

PRESENTATION

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Dear readers:

We present herein the Issue 70 edition of the **Accounting & Finance Review**, available on our website. The **Editorial** has been written by Ervin L. Black, Editor of the Journal of International Accounting Research, and it is entitled **The Ethical Reporting of Non-GAAP Performance Measures**. Black discusses the issues of information not formally recognized in GAAP that have an impact on the analysis of companies, making recommendations. A theme surely providing many prospects for research.

This issue consists, in addition to the Editorial, of eight original articles from the various lines of research of the Review, as follows:

Alex Mussoi Ribeiro, Carlos Henrique Silva do Carmo, Luiz Paulo Lopes Fávero, and Luiz Nelson Carvalho are the authors of the article entitled **Management Discretionary Power and Comparability of Financial Reportings: An Analysis of the Transition in Brazilian Accounting Regulatory Process**. The study analyzes the impact of an accounting regulatory flexibility movement on the comparability of financial reports and it concludes there was an increase in genuine comparability in 2012 when compared to 2004.

Are book-tax differences useful in predicting future outcomes of listed companies in five countries in Latin America? This is the focus of the article entitled **The Relevance of the Informational Content of Book-Tax Differences for Predicting Future Income: Evidence from Latin American Countries**, written by Alessandra Vieira Cunha Marques, Patrícia de Souza Costa, and Pablo Rogers Silva.

Ana Cristina dos Santos Arromba Dinis, Cidália Maria da Mota Lopes, Alexandre Miguel Fernandes Gomes da Silva, and Pedro Miguel de Jesus Marcelino are the authors of the article entitled **Taxation of Insolvent Companies: Empirical Evidence in Portugal**. After introducing tax peculiarities in Portugal, the study discusses the issue of taxation of insolvent firms in Portugal, namely tax on income of legal entities (IRC), demonstrating this is an issue still to be addressed by the authorities.

After all, is there some association between companies that share board members with other organizations and smoothing of results? The article **The Relationship Between Board Interlocking and Income Smoothing Practices**, written by Flávio Ribeiro and Romualdo Douglas Colauto, discusses this theme.

The Earnings/Price Risk Factor in Capital Asset Pricing Models is an article developed by Rafael Falcão Noda, Roy Martelanc, and Eduardo Kazuo Kayo, interconnecting the ideas of two lines of research on cost of equity and asset pricing: multifactorial models and ex-ante models. The research outcomes are different from those obtained in rather developed markets and the superiority of the profit/price ratio to price assets may also exist in other emerging markets.

Contingent Convertibles and their Impacts on the Optimization of the Capital Structure of Brazilian Banks Under Basel III, written by Karina Cyganczuk Goes, Hsia Hua Sheng, and Rafael Felipe Schiozer, discusses whether the quantity and quality of regulatory capital may be regarded as a relevant aspect for understanding the past, but it may also be understood from the perspective of potential new financial crises.

André Luís Leite, Antonio Carlos Figueiredo Pinto, and Marcelo Cabus Klotzle are the authors of the article entitled **Effects of Idiosyncratic Volatility in Asset Pricing**. The study investigates whether portfolios with high and low idiosyncratic volatilities – according to the model by Fama and French (1996) - have different exposures to innovations in the average market volatility and, as a consequence, different return expectations.

Studying the sensitivity degree of the capital buffer of Brazilian banks in relation to determining factors established in the literature is what the article entitled **Empirical Analysis of Brazilian Banks' Capital Buffers During the Period 2001-2011**, written by

Vinícius Cintra Belém, and Ivan Ricardo Gartner, provides. The empirical analysis showed that there was a significant cost adjustment of the capital buffer for Brazilian banks.

I wish you, on behalf of the Editors' group, a stimulating reading and creative research.

Fábio Frezatti, Editor-in-Chief

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