



University of Economics, Prague

Faculty of Finance and Accounting
Study programme "Finance and Accounting"

Master Thesis Evaluation

Reviewer form

Student name: *Ming Xu*

Title of the thesis: *IFRS adoption and its influence on capital market in transition countries: The case of China*

Year of the defence: *2018*

Supervisor name *David Procházka*
and affiliation: *Department of Financial Accounting and Auditing*

Reviewer name *Marcela Žárová* *Department of Financial Accounting and*
and affiliation: *Auditing*

THESIS CONTENT SUMMARY:

The objective of submitted thesis is to investigate the adoption of IFRSs and its influence on capital market in China.

Besides literature review and conclusion, the thesis has another three chapters. The first chapter introduces IFRSs and its function including description of the role and function of IASB and discussion on reasons caused accounting difference with stress on economic, politic and legal characteristics. The importance of accounting harmonization of IFRSs and consequences of accounting harmonization is described later in this chapter. The second theoretical chapter explores the approaches of applying IFRSs with specifics for transition country and its impacts on capital markets. Here comparison of IFRSs and China's Accounting Standards for Business Enterprises (ASBEs) is prepared. Further in this chapter, comments on China's Ministry of Finance decision towards International convergence of ASBE's is presented. Closing part of this chapter concerns China's capital market.

The practical part on development of research methodology and hypothesis consists of methodology, hypothesis and sample selection. There is assessed the relationship between IFRSs adoption and capital market indicator such as return on net asset and comparability index.

OBJECTIONS AND REMARKS:

The most appreciable part of diploma thesis is the practical one. Practical part is useful for all users who would like either to continue in the research topic or for practitioners who need to receive fundamental information on behaviour of listed companies adopting IFRS. The question is whether

the sample is big enough to make conclusion. Findings and contributions with limitation of research are correctly summarized in conclusion.

On the other hand, objective is less accurate developed, literature review is restricted to “harmonization process”, few remarks on differences between IFRS and ASBE’s and short overview of comparability index only. There is missing deeper analysis of literature or studies concerning IFRS adoption into accounting regulatory system, especially in transition or emerging countries, where this process has more intensive impact.

There are some weakness in formal aspects.

Notes:

1. Referring to Nobes and Parker, there is not used the latest edition of Comparative International Accounting.
2. Page 12 there is missing reference to Nobes
3. Page 38 “Fair value measurement is widely used under IFRSs in order to fully reflect the relevant accounting information” Is this your argument? If not, any reference is missing.

QUESTIONS FOR THE DEFENCE:

1. Explain meanings of real economy and virtual economy in China that you mentioned in your thesis.
2. What kind of specifics exists in approaches of applying IFRSs in transition countries?
3. Explain the statement written in page 53 that increasing number of China’s listed companies ...”reflect the accounting harmonization’s importance that it will help reduce the cost of investors and increase the transparency of the accounting information of listed companies.”

ASSESSMENT:

Criterion	Excellent	Very good	Good	Insufficient
Aim formulation and fulfilment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Work with literature	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Methods and data used	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Results and their discussion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Formal aspects	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Proposed overall grading: 3 - Good

Prague, June 9th, 2018

Marcela Žárová

Signature