

**A WAY OF MY RESEARCH WORKS:
THE STEPS OF MY RESEARCH I HAVE
CONDUCTED**

**Junji Ishikawa
Yale University, 2016
March 15–17**

THE STEPS OF MY RESEARCH I HAVE CONDUCTED UNTIL TODAY: MY PRESENTATIONS

- my presentations: Japan Society for Social Science of Accounting:
 - the 12th convention (1997): Are securities $W (G \rightarrow W \rightarrow G')$?
 - the 16th convention (2001): discrepancy between
disclosure and income determination
 - the 20th convention (2005): ownership/entity and accounting
 - the 24th convention (2009): economics, accounting, and law
 - the 28th convention (2013): What is the source of OCI?
 - the 30th convention (2015): Hybrid Accounting as the
characteristics of today's accounting

JAPAN SOCIETY FOR SOCIAL SCIENCE OF ACCOUNTING: FOUNDING STATEMENT (1986)

- the essential characteristics, functions and morphologies of accounting from a comprehensive and historical perspective
- sharing a common theoretical interest in a comprehensive study of accounting within the context of its socio-economic environment.

1 THE MAIN POINTS OF MY PRESENTATION(1): THE 30TH CONVENTION (2015)

Hybrid Accounting and Other Comprehensive Income

- 1) clarify the base of Other Comprehensive Income (OCI) which characterizes contemporary accounting
 - the source of OCI: contradiction and divergence between income determination (P/L) and disclosure of financial substances and risks (B/S)

2) the hybrid accounting and its base

- **ownership structure** of a stock company and two different functions of accounting: duality of ownership and accounting functions

→ Appendix A

- **hybrid of accounting** framework and accounting thought

→ Appendix B

2 THE MAIN POINTS OF MY PRESENTATION(2): THE 28TH CONVENTION (2013)

Disclosure, Accounting, and Comprehensive Income

- to examine and verify the characteristics of contemporary business accounting
- the dominance and superiority of the disclosure of financial risks and financial substances (realities)
- disclosure $>$ (capital/income) calculation

CONCLUSION HERE : CONTRADICTION AND COORDINATOR

focusing on the source of “other comprehensive income (OCI)” : inconsistency between disclosure and income determination



- OCI / recycling will appear at the crossing places of traditional and contemporary type of accounting
- served as the coordinator (mediator) of the contradiction.
- (i)disclosure $>$ calculation \rightarrow (ii)disclosure $-$ calculation
(discrepancy between disclosure and calculation) \rightarrow (iii)OCI.

3 THE ESSENTIAL POINTS OF MY PRESENTATION(3): THE 24TH CONVENTION (2009)

The Viewpoints of the Transformation of Today's Business Accounting

- Total Viewpoint of Economics, Accounting, and Law

 X > Y

Finance Economics > Real Economics: *Economics*

the 12th convention (1997)

Disclosure > Capital/Income determination: *Accounting*

the 16th convention (2001)

Capital Market > Corporate Organization: *Law*

the 20th convention (2005)

- characteristics of today's business accounting:

X dominant accounting (X > Y)

DISCUSSION POINTS UNDER THE TOTAL VIEWPOINTS:

- 1) what is the most significant point of the contemporary transformation of accounting framework?
- 2) how to demonstrate the structure and the vector of the transformation.
- 3) what is the contemporary characteristics of fair value accounting?
- 4) what is the significant key of the transformation?
- 5) what is the moment and the foundation of the transformation?

4 THE MAIN POINTS OF MY PRESENTATION(4): THE 20TH CONVENTION (2005)

The Standpoints of the Conceptual Framework for Financial Accounting of Japan: From Four Basic Theory–Viewpoints

four basic aspects: economics, law, history, and accounting

i) economics of uncertainty

ii) the ownership structure of the joint stock company

→ Appendix A

iii) the concept of equity and common law

iv) the entity theory of accounting and the corporation theory of law.

5 A SOCIAL SCIENCE OF CONTEMPORARY VALUE-BASED ACCOUNTING

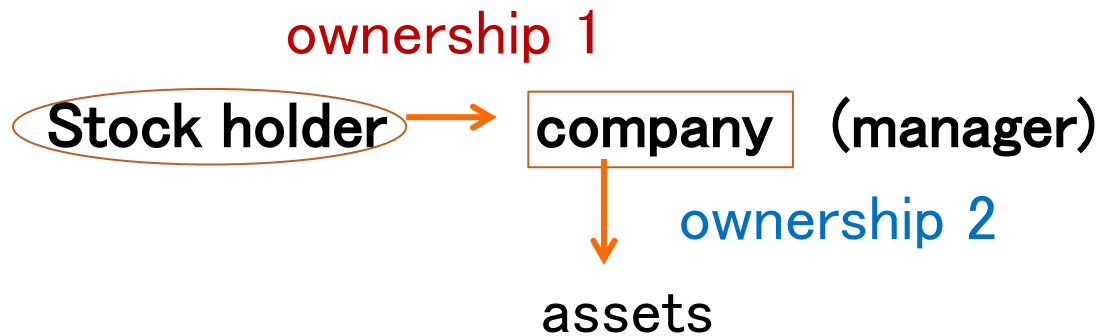
CRITICAL PERSPECTIVES ON ACCOUNTING 16[2005] PP.115-136

- the economic foundations of the contemporary form of value-based accounting (fair value accounting)
- distinguish between **real** capital and loan/**fictitious** capital: different concepts of capital in economic theory (difference of business activities)
- coexistence or hybridization of the different frameworks

(from the abstract of my paper)

APPENDIX A: “WHAT IS A CORPORATION ?” AND THE ROLE OR FUNCTIONS OF ACCOUNTING

- duality of ownership of a corporation



- role or functions of accounting

{ accounting for **ownership 1**: for investors
{ accounting for **ownership 2**: for stewardship

DUALITY OF OWNERSHIP AND ACCOUNTING FUNCTIONS

- accounting for **ownership 1**

useful information for investment decision

investor/market-oriented, prediction and

information, user oriented, ...

- accounting for **ownership 2**

stewardship accounting, fiducially accounting

manager/organization-oriented, capital/income

determination, process oriented, ...

OWNERSHIP AND ACCOUNTING ENTITY: VIEWPOINTS OF "EQUITY" AND "CONTROL"

- stockholder/ equity

stockholder — "equity" → company: ownership 1

(Dr) G(money) / (Cr) K(capital) : K → G

- company (manager) / control

company — "control" → assets: ownership 2

(Dr) W(commodity) / (Cr) G : G → W

- entity: investment → recovery

stockholder: K → G company: G → W → G[']

(G → A → G['])

APPENDIX B: HYBRID ACCOUNTING

- hybrid of accounting framework

{ **traditional**: flow → stock, fixed and allocation, ...

{ **current**: stock → flow, direct re-measurement, ...

- hybrid of accounting thought

static theory →

(B/S app.)

dynamic theory →

(P/L app.)

→

?

(B/S app.)

continue/ discontinue