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
YEAR_MONTH = year with the majority of months for a reporting period
MARKET = market where the stock of a firm is traded
IND = industry grouping dummy
DMYACG = dummy for accounting change
DMYACGT = dummy for type of accounting change
ACG = amount of the accounting change
EXG = extraordinary gains
EXL = extraordinary losses
EXI = extraordinary items
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>
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</tbody>
</table>