recognition of assets and liabilities arising from non-cancellable operating lease transactions.

In this study, we discuss that such trends are caused by following reasons.

Firstly, the asset and liability view of earnings has appeared and incorporated in some accounting standards. The asset and liability view includes a thought of recognizing all future economic benefits and obligations of sacrificing those benefits as assets and liabilities on a statement of financial position. Accounting regulations have not required to recognize obligations arising from non-cancellable operating lease transactions as liabilities until present time. But, those obligations meet the definition of a liability.

Secondly, the (financial) components approach has appeared and incorporated in some accounting standards. An executory contract is a bundle of right and/or obligation components. There are two main viewpoints of treating these components. One is treating these components as one asset or liability item as a whole. The other is treating these components as each assets or liabilities separately. The latter viewpoint, that is (financial) component approach, underlies the changing treatment for executory contracts.

Thirdly, the right of use approach has appeared in a discussion upon accounting standards concerning assets. This approach can treat lease transactions as an installment purchase of not an ownership of the underlying asset but a right of using it.

However, the asset and liability view, the (financial) components approach, or the right of use approach can be a driver of the changing treatment for executory contracts in each. The most important point is that the above trend is caused by the fusion of these three accounting thoughts.

Based on this analysis, it seems reasonable to suppose that non-cancelable service contracts will be recognized on a statement of financial position, and that recognizing commitments on a statement of financial position with zero amount and adding a footnote about those commitments should enrich the content of corporate disclosure information.

## **Session 2: An Inquiry into Innovations in Management Accounting Research and Practice**

### **Innovation Process of Management Accounting in the U.S. Federal Government**

**Masafumi Fujino**

Nihon University

This study explores the innovation process of management accounting in the public sector. Drawing upon the history of budgeting and accounting reforms in the U.S. Federal Government, we demonstrate the generating and developing process of 'Performance Budget' in 1940-50s as an innovation of management accounting. Prior management accounting literature has used the term 'management accounting innovation' to signify the creation and implementation of new management accounting techniques such as balanced scorecard and economic value measures. This study focuses on not only individual techniques but also the overall system of management accounting. To identify this distinction between individual techniques and the overall system in our historical analysis, we build on ideas of the distinction between technology and domain [Arthur, W. B. (2009). *The Nature of Technology*. Free Press].

According to Arthur (2009), novel technology comes into being as new combination of what already exists. Performance Budget was introduced into the Federal Government by the report of the Hoover Commission in 1949. Performance Budget was a new technology but its components such as expenditures classification by function and activity, cost-based budgeting, and account structure existed already. These components originated from the budgeting and accounting practices of New York City Bureau and related studies in 1920s.

New technology is defined as one that uses a new principle. A principle is the idea of some effect or phenomenon in use. New technology is one built upon a novel use of some phenomenon. One of the new principles of Performance Budget was the explicit separation of the budget execution plan from the congressional budget. The separation enabled Performance Budget as a new technology to capture and use the operational effect produced by the clear linkages between input and output in the public service provision.

Domain is a cluster of technologies. It is a coherent whole, a family of devices, methods, and practices. Domain could be seen as a repository or toolbox of elements available for use.

What delineates the cluster is some form of commonality, some shared ability of components to work together. We found that Performance Budget had a



commonality to management accounting in its organizational phenomena such as line and staff structure and delegation of authority. Although the word “management accounting” was not actually used in the report of Hoover Commission, the domain of management accounting had emerged in the practices and studies which were worked on over the following twenty years. For example, a work of governmental accounting published in 1956 provided a toolbox for management control in the Federal Government. The toolbox included such management accounting techniques as activity accounting and standard costing. Federal budgeting and management accounting encountered each other in 1950s and 60s. Innovation as a new combination form as a result.

## **Management Accounting Innovation Associated with Advancing Enterprise Group Management**

**Tomoaki Sonoda**  
Keio University

Management accounting innovations are classified into four types: (1) Development of new management accounting methods; (2) Improvement of management accounting methods; (3) Diffusion of management accounting methods to the departments that have not used them; (4) Advancement of management accounting theories.

Consolidation segment accounting is one type of management accounting innovation. Consolidation segment accounting provides important information to manage an enterprise group to maintain the balance between total optimization and partial optimization.

Even though segment accounting is one of the most traditional management accounting methods, there has been little research about consolidation segment accounting, but annual reports in Japan already disclose consolidation segment information: segment sales, segment profits, and segment assets. Annual reports use a management approach to determine each segment range, which is an approach with a concept analogous to management accounting.

Consolidation segment accounting has characteristics of both consolidation accounting and segment accounting. Because segment sales contain inter-segmental sales and some assets are not allocated to segments, the table of consolidation segment information in the annual report has adjustments to consolidation total sales and assets. Though we can calculate both the rate of return and the return on investment of each segment, we should interpret these indexes cautiously on the grounds of these adjustments.

Although financial accounting prescribes disclosures of consolidation segment information in annual reports, management accounting also can use this information for internal management, and consolidation segment accounting may be able to be extended to consolidation segment budgeting. Consolidation segment information raises some research questions. Are segment ranges of adequate size for internal management purposes? Which type of performance does top management emphasize, consolidation segment performance or group company performance? Are there directors who are in charge of each segment?

## **Importance of Management Accounting Research on Integrated Reporting**

**Kazunori Ito**

Senshu University

Integrated Reporting (IR) is a system that communicates information about value creation over time to external stakeholders. Owing to its usefulness for external stakeholders, especially investors, IR has particularly attracted the attention of Financial Accounting Researchers. However, IR is also important from a strategic management accounting perspective since it enables organizations to generate information that may help them in the process of value creation. Viewed as such, IR may represent an avenue for the expansion of management accounting realm. In light of this expansion, there is a need to revisit the definition of management accounting and reconsider its boundaries.

The International Integrated Reporting Council (IIRC) had produced a Discussion Paper which included several papers dealing with IR. In this paper, we focus on three issues of value creation pertaining to IR.

The first issue is to explain why management accounting scholars should study IR. In our view, such research should highlight the importance of top management commitment to IR long term objectives which in turn contributes to an increase in employees' motivation. Moreover, research is needed to explain how stakeholder's engagement via interactive communication improves the management transparency of companies.

The second issue is to define the concept of corporate value. While investors' focus is in on economic value, companies are increasingly facing pressures to deliver on social and environmental performance. In this respect, IR may be a tool to reconcile between these, seemingly, conflicting forces influencing corporate environment and expand the concept of corporate value to encompass various aspects such as environmental, and social and economic dimensions. It is now well documented that socially and environmentally responsible corporations are likely to appeal to increasingly sophisticated customers thereby boosting their sales and improving their financial performance.

Third issue is about how we can visualize the value creation processes. IR may help companies in defining their input capital, business model, and output capital through Octopus Model. However, we believe that investors are unlikely to understand value creation via that Model and, for that matter, the balanced scorecard may be a superior tool for companies to identify such value creation processes.

## **The innovation of management accounting in China.**

**Ichiro Mizuno**

Kansai University

The theme of this whole convention was “a pursuit of the accounting innovation.” Therefore, I set up the above theme. In the latest China, “創新” (a Chinese translation of an innovation) is often used. In this report, I caught the innovation of management accounting in China a little more widely, included even not only introduction of a new management accounting theory and technique but the change of the leader and system in the view, and considered the innovation of Chinese management accounting.

I have just so far been going to consider development and the feature of management accounting in China several times. On the report, I introduced the interesting research paper “development of management accounting theoretical research and business application in China” (Hu and Liu 2013) and discussed the direction of the innovation of management accounting in China.

I considered the management accounting system of Haier several times until now as compared with the Kyocera Amoeba System. Zhang Rui Min COE(Chief Executive Officer) of Haier, always have advocated “創新.” Therefore, Haier has pursued the innovation also with a continuous business management system containing management accounting. Haier founded in 1984 expanded business scale quickly through four gradual development called a branding strategy, diversification strategy, an internationalization strategy, and a global branding strategy, and has grown up to be a global major company.

And from 2012, Haier set forth the networked strategy as a new development stage, and aims at the further business growth. Haier aims at establishment of an independence management object (referred to as SBU before) in each of these stages. This independence management object is the important feature of the management accounting system of Haier. This resembles the amoeba management of Kyocera.

By the way, U.S. IMA advanced to China positively and has strengthened the preparedness to receive also with China. IMA and the Department of Commerce of China have started joint research about Chinese administrative accounting in May, 2006. Furthermore, Chinese IMA developed the cultivation activities of CMA from 2010.

The CMA qualification holder has become in May, 2013 with about 1000 persons. Furthermore, Chinese IMA has also started joint research with Haier about management accounting. And Chinese IMA sets up May 6 as “the day of management accounting advertisement” annually from 2012. Furthermore, I have also started joint research with Haier about management accounting.

## **Session 3: Innovation of Auditing and Accounting Study**

### **Innovation in Accounting Research**

**Makoto Nakano**

Hitotsubashi University

My presentation tries to present three new views on accounting research.

First study analyzes the information contents of income smoothing behavior, especially the role of income smoothing behavior as a signal of future performance. Income smoothing acts as a vehicle through which managers can reveal private information about future earnings persistence and future dividend policy. The empirical evidence supports the information view rather than a garbling view of income smoothing, and sheds light on the bright side of smoothed earnings rather than its dark side (Takasu and Nakano 2012).

Second, I briefly introduced my recent studies on accounting and governance (Nakano and Nguyen 2012; 2013). These studies show that board size and age affects risk taking behavior of Japanese firms.

Third, I suggest that macro-type empirical financial accounting research may be one of fruitful area for future research.

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## **Perspectives on Power Law Distribution and Extension to Nonlinear Model**

**Manabu Sakaue**

Hosei University

The view that accounting number follows Gaussian distribution or normal distribution has been dominant so far in the field of accounting research. However, in fact, some accounting number like income do not follow a normal distribution. The actual distribution has fat tail curve. This observation strongly indicates that some accounting number follows a power law distribution. Along with the normal distribution, a power law distribution is also commonly found in nature and social system. It is, for example, widely known in the economics field that income follows a Pareto distribution that is one of power distribution. There are observations that some financial data like income or firm size have similar distribution to Pareto distribution (e.g. Ijiri and Simon, 1974). It is seemed that accounting researchers need to put their focus on the power law distribution.

The events that follow the power law will probably be expressed in a multidimensional nonlinear model. One example of the logistic map, that is one of the simplest non-linear model for discussion is that the behavior of the logistic map is very complicated. If the coefficient is less than three, the value is converged to a certain number; if the coefficient is between three and 3.56995 (Feigenbaum point), the behavior of the value will be a vibration; and if the coefficient is more than Feigenbaum point, chaotic behavior of the value will be observed (Gleick, 1987). The actual income numbers do not converge to a certain value or have vibration behavior, but seems to be randomly changing. If the changes in financial number like income is described in the form of nonlinear model, the behavior of income will follow chaotic dynamics (Mandelbrot, 2006). The chaos theory is an element that connects the complex events and nonlinear model. In chaos theory, the order in the randomness is identified by “strange attractor,” The discovery of the strange attractor could change the way that people view the real world. And there is a possibility of the discovery of new analysis method.

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## **Innovative Challenge to Risk Based Audit Approach**

**Kyoko Miyamoto**

Kansai University

This paper examines how auditors apply risk based audit approach in the situation that fraud risk is high. I conduct an experiment with 87 auditors (i.e., 35 partners, 14 senior managers, 22 managers, 13 seniors, and 3 juniors. All of them belong to large or midsize audit firm) using a fraud case based on SEC's Accounting and Auditing Enforcement Releases. First, I find how identification and assessment of the risks of material misstatement due to fraud (referred to hereafter as the "fraud risk") relate to modifying audit program when fraud risk is heightened; (1) fraud risk identification is not related fraud risk assessment, (2) fraud risk assessment is not related modifying audit program, and (3) fraud risk identification is directly related modifying audit program. This suggests that even though auditors do not identify seeded fraud, they assessed fraud risk as high for now, but on the other hand auditors who identified seeded fraud are more likely to respond to the fraud risk. These results shows that risk based audit approach is not applied based on step which audit standards require. Second, the experimental results show how to respond to the fraud risk varies significantly among auditors. I classified auditors according to the comprehensive analysis of characteristics of their response to assessed fraud risk (i.e., selection which one to use from five options for each of 17 audit procedures: (1) perform standard audit procedures, (2) increase sample size, (3) modify nature and timing of audit procedures, (4) omit some audit procedures, and (5) perform some other audit procedures; and the propensity to consult with engagement quality control reviewer about the modified audit program). The result shows that some auditors do not respond to assessed fraud risk in an effective way and many auditors do not omit unnecessary audit procedures in terms of efficiency of financial statements audit.

These two important findings suggest that there is a critical issue in an application of risk based audit approach in terms of the effectiveness and efficiency of financial statements audit. I emphasized that how to apply risk based audit approach have plenty of room to improve for a proper functioning of the approach. Therefore, I make detailed proposals aimed at a more strategic risk based audit approach.

## **What is the Innovative Research in Accounting Profession?**

**Hiroshi Taki**

Ritsumeikan University

In this session we discussed the accounting profession research in the context of globalization, interdiscipline, and diversification.

Using the framework that Burrell & Morgan (1979) had developed, we examined the characteristics of auditing research as a social science. Burrell & Morgan tried to show there are two approaches, objectivist and subjectivist, based on the mutually opposed discussions on four dimensions (ontology, epistemology, human, and methodology). Set aside arguments over their extreme dichotomy, their framework seems to provide an important view to Japanese auditing research.

Although most Japanese researchers in auditing tend to believe that European or American accounting professions are more advanced and even more superior to ours. But if we think, as subjectivists do, that history is just a coincidence and there is "no rule" in history, this is not the case. In fact, researches on profession in western countries admit that their arguments cannot apply to any other countries (Larson 1977; Macdonald 1995). They do not posit any universal or ideal types of profession.

As we could see recent problems on our accounting profession (many passers of CPA exams could not be employed, and applicants to accounting schools have been plummeting), we have to recognize our own social context (education system, labor market, roles of profession in our social system, the way we could assimilate the revolutionary social changes, etc.), and strategically establish the CPA system.



## **2013 Annual Conference of JAA Special Committee**

### **Accounting Policy and Earnings Management by the Management**

Chair: **Masao Tsuji**

Waseda University

The purpose of this committee is to investigate the role of accounting discretion that plays in managers' decision making processes from a management accounting perspective. We try to shed some light on the accounting policies, income smoothing and earnings management by empirically examining the above issues, with the aim of providing a research road map for issues on managers' decision making and performance management by reviewing accounting policy and earnings management literature. However, we do not limit ourselves to studying some specific issues but try to make a building block for an integrated stream of research topics.

In the first year, we first conduct literature review on accounting policy, income smoothing and earnings management to search for unsolved research questions. In chapter 1, the committee reviews the literature from the following perspectives, analytical model, capital market observations, and corporate governance, to search for the possible motivations for the management to conduct earnings management.

In chapter 2, we divide the accounting policies adopted by the management into 5 categories: i) criterion for adopting accounting standards, ii) timing to adopt new accounting standards, iii) choices of accounting treatments permitted by the GAAP, iv) reasonable estimate of the amount of assets, liabilities, revenue and expenses under uncertainty, and v) choices of accounting items presentation permitted by the GAAP. We then review the literature based on the above categories.

In chapter 3, we try to shed some light on income smoothing. We examine the accounting items that can be used for income smoothing and the income targets as well. At the same time, we also carefully review the prior literature for possible incentives and motivations for income smoothing. As a result, we find out that there has been no powerful measure for detecting income smoothing. We also find out that the literature fails to document the evidences on the capital market reactions to smoothed income. These issues will be our future research questions.

In chapter 4, we carefully review the earnings management literature. We search the literature for the methods that managers adopt to conduct earnings management. We then review the prior literature from two perspectives: accounting management based on accruals management and real management.

## Special Committee

### A Study on Research Methods towards a Contemporary Issue in Auditing

Chair: **Terumi Takita**  
Doshisha University

There are many research methods in auditing. But especially in Japan, there is no meta analysis comparing them. The objective of this committee is twofold: the first is to examine the methodological characteristic of research methods (analytical research, archival research, experimental research, and normative research), and the second is to build a framework enabling a comparative analysis of research methods through a concrete issue in auditing.

In this second year, we focused on the later objective, and our concrete theme of this year was 'internal control and auditing'. We were divided into four sections: analytical research, archival research, experimental research, and normative research. Our final report includes 4 parts and the last chapter (chapter 12) is our conclusion.

Part 1: a normative research of internal control and auditing (from chapter 1 to 2)

Part 2: an analytical research of internal control and auditing (chapter 3 to 5)

Part 3: an archival research of internal control and auditing (from chapter 6 to 8)

Part 4: an experimental research of internal control and auditing (chapter 9 to 11)

#### Committee members:

##### - normative research group:

Terumi Takita (Chair, Doshisha University), Yasuhide Harada (Shitennouji University), Sadanori Yosano (Kobe University), Kunihiro Shimazu (Rissho University, Research Collaborator)

##### - analytical research group:

Yasuhiro Ohta (Keio University), Atsushi Shiiba (Osaka University), Kohtaro Yabe (Osakashogyo University)

##### - archival research group:

Kenichi Yazawa (Aoyamagakuin University), Shinya Okuda (Osakagakuin University), Masumi Nakashima (Fukushimagakuin University, Research Collaborator), Fumiko Takeda (University of Tokyo)

##### - experimental research group:

Hironori Fukukawa (Hitotsubashi University, Research Collaborator), Masayuki Ueda (Aoyamagakuin University), Satoshi Taguchi (Doshisha University)

## 2013 Annual Conference of JAA Subject Research Committee

### Transformation of Public Management and the Functions of the Accountancy

Chair: **Kenji Shiba**  
Kansai University

#### Member of the Committee

Chair: ***Kenji Shiba*** Kansai University

<i>Kazuo Aida</i>	Keio University
<i>Nobuo Azuma</i>	Board of Audit of Japan
<i>Masafumi Fujino</i>	Nihon University
<i>Kenji Izawa</i>	Ernst&Young ShinNihon
<i>Ryota Kaneko</i>	Kokugakuin University
<i>Mari Kobayashi</i>	Waseda University
<i>Takami Matsuo</i>	Kobe University Graduate School of Business Administration
<i>Akira Omori</i>	Yokohama National University
<i>Shigeo Ohtsuka</i>	Chiba University
<i>Hiroyuki Takano</i>	O-hara graduate school of accounting
<i>Morihiko Umeda</i>	Chukyo University
<i>Kiyoshi Yamamoto</i>	Graduate School of education, The University of Tokyo
<i>Toshinobu Yoda</i>	Hosei University

#### Abstract

The Task Oriented Research Committee comprising of 14 members that are researchers or practitioners produced an interim report on the functions of accounting and potential functions of the study of accounting in Public Management where there are different accounting entities involved.

As a general overview, the report discusses the relationship of accounting entities and the functions of the accountancy in Public Management including global comparisons. Going into the detailed subject, the report discusses the functions and tasks of accounting for various accounting entities that comprise Public Management. As a common theme, the report also covers legal, political and technical issues that

influence the function of accounting in Public Management.

In starting this Committee, there was a question raised by the member on whether “the study of accounting” was appropriate for the committee’s theme of “The functions of the accountancy within the transformation of Public Management.” There is certainly an argument that “accounting” is more appropriate in covering both the theory and practice from the perspective of applying theory to practice and questions on the theory to be raised from practice. However, it is crucial for the accountancy to contribute to the Public Management by extracting the essence of various practices beyond accounting that is functioning as a practical system and by forming a theory. The Committee has therefore positioned its theme to be critical and valuable for the research and development of the accountancy in Japan. In that respect, this research aims to study the fields and functions where the accountancy can and should contribute within the changing Public Management with the view to building a theory and is henceforth a pioneer in the study of accountancy in Japan. This interim report takes that into consideration.

### **Table of Contents**

Chapter1	The Role of Accounting in the Transformation of Public Management
Chapter 2	Relations between Management and Accounting in the Public Sector: From an international comparative perspective
Chapter3	A Study of Public Management and Accounting Entity
Chapter4	A study of the Decentralization of Planning Function in Local Governments
Chapter5	A Study on the Area of Accounting in Public Management
Chapter6	Accounting Functions and Issues of the Central Government of Japan
Chapter7	The Functions and Problems of Accounting in Incorporated Administrative Agency
Chapter8	The function and problems of accounting in local governments
Chapter9	Not-for-Profit Accounting Issues in Japan
Chapter10	The Functions of Financial Reporting for Not-for-Profit Corporations in Japan
Chapter11	Financial and non-financial information about university management
Chapter12	The role and function of financial and non-financial information of International Public Sector Accounting Standards
Chapter13	Functions and Challenges of Cost Accounting in Public Management
Chapter14	Public Management from Citizen's Perspective and the Function of Accounting

## **2013 Annual Conference of JAA Study Group**

### **A Study on Accounting Theory Construction by Theory Research**

Chair: **Kiyotaka Ueno**  
Chuo University

The purpose of this study is to acquire the thought and methodology to construct accounting theory and to indicate future accounting theory study and theory construction by studying representative theory of accounting researchers. In order to attain these research purposes, this study focuses on the following tasks:

- (1) Take up the representative accounting researchers and present those theories in detail.
- (2) In that case, focus on accounting thought and methodology of each theory, present those contents in detail and consider the influence of those theories on subsequent accounting.
- (3) Consider the accounting purpose, accounting structure, accounting measurement, income concept and accounting function of each theory in detail when we examine the accounting thought and methodology.
- (4) Consider the social background of each theory and explicate the relationship between contemporary accounting and each theory, because the accounting thought and methodology relate to the social and economical situation at that time.
- (5) Try to logical integration of accounting theory construction, explicate the types of accounting theory construction and construct a general theory in accounting.

The interim report contain introduction, part I: the dawn of accounting theory, part II: experience and acquisition cost accounting and part III: road to the fair value accounting.

Introduction describes the followings in order to facilitate the subsequent accounting theory research and those understandings and arrange the accounting theory construction.

- (1) Explain the accounting theories took up in the interim report. In that case, these theories are divided three parts according to age and accounting measurements.
- (2) Analyze these accounting theories. In that case, the important accounting field are accounting essentials and accounting measurements, so each accounting theory is classified by these fields.
- (3) Consider the influence of those accounting theories on contemporary accounting, in particular, indicate the remained theory and disappeared theory and their reasons.

(4) Reveal the characteristic of contemporary accounting and its problems and suggest the tasks and direction of accounting theory construction in the future.

In part I, as accounting theory belonging to the early days around 1900, theories of Sprague, Hatfield and Paton are explained. In particular, Sprague and the basic accounting principle, Hatfield and corporation accounting and Paton and business entity theory are explained.

In part II, as accounting theory claiming acquisition cost accounting based on conventions and experience during 1930s to 1960s, theories of May, Littleton and Ijiri are described. In that case, May and accounting principles, Littleton and acquisition cost basis and Ijiri and accountability are concretely described.

In part III, as accounting theory asserted so called current value accounting from 1960s and became the base of present fair value accounting, theories of Sprouse and Moonitz, Edwards and Bell, Staubus, Chambers, Sterling and Lee are explained. Particularly, Sprouse and Moonitz and assets and liabilities view, Edwards and Bell and business income, Staubus and decision usefulness, Chambers and environment adaptation, Sterling and science, and Lee and realizability are explained.

Chair:

Kiyotaka Ueno (Chuo University)

Members:

Chizuru Asano (Meiji University)

Hiroshi Ishiyama (Yamanashi Prefectural University)

Noriko Ichikawa (Surugadai University)

Masayoshi Ono (Chiba Economic University)

Tomohiro Kaneko (Iwate Prefectural University)

Katsuhiko Shimamoto (Kwansei Gakuin University)

Hiroshi Nagashima (Jiyugaoka Sanno University)

Masaaki Narikawa (Takasaki Commerce University)

Tetuji Nishiyama (Takachiho University)

Kenji Hayashi (Nihon University)

Jun Hishiyama (Senshu University)

Atsuhito Masiko (Toyo University)

Tomoya Yoshida (Saitama University)

Ryusuke Watanabe (Kanto Gakuin University)

## **Study Group**

### **A Study on Disclosure and Assurance of Risk Information**

#### **—Toward Integrated Reporting—**

Chair: **Noriyuki Konishi**  
Aoyama Gakuin University

Risk information is fundamental to financial reporting users assessing and predicting about the future cash flow of an entity. It is generally accepted that risk information is critical to understanding the financial performance and position of an entity. It is therefore generally accepted that a better understanding of risks by investors and other stakeholders would be beneficial.

We can explain the concept of risk in terms of uncertainty, probability, effect and outcome. Once the probability, cause and effect of an occurrence can be determined then a probability distribution can be computed. From this probability distribution, over a range of possibilities, the chances of risk occurring can be determined, thus reducing the uncertainty associated with this event.

Recent market volatility and significant changes in credit standing and investment returns have drawn particular attention to information on risk exposures and how entities manage them.

Our study identifies the following broad group of risk disclosures.

- (1) measurement and recognition risk / uncertainty - risk directly linked to assumptions and judgments included in the reported number.
- (2) risk that an entity is exposed to due to the business it is in;
  - a. business risk linked to the impact of a change in operating objectives.
  - b. business risk linked to the exposure to market conditions or other external factors.
- (3) information on an entity risk's appetite.

In particular, risk information (a)assists financial reporting users to understand the potential for loss and gain in the entity's assets and liabilities,(b)provides insight into the performance of an entity in the current or prior periods by revealing the relationships between the level of returns obtained and the exposure to risk that has been taken,(c)helps financial reporting users understanding the resilience of the entity and its ability both to withstand adverse changes in market and other conditions, and to take advantage of favorable changes in those conditions.

So risk information can be disclosed in the financial reporting, financial and non-financial information can be integrated and the assurance of risk information

can be possible. Even if sharing the concept of risk in the financial reporting and the assurance is limited, we should consider the possibility of the assurance.

We discussed the 12 issues in the final report; (1)Noriyuki Konishi, “An Importance of Risk Information Disclosure,” (2)Noriyuki Konishi, Yoshihiro Machida (Aoyama Gakuin University) and Hironori Fukukawa (Hitotsubashi University) , “A Concept of Risk on Financial Reporting and Audit,” (3)Yoshihiro Machida, “Assurance Engagements in Financial Reporting Systems in Japan,” (4)Hidetsugu Umehara (Chuo University), “Accounting Recognition of Intangibles – A Fair Value View –,” (5)Kazuhisa Otagawa (Kobe University), “The Risk Inherent in Fair Value Measurement: An Analysis of the Day-Endstock Price Changes,” (6)Noriyuki Konishi and Yoshihiro Machida, “Disclosure of Notes to Financial Statements and their Audit,” (7)Kazuhisa Otagawa, “Disclosure of Quantitative Market Risk Information in Commercial Banks,” (8)Hyon Ok Kim (Tokyo Keizai University), “Business Risk Disclosure in Pharmaceutical,” (9)Hyon Ok Kim and Hironori Fukukawa, “Auditors' Involvement with the Disclosure of Corporate Business Risk,” (10)Takashi Asano (Tokyo Metropolitan University), “Verifying the Credibility of Forward Looking Information – A Test of the Confirmation Hypothesis–,” (11)Masaki Yoneyama (The University of Tokyo), “Behavioral Principles of Related Parties Toward the Disclosure of Risk Information,” (12)Noriyuki Konishi, “Towards Integrated Risk Reporting.”

It is stated that enhanced information about what companies do to assess and manage risk will (a) provide practical forward-looking information, (b) help to ensure the equal treatment of stakeholders, (c) encourage better risk management, (d) reduce the cost of capital, and (e) improve accountability of management, investor protection and the usefulness of financial reporting. Disclosure and assurance of risk information are becoming an integral part of the financial reporting.



**2013 Annual Conference of JAA**  
**Chubu Session: Great Transformation of Accounting**

**Innovation in Financial Statement Presentation**

Chair: **Nobuo Kamata**  
Chubu University

FASB and IASB have identified some defects of the existing presentation standards. Through their joint project, the boards are striving to improve the usefulness of financial information. IFRS X “financial statement presentation” is intended to address users’ concerns that transactions or events that are recognized in current financial statements are not described or classified in the same way in each of the financial statements.

There is a lack of consistency in the financial statements as to how information is presented across entities. This can make it difficult for users to compare operating income with operating cash flows. The inconsistent level of disaggregation of financial statement line items across companies can make it difficult to analyze an entity’s performance relative to other entities. Insufficient disaggregation also poses difficulty for evaluating changes in net assets because changes in values from market-price fluctuations have different future effects for future cash flows than other changes in net asset values. However, these amounts, arisen from different economic events or transactions are often aggregated in the statement of comprehensive income.

IFRS X proposes to apply to these issues through two core principles of financial statement presentation. These are disaggregation and cohesiveness. The disaggregation principle states that an entity presents information so that the entity’s activities and cash flows are clear and that the relation between assets or liabilities and the effects of their changes are “faithfully presented across the statements of financial position, comprehensive income, and cash flows.” The cohesiveness principle states that information should be presented in a manner so that the relationship among items is clear, across financial statements.

The end goal of the joint project is the establishment of a consistent structure of the statements of financial position, comprehensive income and cash flows, which would require specific sections, categories or subcategories and related subtotals.

We discussed about the innovated idea of the proposal and concluded that the direct method statement of cash flow is consistent with the end goal of the project.

## Possibility of New Accounting Model for Stakeholder Capitalism

### —Innovations from Funds Theory of Accounting—

**Michimasa Satoh**

Aichi Gakuin University

Nagoya, the central area of Japan, is also the center of the research network for Funds Theory of Accounting. Theories, thoughts and ideas concerning to this research area have been stored in this network. Some of the ideas developed here, such as [X] and [Y] below, have potentials to contribute to the innovation of global financial reporting. In the IASB's new Conceptual Framework, "cash flow" is the element of financial statements, because the statement of cash flow is one of the primary financial statements.

**Comparison of Three Accounting Views**

Accounting View	Asset and Liability View	Revenue and Expense View	Funds Flow View
Core Financial Statement	B/S	P/L	C/S
Central Element	Asset and Liability	Revenue and Expense	Cash Flow
Character of Balance Sheet	Statement of Financial Condition	Sheet of Accounts Balance	Static Statement of Funds Flow
Status of Cash Flow Statement	Schedule of Cash a/c	Supplementary Statement	Primary Financial Statement
Method of Income Determination	$C_1 - C_0 = P$	$R - E = P$	[X]
Type of Double Entry Accounting System	2 Dimensional Double Entry Accounting		[Y]

X = FAIR (Funds Flow Approach of Income Reporting) :  
 $CFO \pm accruals = P$

Y = 3DAS (Three Dimensional Double Entry Accounting System)

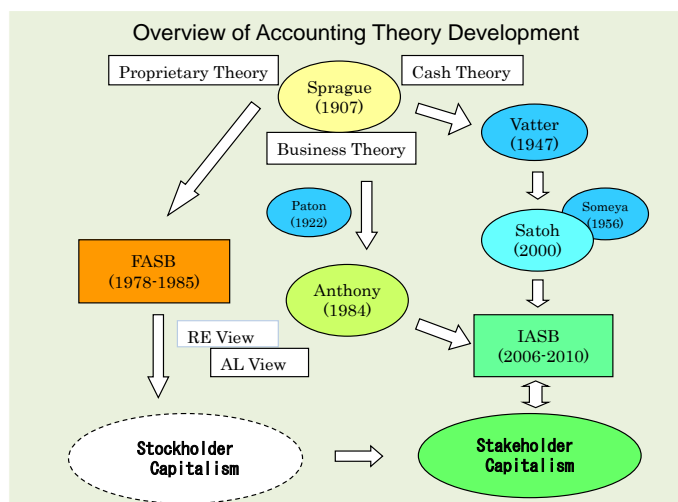
Satoh, Michimasa [2000], "Three Dimensional Double Entry Accounting System," *Okayama Economic Review*, Vol. 31, No. 4, pp. 133-151.

Recently, the new accounting model has been coming out. It seems that the IASB noticed the need to reconsider the conventional accounting model.

Both the FASB and the IASB had their old conceptual framework before 1990. However, the rapid globalization, after the crash of the Berlin Wall, compelled the Boards to reform their old frameworks. In September 2010, the IASB jointly with the FASB released the new conceptual framework on phase A.

The "Objectives of the General Purpose Financial Reporting" (Chapter 1) is significant, because it "forms the foundation of the *Conceptual Framework*, and the other aspects of the *Conceptual Framework* flow logically from this." This Chapter 1 consists of deliberately considered 21 paragraphs, in which we cannot see the contrast between the RE view and the AL view. Neither the term "net earnings" nor "net assets" nor "stockholder capital" comes out. Instead, the term "cash flow" appears frequently. What is more important, they grasp accounting system by

the Equity Equation: Resources = Claims.



What happened on earth? The great transformation in accounting. It is not a simple shift from the RE view to the AL view. Contrasting these two opposing views was the device made by the FASB of the U. S., where the stockholder capitalism is dominant.

What has changed was the premise of financial accounting. The conventional proprietary theory (in which the RE view and the AL view were developed) found out to be improper to cover some modern organizations. The Funds Flow view, with the entity theory, has come to the front. This accounting transformation may promote the transformation of capitalism: stockholder capitalism to stakeholder capitalism.

**Balance Sheet under the Entity Theory**

<b>Asset</b>	<b>Liabilities</b>
	<b>Stockholder Capital</b>
	<b>Stakeholder Capital</b>

Anthony[1984] suggests conventional retained earning can be separated into Stockholder Capital and Stakeholder Capital. Although Stockholder Capital section may need a special governance, this separation increase the feeling of stakeholders' participation. (Robert Anthony, *Future Directions for Financial Accounting*, Dow Jones-Irwin, 1984.)

On August 30, 2012, Professor Baruch Lev concluded his special lecture (for the 71th Conference of JAA at Hitotsubashi University) with the message as follows. "The world benefitted from so many Japanese innovations and contributions, perhaps it is time that the accounting world will benefit from a Japanese accounting makeover."

Now, Japanese accounting researchers are expected to demonstrate the efforts to this direction. I hope this kind of effort that I am doing is the one, or one of them.

**2013 Annual Conference of JAA  
International Session**

**Arrangement of Financial Position and Value Relevance**  
**Hyuk Shawn, Keimyung University**

**Departing and Incoming Auditor Incentives, and Auditor-Client  
Misalignment under Mandatory Auditor Rotation: Evidence from  
Korea**  
**Gil Bae, Korea University**

**Audit Partner Disciplinary Actions and Financial Restatements**  
**Yahn-Shir Chen, National Yunlin University**

**Board interlocks and auditor industry expertise**  
**Ling-Ching Chan, National Chengchi University**

## **2013 Annual Conference of JAA Regional Reports**

### Hokkaido Region

**Koichiro Matsumoto**  
Hokusei Gakuen University

The regional meetings were held in 2013 as follows.

1. The 83rd Regional Meeting at Sapporo University on 1 June, 2013.

- (1)“On the Usefulness of Quarterly Financial Information,”Sayako Matsumoto, Hokkaido Information University.
- (2)“Do Consolidated Tax Return System Influence Corporate Governance and Tax Avoidance?”Yuzuru Sakurada, Hokkaido University and Hiroshi Ohnuma, Tokyo University of Science.
- (3)“A Study on Disclosure of Accounting Information for Social Enterprises: Focusing on Usefulness of the Value Added Information,”Masaaki Ohara, Hokusei Gakuen University.

2. The 84th Regional Meeting at Hakodate University on 10 November, 2013.

- (1)“Application of Theory of Herrschaft to Budgetary Procedure,”Shinpei Kamiyama, Otaru University of Commerce.
- (2)“Accounting Standards for Restructuring,”Junji Kubo, Hokkaido University.
- (3)“Double Account System in the Late 19th Century American Railroads,”Mitsunori Kasukabe, Hokkaido University.

## Tohoku Region

**Masahiro Shiseki**  
Aomori Public College

In 2013, following meetings were held.

1. The 84th Meeting, July 27, 2013 at Hirosaki University
  - (1) “The Problems of the Designated Administrator System of Public Facilities and the Possibilities of Citizen’s Participation in Aomori Prefecture: Towards Partnership of Administration and Citizens in the New Public Domain”  
Tadahiko Kon, Aomori Public University
  - (2) “Accounting Entity and Stock Options”  
Tomohisa Hirano, Fukushima University
  - (3) “A study of Income Concept in Tax Accounting: the Relationship between Income and Capital”  
Tomohiro Kaneko, Iwate Prefectural University
  - (4) “Requirement of the Future and Evaluation about CSR”  
Tadashi Ishizaki, Shoin University
  
2. The 85th Meeting, November 2 and 3, 2013 at Fujiya Hotel in Owani Onsen
  - (1) “Issues of Accounting for Intangible Assets in Germany: With the Focus on the Research Methodology”  
Masahiro Shiseki, Aomori Public University
  - (2) “Reconstruction of Small Business from Great East Japan Earthquake in Ishinomaki”  
Tomoko Okano, Ishinomaki Senshu University

## Kanto Region

**Ryuichi Nakajima**

Meikai University

The 61st Kanto regional meeting was held at Meikai University on November 30, 2013.

The main theme of the meeting was “Shift in business models and paradigm shift in Accounting.” Discussions were coordinated by Yasunori Matui, Rikkyo University.

The presentations and panelists were follows:

- (1) “Financial reporting reform and its impact on Japan,” Ryuichi Nakajima, Meikai University.
- (2) “Hospital management reform and amoeba management,” Fumiko Hiki, Hitotsubasi University.
- (3) “Shift in business models and management accounting,” Keiichi Hasegawa, Waseda University.

## Chubu Region

**Akihiro Noguchi**  
Nagoya University

The regional meetings were held as follows;

### **1. The 131st Regional Meeting at Gifu Keizai University on July 6, 2013.**

- (1) “Nonprofit Activities of the Diversified Organizations and Corporate Taxation,”  
Shinjiro Ishizaka, Gifu Keizai University.  
Discussant: Kazuo Kutsukake, Yokkaichi University.
- (2) “Issue Equity Theory and Entity Equity Theory for the Consolidated Financial  
Statements,” Akihiro Noguchi, Nagoya University, and Masako Futamura,  
Otaru University of Commerce.  
Discussant: Ichiro Mukai, Aichi Gakuin University.
- (3) “IASB Staff Draft for the Disclosure of Cash Flow Information,” Hidenori  
Endo, Tokai Gakuen University.  
Discussant: Eiju Nikawa, Chubu University.

### **2. The 132nd Regional Meeting at Nanzan University on December 7, 2013.**

#### Research Paper Presentation

- (1) “Systemization of the intellectual assets from the accounting perspective,”  
Tomoya Kondo, Graduate student of Nanzan University.  
Discussant: Masataka Hiraga, Aichi Gakuin University.
- (2) “Verification of the effectiveness of accounting information in the stock market  
by the variable coefficient regression model,” Kazuhiro Manabe, Nagoya  
University of Foreign Studies, and Masaru Chiba, Fukui University of  
Technology.  
Discussant: Kazuo Yoshida, Nagoya City University.

#### Plenary Session

(Guest CPA Speaker)

“Status quo and the future of auditing for the public sector,” Hirohiko Takahashi,  
Tokai Chapter of JICPA.

(Guest Academic Speaker) “Issues on public sector accounting reform,”  
Takahumi Kamei, Nanzan University.

<http://www.soec.nagoya-u.ac.jp/~noguchi/chubu/english.htm>



## Kansai Region

**Tae - Young Park**

Momoyama Gakuin University

The 63rd Kansai regional meeting was held at Momoyama Gakuin University on December 7, 2013. The main theme of the meeting was “3Es of Public Sector Accounting Reform.”

The discussions were coordinated by Kenji Shiba, Kansai University.  
The reports and panelists were as follows.

- (1) “Review of the Reform of the Accounting System in Public Sector in Japan from the Point of 3Es,” Ryoko Shimizu, Kansai University
- (2) “Current Status and Issues in Public Sector Accounting,” Hideki Fujii, Kyoto University
- (3) “Effectiveness and Issues of the Accrual-basis Accounting in Management Control System,” Takami Matsuo, Kobe University

In the morning we had six presentations in the two rooms as follows.

- (1) “Relationship between R&D Productivity and the Creation of Corporate Value: Empirical Research on Pharmaceutical Industry in Japan,” Tan Peng, Kwansai Gakuin University
- (2) “Certain Considerations Concerning Restricted Stock Type Stock Option Plans,” Katsuyuki Yamashita, Otemon Gakuin University
- (3) “On Calculative Characteristics and Unsolved Problems of the Common Consolidated Corporate Tax Base (CCCTB) in the European Union,” Hideki Kubota, Konan University
- (4) “Experimental Research on Matching an Audit Firm and CPA Successful Candidate in Japan,” Yoshitaka Hirose, Doshisha University (Doctoral Candidate)
- (5) “Real Earnings Management and Stock Ownership in Japan: an empirical study,” Natsuko Yokoyama, Kwansai Gakuin University (Doctoral Candidate)
- (6) “Developments of Advance Pricing Arrangements for Transfer Pricing Taxation in China,” Liu Gongping, Kwansai Gakuin University (Doctoral Candidate)

## Kyushu Region

**Keiichi Oishi**  
Kyushu University

The Japanese Accounting Association (JAA) Kyushu regional conferences are regularly held twice a year – in July and March. This academic year, the summer conference was held at Beppu University, and the early spring conference was held at Fukuoka University.

### **1. The 92nd meeting at Beppu University, on 27th July, 2013.**

- (1) “A Study on Accounting Standard-Setting: Focused on the Relation between U.S. Congress, SEC, and FASB after 2001,” Tomohiro Abe, Doctoral Course, Graduate School of Economics, Oita University.
- (2) “On the Measurement Problems of the IFRS's Conceptual Frameworks,” Isamu Iwasaki, Kyushu University.
- (3) “Accounting Principle and Tax Accounting : From the Viewpoint of International Convergence of Accounting Standards,” Hideo Suenaga, Kumamoto-Gakuen University.

### **2. The 93rd meeting at Fukuoka University, on 28th March, 2014.**

- (1) “The Decision Usefulness and Revenue Recognition: an Exploration of the Meaning,” Hiromi Watanabe, Fukuoka University.
- (2) “A Study on Institutional Complementarity of Accounting Standards in Japan,” Shigeru Hirakawa, Kinki University.
- (3) “The Impacts of Invisibility of Accounting on the Functional Effects and the Dysfunctional Effects of Target Costing,” Norio Kato, Oita University.
- (4) “A Study on Regaining Profitability and Competitive Advantage with Strategic Cost Management in a Local Shipbuilding Company in Japan: from the Perspective of the Practices of Company A and Parallels between the Japanese and Korean Shipbuilding Industries,” Kosuke Miyaji, University of Nagasaki, and Shino Hiiragi, Yamagata University.