



**WASHINGTON, DC**  
**SEEDS OF INNOVATION**  
American Accounting Association Annual Meeting  
and Conference on Teaching and Learning in Accounting

*AAA 2012 Session Proposal, Washington DC, August 6-8 2012*

**Accounting and the Principle of Prudence: Perspectives and Implications**

Monday August 6, 2012 - 4:00 pm-5:30 pm

**Contact Information:**

Yuri Biondi

**Proposed Moderator:**

Shyam Sunder (Yale University)

**List of Panelists:**

Baruch Lev (New York University)

Ross Watts (MIT)

Sudipta Basu (Temple U)

Yuri Biondi (Cnrs)

**Panel Title (= Session Topic)**

Accounting and the Principle of Prudence: Perspectives and Implications

**Areas of interest or substantive issues:**

Accounting principles of reliability, conservatism, and prudence; accounting regulation and enterprise and financial regulations; accounting and fundamental financial analysis; accounting and fundamental investment strategies; accounting and contracting; accounting and governance

**Description of the Proposal:**

The recent evolution of US and International accounting standards displaces the principle of prudence and its connected notions of conservatism and reliability from fundamental accounting concepts. This principle is supposed to contrast with an alleged claim for “reality”, “neutrality”, and “value relevance” of accounting information provided to actual and potential investors in enterprise affairs that have to be accounted for. However, evergreen scandals and financial crises have called for reconsidering that principle and its implications for information on and control of those enterprise affairs that investors and other stakeholders are concerned with.

This panel aims to develop perspectives and implications on the principle of prudence, together with conservatism and reliability, for accounting information and regulation, in order to acquire a better-grounded understanding and a more balanced accounting approach to this matter.



# WASHINGTON, DC SEEDS OF INNOVATION

American Accounting Association Annual Meeting  
and Conference on Teaching and Learning in Accounting

## About the invited speakers

**Sudipta Basu** is an Associate Professor in the Fox School of Business at Temple University. His research on the effects of conservatism and other accounting principles on the properties of reported earnings and analysts' earnings forecasts was published in the Journal of Accounting and Economics, Journal of Accounting Research, Review of Accounting Studies and Journal of Business Finance and Accounting. His recent research on the origins of accounting appears in Accounting Horizons, Proceedings of the National Academy of Sciences of the USA and Accounting, Organizations and Society. Sudipta is an Editor of Contemporary Accounting Research and an Associate Editor of the Journal of Accounting and Economics, Journal of Business Finance and Accounting, Asia-Pacific Journal of Accounting and Economics and China Journal of Accounting Research. He received his Ph.D. from the University of Rochester, and has taught previously at Emory University and Baruch College, City University of New York. Sudipta teaches Cost Accounting to undergraduates Capital Markets Research in the Ph.D. program.

Link: <http://sbm.temple.edu/directory/profile/sbasu/>

**Yuri Biondi** studied economics and social sciences at the Bocconi University of Milan (MSc) and economic analysis and history of institutions and organizations at the Lyon2 and Brescia Universities (PhD). In France, he has taught at the universities of Lyon2, St. Etienne and the CNAM ([www.cnam.fr](http://www.cnam.fr)). He is currently tenured research fellow of the French Agency of Scientific Research ([www.cnrs.fr](http://www.cnrs.fr)), appointed at the Ecole Polytechnique of Paris (<http://www.polytechnique.fr/>) and affiliated professor of corporate governance and social responsibility at the CNAM. He is member of the AAA Financial Accounting Standards Committee since August 2010, and its chairman since August 2011. He is the promoter and main editor of "The Firm as an Entity: Implications for Economics, Accounting, and Law" (Routledge, 2007), and, with Stefano Zambon, of "Accounting and Business Economics: Insights from National Traditions" (Routledge, 2012, forthcoming). He is editor of "Accounting, Economics and Law: A Convivium" (<http://www.bepress.com/ael>). His current research is on accounting, economics and finance of business and non-business organizations.

Link: <http://yuri.biondi.free.fr/>

**Baruch Lev** is the director of the Vincent C. Ross Institute of Accounting Research and the Philip Bardes Professor of Accounting and Finance at New York University Stern School of Business. In his current positions, Professor Lev teaches courses in accounting, and financial analysis. Professor Lev has been with NYU for more than ten years. He was formerly with the university of Chicago, University of California, Berkeley (jointly at the business and law schools), and Tel Aviv University, where he had been the dean of the business school. Lev has extensive experience in public accounting, finance and consulting and served on various boards. He won many scholarly awards and prizes, including two honorary doctorates, and testified several times before congressional committees. Lev authored five books and more than 100 research papers published in leading academic journals.

Link: <http://www.baruch-lev.com/>



# WASHINGTON, DC SEEDS OF INNOVATION

American Accounting Association Annual Meeting  
and Conference on Teaching and Learning in Accounting

**Shyam Sunder** is the James L. Frank Professor of Accounting, Economics and Finance at the Yale School of Management, and Professor of Economics at Yale University. His research interests include financial reporting, dissemination of information in security markets, and statistical theory of valuation. A pioneer in the fields of experimental finance and experimental macroeconomics, he has published five books and more than 160 scholarly articles. He is a Past President of the American Accounting Association. He is editor of "Accounting, Economics and Law: A Convivium" (<http://www.bepress.com/ael>).

Link: <http://www.som.yale.edu/Faculty/sunder/>

**Ross Watts** is the Erwin H. Schell Professor of Management and Professor of Accounting at MIT Sloan School of Management. Specializing in accounting and corporate governance, he investigates the relationship between accounting's roles in contracting, the firm and financial reporting and the nature of accounting and its methods, particularly conservatism. Watts uses the evidence from that investigation to evaluate recent accounting standards introduced or proposed by standard setters such as the FASB or the SEC. He is a source for explicit stories on how recent standards generated or will generate accounting manipulation and fraud. His research interests include: Accounting, domestic; Accounting, international; Auditing/auditors; Corporate governance; Earnings management; Earnings manipulations; Revenue management.

Link: [http://mitsloan.mit.edu/faculty/detail.php?in\\_spseqno=41091&co\\_list=F](http://mitsloan.mit.edu/faculty/detail.php?in_spseqno=41091&co_list=F)