

# China Accounting and Finance Review (CAFR) Fundamental Analysis Symposium

November 28 (Sat) and December 1 (Tue) 2020

Hong Kong Time GMT+8

Platform: Zoom



# China Accounting and Finance Review (CAFR) Fundamental Analysis Symposium

## Keynote 1 (November 28)

### Moving Financial Statement Analysis Forward: Accounting for Risk

#### Abstract:

Research on valuation and financial statement analysis has enhanced our understanding of how accounting information is utilized in investing. However, most of that analysis has to do with the so-called numerator in a valuation model, forecasting payoffs. This talk brings a focus to the rate at which those payoffs are discounted, the so-called denominator in a valuation. Can we develop a financial statement analysis that informs about risk and the discount rate?

#### Speaker:

### Professor Stephen Penman

*University of California, Irvine*

Stephen Penman is the George O. May Professor in the Graduate School of Business, Columbia University where he is also co-director of the Center for Excellence in Accounting and Security Analysis and director of the Masters Program in Accounting and Fundamental Analysis. Prior to his appointment at Columbia in 1999, Penman was the L.H. Penney Professor in the Walter A. Haas School of Business at the University of California at Berkeley.

Professor Penman received a first-class honors degree in Commerce from the University of Queensland, Australia, and M.B.A. and Ph.D. degrees from the University of Chicago. His research deals with the valuation of equity and the role of accounting information in security analysis, and a number of his papers deal with accounting policy issues. He has published widely in finance and accounting journals and has conducted seminars on accounting and analysis for academic and professional audiences.

In 1991 Penman was awarded the Notable Contribution to Accounting Literature Award by the American Accounting Association and the American Institute of Certified Public Accountants, and in 2002 was awarded the American Accounting Association and Deloitte & Touche Wildman Medal for his book, *Financial Statement Analysis and Security Valuation*, published by McGraw-Hill/Irwin and now in its 5th edition. In 1997 he was awarded the Institute for Quantitative Investment Research (INQUIRE) Prize in the UK. In 2005 he was awarded the Geewax Terker & Co Prize in Investment Research, and in 2011 the Roger F. Murray prize from The Institute for Quantitative Research in Finance (Q-Group). In 2009 he received an honorary doctorate from the Stockholm School of Economics. His book, *Accounting for Value*, was published by Columbia University Press in January, 2011.

In 2019, Penman was inducted into the Accounting Hall of Fame and in 2020 to the Australian Accounting Hall of Fame.



# China Accounting and Finance Review (CAFR) Fundamental Analysis Symposium

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## Keynote 2 (December 1)

### Growth: FSA and Valuation

#### Abstract:

The talk focuses on two topics related to growth. The first deals with accruals and growth. As illustrated by Jones's model, a commonly accepted hypothesis connects accruals positively to growth in sales (which sets the stage for the measurement of income-enhancing discretionary accruals). This idea is fundamentally flawed: income-increasing liability accruals – as opposed to asset-accruals – correlate negatively with sales growth. Second, the Gordon-Williams model, which sets the stage for equity valuation, refers to a generic growth-parameter: conceptually and practically, it fails to model growth meaningfully. This approach can be replaced by a dynamic model where growth refers to date-specific information which forecasts eps1 and eps2.

#### Speaker:

### Professor James Ohlson

#### *The Hong Kong Polytechnic University*

Professor Ohlson graduated from the University of Stockholm in the 1960's, receiving a Bachelor's degree in Social Sciences and a Master's degree in Political Science. Afterwards, he studied for the Master of Business Administration at the University of California in Berkeley and also completed his Doctor of Philosophy degree there in 1972. Professor Ohlson started his academic career at Stanford University in 1972. He then joined the University of California in Berkeley as Assistant Professor in 1974 and was promoted to Associate Professor and appointed as L.H. Penney Professor of Accounting from 1984 to 1987. Professor Ohlson then joined Columbia University in 1987 and New York University in 1998 as Professor, and Arizona State University in 2004 as the W. P. Carey Chair in Accountancy.

Professor Ohlson has lectured around the world and has received various distinguished recognitions and awards, including the American Accounting Association's Notable Contribution to Literature Award, 1995; the American Accounting Association Educator of the Year Award, 1998; the American Accounting Association Wildman Award, 1998; the AICPA/American Accounting Association's Notable Contribution to Literature Award, 2000; University Regent Professor, Arizona State University, 2008; Chiang Jiang Scholar 長江學者講座教授 (sponsored by Tongji University, Shanghai 2012); the American Accounting Association Award for Seminal Contribution to the Literature, 2013; British Petroleum Centennial Professor, London School of Economics, 1993-94; and Member of The Accounting Hall of Fame, 2015.



# China Accounting and Finance Review (CAFR) Fundamental Analysis Symposium

## CONFERENCE PROGRAM

**DAY 1**

November 28 (Sat) Hong Kong morning

November 27 (Fri) US/ Canada evening

Time (Hong Kong GMT+8)	Events
0800-0815	<b>Welcoming Remarks</b> C.S. Agnes Cheng and James Ohlson, The Hong Kong Polytechnic University
	<b>US Session</b>
0815-0930 (1915-2030 New York Time GMT-5)	<b>Keynote 1</b> <b>Moving Financial Statement Analysis Forward: Accounting for Risk</b> Presenter: <b>Stephen Penman</b> , Columbia University Moderator: <b>Peter Easton</b> , University of Notre Dame
0930-0945	<i>Break (15 min)</i>
0945-1100 (1845-2000 Calgary Time GMT-7)	<b>Paper 1</b> <b>Fundamental Analysis Conditioned on the Direction of Sales Change</b> Presenter: <b>Mark Anderson</b> , University of Calgary Moderator/ Discussant: <b>Zhihong Chen</b> , The Hong Kong University of Science and Technology
1100-1500	<i>Long Break (4 hours)</i>
	<b>Europe Session</b>
1500-1615 (0800-0915 Stockholm Time GMT+1)	<b>Paper 2</b> <b>Bankruptcy Risk in Discounted Cash Flow Based Valuation</b> Presenter: <b>Kenth Skogsvik</b> , Stockholm School of Economics Moderator: <b>Xiao-Jun Zhang</b> , University of California, Berkeley Discussant: <b>Pawel Bilinski</b> , Cass Business School
1615-1630	<i>Break (15 min)</i>
1630-1745 (0930-1045 Stockholm Time GMT+1)	<b>Paper 3</b> <b>Do Stock Prices co-move with Fundamentals?</b> Presenter: <b>Noor Alshamma</b> , Stockholm School of Economics Moderator/ Discussant: <b>Peter Pope</b> , Università Bocconi; London School of Economics and Political Science

# China Accounting and Finance Review (CAFR) Fundamental Analysis Symposium

## CONFERENCE PROGRAM

**DAY 2**

December 1 (Tue) Hong Kong morning  
November 30 (Mon) US/ Canada evening

Time (Hong Kong GMT+8)	Events
0800-0915 (1800-1915 Chicago Time GMT-6)	<b>US Session</b> <b>Paper 4</b> <b>An Investigation of the Role of Dividends in Analysts' Optimistic Forecast Bias</b> Presenter: <b>Somnath Das</b> , University of Illinois at Chicago Moderator/ Discussant: <b>Albert Tsang</b> , The Hong Kong Polytechnic University
0915-0930	<i>Break (15 min)</i>
0930-1045	<b>Keynote 2</b> <b>Growth: FSA and Valuation</b> Presenter: <b>James Ohlson</b> , The Hong Kong Polytechnic University Moderator: <b>Senyo Tse</b> , Texas A&M University
1045-1050	<b>Closing Remarks</b> <b>C.S. Agnes Cheng</b> , The Hong Kong Polytechnic University

Note

Keynote: 1 hour for presentation, 15 minutes for Q&A

Paper presentation: 45 minutes for presentation, 15 minutes for discussion, 15 minutes for Q&A