

Report on the Asia-Pacific Journal of Accounting and Economics Symposium 2003

**Shanghai, China
6 – 8 January 2003**

For the first time, the APJAE Symposium was held outside of Hong Kong. The Shanghai National Accounting Institute played host to the Symposium, and participants were able to see other parts of Shanghai, such as the Shanghai Futures Exchange and Old Shanghai Town during the forum presentations and informal city tour. The Symposium continues to attract top academics from around the world, and because of its location in 2003, has increased its profile with respect to academics, regulators and officials in China.

The Symposium Opening Ceremony was held at the Shanghai Futures Exchange, and was chaired by Professor Ferdinand A Gul, Director of the Accounting and Corporate Governance Centre and Head of the Department of Accountancy at City University of Hong Kong. **Ms. Wang Lihua**, Chairman of the Shanghai Futures Exchange, **Prof. Peter Wilson**, President of the American Accounting Association, and **Prof. Xia, Da Wei**, President of the Shanghai National Accounting Institute, gave keynote addresses. The opening ceremony was attended by over 300 people.

Immediately after the opening ceremony, the **Corporate Governance Forum** was held. The theme of the Forum was “Corporate Governance in the Wake of Enron” chaired by Prof. Judy Tsui, Dean of Faculty of Business and Information Systems and Chair Professor of Accounting, The Hong Kong Polytechnic University. The speakers were Prof. Katherine Schipper, of the U.S. Financial Accounting Standards Board, Prof. Joshua Ronen of New York University, Dr. Jesse Wang of the China Securities Regulatory Commission, and Mr. Richard George of Deloitte Touche Tohmatsu (Shanghai). They discussed the impact of the Enron failure on accounting standards setting, the accounting profession, and the regulation of capital markets and the accounting profession.

In the first round of paper sessions, Prof. Jere Francis of the University of Missouri-Columbia presented evidence that financial disclosures were more transparent and timely in countries with stronger investor protection. He also noted that companies in countries with stronger investor protection were more likely to be audited by Big Five accounting firms. Dr. Sudipta Basu of Emory University presented some evidence from Taiwan suggesting that the adoption of a single set of GAAP for the world may not be appropriate. The discussants for these papers were, respectively, Dr. Dennis Chung and Prof. Jeong-Bon Kim, both of the Hong Kong Polytechnic University.

In the following session, Dr. May Low of Western New England College reviewed findings regarding the over-reliance on historical earnings in determining securities prices for firms with lower levels of analysts’ coverage. The discussant was Prof. Eli Bartov of New York University.

The second day opened with a **Research Forum**. There were two speakers, with Prof. Ross L. Watts of the University of Rochester discussing conservatism and Prof. James Ohlson of

New York University discussing variations in accounting measures in equity valuation models.

Following the research forum was another paper session in which Dr. Ole-Kristian Hope of The University of Toronto discussed levels of analyst following of firms in different countries and its relation to levels and types of disclosures made in financial statements. The discussant was Dr. Paul Brockman of the Hong Kong Polytechnic University.

In the afternoon, symposium participants were taken on a tour of various sights in Shanghai. Beginning at the Pearl Tower in the Pudong District, the tour took participants through the historic Bund area, and ended in Old Shanghai.

The third and final day of the symposium began with a Research Forum, in which Prof. S P Kothari of the Massachusetts Institute of Technology discussed “Behavioral Finance and Capital Markets Research in Accounting”. This was followed by another Research Forum, in which Prof. Terrence Shevlin of the University of Washington discussed taxes and earnings management.

The next round of paper sessions featured Dr. Rachel Schwartz of Washington University discussing auditor independence. Her results showed that the commonly held belief that rents from non-audit services could impair auditor independence is not always true, and that the lack of contingent rents does not necessarily imply independence. The second presenter was Prof. Feng Gu of Boston University who discussed his findings regarding the disclosure of innovation activities by high technology companies. The evidence showed that firms make greater innovation disclosures when current earnings are less informative or when future earnings are uncertain. The discussants were Prof. Dan A Simunic of the University of British Columbia and Prof. Chul Won Park of the Hong Kong University of Science & Technology.

The last paper session was presented by Dr. Amihud Dotan of Tel Aviv University. He added to the deferred taxes debate by offering evidence that deferred tax liabilities/assets related to depreciation have no value whatsoever, and that for tax liabilities/assets with value, their value is dependent on timing of tax cash flows, not the timing of their reversal. Prof. Joshua Ronen was the discussant of the paper. In his discussion, he pointed out that in a model with information asymmetry there might be value to deferred tax accounting.

A new feature of the Symposium was a “Forum Papers” session where the authors of a total of fourteen papers were present to discuss their research with other professors and students.

The Symposium concluded with the **Shanghai Securities Exchange Symposium Dinner**, held at the **Shanghai American Club**. The venue provided a scenic overview of the Bund, and diners were treated to a performance of traditional Chinese music by students from Shanghai University of Finance & Economics, and an entertaining speech by Mr. Rob Muir, General Manager of Henkel Detergents China, who shared some thoughts and experiences as an expatriate in China.