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

133
<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>
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