

Research on the Relationship Between Accounting Information and Value Investment¹

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Abstracts: There is a close relationship between accounting information and value investment, and accounting information is an important basis for investors to make investment decisions. Studying the correlation between accounting information and investment value can scientifically guide investors' investment behavior and make scientific investment decisions. Based on the analysis of the relationship between accounting information and value investment, this paper explores the internal relationship and mutual influence between them, and provides some strategies and guidance for the scientific and effective development of value investment.

Keywords: Accounting Information; Value Investment; Investment Practice

1. Overview of accounting information

1.1 Meaning and characteristics

Accounting information refers to the information that the accounting personnel of an enterprise reveal to investors, creditors' rights and other information users the financial status, operation and management efficiency and performance operating results of the unit in the process of recording, classifying, summarizing and preparing the financial information of the enterprise through special methods. Accounting information is the basis for the smooth operation of social economy. It reflects the past economic activities of enterprises through the provision and use of specific information, controls the current economic activities of enterprises, and finally forecasts the future economic activities. Accounting information mainly includes past financial information, directional information required by management, and predictive decision-making information for the future ^[1].

In addition, accounting information also has some other characteristics: first, complexity. As an important member of the financial department of an enterprise, accounting can provide decision-making information support for stakeholders. Information is the product of accounting, which has a great impact on the decision-making and market operation of enterprises and individuals. Second, quasi public goods. In the current society, the capital market is open to the public, and the users of accounting information generally do not interact with each other. Therefore, the use of accounting information is not competitive. However, the use of accounting information is not free, and the final cost of using accounting information is mainly reflected in the product price payment of investors. Third, negative externalities ^[2]. Accounting information can reflect the performance of the entrusted responsibility of Ganli. Because accounting information is ultimately controlled by the management, it is easy for providers to ignore the needs of demanders, affecting the play of social utility, which will lead to personal utility being regarded as the largest goal of production decisions, leading to the emergence of negative externalities of accounting information. For example, in a listed company, the operator conceals the accounting information that may cause the stock price to rise in order to pursue personal interests.

2. Application of accounting information in value investment practice

This paper chooses SWOT analysis method to analyze the accounting information and value investment relationship in the stock market, which can clearly analyze the role of accounting information in investors' decision-making and provide guid-

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ance for investors to effectively apply accounting information.

2.1 Advantages of accounting information application in value investment

First, accounting information has obvious value relevance in stock investment. Accounting figures play a certain role in forecasting and explaining stock prices. The accounting information disclosed by listed companies can transfer valuable information for the securities market, reflect the current and future cash flow of enterprises, and reflect the uncertainty factors and risk heat in the business development of enterprises. Secondly, accounting information has certain practicability in stock value investment. The accounting information disclosed by listed companies is provided to investors, creditors, government departments and other different types of people. Therefore, the information content contained in the accounting information is relatively complex, with multiple aspects of design. However, as a stock investor, only a few specific accounting indicators can provide effective guidance for decision-making.

2.2 Application opportunities of accounting Information in financial investment

First, it is the fair value application of accounting information. Since the implementation of the new accounting standards in China, fair value has become an important criterion to measure market value, focusing on the past and future development. Secondly, the current regulatory mechanism of accounting information disclosure has been continuously improved and perfected, China's securities market has been continuously developed and optimized, and China's relevant legal system in the supervision of accounting information disclosure has also been further improved, forming a multi-level regulatory system, and the government departments' supervision and enforcement of accounting information disclosure have also continued to increase.

3. Factors influencing the practice results

In terms of influencing factors of value relevance of accounting information, it mainly includes the following aspects:

First, the innovation of basic principles. The innovation of basic accounting standards has an inevitable impact on the value relevance of accounting information. By strengthening the useful goal of accounting information decision-making, paying attention to improving the quality of accounting information, reasonably guiding the flow of funds, promoting the effective allocation of resources, establishing the core position of the balance sheet, changing the traditional concept of taking profits as the core, and reducing the manipulation space of profits, all these can promote the improvement of the value relevance of accounting information. In addition, strengthening the authenticity of accounting information, ensuring fairness, and providing investors with more value related information can also promote the value relevance of accounting information.

Second, industry impact. Non fair value net assets have a certain value correlation with fair value net assets. For the implementation effect of fair value, different industries have different effects.

Third, macro environmental impact. The environmental protection of accounting information includes many aspects, including the effectiveness of capital market information, the development of asset trading market and capital market, and the application of accounting information to investors. The higher the effectiveness of capital market information, the less obvious the improvement of the value relevance of earnings information after fair value is adopted. In the capital market environment where investors are poorly protected, the value relevance of accounting information cannot be significantly improved through fair value.

4. Improving the quality of accounting information and helping value investment countermeasures

4.1 Legal level

At this stage, China's accounting laws and regulations system includes four levels, mainly formulated by the National People's Congress, the State Council, the Ministry of Finance and local government finance departments. In view of the formulation of existing relevant laws and regulations, we will continue to improve the system construction work related to accounting, promote the unity of theory and practice, and ensure the consistency of management departments from top to bottom to keep in line with international standards.

4.2 Policy level

First of all, the government departments need to further strengthen the legislative work, constantly improve relevant standards, regulations, etc. , and provide corresponding legislative support and regulatory requirements for decision-makers.

Secondly, enterprises need to grasp the information required by users, and through effective application of accounting resources, based on the principle of cost-benefit, promote the continuous optimization of resources and provide effective infor-

mation support for investors.

4.3 Investor education

The basic objective of accounting believes that the ultimate purpose of accounting is to promote the continuous improvement of economic and social benefits of enterprises. For accounting related operations, advanced analysis of accounting data is basically in line with the accounting objectives. In order to meet the needs of the corresponding goals, relevant accountants should also be allowed to master accounting skills, establish good industry quality and moral literacy, and create a good accounting industry atmosphere, to do a good job in the education of accountants and their practitioners.

4.4 Regulatory level

To improve the quality of accounting information, government departments should strengthen supervision and avoid accounting information fraud and incomplete and non-standard disclosure. During the supervision, the relevant personnel shall strictly check the authenticity and integrity of the accounting vouchers, accounting books, financial statements and other accounting materials of the inspected units in strict accordance with financial laws, regulations and systems. We should focus on supervising the implementation of accounting standards and accounting systems, the quality of accounting information, the management and use of financial funds, the internal control system, the "small treasury" governance, and the implementation of the "eight provisions" of the central government of the inspected units, find out the problems existing in the inspected units, and summarize good experience and practices. Inspectors patiently and meticulously guide and urge the unit to rectify the business problems found in the inspection that can be rectified on site; For problems that cannot be rectified on site, the inspection team shall form an inspection report and require the inspected unit to rectify within a time limit to ensure the effectiveness of the inspection work. Carrying out accounting supervision and inspection can play a positive role in standardizing accounting behavior, improving the quality of accounting information, improving the level of accounting work, and promoting financial management according to law.

5. Conclusion

There is a close relationship between accounting information and value investment. To ensure the interests of investors and promote the healthy and orderly development of the investment market, the quality of accounting information must be effectively improved. This paper analyzes the relationship between accounting information and investment value, analyzes the interest relationship through SWOT analysis method, and proposes specific countermeasures to improve the quality of enterprise accounting information, which will play a positive role in guiding the development of investment market and improving the quality of accounting information of listed companies.

References

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