

Program

com•mu•ni•ty

a body of persons of common and esp. professional interests scattered through a larger society <the academic ~> <the accounting community>



Building Our Accounting Community

American Accounting Association Annual Meeting • August 3–6, 2008



**AMERICAN
ACCOUNTING
ASSOCIATION**

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Market Reactions to Executive Option Repricings. Yi-Mien Lin, National Chung Hsing University; Woody M. Liao, University of California, Riverside; Ming-Hung Hsieh, Deloitte & Touche Taiwan

Discussant: Leslie Hodder, Indiana University

6.20 Information and Decision Making

Anaheim Marriott, Platinum Ballroom 2

Moderator: Yonca Ertimur, Duke University

Benefit of the Doubt in Financial Reporting. Lisa Koonce, The University of Texas at Austin; Michael Williamson, The University of Texas at Austin; Jen Winchel, University of South Carolina

Discussant: Steven Huddart, The Pennsylvania State University

Information Uncertainty, Corporate Disclosure and Stock Return Volatility. Michel Magnan, Concordia University ; Bixia Xu, Wilfrid Laurier University

Discussant: Steven Huddart, The Pennsylvania State University

Value Relevance or Valence? The Effect of Shareholders' Preferences on their Information-Seeking Behavior. Jane M. Thayer, Emory University

Discussant: Steven Huddart, The Pennsylvania State University

6.21 Meeting or Beating Benchmarks

Anaheim Marriott, Marquis Ballroom South

Moderator: Ana C. Marques, Universidade Nova De Lisboa

Backlash against the Numbers Game: Evidence from How Investors and Analysts React to a Zero and Small Positive Earnings Surprises. Zhi-Xing Lin, National University of Singapore; Michael Shih, National University of Singapore

Discussant: Rick Johnston, The Ohio State University

Analyst versus Market Expectations of Earnings Management to Avoid Small Losses. Michael Eames, Santa Clara University; Yongtae Kim, Santa Clara University

Discussant: Rick Johnston, The Ohio State University

The Use of Earnings Management and Expectation Management: Additional Evidence and Market Consequences. Somnath Das, University of Illinois at Chicago; Kyonghee Kim, University of Illinois at Chicago; Sukesh Patro, Kansas State University

Discussant: Rick Johnston, The Ohio State University

6.22 Perception Management

Anaheim Marriott, Grand Ballroom H

Moderator: Karen Teitel, College of The Holy Cross

Redefining Assets: A Proposal for the Conceptual Framework. Richard Gore, Fort Lewis College; Richard Samuelson, San Diego State University

Discussant: Paul Polinski, Grant Thornton LLP

Business Combinations Accounting in the United States from AICPA to FASB: A Study on the Impact on M&A Activity. Humberto Rito Ribeiro, De Montfort University; David Ernest Crowther, De Montfort University

Discussant: Mahendra Gujarathi, Bentley College

9.24 Corporate Governance IV

Anaheim Marriott, Grand Ballroom B

Moderator: Aida Sy, Manhattan College

Corporate Governance and Stock Returns Performance in Hong Kong: Carrots or Sticks? Yan Leung Cheung, City University of Hong Kong; J. Thomas Connelly, Chulalongkorn University; Ping Jiang, City University of Hong Kong; Piman Limpaphayom, Chulalongkorn University

Discussant: Aida Sy, Manhattan College

Reversing an Impairment Loss and Earnings Management: The Role of Corporate Governance. Rong-Ruey Duh, National Taiwan University; Wen-Chih Lee, National Kaohsiung University of Applied Sciences; Ching-Chieh Lin, National Taiwan University

Discussant: Aleksandro Broedel Lopes, Universidade De São Paulo and Manchester Business School

Does Corporate Governance Affect Firm Value? Evidence with Corporate Governance Indices. Peter Cheng, The Hong Kong Polytechnic University; Ferdinand A. Gul, The Hong Kong Polytechnic University; Wilson H. S. Tong, The Hong Kong Polytechnic University; Judy Tsui, The Hong Kong Polytechnic University

Discussant: Jagjit Singh Saini, Ph.D. Student

9.25 Institutional Factors II

Anaheim Marriott, Grand Ballroom A

Moderator: Humberto Rito Ribeiro, De Monfort University Leicester U.K.

The Effect of Institutional Setting on Attributional Content in Management Commentary Reports. Walter Aerts, University of Antwerpen; Ann Tarca, University of Western Australia

Discussant: Pallangyo John Sadick

Micro Entities' Financial Reporting Response to Exogenous Institutional Changes. Urska Kosi, University of Macedonia; Aljosa Valentincic, University of Ljubljana

Discussant: Humberto Rito Ribeiro, De Monfort University Leicester U.K.

The Usage and Effectiveness of Balanced Scorecard in Singapore Manufacturing Industry. Lee J. Yao, Layola University New Orleans; Jia Wu, University of Massachusetts Dartmouth; Siew Chan, Washington State University

Discussant: Humberto Rito Ribeiro, De Monfort University Leicester U.K.

9.26 System Implementation and Decision Support Systems

Hilton Anaheim, 4th Floor, Huntington C

Moderator: Kenton Walker, University of Wyoming

RFID, Highly Visible Supply Chains, and the REAL-SCO. Guido Geerts, University of Delaware; Daniel E. O'Leary, University of Southern California

Discussant: Jagdish S. Gangolly, University at Albany, State University of New York

ERP Implementation Success through IT/End-User Collaboration. Yvette J. Lazdowski, Plymouth State University

Discussant: Som Bhattacharya, Florida Atlantic University

TUESDAY

WEDNESDAY

Business Combinations Accounting in the United States from AICPA to FASB: A Study on the Impact on M&A Activity

Humberto Rito Ribeiro
De Montfort University

David Ernest Crowther
De Montfort University

ABSTRACT

This paper summarizes the problematic of accounting for business combinations since the 1960s. Albeit widely supported by the industry, the use of pooling of interests has been always subject to criticism, particularly from practitioners and academicians (see e.g. AAA, 1966; Mosich, 1968). In 1996, FASB added business combinations accounting to its agenda, with the purpose to improve its transparency. FASB would disallow the use of pooling of interests, despite numerous negative reactions from industry. Nevertheless, a later proposal of replacement of purchased goodwill amortization by impairment testing seems to have mitigated any outstanding criticism. Several authors (e.g. Zeff, 2002) described the fierceness of the lobbying on this FASB's project. The paper studies whether SFAS 141 and SFAS 142 resulted in relevant economic consequences (see e.g. Zeff, 1978; Burchell et al., 1980; FASB, 1980) and finds that M&A activity has not been significantly affected by FASB's changes.

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