

**The Research Centre of the Faculty of Economics**  
cordially invites you to a research seminar  
on **Wednesday, 13<sup>th</sup> April 2016 at 1 p.m. in P-216 at the Faculty of**  
**Economics, University of Ljubljana**

**Author: Aljoša Valentinčič, PhD, Associate Professor, Faculty of Economics,**  
**University of Ljubljana**

**Coauthors: Aleš Novak (University of Maribor, Faculty of Organizational**  
**Sciences) and Urška Kosi (Vienna University of Economics and Business)**

will present the article:

**"Accounting Quality in Private Firms during the**  
**Transition towards International Standards"**

“We study the accounting quality (AQ) of financial reporting in Slovenia since its transition to market economy. There have been three distinct editions of Slovenian Accounting Standards (SAS) since 1994. The early SAS can be characterised by “prudence”, the latter two by “true and fair view”. We find that AQ in private firms has increased over time. First, aggregate earnings management (EM) figures indicate that the use of accounting discretion is decreasing and there is less earnings smoothing over time. Second, the main features of AQ have been consistent throughout the historical development and comparable to features observed for private firms elsewhere. Asymmetric timeliness of earnings, the ability of earnings to predict future cash flows, ability of accruals to mitigate mismatching, and revenue/expense matching are all present throughout. We also document typical departures from properties of high AQ – for example, accruals do not (always) facilitate timely recognition of losses. However, these can be attributed to the overwhelming influence of reporting incentives (e.g. taxation, debt, size) rather than to (lower) quality of accounting standards and/or effects of the financial crisis. Overall, we show that throughout the three editions of SAS earning quality has increased.”

You can register for the free seminar by phone (01) 58-92-490, or via e-mail:  
[research.seminars@ef.uni-lj.si](mailto:research.seminars@ef.uni-lj.si) by Tuesday, 12<sup>th</sup> April 2016.

**We look forward to seeing you!**