



Antal blad /
Number of sheets

14 ✓

TENTAMEN / EXAMINATION

Anvisningar: Skriv din anonymitetskod på varje blad.
Endast en uppgift får lösas på varje blad.
Var vänlig skriv tydligt!

Instructions: Write your anonymous code on each sheet.
Answer only one question on each sheet.
Please write clearly!

Vänligen texta anonymitetskoden i textboxen enligt exempel nedan!
Please write the Anonymous Code clearly in the textbox like example below!

Bokstäver/Letters:

A-B-C-D-E-F-G-H-I-J-K-L-M-N-O

P-Q-R-S-T-U-V-W-X-Y-Z-Å-Ä-Ö

Siffror/Numbers:

Ø-1-2-3-4-5-6-7-8-9

Exempel:

A	B	C	1	7	Ø	-	Ø	1	7
---	---	---	---	---	---	---	---	---	---

FEAD25 Accounting & Control
Kurskod + Kurs / Course Code + Course:

Delkurs / Part course:

Anonymitetskod / Anonymous code =
Kurskod + kodnr / course code + code number

FEAD25 - 002 ✓

Tentamensdatum /
Examination date:

2017-10-30

Behandlade uppgifter / Solved problems

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
X	X	X	X	X	X	X	X							
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30

Ifylles av lärare / To be completed by the examiner

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

Poäng / Marks gained: _____

Betyg / Grade: _____

Max poäng / Total marks gained: _____

För Gk poäng / Marks gained to be passed: _____

Examin. lärare / Kursansvarig signatur / Signature of the examiner

Namnförtydligande / Clarification of the signature



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)

FEAD25-002

Löpande sidnr
Consecutive no:

Uppgift nr /
Question no:

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

Answer

Course: FEAD25 Accounting and Control

Unit 1-2

Question 1-3



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)

FEAD25-002

Löpande sidnr
Consecutive no:

2.

Uppgift nr /
Question no:

1.

Poäng / Points
awarded:

10

Lärarens
anteckning
Examiner's remarks:

• In this article (vanstraelen et al. (2012)) create a model to reduce the information gap. This model is called "the audit report model" and includes the scope of the audit, findings of the audit, discussion and analysis of the audit findings and also information on the auditors. This is done to make it easier for the users to use the information they are provided. The report model is the authors suggestion for reducing the information gap, i.e. it is in this way they address the information gap.

• The audit report model does for example in the discussion and analysis of the findings provide the users with information about the valuation which transfer the evaluation of the information to the user. This can be argued to provide the users with more information and reduce the information gap since the user is provided with not only the valuation method but also other alternatives the company could have used. Another argument for is that when the users are provided with information about the auditor, the scope of the audit they are provided with an extra dimension to their decisionmaking that enables them to do an evaluation of their own on the quality of the audit. An argument against this models ability to reduce information gap could be that more information doesn't necessarily lead to improved decision-



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)

FEAD25-002

Löpande sidnr
Consecutive no:

3.

Uppgift nr /
Question no:

1.

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

making. By providing this extra information to evaluate the information the users get, it could be even harder for the users to make informed decisions since they have more information which demand more effort from them. On the other hand if more information of this kind is what the users believe they need then the information gap is addressed since through this model that is also what they get. By looking at the last part of the sentence of the definition of information gap; "what is available to them through the entity's audited financial statements or other publicly available information." one could also find an argument against the models ability to reduce the information gap. The extra information provided through the report model does seem to have little to do with the audited financial statements and other publicly available information.



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)

FEAD25-002

Löpande sidnr
Consecutive no:

4.

Uppgift nr /
Question no:

2

Poäng / Points
awarded:

12

Lärarens
anteckning
Examiner's remarks:

• The sacred signature is a signature that confirms that all previous steps are correct. The auditor that do the final signing-off confirms that the numbers are purified and that the whole chain, from staff to senior in the engagement team have done their job. The signature is sacred because by the final signoff they put their reputation on the line. The sacred signature is also a symbol for the comfort that is created within the team and is passed on from the engagement team, to the firm and to the public. The sacred signature is an important step in the audit ritual which creates comfort on the micro-level (in engagement team) and is passed on to the firm and to the public (macro-level).

• Audit machine refers to the auditors that were observed in the article and their way of keeping on working during almost any circumstances. They worked long hours of overtime and took very few breaks. It could even be seen as a lack of commitment to take breaks. Audit machine is a term that describes the auditors commitment to their work, to put the job first and always work hard. This was part of the audit ritual and also one important step in what creates comfort. One example is when there is a roof renovation going on in the same room that the auditors in one engagement team worked. The constructors working with the roof created noise and did most likely disturb the auditors and their work a lot.



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)

FEAD25-002

Löpande sidnr
Consecutive no:

5.

but they didn't move to another room or took a short break until the constructors were done. They just kept on working, like "machines."

Uppgift nr /
Question no:

2.

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:



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)

Löpande sidnr
Consecutive no:

FEAD25-002

6.

• Informal processes are how you are interpreted in the work and the socialization on the work place. This could for example be the temporal commitment and boundaries between firm and private time. An example could be that it was more accepted for men to "walk the floor" and socialize than for women to do the same. It could also be that men were expected to a higher degree than women to participate in social activities. Formal processes are on the other hand for example the recruitment and promotion-processes. In the article Anderson-Gough et al. states that there were as many women as men that were recruited to audit jobs, this is an example of a formal process that were equal in the case. But he also stated that on higher levels there were male dominance among those positions. This is also a formal process but it is affected by the informal processes for example that men were interpreted more easily by participating in social activities and so on.

Uppgift nr /
Question no:

3.

Poäng / Points
awarded:

12

Lärarens
anteckning
Examiner's remarks:

• In order for these imbalances to be eliminated both the formal and informal processes will need to be changed in to more equal. The most striking aspect of the findings was the way formal and informal processes affected each other to support and reproduce gender imbalances. As described earlier one example were equality worked



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)

FEAD25-002

Löpande sidnr
Consecutive no:

7.

was the recruitment stage. One area where equality didn't work was the advancement to higher positions. This was because the informal processes made men seem to be more appropriate as partner material. This due to many informal processes for example that it is more acceptable for men to walk around and socialize, to "blow ones trumpet" (to brag) and they were expected to participate in social activities while women very generally speaking were expected to take care of the family after work for example. The most crucial aspect here is then to make the informal processes equal so that women will not need to help their colleagues to forget their sex in order to conform to organizational expectations. The equality work needs to reflect in the informal processes since they to a very high degree affect the formal processes.

Uppgift nr /
Question no:

3.

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:



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)

FEAD25-002

Löpande sidnr
Consecutive no:

8,

Uppgift nr /
Question no:

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

Answer

Course: FEAD25 Accounting and Control

Unit 3 – 5

Question 1-5



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)

FEAD25-002

Löpande sidnr
Consecutive no:

9.

Uppgift nr /
Question no:

1.

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

Global transparency means that top management involves the managers/employees in the organization as a whole and make them a part of the companies overall objectives. Budgets are frequently used to make global transparency. Through budgets the employees can get an understanding of how their performance will have an impact on the organization and they will also get an understanding of why their management control system is formed the way it is. Through global transparency other design principles could be enhanced for example repair trough that the managers/employees see what other members in the organisation do and then see if they could implement the same in their situation.

The main reasons why this principle is argued to lead to enablement is that it makes the employees feel that they play an important role in the organisation and they also get an understanding of their management system. An example could be when I worked at a bank, then on the first thursday every month the CEO held a meeting showing financial keys and budgets from our bank and compared our result with the other banks in the area in the same organization. This lead to a discussion of what we did well, what others did well and to a feeling of that what we do everyday affects the entire organization. The CEO also suggested things we could do in our dally work that were in line with the corporations overall goal.

7



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)

FEAD25-002

Löpande sidnr
Consecutive no:

10.

Uppgift nr /
Question no:

2.

Poäng / Points
awarded:

Lärens
anteckning
Examiner's remarks:

- Transactional strategy is characterized by low asset specificity. Regarding uncertainty there is a reliance on the market. This strategy is "all about cost" and the purpose is to get the commodity to the lowest price possible. It is generally easy for the buyer to switch supplier and for the supplier to switch buyer. These aspects naturally affects how the open book accounting is used. In this case it is used to pressure suppliers to reduce their costs. This is positive to a certain degree but it can be negative to pressure them to much. In this context open up the purpose is a low cost purpose. An example could be H&M when they look for suppliers. The asset specificity is low and if they aren't satisfied with the supplier they could just switch to another supplier.
- Regarding the other strategy, relational strategy the asset specificity is on the other hand high. The switching cost are high and the parties involved rely on trust. This makes the purpose of this strategy to be to build relationships. This is important when asset specificity is high which it could be for example when the buyer demands high quality of the product. In this case open book accounting is used in order to build trust and here the parties are interested in stability and in a long-term relationship



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)

FEAD25-002

Löpande sidnr
Consecutive no:

11.

which also of course affects how open book accounting is used. Here it is used to create trust between the involved parties in the long term.

11

Uppgift nr /
Question no:

2.

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:



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)

FEAD25-002

Löpande sidnr
Consecutive no:

12.

Uppgift nr /
Question no:

3.

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

Uncertainty creates a need for more elaborated and extensive control in these contexts since it can lead to information asymmetry i.e. to one part to have more information about the activity and other circumstances. If uncertainty is high there could be a need for tight control if the parties don't trust each other, but there could also be a need for flexibility which could be constrained by tight control. In the joint venture article Kamukanga & Van der Meer Koistra (2007) describes different control patterns. One example is content-based control pattern and in this pattern the complexity is low which could be because of a stable environment, i.e. low uncertainty, this makes tight control and standardized rules possible. In a more complex context with an unstable environment also more complex control is needed. In the content-based control pattern the asset specificity is also low. Higher asset specificity creates a higher need of tight control. In an outsourcing perspective that could be because the asset specificity could lead to possibilities for the partner to behave opportunistically. When it comes to joint ventures high asset specificity leads to a more complex control. Asset specificity is an appropriation concern and if the asset specificity is high there is a higher risk involved in the collaboration.

9



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)

FEAD25-002

Löpande sidnr
Consecutive no:

13.

Uppgift nr /
Question no:

4.

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

1) The essence of contingency theory is that in order for organizations to be effective (survive) they have to align (fit) their MACs to the environment. Contingency theory could be associated to the adage "it all depends". There is no universal theory for how to best organize a company and there is no "best way" since the "best way" is contingent of different situations and circumstances.

2) Common contingencies are the environment and national culture. The environment could for example be uncertain due to constant changes in the conditions the activities meet. One conclusion in one article is that "the more uncertain the environment the more externally focused the MACs. In the "continuous budgeting" article critique is aimed at the traditional budgeting and its usefulness in flexible environment. That is an example were the usefulness of budgets in this case is contingent on the environment. Another example is national culture. In Germany for example there is generally speaking a strong reliance on numbers and very hierarchical structures in the organizations. The "best way" to organize a corporation is contingent on these circumstances and makes the MACs be focused on what is most appropriate in an hierarchical structure with strong reliance on accounting numbers. The MACs need to align to the national culture.

15



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)

FEAD25 - 002

Löpande sidnr
Consecutive no:

14.

Uppgift nr /
Question no:

5.

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

Diagnostic use of a budget control system is that the managers look at the performance and see how they have done and where improvement is needed. They look at performance to see which areas are working and where there is a need to put in extra effort. Interactive use is when managers and subordinates changes information and discuss and learn and respond to the system. Interactive use of budget control system gets the managers involved in what the subordinates are doing. Diagnostic use is about looking at how performance have gone and do changes from that while interactive use is about information sharing between different levels of employees/managers in the organization.

(4)