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Title	Valuation of investment property in financial disclosure practices. A comparative study on cultural, theoretical and regulative differences between Finnish disclosure practice and the IAS/IFRS-standards.		
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Abstract

The aim of this thesis is to examine the differences between Finnish disclosure practice and the practice based on the IAS/IFRS-standards. In order to specify the scope of the study, an explicit subject of interest – the valuation of assets – is chosen to reflect the regulative differences between the disclosure practices. The subject is further restricted to deal only with the accounting aspects of investment property. The valuation of investment property is one of the areas in financial reporting where there are underlying differences between the Finnish disclosure practice and the practice based on IAS/IFRS-standards. The methodological approach of the thesis is conceptual. Majala's (1987) conceptual framework for comparative studies of accounting practices provides the basis for the comparison. According to his research, the factors that affect disclosure practices in different countries may be identified at cultural, theoretical and regulative levels.

The findings of this thesis support the assumption that the disclosure practices in question have fundamental differences at the cultural, theoretical and regulative levels. These differences arise from the diverse information preferences of the users of the financial information. The IAS/IFRS-standards emphasize investors as a primary interest group. At the cultural level, the preference for individual accounting professionalism, the open disclosure practice and the market-based valuation of assets are the general accounting features of IAS/IFRS-standards. Finnish disclosure practice, on the other hand, is creditor-oriented and the influence of tax legislation is strong. In Finnish system the legislation is based on a code law approach and limited information for restricted interest groups is preferred. In addition to disparities at the cultural level, some of the regulatory differences between the disclosure practices originate at the theoretical level. Due to the influence of Saario's expenditure-revenue theory, Finnish disclosure practice has been classified as theory-oriented practice as opposed to the standard-oriented IAS/IFRS practice. Although the reform in Finnish accounting legislation in 1997 supplanted Saario's theory, the legacy of the expenditure-revenue theory continues to characterize Finnish disclosure practice. At the regulative level, the comparison focuses on the valuation of investment property. Finnish accounting legislation does not recognize the definition or the specific accounting treatment of investment property. In IAS/IFRS practice, on the other hand, the accounting treatment of investment property and related disclosure requirements are described in IAS 40, which recognizes two separate points of valuation: initial valuation and valuation subsequent to initial measurement. This differs from the Finnish practice, which focuses on the costs of assets and allows for the revaluation of assets after initial valuation only in rare cases.

Key words	IAS/IFRS-standards, valuation, assets, investment property
Further information	