
Study on Accounting Estimation Change of Listed Company

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Abstract

The object of this study is the company that has changed the accounting estimates of a-share listed companies in Shanghai and Shenzhen in the three years since 2014. The results show that from 2014 to 2016, the number of enterprises accounting for the change of accounting estimates is decreasing, and the most involved is manufacturing. There are four main items in accounting estimation change: one is the expected service life; The second is the provision of accounts receivable bad debts; The method of depreciation of fixed assets; Fourth is the net residual value.

Keywords

Listed company, industry distribution, accounting estimation, change.

1. Introduction

With the increasing supervision of listed companies by China securities regulatory commission, more and more enterprises cannot control the earnings by means of related transactions, debt restructuring and accounting policy changes. However, the subjective of accounting estimation change is strong, and the external personnel can not make an accurate evaluation of it. So for listed companies, it's a very effective measure to manipulate profits. The research contents of this paper mainly include the following points: first, the number of enterprises that accounting estimates change; Second, industry distribution; Third, change the project; Fourth, the impact of accounting changes on net profit. There are two main sources of data in this paper: 1. The second is the WIND database.

The contract theory proposed by Coase holds that the contract itself is incomplete and rigid. Some parties of contract, mainly is the enterprise management, will use accounting policy changes or accounting estimate change and change of accounting surplus, by manipulating profit by earnings management, so that the contract concluded and to develop in a direction to promote ourselves. State-owned shares of listed companies in China "a dominant", the special economic background made a lot of listed companies in China listed is to manipulate earnings at the beginning, and with the national regulation for accounting system is more and more strong, assets reorganization and non-affiliated transactions to manipulate profits by listed companies using the chance of already more and more small. As a result, many companies are willing to use accounting estimates to change their earnings. Therefore, this paper takes the panel data of a-share listed companies in Shanghai and shenzhen in 2014-2016 as samples, and examines whether the listed companies in China will have an impact on earnings management through accounting estimation changes.

2. Based on the Annual Report of A-Share Listed Companies From 2014 to 2016.

2.1 Accounting Estimates Change the Annual Distribution Analysis of the Company.

The time span of this study is 2014-2016. The regulation states that the misuse of accounting estimates is a major accounting error and must be corrected promptly. The sample statistics of this paper follow two paths. One is to record the financial statements in the "accounting policy and accounting estimation change" project. Second, in the financial statements of "major accounting errors" in a

previous misuse of accounting estimates change now adjusted enterprise records. If an enterprise in accordance with these two standards, then choose the enterprises as samples, analyzed data can be found, in 2014, a total of 147 enterprises, the accounting change 2015 to 137, there were 129, 2016, 413 three years. The data for 2016 can be found to be lower in 2016 than in 2015. And the reason cause this situation, it is because of the securities supervision institutions to strengthen the supervision of the enterprise, has a regulation, according to the appendix of the financial statements of the enterprise must in the recorded in the accounting estimate change related information. In addition, in the three years, the Shanghai and shenzhen stock market has the same trend of change in accounting estimates. To sum up, analysis of the Shanghai and shenzhen markets can be found that the number of accounting estimate change present a downward trend year by year, in this article, we will hold on the Shanghai and shenzhen markets, in order to study the causes of this situation and the impact of.

2.2 Accounting Estimates Change Frequency Analysis of Company's Change.

Can discover these enterprises statistical yearbook of analysis, some enterprises have accounting estimate change more than one year, this paper argues that this will cause a greater impact, so on the in-depth analysis, in this three years, had a change of accounting estimates of 360 enterprises, there are 32 companies happened two times change, and change the three times of three, three accounting estimate change company of yunnan copper industry (000878) respectively, wuzhou traffic (600368), ChengTun coal (600711). In the time window, it is yunnan copper industry (000878) that changes the accounting estimation in the opposite direction. Among them, the impact amount of shengtun coal industry (600711) is not significant and the reason for the change is reasonable. The following will further analyze the accounting estimation changes of yunnan copper and wuzhou traffic.

The board of the yunnan copper industry has decided to change the method of amortization of mining right from April 1, 2014, and change the straight line method to the production method. Compared with 2013, the change in accounting estimates brings the company a net profit of 32,494,390.79 yuan. Then, on April 1, 2015, we began to make changes to the classification of fixed assets, residual value and depreciation years, which resulted in a net profit of 22,459,676.13 yuan. In 2016, the company changed the way the accounts receivable went bad, which reduced the company's net profit by 7,212,708.88 yuan. This is a reverse accounting estimation change, which means that the enterprise is already a tool for profit operation, and no reliable financial decision can be made.

Wuzhou transportation by applying the method of the traffic in depreciation, and in 2014-2016 to the influence of the fixed assets depreciation amount - \$4461728.25, respectively - \$1, 1194175 yuan, to end at 24090306.48, leading to net profit increase of \$4461728.25 respectively, \$1194175.20, \$20476760.51. "Accordingly, wuzhou transportation company for three consecutive years by depreciation of fixed assets the accounting estimate change method to increase the profit of enterprise, it also belongs to the operator's operation and management motivation, one of the subjectivity of accounting estimate change show a larger, it became the many enterprises the most favored way in the manipulation of the surplus.

2.3 Accounting Estimation Changes the Distribution Analysis of the Company's Industry.

The accounting estimates change the distribution of the industry as shown in table 3. The data in the analysis table shows that the manufacturing sector accounts for 55.45%, which is the largest industry, followed by transportation, warehousing and postal services, with a ratio of 6.78%. Other industries have less. Also can be seen that culture, health, agriculture and forestry, commercial services company of the change of the four industry at least, information industry and the financial times, reflected profit structure of industry of our country economy is slowly changing.

2.4 Accounting Estimation Change Company Change Project Analysis.

All of the above analysis is the basis of the project analysis. If the financial statement cannot be accurately measured, it is necessary to prepare periodic reports and make accounting estimation changes. There are many projects involved in the accounting estimation change of enterprises. This paper mainly conducts in-depth analysis from the following six items.

2.5 Accounting Estimation Changes Related to Accounts Receivable Doubtful Accounts.

Before making any changes to the project, it is necessary to understand the method, scope and proportion of the plan. In addition, also need to know about accounts receivable amount, so the company on the basis of determine the amount of accounts receivable, can use the following changes in accounting estimates in three ways: (1) extracting percentage change provision for bad debts; To change the method of extracting bad debts; Change the range of bad debts. These three methods can be combined to form the actual change of the enterprise. During the three years of the survey, 169 companies were involved in accounting estimates for the project, accounting for 28.40 percent of the total sample companies.

Accounting estimation changes associated with depreciation of fixed assets. The project includes three methods: one is to change the depreciation method; Second, the change of residual value; The third is to change the depreciation period. In 2014-2016, there are 190 accounting estimates related to the depreciation of fixed assets, accounting for 31.93% of the estimated total, which is the largest project of all change projects.

Accounting estimation changes related to intangible asset amortization. Intangible assets are non-monetary long-term assets. It has two characteristics: one is non-physical form; The second is the long-term benefit feature, which is due to the existence of this feature, which makes the company more subjective in determining its value. Therefore, many enterprises will use the project to make accounting estimation changes. During these three years, there are 26 enterprises involved in the accounting estimation change of the project, with a ratio of 4.37%.

Estimated liabilities are changed. The project normally does not have a change problem. But in practice, some companies to manipulate earnings, after clear the loss is not confirm, but wait for the next fiscal year shall be adjusted using the error back way, this will avoid in the report shows that the losses. Within three years of the investigation, the accounting estimate changes involved a total of six companies involved in the project.

Accounting estimation changes related to deferred income tax assets. Deferred income tax assets refer to that the asset can be used to offset tax in the future business process, and then deduct the amount from the accounting profit when calculating the taxable income amount. Thus, the deferred income tax asset itself is highly uncertain, so the method of accounting estimation change is favored by more and more manipulators. Within three years of the survey, the accounting estimate changes involved 48 enterprises, accounting for 8.07% of the total enterprises.

Other accounting estimates change. The project is an accounting estimation change in addition to the five projects described above. In 2014-2016, there were 55 companies, accounting for 9.24% of the total change. For example, coal safety fee, after-sales maintenance fee, business and management fee, estimated improvement expenses, etc.

2.6 The Accounting Estimation Changes the Company's Net Profit Change Scope Analysis.

Analysis can be found that affects more than 10 million enterprises accounted for 88%, of which more than one hundred million accounted for 46%, followed by about 25% between 1000-50 million, about 17% of 50 million to one hundred million, can be seen from the table below samples change values tend to be large, net profit may be the cause of this phenomenon the accounting estimate change most of sample loss and long for manufacturing company, so the accounting estimate change to whitewash statements should be conducted urgently, and because of the loss-making, accounting estimate change caused by changes in net profit must also significantly.

2.7 Accounting Estimates of the Impact Of Major Change Categories on Net Profit.

After analyzing the specific change project of accounting estimation change, the author summarizes its impact on net profit by analyzing its main change project. Can be seen from the table below, the total sample, a total of 413 net profit increase of sample for 269, accounting for 65% of the total number of samples, to reduce the number of samples is 144, accounting for 35% of the total, as a result, accounting estimate change cause net income increased to reduce the sample, the sample is

much higher than most businesses are inflated to whitewash statements net profit for the purpose of the accounting estimate change. In classified project, each component changes the decrease of the net profit increase of sample is not less than the sample, also shows that the aim of accounting estimate change, and the depreciation of fixed assets and accounts receivable provision for bad debt increases in net profit in sample most, show that the two projects of change is the most commonly used in the inflated net profit of listed companies.

Third, the conclusion

3. In This Paper, After in-Depth Analysis Found That, in Terms of Accounting Estimate Change

manufacturing accounted for the biggest, the reasons for this situation is the excess manufacturing capacity in our country, industry, repeated construction and the superposition of resources is more, thus to cause a decline in business losses and profits, and so will use this way to beautify the financial statements. There are two main ways to estimate the change of accounting estimation. Second, fixed assets depreciation method, net residual value change and service life. Judging from the impact of changes in accounting estimates on net profit, most companies mainly aim to increase profits and have incentives to manipulate earnings. Therefore, the supervision departments should strengthen supervision and strengthen law enforcement to reduce the unreasonable use of accounting estimation changes by listed companies in China.

References

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