



FACULTY
OF SOCIAL SCIENCES
Charles University

Thesis Evaluation Report

Author:	Matěj Mišoň
Advisor:	Jiří Novák
Title:	Deferred tax as an indicator of earnings management

Summary

The author analyses the impact of the deferred tax liabilities and deferred tax assets on earnings management in FTSE 350 firms. The empirical evidence provided in the thesis suggests that these factors do not have an incremental effect on earnings management.

Contribution

I believe the thesis makes only a very limited contribution to prior research. The study uses a fairly standard methodology and reaches similar conclusion to prior studies. The author does not discuss how his study extends what we already know from prior research.

Literature

The author reviews prior literature on earnings management and on the impact of deferred taxes. However, the thesis provides only a cursory summary of several key papers. The thesis provides only very limited synthesis of prior findings. Therefore, it is not clear to the reader what the main takeaways are. Without such a discussion it is hard to appreciate how the study actually benefits from the literature review.

Even more importantly, the author provides little explanation of how he uses prior research to formulate his own research question. In other words, I miss an explicit discussion of a connection between prior research and the thesis.

Methodology

The author uses a fairly traditional empirical model of earnings management that can be currently viewed as a base model used for this purpose. The author does not benefit from recent innovations in these field. I would appreciate a more extensive discussion motivating why the model is chosen.

Furthermore, I would expect the author to discuss its limitations and their potential impact on the computed results in the setting the author analyzes.

Form

I believe that the thesis barely meets the requirements for a Bachelor's Thesis. The thesis is very short and it only includes the very essential bits. It offers only limited guidance for the reader as for the key messages of the individual parts. The individual sections are not well interconnected. I find the formatting rather negligent.

Conclusion

The results of the Urkund analysis do not indicate significant text similarity with other sources.

I believe that the Thesis fulfills the requirements stipulated by the Faculty of Social Sciences, Charles University. I recommend the Thesis for defense. I suggest a grade E.

Questions

I recommend the examination committee to ask the author about the following:

1. How does the study contribute to prior literature? What can we learn from the empirical findings presented in this thesis?
2. What are the *a priori* predictions or the hypotheses that are empirically tested in this thesis? What are the conceptual arguments why we should expect deferred tax assets and liabilities to matter for earnings management? Should we expect a different effect of the deferred tax liabilities and deferred tax assets?
3. Compare and contrast various empirical models to detect earnings management? Motivate the choice of the empirical model used in this study.

Awarded Points and Grade

Contribution (max 30)	14
Methods (max 30)	16
Literature (max 20)	12
Form (max 20)	10
Total (max 100)	52
Grade (A – B – C – D – E – F)	E

Referee's Signature

1 September, 2021

Evaluation Date

Jiří Novák

Referee's Name

Grading Scale

LITERATURE REVIEW: The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.

Strong	Average	Weak
20	10	0

METHODS: The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.

Strong	Average	Weak
30	15	0

CONTRIBUTION: The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.

Strong	Average	Weak
30	15	0

MANUSCRIPT FORM: The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.

Strong	Average	Weak
20	10	0

OVERALL GRADING:

Total Points	Grade
91 – 100	A
81 – 90	B
71 – 80	C
61 – 70	D
51 – 60	E
0 – 50	F