



TENTAMEN / EXAMINATION



12307683

Fylls i av **student** / To be completed by the **student**

Skriv anonymiseringskoden på samtliga svarsblad / Write your anonymity code on each sheet		Anonymiseringskod / Anonymity code	
		F E A D 1 1	0030 - SAU
Provbenämning / Exam name			Oanmald
Tentamen <i>International Financial Accounting</i>			
Kurskod / Course code	Modul / Module	Tentamensdatum / Examination date	
F E A D 1 1	1 0 0 2	2 0 2 2 - 1 2 - 0 1	
Jag har tagit del av regler som gäller vid tentamen / I have read the current rules for examinations		Antal inlämnade blad med anonymiseringskod / Number of sheets with anonymity code	
<input checked="" type="checkbox"/> Ja / Yes		1 7	

Fylls i av **skrivvakt** / To be completed by the **invigilator**

Kontroll av legitimation / Identification checked	<input checked="" type="checkbox"/> Ja / Yes	Härmed intygas att kontroller utförts / This is to certify that the checks have been carried out
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Inlämningstid / Time of submission	1 8 : 4 0	Tydlig sign. / Signature <i>AB</i>

Fylls i av **lärare** / To be completed by the **examiner**

Bedömning av uppgifter / Questions attempted										
1	2	3	4	5	6	7	8	9	10	~
11	12	13	14	15	16	17	18	19	20	~
21	22	23	24	25	26	27	28	29	30	~
Totalt antal poäng / Total points					Examin. lärare / Kursansvarig signatur / Signature of the examiner					
Betyg / Grade					Namnförtydligande / Clarification of the signature					

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Försättsbladet ska alltid lämnas in även om ingen uppgift behandlats /
Examination should always be submitted even if no questions are answered

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Reply Form
Part A

Per-Ola Maneschöld

International Financial Accounting
FEAD11

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Löpande sidnr Consecutive no: 2	Uppgift nr / Question no: 1	Poäng / Points awarded:	Lärarens anteckning Examiner's remarks:	IASC was an international organization that was created in 1973 and they worked for to create high-quality accounting standards. IASB was free from other organizations but I think it was in IASB, they started a collaboration with IASC. The IASC gives out standards that are called IAS. IASC made a framework to help with the use of the standards. Later on, IASC was replaced by IASB that also led to the same things as I mentioned above (the dots). IASB has also developed a framework and they gives out standards that are called IFRS. IASB has a collaboration with IASB, but their name-works are not the same. IASC and IASB are kind of the same but IASB is the newer organization that developed from IASC.
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There is also existing an IFRS-
 foundation that work with
 the accounting standard setting.
 (helps with the IFRS-standards)
 IFRS are also working with the accounting
 standard setting and are connected
 to the Anglo-American model, the
 countries that use this model use
 the IFRS framework
 IFRS and their standards IFRS are mostly
 used in continental-model countries

As mentioned, these organisations
 work for comparability between
 the financial statements between
 different companies nationally
 but also internationally. ^{done}with mentioning that
 they have a great work for the harmonization
 of accounting standards. For example
 in 2007, EU decided that can listed
 companies was supposed to use
 the IFRS standards.

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Löpande sidnr
 Consecutive no.: 3

Uppgift nr /
 Question no.: 1

Poäng / Points
 awarded: 6

Lärarens
 anteckning
 Examiner's remarks:

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<p>Löpande sidnr Consecutive no:</p> <p>4</p>	<p>Uppgift nr / Question no:</p> <p>2</p>	<p>Poäng / Points awarded:</p>	<p>Lärorens anteckning</p>	<p>Examiners remarks:</p>	<p>Ange anonymitetskod / Write your anonymity code (Vid icke anonym tentamen ange kurskod + namn + personnummer) (For non-anonymous exams write the course code + name + civic registration number)</p> <p>FEAD11-0030-5AV</p>	<p>The arguments for a unregulated market can be that firms have incentives to give out information to different stakeholders because if they don't do it, it will look bad and the managers and the firms will just lose if they don't do it. (Agency theory)</p> <p>Also, an argument for the unregulated case is that it will minimize monitoring costs. Protective contract is another argument, that the users buy the information (Free-market approach) in the unregulated case, there is an economic perspective. There is a risk with too much information, that it will be information overload and that it only will take time and money from the preparers of accounting information that no one uses in the end. But the conclusion is not whether or not to have a regulation rather in which amount. Caution here is that it will be underproduction.</p> <p>The arguments for the regulated case is that market failures is a result of that too little or wrong information is given out. It can also be a result of something I don't remember the name of but it means</p>
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Löpande sidnr 5 Consecutive no.:	Ange anonymitetskod / Write your anonymity code (Vid icke anonym tentamen ange kurskod + namn + personnummer) (For non-anonymous exams write the course code + name + civic registration number) FEAD11-0030-5AU	Uppgift nr / Question no.: 2	that users that don't pay for it gets access to it anyway. Also because of externalities, for example if a painting firm gives a farmer expenses because his crops get polluted and the painting firm don't pay for that... negative externalities.	Poäng / Points awarded: 8	Positive externalities is that the cost only lays on the preparers. Negative and positive externalities are the opposite. These externalities can lead to over- or underproduction of information.	Lärarens anteckning Examiner's remarks:	Caution here is that it can be too strict and costly. The regulated case want regulation to get all the relevant information to the different user groups fairly and the unregulated think of the economic and that only relevant information is needed.
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Löpande sidnr Consecutive no.: 6	Uppgift nr / Question no.: 3	Poäng / Points awarded:	Lärarens anteckning Examiner's remarks:	<p> Ange anonymitetskod / Write your anonymity code (Vid icke anonym tentamen ange kurskod + namn + personnummer) (For non-anonymous exams write the course code + name + civic registration number) </p> <p> FEAD01-0030-SAU </p> <p> The creditors has a contract with the company and they have a close connection to the managers. They don't have the same needs for accounting information as the owners do. The main source is considered as more important as information source than the financial information the equity holders are interested in the equity of the company and now much it is worth today. They put focus on earnings quality because it indicates how the company's earnings ^(future earnings) behave in the future, how it will work out for the company. The creditors wants to know if the firm are able to pay back its debt. Liquidity section is interesting for them. Creditors has in a way more power than the equity holders because they can decline companies to get a loan from them if they don't get the information they want. The accounting standards that are given out by IASB (and FASB) has a focus on the capital market, the promote a fair and </p>
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(Points also get information through non applications)



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the view of the accounting information which is often connected to the

Anglo-american model

Because of this focus it can lead to

practical longing with is when there is a pressure on standard setters

beyond technical merit of compliance cost. Creditors argument can be that

they want historic cost accounting. Historic-cost is more reliable and stable

(self-interest)

It also shows in the standards because

they promote transparency and fairness. The financial information

has a goal to contribute to users decision-making, therefore

the standards are made to work for that. which also is connected

the fundamental and emerging characteristics

of high-quality accounting: Relevant (material, predictive and confirmatory value)

Fairful representation (neutral, free from error, complete)

Show the underlying economics. Financing: comparability, timeliness, verifiability, understand-

ability. the information need to be relevant and faithfully represented to be useful.

This is in favour of the equity holders.

Löpande sidnr

7

Consecutive no.

Uppgift nr / Question no.

3

Poäng / Points awarded:

18

Lärarens anteckning

Examiner's remarks:

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aps

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International Financial Accounting**

**Reply Form
Part B
Lazarus Fotoh**

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Löpande sidnr 9 Consecutive no.: 9	Uppgift nr / 4 Question no.: 4	Poäng / Points 7.5 awarded:	Lärarens anteckning Examiner's remarks: 1	<p> Ange anonymtetskod / Write your anonymity code (Vid icke anonym tentamen ange kurskod + namn + personnummer) (For non-anonymous exams write the course code + name + civic registration number) FEAD11-0030-5AU </p> <p> Isomorphism is included in the institutional theory - institutional changes can come through tomorphic process. Isomorphism is: institutional changes by becoming equal to something/someone else. Similar </p> <p> These changes can come from coercive, mimetic or normative forces. </p> <p> <u>Coercive change</u>: is a force induced by authorities, the force for these changes can come from EU-directives, sovereign-act for example. </p> <p> <u>Mimetic change</u>: a force from uncertainty to legitimize, it can be that a firm mimic other firms that produce CSR-reports and have an accepted way to express their "green" strategies. </p> <p> <u>Normative change</u>: is pressure from others ex. national authorities to change to adopt to a certain standard. It can for example be that its a pressure from standard-setters that a company should use ISO-standards. </p>
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Löpande sidnr
Consecutive no: 10

Uppgift nr /
Question no: 4

Poäng / Points
awarded: 5.5

Lärarens
anteckning
Examiner's remarks:

Decoupling is when it might
be to difficult and expensive
to do the isomorphic changes.
Then the companies for example
adopt IFS for some things but
stay with the national rules for
the rest. They might be
changing de jure but not
de facto (practical) ↓ (textual)

The changes from the isomorphic
process can be related to legitimacy.
Because there is a pressure from
the society that companies are
supposed to behave in a certain
way. And by doing these changes
the company might bring legitimacy.
It is mostly connected to the
mimetic and normative forces.
In the mimetic you change by
mimic someone else to bring
legitimacy and in the normative
there is a pressure that
things are supposed to be in a
certain way/walk in a certain way.
But the coercive change can
also be relevant because

the changes from there can go
in line with the expectations
from society.

Very good
3

If the probability of occurrence of obligation is above 85% but under 50% there will be a contingent liability recognized

(if it's under 85% chance the event will usually not be noted as a contingent liability)

2) If the probability of an occurrence of obligation is 50% or above there is a provision recognized. The provisions are recorded in the financial statements (liability section of the balance sheet)

A contingent liability can also arise when a provision is not recognized.

A contingent liability is an expense because of an obligation from past events but the obligation will only be settled if future occurrences will happen or not happen.

Provisions are inherent uncertain liabilities. There is a probability of an obligation

More explanation required

Lärarens anteckning
Examiners remarks:

Löpande sidnr
Consecutive no.: 11

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Löpande sidnr
Consecutive no:

Uppgift nr /
Question no:

6

Poäng / Points
awarded:

5

Lärarens
anteckning

Examiner's remarks:

Earnings quarters are also
if the earnings can make forecasts
about future earnings

There are no distinct measures
to if earnings are relevant and
are faithfully represented, therefore
proxies are used

2.5

2) Properties of earnings (firm-specific
determinants) focuses on how
earning relates to itself and other
related accounted items over
time.

more
explanatory
required

Examples: earnings persistence,
earnings smoothness, abnormal accruals,
earnings timeliness, target beating,
firms with higher earnings qualities.
Earnings persistence: relates to
how earnings behaves over time.
If the firms are able to move
profits from previous periods to the
future.

2.5

1) Earnings persistence: relates to
high-earnings quality if there
is earnings persistence.

Löpande sidnr Consecutive no.: 13	Uppgift nr / Question no.: 6	Poäng / Points awarded: 5	Lärarens anteckning Examiner's remarks:	Shallow explanation 1.5 External indicators, example: value revenue, investment from. Intermediate involves audit opinion, internal audit reports, analyst reports etc.
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Earnings smoothness: controls
 the fluctuations in earnings
 from year to year, there are differences in the earnings over the years.

target bearing sets up a target earnings that nearly or meet a target or seen as an indicator of low-quality.

External indicators, example: value revenue, investment from. Intermediate involves audit opinion, internal audit reports, analyst reports etc.

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International Financial Accounting

Reply Form
Part C
Johan Lorentzon

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Pretty long ago there was something called treaty of Rome that started to promote free movements of people, goods, money etc. And there has been more of these changes nowadays. People move to different countries, there are more MNC's, firms collaborate with firms in other countries, we import and export goods and services more today ^{global} investment there are a much more globalized world than it was before. Further, there has also been a change in the awareness among people. Because of the awareness but also because people work more internationally today, there is a need for more information in the financial reports. Users of the financial reports want more informative disclosures to get additional aspects to the traditionally "hard" financial reporting (like variance sheet, income statement etc.) And also differential disclosure to be able to satisfy all of these different stakeholders or users of the financial reporting in the nowadays global environment. Also connected to the awareness is that it is required more "soft"



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Löpande sidnr

15

Uppgift nr / Question no:

7

Poäng / Points awarded:

11

Lärarens anteckning
Examiner's remarks:

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Information from companies, like CSR-reports, sustainable reports which are also ^{connected} to the information and different kind of data. All of these changes menhmed have also affected the accounting rules and practices. Because of the globalized environment there has also grown a need for harmonization among both preparers and users. This, because users need to be able to understand and compare the financial reporting from different countries. And also preparers must be able to work so the users can understand and the comparability is important for them as well. Harmonization can also make the work for auditors more easy since they also work in different countries and if the financial reporting is made in the same way it's much faster and also gets cheaper. This is also shown in rules because for example in 2002, EU decided that all listed companies should adopt the IAS standards. Another change that is showing from the changes is that for some companies it is mandatory to give out sustainability reports →

Löpande sidnr
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Uppgift nr / Question no.: 7

Poäng / Points awarded:

Lärarens anteckning
Examiner's remarks:

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Löpande sidnr Consecutive no:	17
Uppgift nr / Question no:	
Poäng / Points awarded:	7
Lärarens anteckning Examiner's remarks:	

nowadays. We have also learned from scandals like the Enron collapse, that it is important that the work with financial reporting and the accounting rules and practices, such scandals have lead to changes in the rules and practices. So with the changes with a much more globalized environment, more people involved, much more awareness of social, environmental and economical issues, reasons from scandals etc. there must be changes in the financial reporting and accounting rules and practices to be able to keep up with the expanding globalized work environment so there won't lead to scandals, information asymmetry, misquated accounting professor etc.

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