Earnings Management: Empirical Evidence on value relevance and Income smoothing.
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**APPENDIX B: USED SYMBOLS**

- $\eta$ = information system
- $y$ = signal
- $E$ = expected value
- $MV$ = monetary value
- $\phi_i$ = probability of state $i$
- $a_j$ = action $j$
- $a$ = optimal act
- $A$ = set of mutually exclusive acts
- $C$ = outcome of action
- $U$ = utility
- $E$ = earnings
- $T$ = target
- $k$ = cost
- $DA$ = discretionary accruals
- $TA$ = total accruals
- $CA$ = current assets
- $CL$ = current liabilities
- $Cash$ = cash and cash equivalents
- $STD$ = short term debt
- $Dep$ = depreciation
- $A$ = total assets
- $NDA$ = non discretionary accruals
- $REV$ = revenue
- $PPE$ = gross property plant and equipment
- $REC$ = receivables
- $ALL$ = allowance for loan losses
- $NALL$ = non discretionary portion of the loan loss account
- $DALL$ = discretionary component of the loan loss account
- $NPA$ = non performing assets
- $Loan$ = loans outstanding
- $CO$ = charge-off’s
- $WRITEOFF_i$ = pre-tax amount of the write-off deflated by firm i’s total assets at

  - the end of the prior year

- $\Theta_i$ = the set of factors affecting firm i’s write-off decision
- $\text{YEAR\_MONTH}$ = year with the majority of months for a reporting period
- $\text{MARKET}$ = market where the stock of a firm is traded
- $\text{IND}$ = industry grouping dummy
- $\text{DMYACG}$ = dummy for accounting change
- $\text{DMYACGT}$ = dummy for type of accounting change
- $\text{ACG}$ = amount of the accounting change
- $\text{EXG}$ = extraordinary gains
- $\text{EXL}$ = extraordinary losses
- $\text{EXI}$ = extraordinary items
- $\text{DI}$ = discretionary line items
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRPOV</td>
<td>change in restructuring provision</td>
</tr>
<tr>
<td>DBLC</td>
<td>correction for double count in discretionary line items</td>
</tr>
<tr>
<td>DIDC</td>
<td>discretionary line items after double count correction</td>
</tr>
<tr>
<td>2</td>
<td>the addition of 2 to the variable name indicates that the total accruals variable includes changes in restructuring provision</td>
</tr>
<tr>
<td>JON</td>
<td>the JON prefix indicates that the data was estimated using a standard Jones Model</td>
</tr>
<tr>
<td>MJO</td>
<td>the MJO prefix indicates that the data was estimated using a Modified Jones Model</td>
</tr>
<tr>
<td>IND</td>
<td>the IND prefix indicates that the data was estimated using a standard Jones Model by sector</td>
</tr>
</tbody>
</table>