

YLIOPISTOTENTTI - UNIVERSITY EXAM

Opiskelijan nimi / Student name:	Opiskelijanumero / Student number:
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Opettaja täyttää / Lecturer fills in:

Opintojakson koodi and nimi / The code and the name of the course:	
Koodi / Code 721191S	
Tentin nimi / Exam name	Financial Accounting Theory
Tiedekunta / Faculty: OyKKK	
Tentin pvm / Date of exam: 6.2.2018	Tentin kesto tunteina / Exam in hours: 3 h
Tentaattori(t) / Examiner(s): Markku Vieru	Opintopistemäärä / Credit units: 3
	Sisäinen postios. / Internal address: OyKKK
Sallitut apuvälineet / The devices allowed in the exam:	
<input checked="" type="checkbox"/> Funktiolaskin / Scientific calculator	<input type="checkbox"/> Ohjelmoitava laskin / Programmable calculator
<input type="checkbox"/> Muu materiaali, tarkennettu alla / Other material, specified below:	
Tenttiin vastaaminen / Please answer the questions:	
<input checked="" type="checkbox"/> Suomeksi / in Finnish	<input checked="" type="checkbox"/> Englanniksi / in English
Suomenkielisessä tutkinto-ohjelmassa olevalla opiskelijalla on oikeus käyttää arvioitavassa opintosuorituksessa suomen kieltä, vaikka opintojakson opetuskieli olisi englanti. Tämä ei koske vieraan kielen opintoja. (Kts. <u>Koulutuksen johtosääntö 18 §</u>)	
In a Finnish degree programme a student has a right to use Finnish language for their study attainment, even though the language of instruction is English, (excluding language studies) even when the language of instruction is other than Finnish. (See <u>the Education Regulations 18 §</u>)	
Kysymyspaperi on palautettava / Paper with exam questions must be returned:	
<input type="checkbox"/> Kyllä / Yes	<input checked="" type="checkbox"/> Ei / No

Answer to all four questions using full sentences. Good luck.

Vastaa kaikkiin neljään kysymykseen käyttämällä kokonaisia virkkeitä. Menestystä.

Question 1: Decision usefulness approach to financial accounting and reporting has two perspectives (Scott, lectures).

- a) Please describe the perspectives and compare these to each other.
- b) Why these perspectives are needed?
- c) Which one of these perspectives accountants favour nowadays and why?

Question 2: Collins and Kothari (1989) study the relationship between stock returns and unexpected change in accounting earnings (i.e. earnings response coefficient, ERC).

- a) Describe their hypotheses, research design and empirical findings.
- b) In their study, they take into account the difference in lead-lag structure between small and large firms. Why?

Question 3: How does Atiase and Bamber's (1994) study help us to understand the reasons for trading volume reactions to accounting earnings announcements? Please describe their research design. Provide also the limitations of the study.

Question 4: Please discuss

- a) what does it mean when accounting standard change have economic consequences. To clarify please give an example from the textbook or from the literature.
- b) do accounting standard change create economic consequences in efficient market? Why/why not?