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Book of Abstracts



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THE TYPE OF AUDITOR AS A DETERMINING FACTOR IN DISCLOSING INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: Based on the premise that audit quality is related to the quality of financial reporting quality, this study's objective is to verify whether auditing is a determining factor in disclosing information on derivative financial instruments. It analyses the association between the type of external auditor and the extent of disclosure on operations with derivative financial instruments.

Study design/methodology/approach: The content analysis was carried out through a disclosure index, considering the requirements of the regulations of the International Accounting Standards Board (IASB), the Reports and Accounts of companies listed on Euronext Lisbon, since 31st December 2016. Subsequently, through a multiple linear regression model, the influence of specific characteristics associated with the external auditor was analyzed, such as the auditor's gender, professional experience, and auditor fees, as well as the type of audit firm (Big4 or not Big4), at the level of the disclosure presented. We also considered the entity size and indebtedness level control.

Findings: The results revealed that the level of disclosure is influenced by the size of the audited company and the gender of the auditor, being higher in larger companies and companies audited by male auditors.

Originality/value: This research has an innovative character because, although there are studies about the determinants of derivative instrument disclosures, no study analyses in isolation the influence of the auditor's level exposure.

Keywords: Content Analysis, Auditor, Listed Companies, Euronext Lisbon, Disclosing Index.

DETERMINANT FACTORS OF DISCLOSURE ON EMISSION LICENSES AND RELATED DERIVATIVE INSTRUMENTS: EMPIRICAL EVIDENCE IN PORTUGUESE COMPANIES OF PNALE I AND II

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: This study aims to analyze the degree of disclosure on gas emission licenses and related derivative instruments, analyzing the degree of compliance with the underlying accounting regulations (NCRF 26- appendix and IFRS 7, respectively) and possible changes in the behavior of companies' reporting practices in the periods 2008-2012 and 2013-2020.

Study design/methodology/approach: Based on a sample of Portuguese companies that are part of the National Emission Licensing Plan I and II, the methodology used was the content analysis of the Reports and Accounts over 12 years, based on the creation of the disclosure indexes. Multiple linear regression models consider the disclosure indexes as a dependent variable. Variables related to social pressure (Size), shareholder pressure (capital concentration), market pressure (profitability and CDP), and institutional pressure (EU ETS period) are independent variables.

Findings: The results of the disclosure index on gas emission licenses (IDL) are close to 0.64. The derivative disclosure index is higher (average IDGD is 0.81), although it is still deficient when referring explicitly to derivative instruments for risk hedging related to emission licenses. Regarding the explanatory factors studied, we did not obtain validation of the hypotheses that describe the degree of disclosure on emission licenses and derivatives on licenses with shareholder and institutional pressure. As for the other factors explaining the degree of exposure on results on licenses, there is no influence of any other factor except profitability. Regarding the degree of disclosure on emission licenses, the effect of social pressure (Size) and market pressure (CDP) is evident.

Originality/value: As far as we know, previous studies related to the disclosure of derivative instruments for gas emission licenses are non-existent, so our study represents a contribution to the advancement of the literature in this area.

Keywords: Gas emission licenses, derivative instruments, carbon market, disclosure indexes, determinant factors

BALANCED SCORECARD AND INTERNAL AUDIT: AN ANALYSIS OF COMPLEMENTARITY

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: The main objective of this research is to verify the existence of complementarity between the Balanced Scorecard (BSC) and the Internal Audit. The secondary aim is to prove the importance of the BSC in Internal Audit and to verify the existence of a relationship between the BSC and the Internal Control.

Study design/methodology/approach: The highlighted theme has gaps regarding the interconnection between BSC and Internal Audit, the nature of the study being developed only theoretical, using only systematic analysis. In the execution phase, the starting point was to identify the existing bibliography on the theme under the following words to identify and categorize the information found. To make this possible, we define the following keywords: "Balanced Scorecard and Internal".

Findings: This research allowed us to conclude that the BSC, the Internal Audit, and the Internal Control System assist the organization in the decision-making process, with relevance being attributed to the applicability of the BSC in the Internal Audit work and the Internal Control System. The BSC provides valuable information to make the best decision translating the company's strategy into objectives, considering the different perspectives (financial, clients, internal process, and learning and growth). The Internal Audit enables the definition of more proactive strategies, helping to identify the organization's weaknesses, correcting deficiencies, and solving problems, contributing to mitigating the risks inherent in the decision-making process. The Internal Control System makes the viable information provided to the executive board for better identification, collection, and timely communication of relevant information to making a decision. This information is ensured by the Internal Control component called information and communication.

Originality/value: The lack of studies on BSC and Internal Audit together, despite the wide range of studies carried out individually, contributes to the attribution of the relevance of this research to the academic community.

Keywords: Balanced Scorecard, Internal Audit, Internal Control System.

THE ROLE OF CERTIFIED ACCOUNTANTS IN PROMOTING TAX AWARENESS IN PORTUGAL

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MESTRADO EM FISCALIDADE

ABSTRACT

Purpose: Over the past few years, studies in tax education have been increasing about the role of Certified Accountants in the tax education process in Portugal. Our study aims to analyze the perception of Certified Accountants about their role in promoting awareness and responsible tax commitment in Portugal.

Study design/methodology/approach: Quantitative methodology, by applying a questionnaire survey to a random sample of 470 among the 68,642 Certified Accountants in office in Portugal in 2019.

Findings: Certified Accountants are aware that their role is essential in the field of tax education. They understand the importance of taxes for everyday life and that their voluntary payment is a crucial tool for the proper functioning of society. They consider extremely important to work with their clients/employers through various awareness measures that will increase citizens' tax awareness.

Originality/value: This study reveals an innovative character in Portugal by the objectives it presents and by the population surveyed. There are no other studies in our country that wish to examine the perception of Certified Accountants about the importance of their role in tax education and tax awareness. This paper is a starting point for future research, in particular in applying the methodology to a more significant sample; the study of the role of the family in the process of tax education and its reflection in the promotion of tax awareness in Portugal.

Keywords: Tax education; Tax awareness; Certified Accountant; Portugal.

THE IMPORTANCE OF ACCOUNTING AND TAX SIMPLIFICATION IN COMPETITIVENESS IN PORTUGAL

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MESTRADO EM FSICALIDADE

ABSTRACT

Purpose: Based on the size of the Portuguese companies, the Accounting Standard System includes different reporting levels to reduce the overall weight of regulation, reduce the bureaucratic and administrative burden, and to apply procedures for simplifying financial reporting to increase the competitiveness of smaller companies. The Tax System in Portugal also includes measures that could positively affect the competitiveness of Small and Medium-sized Enterprises (SMEs).

Study design/methodology/approach: A quantitative methodology by the use of a questionnaire to professionals and students in the areas of Accounting, Taxation, Auditing, and Management to assess their perception of the importance of accounting simplification and tax reduction in promoting the competitiveness of SMEs.

Findings: In recent years, there has been particular attention from the State in defining tax measures specifically designed and implemented for SMEs, in the creation of simplified income taxation schemes, rate reductions, tax benefits to investment, capitalization and employment, special consumption tax regimes. Accounting information is essential in assisting managers and entrepreneurs in the management of organizations. Respondents consider that it is imperative to have more simplified, accessible, and easier-to-apply accounting rules for smaller companies to promote the competitiveness of these organizations.

Originality/value: There are no studies in Portugal that analyze the tax measures that have been adopted specifically for SMEs and how these measures can contribute to the greater competitiveness of this group of companies. Accounting simplification applied to SMEs is also not the subject of scientific studies due to obtaining data.

Keywords: SMEs; competitiveness; Accounting simplification; Tax policy.

PARTICIPATORY BUDGETING IN PORTUGUESE MUNICIPALITIES: CHARACTERIZATION AND DETERMINANTS OF ITS ADOPTION

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MESTRADO EM GESTÃO AUTÁRQUICA

ABSTRACT

Purpose: In the 21st century, policy problems faced by governments are increasingly complex and global. We assist in the arising of new paradigms of reform, like the New Public Governance, with theoretical foundations in democratic theory arguing that the focus of public management should be citizens. Consistent with the emerging of participatory budgeting, which has been seen as a democratic innovation, emphasizing the role of public participation in budgeting, aiming to improve the quality of public governance, making it more transparent, accountable, and responsive.

Thus, this paper contributes to the literature on participatory budgeting by addressing what drives the adoption of the participatory budget in Portuguese municipalities.

Study design/methodology/approach: The research methodology applied in this study was quantitative. The Generalized Estimating Equation (GEE) approach, based on the binary probit model, was performed on all 308 Portuguese municipalities in 2008-2018.

Findings: Results revealed that the participatory budget had become a phenomenon transversal to all political ideologies whose use has been increasing, especially since 2014; paradoxically, the amount allocated to it remains very low.

Originality/values: Results also showed that only financial autonomy impacts the adoption of participatory budgeting in Portugueses municipalities..

Keywords: Democratic Innovation, Municipalities, Participation, Participatory Budgeting, Portugal.

THE ROLE OF INTEGRATED MARKETING COMMUNICATIONS IN BRAND EQUITY. A STUDY APPLIED TO ALTICE FORUM BRAGA

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MESTRADO EM GESTÃO DAS ORGANIZAÇÕES

ABSTRACT

Purpose: The technological revolution has impacted the marketing environment, providing new resources and tools for companies. Managing the various traditional and digital communication channels, consistently and relevant to the target audience's needs, requires the development of integrated marketing communication strategies. However, measuring the impact of this integration on consumers' perceptions and attitudes towards the brand, enhancing brand equity, is a complex challenge.

Study design/methodology/approach: Considering the context of an event organization brand, Altice Forum Braga (AFB), an interview was conducted with the General Director to understand the brand's positioning and the integrated marketing communication strategy. Then, a questionnaire was applied to consumers who had already been to events at Altice Forum Braga to draw and segment their profile.

Findings: Firstly, the interview ascertained that AFB develops a communication strategy according to the target audience, type of events, and budget, focusing on digital channels. Then, the questionnaire data allowed to test a conceptual model and verify that the impact of communications processing on the perceived quality is mediated by brand awareness, image, and personality (dimensions of brand equity). These relationships shape a path to achieving consumer loyalty. In addition to this, it was found that traditional media continues to be important in this segment, but there was a greater preference for digital media, namely social media.

Originality/value: This study demonstrates that there must be a synergistic and integrated bet between traditional and digital channels, with greater influence from social media and digital marketing, to maximize the impact of communications.

Keywords: integrated marketing communication, traditional media, digital media, brand equity, events

ANALYSIS OF CONSUMER PREFERENCES IN THE WINE SECTOR AND THE IMPACT ON THE PURCHASE DECISION PROCESS

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MESTRADO EM MARKETING

ABSTRACT

Purpose: In recent years, the competitiveness in the wine industry has increased considerably in Portugal. Brand name, product name, packaging, bottle design, and price are just some of the essential elements of the wine industry. As a result, the main goal of this study is:

1. To analyze the preferences of consumers in the wine industry.
2. To estimate the importance of specific attributes of a wine bottle.
3. To evaluate the importance of particular attributes' levels of a wine bottle.
4. To analyze the implications of brand positioning on the packaging.

Study/design/methodology/approach: The authors applied a Conjoint Analysis with Full Profile (FP) to achieve the conditions most similar to a selling environment (other investigations used the same logic, Dominique-Ferreira et al., 2016).

Findings: Results are expected in February-March 2022.

Originality/value: This would be the first study conducted in Portugal estimating the relative importance of attributes and brand positioning.

Keywords: Wine, Packaging, Consumer preferences, Marketing, Consumer behavior

THE IMPACT OF THE TAX CREDIT ON PERSONAL INCOME BY THE REQUIREMENT OF AN INVOICE

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MESTRADO EM FISCALIDADE

ABSTRACT

Purpose: This investigation approaches the impact of the tax credit on personal income tax by the requirement of an invoice as a measure to combat tax fraud and evasion in Portugal, and, complementary as a measure to encourage voluntary compliance by economic agents in issuing invoices, to investigate if it is a successful benefit and if it justifies its presence in the Portuguese tax system.

Study design/methodology/approach: Once framed the investigation, the questionnaire about the tax benefit we applied to the Community of the Polytechnic Institute of Cávado and Ave (IPCA).

Findings: From the sample of 420 valid responses, it was possible to conclude that the generality of respondents tends to request invoices, being one of the main reasons the responsibilities of a citizen to combat tax fraud and evasion. On the other hand, it was possible to confirm that around 75% of the sample had a positive impact on the computation of its Portuguese Personal Income Tax (PIT) due to the tax benefit under investigation. In conclusion, the study showed that the tax credit in review seems to be effective and that in the long term, it will allow the request for invoices to become a custom in Portuguese families.

Originality/value: Regardless of the relevance of the tax benefit under review, as far as we have known, in Portugal, no studies on the impact of the tax credit on personal income have been conducted. Therefore, with the continual proposition of the study of tax benefits in Portugal, the present study provides new scientific knowledge, reinforces the importance of the continuous research of the tax benefits in the Portuguese tax system, and encourages their study.

Keywords: Tax benefits; tax credit; personal income tax; tax fraud; tax evasion.

THE BALANCED SCORECARD AS A STRATEGIC MANAGEMENT TOOL IN THE FOOTWEAR INDUSTRY IMPLEMENTATION PROPOSAL AT GROUP CARITÉ CALÇADOS, LDA

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: This work has as main objective to propose the implementation of the Balanced Scorecard (BSC) model in a Portuguese company in the footwear industry, defining objectives, indicators, goals, and initiatives framed in the four traditional perspectives of the BSC model. This investigation aims to answer the questions about the importance of implementing BSC in a footwear company, how it can be implemented, and what benefits its application can bring. One of the practical contributions of this study is to enable the company to monitor and reformulate its strategy so that management can think strategically about its internal organization.

Study design/methodology/approach: The investigation method used was the case study, with the information collected through semi-structured interviews and other documents provided by the organization.

Findings: The company under analysis was not familiar with this strategic management tool; however, from the beginning, it was interested and committed to realizing the benefits that the BSC method could add to its activity. Despite having already defined three of the "BSC's raw materials" (mission, values, and vision), the company had also described the objectives superficially. However, the company lacks factors that can condition its implementation, such as resistance to change, lack of time, and ignorance of the model. It is possible to systematize a strategic map and a BSC in the footwear industry.

Originality/value: Although this study is only an implementation proposal, would its application in a specific case bring more conclusions and results? Creating different perspectives such as environmental, suppliers, or other sections in production processes is potential future research and calculating the costs to implement the BSC in the footwear industry.

Keywords: Balanced Scorecard, Management Accounting, Case Study, Footwear Industry, Portugal.

THE ROLE OF THE ENFORCEMENT AGENT IN THE COERCIVE SEIZURE OF GOODS (PENHORA) – THE DETERMINATION OF THE SEIZABLE GOODS

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MESTRADO EM SOLICITADORIA

ABSTRACT

Purpose: The coercive seizure of goods (*penhora*) is, more and more, a reality in the present-day context as the coercive judicial (*executivo*) instrument, par excellence, used in the procedures directed at the coercive payment of a fixed amount. It consists of the judicial seizure of the assets of the debtor needed to repay outstanding debts. Prior to performing this procedural act, the assets required for such payment must be determined, considering legal and eventually conventional limitations.

The main aim of this research is to determine the role of the Enforcement Agent during the *penhora* phase. More specifically, the powers of the Enforcement Agent in the determination of the seizable assets will be examined, considering all related aspects and evaluating the interpretation of the regime in force by those who have to deal with enforcement procedures daily.

Study design/methodology/approach: In addition to the doctrinal and jurisprudential analysis, an empirical study was conducted, applying and processing a questionnaire survey to all the Enforcement Agents working in the municipalities covered by the Northern Regional Board of the Association of Solicitors.

Findings: This study concluded that the power granted to the enforcement agent to determine which assets will be seized is bound by legal criteria and requirements. The Enforcement Agent should also take into consideration the creditor's expressed will, which the empirical study shows to be, in practice, frequent. To ensure the legality of the attachment determined by the Enforcement Agent, the competence to control this power is given to the Enforcement Judge.

Originality/value: This research combines bibliographical, jurisprudential analysis with empirical analysis about the role of the Enforcement Agent in the determination of the seizable goods.

Keywords: Enforcement Agent, Enforcement Process, Enforceability.

DEVELOPMENT OF A METHODOLOGY TOOL FOR COMPANY DIAGNOSIS AND PROJECT EVALUATION: PRACTICAL APPLICATION TO THE CASE OF MUNICIPAL TAX BENEFITS

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: Tax Benefits are criticized. In 2018, the corresponding loss of revenue amounted to around 6% of the national GDP. These benefits have been granted without the proper integration of accounting and finance as mechanisms for evaluating the relative merit of potential beneficiaries. This situation provides ample ground for exercising according to discretionary acts. We took this gap into account and built a financial model that offers a solution to the following problem: selecting the best projects for the community while reducing public expenditure.

Study design/methodology/approach: Company history is used to determine Economic Added Value (EVA) and Market Value Added (MVA), and Net Present Value (NPV), Internal Rate of Return (IRR), and Payback from Discounted Cash Flow are the profitability indicators taken into account when evaluating investments. The value of projects to local communities is made from multicriteria economic evaluation models. The risk of discontinuity associated with the company is made from 5 different models for predicting bankruptcy.

Findings: The tool was applied to more than 30 companies of different sizes and sectors of activity. The conclusion was that it is possible to mitigate problems related to tax equity and manage public resources more efficiently.

Originality/value: This tool can be applied with advantages to any public support program to companies and investors. The model revealed that the Risk Premium, a fundamental variable in evaluating companies and projects, is a critical aspect of this process. We consider these issues a line of research.

Keywords: Financial analysis, Projectevaluation, Profitability, Risk, Tax Benefits.

CHANGE IN THE ACCOUNTING TREATMENT OF GOODWILL AND ITS RELATIONSHIP WITH THE BALANCE SHEET STRUCTURE, THE RESULTS AND INDICATORS OF LARGE PORTUGUESE COMPANIES

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MESTRADO EM FSICALIDADE

ABSTRACT

Purpose: Goodwill is a familiar concept for accounting and financial professionals. It is, however considered one of the most complex topics of accounting. Decree-law No. 98 of 2 June 2015 changed the accounting treatment of intangible assets with indefinite useful lives. It has introduced the concept of amortization to indefinite valuable lives. The research question that we intend to answer is whether the change in the accounting of goodwill, from the entry of the abovementioned decree law, caused a change in the results and indicators of large Portuguese companies.

Study design/methodology/approach: Following a quantitative methodology, we selected a sample of 195 large Portuguese companies that, in the period from 2014 to 2017, presented goodwill value in their individual financial statements, and the data were collected from the SABI database.

Findings: The study revealed that there are no significant changes in the companies' balance sheets, results and main indicators. Companies seek to present the indicators that are most favorable for them and that allow them to project an image of stability before their stakeholders.

Originality/value: Various aspects of goodwill have been studied for decades, and it does not seem that the study will end sometime soon. The standardizing bodies do not find consensus in their accounting treatment, particularly in their measurement, seeking the study to contribute to the literature in the field of goodwill and the influence that the normative changes, namely those contemplated in decree law no. 98/2015, of June 2, have in the true and appropriate presentation of the situation of Portuguese companies, seeking to contribute to a more consistent thinking of objectivity and reliability in the treatment of goodwill.

Keywords: Goodwill; Amortization; Indicators; Balance sheet; Results; decree law no. 98/2015 of 2 June

THE IMPACT OF IFRS 16 - LEASES: EMPIRICAL EVIDENCE ON THE PORTUGUESE STOCK MARKET

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: The International Financial Reporting Standard (IFRS) 16 – Leases is mandatory since January 2019, replacing the current International Accounting Standard (IAS) 17. This new standard requires the accounting of operating leases in the lessee's balance sheet, recognizing a right-of-use asset and the corresponding liability. The purpose of this article is to analyse the potential effects of IFRS 16 on financial statements and its impacts on financial indicators, as well as analyse how the transition to the new standard was made.

Study design/methodology/approach: A methodology of content analysis of the reports and accounts for 2018 was used, from a sample of listed Portuguese companies, to analyze the financial impact of capitalization of off-balance leases. Regarding the analysed financial structure indices, the values existing in 2018, before the adoption of IFRS 16, were compared with those foreseen after its adoption.

Findings: The results obtained allowed us to conclude that most companies in the sample (84%) will adopt the modified retrospective transition option, while the remainder (16%) will assume the complete retrospective transition. Regarding the new standard's impact on the elements of the financial statements, we conclude that assets and liabilities will increase while equity will decrease. Regarding the income statement, the results show a decrease in external supplies and services, which will allow an increase in EBITDA. There is also an increase in financial expenses and amortization/depreciation. The financial indicators between 2017 and 2018 and the debt ratio increase while the economic autonomy and solvency ratios decrease.

Originality/value: This paper contributes to ongoing international debate and research concerning lease-accounting by providing empirical evidence in our country, Portugal, where existing studies are still scarce. This paper's findings can help lessors, preparers, and analysts to understand the expected impact of the implementation of IFRS 16.

Keywords: Leases, IFRS 16; the impact of capitalization; impact assessment; off-balance-sheet

THE IMPACT OF THE RISK OF MATERIAL MISSTATEMENT ON THE MATERIALITY OF PERFORMANCE

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: This research aims to analyze the impact of the risk of material misstatement (RMM) on the materiality of performance (MP).

Study design/methodology/approach: The questionnaire survey, through SurveyMonkey, was the methodology used.

Findings: The Statutory Auditors are mainly male, aged between 45 and 54 years, and have been practicing for more than 25 years as members of an audit firm. The most frequently audited sectors are industry, small and medium-sized, unlisted, and national. The financial companies were the stakeholders that deserved the most attention. In determining the overall materiality, most of the Statutory Auditors apply 1%-2% to income, assets, and turnover. Understanding the entity was the factor addressing the risk that received the most emphasis. Qualitative factors highlight the competence and integrity of the management body and the quality of internal control. Most Statutory Auditors change inherent risk and control risk infrequently. A review of the MP is infrequent. When it does occur, some factors enhance RMM that influence this review.

Originality/values: Materiality and risks are critical issues for the audit. However, they are difficult to ascertain precisely. Therefore, this research is relevant for professionals and academics as it will increase their understanding of the topic. For future research, it would be interesting to understand if the personal characteristics of the auditor influence the materiality determination.

Keywords: Materiality, risk of material misstatement, professional judgment

EXTERNAL AND INTERNAL AUDIT AS AN INSTRUMENT TO SUPPORT MANAGEMENT: STUDY IN THE DISTRICT OF BRAGA

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: This dissertation intends to assess the top managers' perception of the Internal and External Audit as a tool to support the decision-making process. Precisely, we want to determine whether the Internal and External Audit can assist the management processes of an organization and aided. If there is no Internal Audit, this study also intends to determine the reason for such non-existence.

Study design/methodology/approach: For this purpose, a questionnaire survey was drawn up based on the literature review. Through the "Survey Monkey" platform, we sent the questionnaire for all the organizations existing in the District of Braga (Portugal) in 2016 is 429. Were obtained 66 responses, resulting in a response rate of 15.38%.

Findings: Corroborating the literature review, the study revealed that top management of organizations uses Audit (External and Internal) as a management tool for making their decisions. The conclusion is that top management supports Internal audits, and the main reason for the lack of Internal Audit is the need for its existence remains unclosed.

Originality/value: This dissertation is innovative, not only for the questionnaire it presents but for the fact that it conducts, for the first time, in Portugal, a study on the trilogy of External Audit, Internal Audit, and Management. In addition, the knowledge transmitted here may improve organizations' decision-making and incentive other investigations in this area of expertise.

Keywords: External Audit, Internal Audit, Financial Statements, Management, Top Management.

NON-FINANCIAL REPORTING: STUDY OF THE LEVEL OF COMPLIANCE WITH DL 89/17 IN LISTED PORTUGUESE COMPANIES AND ITS DETERMINANT FACTORS

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: This work aims to study the non-financial reporting practices adopted by companies listed on Euronext Lisbon, seeking to assess the degree of compliance with the Decree-Law (DL) 89/17 and its determinant factors.

Study design/methodology/approach: The methodology used was the content analysis of non-financial information disclosed in management reports, reports, and accounts and sustainability reports, published in the first mandatory period to adopt DL 89/2017. We have created a disclosure index built with eight items / compulsory disclosure requirements. Using a linear regression model, we have considered several explanatory factors of non-financial reporting compliance: size, profitability, indebtedness, type of auditor, internationalization activity, sector of activity, type of report, and use of the GRI structure a reference in their reports.

Findings: The results allow us to conclude that the degree of compliance with DL 89/2017 is relatively high since the average disclosure index is around 0.875. The least disclosed items were the fight against corruption and bribery attempts, diversity policies, and human rights. Regarding information location, 37.5% of the companies use their own/separate report, and 62.5% choose to include non-financial information in the report and accounts. We have concluded that only the size of the company and the type of report are statistically significant factors, explaining 30.4% of the value obtained in the disclosure index.

Originality/value: This work aims to contribute to international research in the field of non-financial reporting by providing empirical evidence in our country, Portugal, where existing studies are still scarce. The results obtained may contribute to the accounting regulatory bodies about potential enforcement mechanisms. It can also serve as a learning process for companies not covered by the diploma interested in implementing non-financial reporting practices.

Keywords: Non-financial information disclosure, Directive 2014/95/EU, Decree-law No. 89/2017.

FACTORS DETERMINING THE AUDITOR'S OPINION: EMPIRICAL STUDY OF PORTUGUESE COMPANIES

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: This empirical study's objective is to analyze factors that may threaten the auditor's independence and influence the auditor's opinion of the audit reports.

Study design/methodology/approach: Considering the nature of the investigation, we used the document analysis method applied to the reports and accounts and reports on Corporate Governance, referring to 2011, of companies with shares listed on the secondary market of Euronext Lisbon. The Statistical Package for Social Science (SPSS) software collected data to test the hypotheses formulated using univariate, bivariate, and multivariate analyses.

Findings: The results revealed that the auditor's opinion isn't significantly influenced by any of the analyzed factors, which may indicate a greater level of independence of the auditor. Besides the lack of statistical significance, the negative signal verified in some estimated elements allows us to conclude that the likelihood to issue a modified auditors' report increases by decreases in the contract duration, in the fees received by auditors, and if it doesn't exist an audit committee. We believe that the lack of statistical significance on empirical results is conveyed to the sample size that may be bridged by increasing the number of companies studied and the analysis period in future research.

Originality/value: Despite the lack of statistical significance, this study reinforced the importance of the auditor's independence in the exercise of their functions, since their role in the business context is essential to give credibility to the information that will support decision-making, by the various users.

Keywords: Audit, audit quality, determinants of the auditor's opinion.

THE INFLUENCE OF THE CORPORATE GOVERNANCE MODEL ON THE DISCLOSURE OF INFORMATION ON DERIVATIVE INSTRUMENTS

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: This article aims to analyze the influence of the corporate governance model on the level of disclosure on derivative instruments. Therefore, it is also intended to find the level of disclosure of the derivative instruments issued by the quoted portuguese companies and to identify the characteristics of the corporate governance that were determinants for that disclosure.

Study design/methodology/approach: The data were obtained through content analysis considering the 2017 reports and accounts of 37 companies listed on Euronext Lisbon, through a disclosure index. Subsequently, a multiple linear regression model was developed to identify the determinants of the level of disclosure about derivative instruments. Taking into consideration the results obtained by other authors, we have analyzed the influence of the board of directors, the supervisory board and the auditor, in the information disclosed on transactions with derivative instruments.

Findings: Through multiple linear regression models, for the board of directors, supervisory board and auditor, respectively, the results of this study reveal that companies with a lower percentage of independent members on the board of directors present a higher level of disclosure about derivative instruments. The empirical evidence also allows us to conclude that the biggest entities and the least indebted ones, present a higher level of disclosure about derivative instruments.

Originality/value: To the best of our knowledge, there is no prior study that has investigated the isolated influence of corporate governance characteristics in derivative instruments' disclosure. This study contributes to a better understanding of the relationship between the disclosure of derivative instruments and the characteristics of the corporate governance model in Portugal.

Keywords: Content Analysis, Auditor, Board of Directors, Supervisory Board, Listed Companies, Euronext Lisbon, Disclosure Index, Financial Information, Portugal.

EVALUATION OF PORTUGUESE EQUITY FUNDS' PERFORMANCE AND ITS DETERMINANTS

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: This study aims both analyze whether Portuguese equity funds can outperform the market and which fund characteristics (fund size, family size, age, expense ratios, and fund flows) influence performance between 2005 and 2019.

Study design/methodology/approach: To examine funds' performance, the Carhart (1997) 4-factor model and the Fama and French (2018) 6-factor model were applied. Monthly alphas were computed using the methodology of Ferreira et al. (2013). Subsequently, to assess the impact of fund characteristics on performance, a fixed effects regression with panel data was used.

Findings: We find that most portfolios have a negative and statistically significant alpha at the 1% level, except for World Equity Funds, whose alpha is negative and statistically significant at the 5% level, and National and Iberian Equity Funds, whose alpha is not statistically different from zero. There is a negative and statistically significant relationship between fund age and performance for all subcategories of funds. On the other hand, expense ratios have an inverse relationship with equity funds' performance in the national and European markets and a positive relationship with international equity funds' performance. The remaining characteristics have a neutral relationship with performance.

Originality/value: This study provides a detailed analysis of the performance of Portuguese equity funds, besides the determination of the characteristics that influence future performance, over a 16-year period. Furthermore, it is based in recent and robust performance evaluation measures and applies the methodology of Ferreira et al. (2013) to a set of Portuguese funds, on a monthly basis.

Keywords: Portuguese equity funds, Fund characteristics, Risk-adjusted performance, Multi-factor models, Panel data.

THE QUALITY CONTROL OF THE AUDIT IN PORTUGAL

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: For the audit to be carried out rigorously, professional entities require that all audit firms undergo audit quality controls, including internal and external controls supervised by the CMVM. This investigation aims to study the quality control of auditing in Portugal. Thus, it will be possible to identify the deficiencies identified in the quality controls of the audit carried out in Portugal and verify how they were eliminated.

Study design/methodology/approach: The content analysis technique will be used. The Annual Audit Quality Control Reports were analyzed, from 2008 to 2016, published on the websites of "OROC" and of "CMVM."

Findings: The results of this research demonstrate that the mains deficiencies in the audit quality are the terrible implementation of an internal system at the level of horizontal control and the wrong execution of the audit work in the vertical control. It is also concluded that the processes that show relevant observations in the quality controls are monitored in a maximum period of one year, and most of them are closed satisfactorily.

Originality/value: This study contributed to the precepting of the factors influencing audit quality and how they should be eliminated. As well as, it demonstrates the entire procedure of the processes that are referred to the Disciplinary Council.

Keywords: Financial Audit, Quality Audit, Quality Control, Audit Quality Control Reports

MODEL FOR REVENUE GENERATION OF HEALTH APPS

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MESTRADO EM GESTÃO

ABSTRACT

Purpose: The evolution of health care provision, associated with technological development, allowed the emergence of the concept of e-Health, which encompasses all health services and information provided through ICT technologies. Health apps, however, have difficulty adopting traditional revenue generation models, as these focus on the "business-to-consumer" perspective and ignore the participation of versatile actors in the market. Thus, there is a need to define a revenue generation model from an "actor-to-actor" perspective, appropriate to the specificities of the e-Health market.

Study design/methodology/approach: A bibliographic research on e-Health initiatives and existing revenue generation models allowed the compilation of literature and the identification of relevant components for the revenue generation model. In addition, the collection of information regarding the revenue generation models of Portuguese health apps on the two main platforms (Google Play and App Store) will contribute to the development of the revenue generation model.

Findings: A conceptual framework of the revenue generation model defines the essential components for value creation, capture, and delivery. We intend to identify customer segments on the multi-sided market of Health apps, the willingness to pay for each element, and, finally, the most appropriate sources of revenue.

Originality/value: This study contributes to the existing literature on revenue generation models for health apps, presenting the findings related to the Portuguese health apps market.

Keywords: Multi-sided markets, revenue models, Health apps.

THE MONEY LAUNDERING PREVENTION AUDIT

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: Financial institutions play an important role in controlling transactions, while the auditor must also play a decisive role in preventing money laundering. The Central Regime of the Effective Beneficiary (RCBE) has recently emerged to prevent fraud, as it identifies the beneficiaries of each entity. In practical terms, this article addresses an academic case, with the aim of presenting facts that may arise in a real context in the context of money laundering.

Study design/methodology/approach: Approach of a purely academic case study, created for this purpose, based on several cases reported through the media and analyzed within the scope of the research carried out. The case study intends not only to describe the situation found, but also to point out possible consequences and solutions for solving the existing problems.

Findings: It is concluded that auditors attach little relevance to the issue of threat analysis when accepting a client, a fact that later leads to the existence of errors in the work and to obtaining less audit evidence. The main limitations of the work refer to the illegality of several actions in the scope of the money laundering process. This situation leads to the impossibility of collecting true data.

Originality/value: The present work focuses on money laundering, which is punishable by a fine or imprisonment. Money laundering presents several risks to the economy, namely in the relationship that this process establishes with terrorism. Measures to combat money laundering and terrorist financing are provided for in Law no. 83/2017, of 18/08, as well as in article 161 of the Constitution of the Portuguese Republic (CRP), namely in its subparagraph c) of no. 1, where it is stated that the Assembly of the Republic is responsible for legislating in all matters, except those reserved by the Constitution to the Government.

Keywords: Money Laundering, Audit, Fraud, Prevention and figurehead.

CONTRIBUTION OF THE FINANCIAL AUDIT TO THE PREVENTION AND DETECTION OF FRAUD

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: This research aims to study the perception of Statutory Auditors (ROC) regarding the contribution of financial auditing to the prevention and detection of fraud in organizations.

Study design/methodology/approach: A questionnaire survey was prepared and sent by e-mail to all Statutory Auditors Societies (SROC) registered with the Statutory Auditors Order (OROC) in 2014, based on existing empirical studies on the subject, total 210. The data collection period ran from 1st August to 20th October 2016. Of the 210 questionnaires sent, 31 responses were obtained, corresponding to a response rate of 14.7%. The data were processed using SPSS version 23.

Findings: The results revealed that many respondents considered that the Statutory Auditors are not responsible for the prevention of fraud or the detection of fraud. Still, the characteristic most pointed out to help the statutory auditors improve their perception regarding the detection and prevention of fraud was competence and professional zeal. Independence and objectivity also appear as outstanding characteristics to enhance their perception of fraud detection and prevention.

Originality/value: This study highlights the importance of the reliability of the financial information disclosed by the entities to the users of financial information and the credibility given by the Statutory Auditors to this financial information.

Keywords: Auditors, Financial Audit, Fraud, Stakeholders.

VAT EXEMPTION IN THE PROVISION OF COMPLEMENTARY DIAGNOSTIC AND THERAPEUTIC MEANS: THE CASE OF THE PORTUGUESE CONVENTIONED HEALTH SECTOR

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MESTRADO EM FISCALIDADE

ABSTRACT

Purpose: The provision of medical services is an activity of public interest that pursues the constitutionally established social goal of the right to health protection, with particular concern today, given the impact of the Covid-19 pandemic.

The present investigation aims to quantify the Tax Expenditure of VAT Exemption in the provision of Complementary Diagnostic and Therapeutic Means (CDTM) of the Portuguese Convention Health Sector (PCHS).

Study design/methodology/approach: The research methodology adopted is the Case Study of the VAT Exemption of the CHS, in a methodological approach of intensive and detailed study of the VAT exemption in the provision of medical services in this sector. The PCHS was chosen because it dominates the provision of medical services in the production of CDTM, in a perspective of continuity and a complementary regime with the Portuguese National Health Service (PNHS).

Findings: From the analysis of the data obtained, it was possible to find out that the VAT exemption on medical services of CDTM, provided under an agreement with the NHS, involves more than 1.200 service providers, their costs amount to around 500 million euros annually, and generates a tax expense and, consequently, a loss of tax revenue ranging from 85.9 to 112.5 million euros.

Originality/value: The research on the subject is fundamental due to the singularity of the provision of medical services in the tax system. The understanding and consolidation of VAT exemption are exceptional, extra-tax nature, and, also, due to the involvement of the problem of the lack of an estimate of ceasing tax revenue and, consequently, of the tax expense in the Portuguese State Budget, gaining this research a greater preponderance and originality.

Keywords: VAT, Exemption, Medical Services, Conventioned Health Sector

DIGITAL AND FISCAL CITIZENSHIP

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MESTRADO EM GESTÃO DAS ORGANIZAÇÕES

ABSTRACT

Purpose: The present work is composed of the presentation of the concept of digital and fiscal citizenship as a new but evolving concept, and a study formed by a survey made to students from secondary schools in the Municipality of Barcelos that allowed to determine the level of digital and fiscal illiteracy.

Study design/methodology/approach: The empirical study carried out through the survey made it possible to determine, among others, that secondary school students in the Municipality of Barcelos are not prepared to deal with taxes in the future and thus start their active tax life. Despite having strong digital skills, and the need for tax literacy to be a recognized problem, the lack of tax education limits these future taxpayers in fulfilling their tax obligations.

Findings: The concept of digital and fiscal citizenship is a complex concept, built from several objective knowledge components, whose need has been proven through an empirical study, but whose transforming action is still based on a set of basic moral and ethical values that inform of tax justice. Digital citizenship and taxation, therefore, have as their starting point the proposal of learning or training digital and technological skills in secondary schools as it happens today. Still, it is necessary this training is oriented towards teaching knowledge of taxation and the importance of paying taxes as a contribution of all citizens to the well-being of the Portuguese and the promotion of the common good in Portugal.

Keywords: Tax Illiteracy, Tax Education, Tax Justice, Taxes, Tax Fraud

THE PORTUGUESE TAX REGIME OF SOCIAL UTILITY ACTIVITIES UNDER THE CORPORATE INCOME TAX CODE: NORMATIVE AND JURISPRUDENTIAL ANALYSIS

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MESTRADO EM FISCALIDADE

ABSTRACT

Purpose: The Tax regime of Social Utility Activities under the CIT code was established by Decree-Law n.º 442-B/88 on November 30th, though it has suffered multiple amendments until nowadays. ° 442-B/88, on November 30th, though it has suffered multiple amendments until nowadays.

Study design/methodology/approach: To respond to the defined objectives, a normative analysis, and a jurisprudential analysis were carried out on the Tax regime of Social Utility Activities.

Findings: In this study, we've verified that the use of taxation to obtain extra fiscals goals is the foundation of the Tax regime of Social Utility Activities. We could conclude that, besides salary retribution, companies offer their workers income packages, including the Tax regime of Social Utility Activities. In matters of the Social Utility Activities benefit, foreseen in article 43 (9) of the CIT code, we've noticed that it was gaining more significance in the last few years. Also, the companies that presented the larger amount of this fiscal benefit are Anonymous Society, headquartered in Lisboa and Porto, and tend to be dedicated to services. We've also realized that the typology of the companies doesn't influence the adhesion to the mentioned regime, being that Anonymous Society is highlighted here. To conclude, through a jurisprudence analysis of the matter, we've shown some divergence between taxpayers and Tax Authority. The ground for this divergence is the lack of clarity of article 43 of the CIT code, which should be revised on-premises that knowingly, three matters generate litigation between taxpayers and Tax Authority.

Originality/value: we contributed with a critical analysis of the Tax regime of Social Utility Activities in CIT. It's relevant to undergo a study compare the Portuguese Tax regime of Social Utility Activities with other similar international tax regimes.

Keywords: Corporate Income Tax Code, Social Asymmetries, Tax Benefits, Corporate Social Utility Activities

PROPOSAL TO IMPLEMENT THE BALANCED SCORECARD IN AN INDUSTRY TEXTILE

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: Develop a proposal to implement the Balanced Scorecard (BSC) in a large Portuguese company operating in the textile sector to promote its later performance and enable strategic management. Thus, this research aims to answer the importance of BSC implementation in a textile company and how large textile companies can implement it.

Study design/methodology/approach: An exploratory study of the existing literature was initially conducted to obtain relevant information on BSC. In a second phase, through a qualitative research approach, a case study was conducted, using interviews, which clarified the company's strategic orientations under investigation by defining the vision, values, and mission. Subsequently, strategic objectives were defined, performance indicators and targets were selected for each perspective of the BSC, thus ensuring their alignment. Finally, we presented the strategic map and the set of cause-effect relationships.

Findings: The organization has defined the main pillars for the construction of the BSC: mission, values, and vision. It has also been found that there is an open culture concerned with developing efforts to create and implement tools that enable precise and fluid communication of strategic objectives across all sectors that incorporate it. We found that the availability of time, the organizational culture, and the commitment of all in the execution of this tool could hinder its implementation

Originality/value: The goal is to implement the BSC in this organization. This way of working will prove to everyone that measuring performance can significantly improve organizational work and achieve strategic objectives.

Keywords: Balanced-Scorecard, Strategic Management, Textile Industry, Performance Evaluation.

CIRCULARIZATION OF THIRD-PARTY BALANCES

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: The auditor needs to perform procedures to execute and collect internal and external evidence, which allows him to conclude on the extent of the financial information. There are several ways to collect evidence and we chose to highlight the circularization of third-party balances. The present internship report has the main objective of analyzing the importance of circulating third-party balances.

Study design/methodology/approach: This work seeks to analyze how to carry the external balance confirmations; determine the method used in selecting customers to circulate; ascertain the reliability and feasibility of the methods used in circularization; list the constituent stages of its preparation; check if a standard model is used to obtain external confirmation of balances, regardless of the third-party to which confirmation is requested, or if the reverse occurs; identify the performance moment of alternative procedures when there is no response to external balance confirmations.

Findings: Circularization of third-party balances plays an essential role in analysing items related to debtors and creditors, such as customers, suppliers, banks, the State and lawyers. The auditor uses the circularization of third-party balances to obtain relevant and reliable audit evidence from an external source, to validate the integrity of the accounting records.

Originality/value: The study allows the perception of knowledge about the methods used in the selection of third parties to circulate and how the entire process unfolds, the purpose of the process, the verification of reliability and feasibility of the methods used, to identify when it is not possible to determine alternative procedures to respond to confirmations.

Keywords: Auditing, Circularization of third party balances, Audit evidence

SUSTAINABILITY REPORTS: PREPARATION AND AUDIT

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: The purpose of this study is to assemble some empirical evidence concerning the formulation and auditing of sustainability reports of companies associated with the Business Council for Sustainable Development, registered in the Portuguese Securities Market Commission, certified by the International Organization for Standardization 14001, and related with their economic activity between 2009 and 2010.

Study design/methodology/approach: The sample is composed of companies that in 2009 and 2010 were active in Portugal, were ISO 14001 certified, registered with the Portuguese Securities Market Commission, were members of the Business Council for Sustainable Development, and published sustainability reports. The application of the selection criteria resulted in a sample of 18 companies and 36 sustainability reports. Then, the content analysis methodology quantity and quality information disclosed in sustainability reports.

Findings: This study shows that the companies privilege the financial auditors as competent agents to do the assurance and the most applied norm in the guarantee of reliability is the International Standard on Assurance Engagements 3000. The importance of confidence is also evident in this study. Companies that did not submit their reports to this process refer to their intention to do it in the future.

Originality/value: This study deals with a current and relevant topic and highlights the importance of the audit process for sustainability reports, being suitable for academics and professionals.

Keywords: Sustainability reports; G3 Guideline; Sustainability reports auditing; ISAE 3000;

DETERMINANT FACTORS OF THE DEGREE OF COMPLIANCE WITH DISCLOSURE REQUIREMENTS IN THE TRANSITION TO IFRS 16 - LEASES: STUDY IN LISTED COMPANIES IN PORTUGAL

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MESTRADO EM CONTABILIDADE E FINANÇAS

ABSTRACT

Purpose: Assess the degree of compliance with the disclosure requirements required by IFRS 16-Leases, in its first year of mandatory adoption, and identify its potential determining factors.

Study design/methodology/approach: As a methodology, a content analysis of the 2019 reports and accounts of companies listed on Euronext Lisbon was carried out to collect information to build a disclosure index, comprising a total of 17 disclosure requirements required by IFRS 16. To identify the variables that influence the degree of compliance with IFRS 16, a multiple regression model was developed that considers the disclosure index as a dependent variable. As independent variables, variables that characterize the entities studied were considered, such as, for example, the size of the company, type of auditor, sector of activity, profitability, and indebtedness.

Findings: Descriptive statistics allowed us to observe that the average rate of compliance with IFRS 16 requirements in Portugal is approximately 0.66. This average value is in line with those obtained by Ali (2021) and Oliveira (2020). With regard to the results of the regression model, the only variable that presents itself statistically significantly, for a significance level of 5%, is the type of audit entity. We conclude, therefore, that companies with accounts audited by a Big Four entity exhibit a higher level of disclosure than those audited by companies that do not belong to the Big Four. Our result is in line with much of the literature, namely Ali (2021), Santos et al (2014) and Tsalavoutas (2011), since these authors also found that this variable was positively and significantly related to the disclosure index of international standards.

Originality/value: Our work intends to expand the study by Oliveira (2020), extending it to all listed companies that are required to apply IFRS 16, as of 2019.

Keywords: IFRS 16 Leases, Disclosure index, Compliance level, Transition, Determinant factors

MUNICIPALITIES AUDIT: STUDY OF THE AUDITOR'S REPORT OF THE ACCOUNTS OF THE MUNICIPALITIES OF THE OPORTO DISTRICT

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MESTRADO EM AUDITORIA

ABSTRACT

Purpose: The purpose of the study is to analyze the Auditor's Report of the municipalities of the district of Oporto. By this explore we intend to respond to our general research question: - what conclusions can be reached by analyzing the Auditor's Report of the municipalities of the district of Oporto? To respond to our research question, we have formulated 12 questions. Those questions involve:

- knowing who are the auditors of the municipalities;
- quantifying the types of opinions emitted;
- knowing what themes were included in the modified opinions;
- and if the new model of reports has brought significant changes.

Study design/methodology/approach: The methodology used in this study was document analysis, and the technique applied was content analysis. The sample focused on the municipalities of the Oporto district and was analyzed the Auditor's Report of the individual accounts of the years 2015, 2016, and 2017. The Auditor's Report was collected directly from the websites of the municipalities. The information was not available on the websites as requested by e-mail.

Findings: The study allowed us to obtain a variety of conclusions, we emphasize: the high number of modified opinions, in special of qualified opinions, which have been maintained over the years; the theme that caused more modified opinions relates to fixed assets and public domain assets; and the absence of significant changes with the emission of the opinions in the new model.

Originality/value: The study contributes to the innovation of the theme and approaches carried out, leaving reflections that still must be developed in the scope of the audit to these entities. The theme that caused more modified opinions relates to fixed and public domain assets, which are among the main risk areas when auditing municipalities. There is still a lot to be done in the area of municipal heritage. And the absence of significant changes with the emission of the opinions in the new model.

Keywords: Public Audit; Municipalities; Audit opinions.