

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Mišuráková, Mária
Advisor:	Monika Hollmanová
Title of the thesis:	Measurement of Mutual Harmonisation of National Accounting Standards

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

The author analyzes whether the adoption of IFRS lead to increased harmonization of actual accounting practices in selected countries in Europe. Using the T-Index that captures the similarity in using accounting methods in firms from different countries she documents some degree of harmonization while still significant remaining differences between some countries.

I believe the author analyzes a very interesting and indeed highly policy relevant research question on whether the introduction of the International Financial Reporting Standards (IFRS) has harmonized the actual accounting practice. Provided that accounting harmonization is one of the explicitly stated goals underlying IFRS, the research question essentially measures the success of this policy goal.

I think the discussion of the topic suggests that the author acquired a good understanding of the problem and she is able to provide a structured analysis of its dimensions.

Much research has been done regarding this topic. It would be good if the author made some reference to this research already in the introduction and created some tension between the different perspectives or streams of literature.

Given the extensive research that already exist on the question it is challenging to motivate the author's original contribution. The committee may encourage the author to explain where she sees the contribution at the oral defense.

The discussion of the methodology is somewhat technical and sometimes simple concepts are presented in an (unnecessarily) complicated manner, e. g. the Euclidian distance discussion.

Some of the claims are somewhat imprecise. For example, on page 8 the author claims that for measuring material harmonization accounting standards are irrelevant. That is not true. While harmonized standards cannot assure material harmony they can still prepare grounds for it. If standards were irrelevant, the effort to have one international set of accounting rules would be futile.

The literature review could have been concluded with some kind of synthesis of the existing state-of-art knowledge that can be derived basde on the existing research.

The focus on larger companies biases the analysis in favor of finding the results because large companies are more likely to be internationally diversified and therefore it is advantageous for them to use similar accounting practices. That is quite fine but it would be good to discuss it in the text.

I am surprised that only 40 UK companies are included. The market is large and there cannot be any problem with not providing financial statements in English. It would be good if the author explained this at the oral defense.

The author hand collected a large number of annual reports from companies she analyzed. Even though it may be questioned whether some of this information cannot be obtained from international and databases such as DataStream I acknowledge the commitment the author made to collect the data.

The hypotheses are formulated in a fairly naive manner and they are not properly motivated by some conceptual argument or reference to prior research. It is not a significant problem but it is a pity the author did not pay more attention to this part.

Many of the results could be further discussed. For example the use of revaluation model for fixed assets is highly driven by the nature of the business. Besides financial institutions (that are rightly excluded from this study) the method is often used by real estate and similar firms (see "Does Fair Value Accounting for Non-Financial Assets Pass the Market Test?," Review of Accounting Studies vol. 18(3), pages 734-775, September 2013. Co-authored by Hans Christensen and Valeri V. Nikolaev). Hence this result is not likely to be driven by country differences but by sample composition differences in different countries. This can be further discussed at the oral defense.

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The English language is only moderately good.

Overall, I consider this the thesis rather good, especially because the author is able to clearly specify an interesting and relevant research question, she obtained good understanding of the existing knowledge of the area, and she performs a rigorous analysis based on hand collected dataset, which contributes to the value of the work. Therefore I recommend the highest grade 1 (Výborně).

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	28
<i>Contribution</i> (max. 30 points)	26
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	90
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Jiří Novák

DATE OF EVALUATION: May 22, 2015



Referee Signature

EXPLANATION OF CATEGORIES AND 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		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě