



Editorial: AABFJ Volume 9, Issue 3, 2015

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The editors of the Australasian Accounting, Banking and Finance Journal wish to congratulate the authors of the papers published in this issue. As highlighted below, the papers included in this issue have covered diversified topics involving both the private and public sector accounting including Australian and international accounting education issues.

The paper of Watts, Bowrey and McNair-Connolly (2015) has investigated the adaptive and maladaptive consequences of changes resulting from the commercialisation of accounting education in Australia. They have found that some universities in Australia have adequately responded to the commercialisation and have adapted well with the changes and as a result they have excelled in their research and publication outputs. On the other hand some universities were either very slow or were not intending to respond to the changing environment and as a result are facing with maladaptive consequences. This finding lead us to think what will happen to Australian universities within the next twenty or thirty years? Charles Darwin is often credited with saying that the survival of the different species will not depend on their fitness in terms of their intelligence or physical strength, rather it will depend on how well they are responsive to changes (Cooper, 2015). Considering this Darwinian survival of the fittest analogy, we might question the survival of some of the Australian universities who are not responsive to changes.

Accounting for leases is not only a complex phenomenon for accounting practitioners but also is a challenging regulatory issue for the accounting regulatory authorities and standard setters around the globe. There is evidence that generations of corporations used the loopholes in the reporting standards of lease financing to report their financial and operating positions as being better than they actually were. Hence standard setters have been reviewing, modifying and amending the reporting standards of lease financing from time to time. One such modification that is expected to be a standard practice from 2016 is the adoption of one single lease accounting rule. That is, lease capitalization. Wong and Joshi (2015) in their paper have explored the impact of the proposed new lease accounting rules on the financial statements of leading Australian companies. Their results show that financial statements of Australian companies will change significantly when all lease assets and liabilities are capitalised. Wong's and Joshi's (2015) study could be extended further to investigate whether the proposed new standard of capitalising all leases under one single account will improve the transparencies of the corporate financial reporting.

The role of directors in promoting and establishing best practice corporate governance is well established (Australian Institute of Company Directors, 2006) and many of the spectacular corporate collapses of recent times are also associated with ineffective boards (CCH Australia, 2001). The paper of Roudaki and Bhuiyan has investigated whether

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interlocking board membership improves corporate performance by enhancing corporate governance (the ‘reputation’ hypothesis) in New Zealand companies. However, Roudaki’s and Bhuiyan’s findings actually supported the ‘busyness’ hypothesis and found that the interlocking board members in New Zealand companies devote less attention to each of their boards and often prefer one board to another in terms of time use, leading to lower performance in the companies less preferred by an interlocking director. Roudaki’s and Bhuiyan’s findings reiterate the view that in order to professionally carry out their governance duties, directors can only add value if they spend the time which the companies require on board duties.

Jones and Beattie (2015) in their paper have emphasised the role of independent internal audit functions in enhancing good governance in the Australian public sector especially in the governance of local governments in Australia. By using the example of local government governance issues in the Australian State of New South Wales, they find that the State has excellent internal audit guidelines in place. However, they find that the State does not have the power to force the State’s local governments to comply with the guidelines and, as a result, the local government stakeholders are deprived of the benefits of good governance. Jones’ and Beattie’s (2015) findings suggest that the existence of sophisticated good governance guidelines will be useless unless there are mechanisms in place to ensure compliance with the guidelines.

Chen (2015) has reviewed literature on the status of reforms in accounting education in China and Russia. From the existing literature in this area, Chen finds that although both these countries previously had centralised economy and have been gradually moving towards open and capitalistic systems, the developments of their respective accounting education systems have taken different paths. Chen’s review points out to us that further research could be conducted to explore the factors that have contributed to the adoption of different paths by China and Russia.

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