



WIM A  
VAN DER STEDE

# ACCOUNTING MATTERS

## LSE ACCOUNTING<sup>9</sup>

### CONTENTS

1	Accounting Matters
2	Campus Life
4	JAPP Conference
5	BSc Programme Director
6	Tech Start-Ups
8	carr News
10	Accounting and the Rise of Capitalism
12	Stock and Bond Returns
14	MARG Conference
16	Credit Market Investors
18	Rounding in Earnings Forecasts
20	Algorithms and Regulation
24	Graduate Spotlight
26	Awards
28	Students Society News
30	Alumni Spotlight
31	PhD in Accounting
32	Academic Highlights
34	Department Seminars
36	Who's Who

**LSE Accounting – Issue 9** is published by  
The Department of Accounting,  
The London School of Economics and Political Science  
Houghton Street,  
London WC2A 2AE

**[lse.ac.uk/accounting](http://lse.ac.uk/accounting)**  
**Telephone:** + 44 (0)20 7852 3780  
**Email:** [accounting@lse.ac.uk](mailto:accounting@lse.ac.uk)

Edited and prepared by Sandra Ma and  
Wim A Van der Stede

Design: LSE Design Unit ([lse.ac.uk/designunit](http://lse.ac.uk/designunit))

Copyright in editorial matter and this collection as a whole:  
London School of Economics © 2018

All rights reserved. No part of this publication may be reproduced,  
stored in a retrieval system or transmitted in any form or by any  
means without the prior permission in writing to the publisher,  
nor be issued to the public or circulated in any form of binding or  
cover other than that in which it is published.

The information in this magazine can be made available in  
alternative formats. Please contact the Department of Accounting  
[lse.ac.uk/accounting](http://lse.ac.uk/accounting)

This is the sixth column of “Accounting Matters” that I am writing for our annual Magazine of the Department of Accounting at LSE. Each of the last three times, I have been thinking that it would be my last one. No matter. But then, who wouldn’t want to be the Head of this Department of Accounting?

It is part of a world-renowned institution of the social sciences; it attracts among the smartest students from around the world; it has an enthusiastic professional services staff; and equally, a strong faculty. And on all of these dimensions—our research, our students, our staff, and our faculty—we are among the most diverse you can imagine.

This “wealth” is once again obvious from the contents of this magazine. It features our research in diverse areas and a variety of topics ranging from a historical analysis of the centrality of accounting to financial capitalism (p.10); evidence on the effect of the quality of accounting information on capital allocation decisions (p.12); research on the extent to which accounting-based measures of asset volatility are incorporated when estimating default risk (p.16); an analysis of the behavioural bases that help explain investors’ attention to rounding in earnings forecasts (p.18); as well as an essay on a number of critical issues that reliance on algorithms poses for regulation (p.20).

This “wealth” also extends into the Department’s teaching, although it is often said that, I quote, “in terms of student satisfaction, London’s top universities underperform,” but equally that “for most London university students, the positives outweigh the negatives and most would recommend their institution” (*The Economist*, London has excellent universities—but unhappy students, 5 July 2018). This suggests that our alums, with hindsight of time and experience, should be appreciative of their education that they enjoyed at LSE. Indeed, Lilia Stoyanova’s testimonial, an MSc Accounting & Finance alumna, clearly suggests this to be the case (p.30). But, encouragingly, the testimonials from our current students, both undergraduate (Erik Dome, BSc Accounting & Finance, p.24) and postgraduate (Krishna Krishnan, MSc Accounting & Finance, p. 2), as well as reflections from the MSc Accounting,

Organisations & Institutions student society (p.28), indicate a high degree of student excitement and satisfaction and a very positive student experience. I sincerely believe this is not just sample bias, although of course they have now safely passed their exams and are on their way to promising futures.

But there is no denying that studying at LSE is no walk in the park. This is true academically as well as socially and, for many, culturally as well; given how our students hail from all corners of the world and tend to be very young still, even our postgraduates. To quote the same article as above, “the high proportion of foreign students may contribute to the problem. At LSE, half of undergraduates and nearly three-quarters of the whole student body are from overseas. Being a foreign student can be tough.”

That’s why the Department, and the School, are investing heavily in the student experience and student support. In the Department, we have just welcomed two Education Career Track faculty to lead our BSc and MSc programmes, respectively—Pik Liew (p.5) and Ken Lee. In addition, the incoming cohort of undergraduates will embark on a revised program with a dedicated cohort just for them in their first-year course; a recalibrated intermediate accounting course in the second year; and more course choices of various accounting subjects in their final year. Furthermore, both our BSc and MSc Programme Directors, as well as all faculty and staff, are hard at work to significantly enhance the social and community aspects of our degrees; the strengthening of our students’ soft skills; and the levels of student support we provide, and co-create with them, as well as academic mentoring. We reckon that this will not only maintain our already strong outcomes such as employability and social mobility—where LSE has been leading the sector, and which our students have always enjoyed—but also their time at university while with us.

And so it promises to be another busy year. And even though this has been my umpteenth column, it doesn’t feel repetitive, which I guess means we keep changing. I invite you to be part of it, be it as a consumer or producer, or as most, both – as conduces, that is, by “having a hand in it,” thanks,

**Wim A Van der Stede**  
Head of Department of Accounting