

The Basic Connotation and Theoretical Logic of the Effectiveness of Biological Assets Information Disclosure

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Abstract. The purpose of accounting information disclosure is to meet the needs of stakeholders for decision-making, which is also the fundamental criterion for evaluating the effectiveness of information disclosure. The specificity of biological assets makes their effective information disclosure complex. The effectiveness of biological asset information disclosure is reflected through the sufficiency, timeliness, authenticity, accuracy and completeness of biological asset information disclosure. By constructing a theoretical analysis framework for the effectiveness of biological assets disclosure, this paper analyzes how economic phenomena affect enterprise value and stock value from two aspects: economic logic relationship and accounting logic relationship.

1. The Basic Connotation of the Effectiveness of Biological Assets Information Disclosure

1.1. Validity of Accounting Information

On the one hand, accounting information satisfies the requirements of stakeholders to understand the company's financial status in a timely manner, on the other hand, it is conducive to the normal operation of the capital market, which also makes the social requirements for the validity of accounting information further improved, so the accounting information of listed companies must be On the basis of full and timely disclosure, the authenticity, accuracy and integrity of the company can be finally demonstrated in the capital market. The adequacy of accounting information requires that all aspects of the disclosed accounting information should be fully and completely disclosed, and listed companies should disclose as much as possible all information that may influence the decision-maker's decision-making. Timeliness means that a listed company should ensure that its public information is time-sensitive, can reflect the company's recent status in a timely manner, and help to enhance the operational efficiency of the securities market information transmission mechanism to improve the efficiency of the securities market. Authenticity means that the information disclosed should accurately reflect the company's situation and cannot be falsified. When accuracy requires disclosure of accounting information, the content and statements must not mislead investors and must accurately indicate their exact meaning so that the information user and the publisher understand the same information. Therefore, true and accurate accounting information is conducive to promoting the fairness of investment in the securities market. Integrity means that a listed company must disclose all aspects of the information in a thorough, complete and comprehensive manner when it discloses a specific information, so that decision makers can make more comprehensive and complete information in the decision-making process. Accurate judgment.

The American Institute of Certified Public Accountants (AICPA) suggests that effective information refers to information that contributes to decision making, regardless of whether its cost is too high relative to the benefit. Effective information should be reliable, unbiased, and unpaired. With effective information, decision makers can better evaluate the future of a company[1]. In China, Qiu Yiqian (2003) first proposed the concept of "validation of accounting information disclosure of listed companies". He believed that the accounting information disclosed by listed companies must be authentic and relevant, and relevant and economically feasible[2]. Liu Wei (2009) believes that validity is a lagging indicator and is the final conclusion drawn through an accounting information cycle. The existence of accounting information disclosure is inseparable from the carrier of

accounting information, and must be in the supplier of accounting information disclosure. The demander and the regulator jointly determine the effectiveness[3]. Therefore, the validity of accounting information disclosure is the integration of accounting information adequacy, timeliness, authenticity, accuracy and integrity.

1.2. Validity of Biological Asset Information Disclosure

For the effectiveness of biological asset information disclosure, it is first necessary to clarify that biological assets have certain complexity due to their own particularities and the different value conversion mechanisms. Therefore, the International Accounting Standards Board (IASC) issued in 2000, "International Accounting Standards No. 41 - Agriculture" specifically lists the group's disclosure of biological assets by fair value measurement method, and cooperates with physical disclosure, book value disclosure, etc. It is also necessary to disclose the depreciation method and depreciation rate of biological assets; Australia's aasb141 clause also emphasizes the disclosure requirements when the use or sales capacity of biological assets is restricted due to regulations or other reasons.

To ensure the effectiveness of information users' relevant decision-making is to ensure the validity of biological asset information disclosure, the effectiveness of disclosure of biological assets information needs to disclose the effectiveness of the system, the validity of the information disclosed and the effectiveness of information transmission. The interaction of the links[4]. The validity of the information disclosed should be analyzed one by one from the adequacy, timeliness, authenticity, accuracy and completeness of biological asset information disclosure.

The adequacy of biological asset information disclosure requires a comprehensive and complete disclosure of biological asset information, which should detail the composition of the company's biological assets, and the number of organisms and their growth years should be specifically disclosed. The appreciation of biological assets is an inevitable continuous process. If the relevant information cannot be disclosed in time, it means that there will be a "deviation" between the information obtained by the user and the real information due to the value-added process, which will affect the decision-making of investors. Therefore, Zhang Yunkun (2005) believes that biological asset accounting and disclosure should not only disclose the historical cost of biological assets, but also disclose the natural value-added of biological assets in time to ensure the validity of biological asset information disclosure^[5]. If the situation of increase or decrease is not reflected in the disclosure information, the authenticity of the information will be damaged. Especially for some enterprises engaged in animal breeding and plant cultivation, it should be truthfully reflected and cannot be falsified. The Zhangzidao Company, which is mainly based on consumable biological assets, once made the full provision for impairment because it could not capture all the scallops, which greatly reduced the authenticity of accounting information. From the perspective of accuracy. First of all, most biological assets have a long growth cycle, and many organisms have a growth cycle even longer than one year. During this period, the value of the organism actually changes continuously. If the enterprise waits until the harvest or sale to confirm the income and expenses, it is bound to Will affect the accuracy of the company's recent financial situation. Secondly, some biological assets are difficult to accurately estimate due to their unmeasurable and unique growth environment. For example, some biological assets growing in the deep sea are difficult to accurately estimate the scale and quantity of growth, and the severe impact on the climate will lead to increase or decrease. The value is not predictable. Through the statistical analysis of the financial reports of 41 agricultural listed companies, most of the companies involved three types of biological assets in their accounting policies, but which biological assets were not described and revealed in detail. Based on this, Jiang Qingxia (2015) proposed that the three types of assets should be listed in detail[6]; Wang Lejin (2010) believes that enterprises should be required to disclose the judgment basis, standards and results in the valuation, and explain the uncertainty of the valuation of biological assets. The degree of impact and impact of the degree of uncertainty and uncertainty on the enterprise, and the effectiveness of disclosure of information[7].

Therefore, the effectiveness of biological asset information disclosure is a comprehensive manifestation of sufficiency, timeliness, authenticity, accuracy and integrity. As for how to realize the disclosure of biological assets information, it should be guided by the needs of information users, and whether it is effective for decision-making of information users.

2. The Theoretical Analysis Framework of the Effectiveness of Biological Assets Information Disclosure

Biological assets are characterized by the characteristics of general assets and the interweaving of natural reproduction and economic reproduction of plants and animals. As a very important part of the listed companies in agriculture and forestry, many scholars have taken the theoretical research on biological asset information disclosure from the perspective of biological asset information asymmetry and signal transmission theory or from the effective market hypothesis, social responsibility theory and principal-agent theory. set forth. There are many theoretical researches on information disclosure, but there are few theoretical analysis on the effectiveness of biological asset information disclosure.

In this regard, we constructed a theoretical analysis framework for the effectiveness of biological asset information disclosure, as the theoretical basis of the research, as shown in Figure 1.

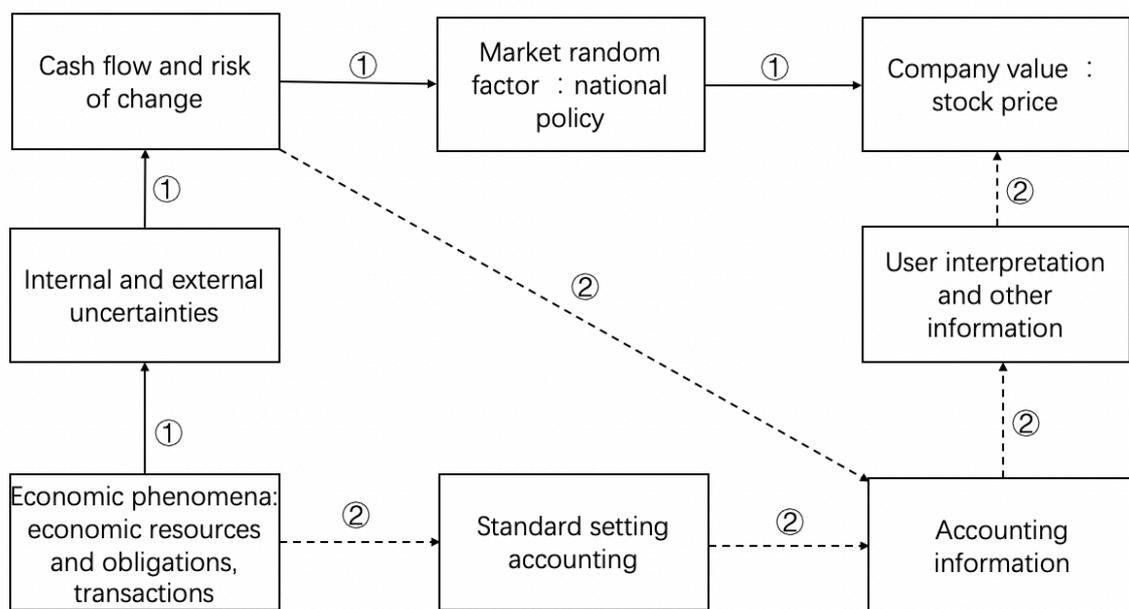


Figure 1. Theoretical analysis framework for the effectiveness of biological asset information disclosure

The nature determines the phenomenon, and the phenomenon can reflect the essence to a certain extent. The disclosure of biological assets information is based on accounting standards or norms for the economic consequences of economic activities (transactions or events) related to biological assets. The form and content of the products directly affect the user's decision-making and behavior choices. For the company, this will be reflected in the value of the company or the price of the stock. Therefore, in essence, the value of the listed company's enterprise value and the price of the stock are determined by the economic phenomenon of the enterprise (the economic phenomenon related to biological assets is an important part of the overall economic phenomenon of agricultural listed companies), and the economic phenomenon is The role of corporate value and stock price includes two logical relationships, namely economic logic (represented by solid arrows) and accounting

logic (dotted arrows). The former logic is the essential logic, the latter logic is the formal logic, but the latter is the standardization or standardization of the former, and it is indispensable.

3. The Role of Economic Phenomena on Corporate Value and Stock Price: Analysis of Economic Logic

The economic logic is divided into two major links: from economic phenomena to cash flow and its risks, to company value and stock price:

First, the economic phenomenon of the enterprise essentially determines the future cash flow of the enterprise and its risks. This is the basis for stakeholders to make investment, credit and other economic decisions, because the economic phenomenon of the enterprise can influence or change the future cash flow of the enterprise. And its risks, it can bring predictive value to decisions. In addition, the extent to which economic phenomena affect corporate value and stock prices is also affected by many factors:

The internal management level of the company determines the profit level of the company to a certain extent. Generally speaking, because investors pay attention to the expected profit, the stock price will move in the same direction before the profit level; at the same time, the internal management structure of the company will also cause investment. The trust of the person changes.

Under the influence of the external economic and social environment, for example, the supply and demand relationship of the stock market determines the short-term and medium-term trend of the stock price; in some cases, the state will take relevant measures to maintain the share price changes in order to maintain the current market order of the stock market. The combined effects of this series are accompanied by the resolution of the correlation problem, that is, the cash flow generated by economic phenomena and its risks should meet the needs of many stakeholders.

Second, future cash flows and their risks are important factors in determining company value or stock price. The total amount of these assets objectively reflects the company's economic strength and provides an important basis for investors. Under normal circumstances, this effect is positive.

In reality, however, there are also effects such as national macroeconomic policies, industrial policies, reform policies, economic development, industry competition, and other uncertainties. The state can increase or decrease the market money supply by relaxing or tightening the monetary policy, causing the interest rate to fall or rise and cause the stock price to fluctuate. Industry life cycle, economic cycle, industry status, industry outlook, industry trends and sub-industry conditions also have varying degrees of impact[8].

In an ideal environment where information is completely symmetrical, economic relations are the sole determinant of company value and stock price. Investors' value judgments are highly unified, and accounting systems cannot provide any effective additional information to the market. But in fact, the market with completely symmetrical information does not exist. The stock price can reflect some public information, but some internal information cannot be reflected. In order to reduce the occurrence of insider trading and improve market efficiency, accounting disclosure is very necessary.

4. The Role of Economic Phenomena on Corporate Value and Stock Price: Analysis of Accounting Logic

In an efficient market, the price of securities can respond to all available information in full and timely, that is, there is no abnormal remuneration for investors based on their transactions. In fact, a fully effective and absolutely fair capital market does not exist because the efficiency and equity of the capital market are complementary and concomitant. In the capital market, the phenomenon of information asymmetry is widespread. Among the two parties to the transaction, the party who has more information is often in a favorable position, which leads to the occurrence of moral hazard and adverse selection. The separation of company ownership and management rights makes managers have more advantage information than investors. Investors need to use the accounting system to convey the information that management has to help them judge this economic logic relationship,

and then make investment and credit. And other economic decisions, which creates an accounting logic.

Economic phenomena are also the starting point of accounting relationships. Accounting logic is divided into three major links: from economic phenomena to accounting information to company value and stock price:

First, from the economic phenomenon to accounting information, that is, the form of accounting information to reflect the essence of economic phenomena. Since the economic phenomenon of an enterprise is an objective material world, and accounting information is a subjective reflection of ideology, both accounting standards and specific accounting are crucial. Of course, from the economic phenomenon to the accounting information, the reliability problem must be solved, that is, whether the accounting information is objective and verifiable reflects the economic phenomenon that the intention is to reflect. The emergence of accounting standards largely guarantees the quality of basic accounting information of enterprises, but the disclosure information under the guidelines is a kind of “general information” that is applicable to most managers or investors. The decision of an investor is completely relevant. Through the analysis of future cash flow and its risk to the accounting information, the continuous appreciation of biological assets is the main business of agricultural enterprises, and the biological assets with longer growth cycle have more difficult estimates of future cash flow. And the risk of large problems, which is also an important factor affecting the effectiveness of biological assets information disclosure. Keep abreast of the growth of corporate biological assets, grasp the market trends, and make a large-scale assessment of future cash flows and their risk changes. To a certain extent, it can help solve the correlation problems that cannot be solved by the reliability of accounting information, and the degree of correlation. It will further affect the judgment of the importance of accounting information. This is actually done in the first part of the economic relationship, and this link is only required to be reflected in the form of accounting information.

Finally, the essence of the capital market operation mechanism is the information communication mechanism. The fundamental function of its economic function lies in the information function. The efficiency of capital market resource allocation depends on the effectiveness of securities pricing. The effectiveness of securities pricing depends on the pricing mechanism from information to price. From accounting information to company value and stock price, the effectiveness of accounting information disclosure is reflected. On the basis of solving the correlation and reliability of accounting information, in order to make the user's analysis more accurate and more suitable for the company's own business status, it is necessary to solve the importance of information and consider the timeliness of information: First, for the company Biological asset information that has a significant impact on value and stock price should be disclosed in detail. Whether the judgment standard with significant influence is not only the amount of the amount, but also should be judged according to the scale of the enterprise. Generally speaking, if the growth cycle is short and the influence on the user's decision is small, it can be regarded as non-important information. Disclosure; on the contrary, it should be disclosed in detail, and due to the particularity of the appreciation of biological assets, value-added information that has a greater impact on policy makers should be disclosed in detail, and the disclosure method should be determined and verified according to its scientificity and rationality [9]. Furthermore, information timeliness requires reporting and disclosure of relevant information within a specified time. Biological assets are characterized by increasing value. If information users are aware of changes in their biological assets after a growth cycle, the timeliness of information will be affected. Larger impact, so timely disclosure of biological asset value-added information, in order to allow users to better grasp the dynamic changes. From the biological asset accounting information to the company value and stock price, due to the different user's interpretation perspective and method differences and other different information, the effectiveness of accounting information disclosure may change in different directions. However, the full manifestation of its effectiveness also needs to continuously improve the relevant standards for biological assets information disclosure, detailed disclosure

requirements, improve the social supervision system, and enhance the internal management capabilities of listed companies in agriculture and forestry.

Therefore, the manifestation of the effectiveness of biological asset information disclosure, in addition to the economic logic relationship, can explain its role in corporate value and stock price, but also the accounting logic relationship generated by low cost and high efficiency accounting communication mechanism. To reflect: by developing appropriate accounting standards and specific accounting to improve the quality of biological assets information, users can better interpret accounting information to ensure the effectiveness of information-price pricing mechanism.

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