

EDITORIAL

Welcome to this edition of the Journal of Law and Financial Management (JLFM). Now in its 12th year, JLFM continues to provide a forum for the publication of research and analysis focused on the nexus of the general disciplinary areas of law (primarily business and commercial law) and financial management, encompassing all aspects of accounting and financial reporting, finance and financial economics.

In our first article, Lisa Barnes examines the nature of the current climate of corporate governance in an Australian context. The research reveals that corporate governance can be linked to compliance with the Corporations Act 2001, in particular the directors' duties. It examines Australian case law that has involved the issue of director's duties, most of which demonstrate the continuing need for clarification of the legislation. Though recommendations are made, the research acknowledges they may only add more to the increasing burden already bestowed upon company directors.

Next, Yundong Huang, L Smith and David Durr propose a simple weighted mean model that can be used for internal risk assessment in the context of publicly-traded companies engaged in multinational operations. The study criticises existing complex methods of internal risk analysis based on historical data and the probability theory. As a consequence, insufficient data will lead to ambiguous internal risk disclosure in company annual reports. The authors suggest the weighted mean model as a viable alternative to such empirical or intuitive methods.

Finally, Siquwen Li employs the event study methodology to examine the effect of natural disaster-induced equity market reaction. The study uses the daily equity return of 32 Australian firms within seven major industries in Queensland. The result indicates that the 2005-2011 natural disasters in Queensland have had negative effects on the Australian equity market, whereas the net effects across the industries are not consistent. The evidence reveals that a reaction in the equity market is apparent two days prior to the days of the event due to weather information disclosure, during the event and the days following the event.

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SYDNEY, MAY 2013