

Summary of Information Disclosure of Related Party Transactions

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Abstract

With the development of economy and the increasing of enterprise groups, the transaction between enterprises is more frequent and complex, and the related transaction has become a common transaction type. In recent years, it is very serious that Chinese listed companies use related transactions to whitewash financial statements, which seriously damages the interests of investors. Therefore, it is very important to strengthen the disclosure of related party transaction information.

Keywords

Related Party, Transactions, Information Disclosure.

1. Introduction

Joint party transaction refers to the transfer of resources or obligations between the parties concerned, regardless of whether or not to collect the price. Frequent transactions between related parties are the following: the purchase and sale of goods and other assets, providing or receiving services, agency, leasing, funds, guarantees and collateral management of the contract, the transfer of research and development projects, the license agreement and key management personnel remuneration.

In China, the development of related party transactions is gradually developed with the development of China's capital market and the emergence of city companies. It has been a hot and difficult problem in the market. As the relationship between the enterprise, the related party transactions is normal, the main function of foot and reduce the cost of enterprise, optimize the allocation of resources, improve the efficiency of enterprises and market competitiveness, and can maximize the profit for the company. However, in actual operation, related party transactions and market competition, after all, public bidding has become different, some special secret operations, deviated from the market even bargain criteria, formed unfair related transaction, distortion of accounting information in different degree, be against the interests of others, to avoid legal tools. For shareholders, creditors and stakeholders of the rights and interests of damage. Therefore, in order to ensure the interests of investors was not damaged, it is necessary to strengthen the supervision of related party transactions is the center of the work to strengthen the information the disclosure of related transactions, sufficient, reliable and timely disclose all significant related transactions.

And of the related party transaction criterion in our country more strict, formed a relatively complete set of constraints on the related transactions of the profit manipulation system of standards, from 1997 promulgated the "enterprise accounting standards and transaction related party disclosure", and later with the relevant standards promulgated, such as "non monetary transaction", "debt restructuring standards". The securities regulatory authorities have issued listing rules and the relevant announcement criterion, in order to effectively standardize the listed companies related transactions, such as the January 6, 1997 promulgated the "public offering of securities of the company information disclosure content and Format Standard No. first - prospectus", October 1999 issued a "notice" on improving the quality of financial information disclosure of listed companies etc.. In February 2006, China promulgated new accounting standards for enterprises, and described the content of related party transaction rules more specifically and objectively. In 2006 "Enterprise Accounting Standards No. thirty-sixth - related party disclosure" in the enterprise, regardless of whether related party transactions shall be disclosed in the notes have controlling relationship with the parent company and the subsidiary company and the related information between enterprises. If an enterprise has related

party transactions with the related party, it should disclose the nature, types and elements of the related party in the note. If the consolidated financial statements are provided, the transactions between the enterprises that have been incorporated within the scope of the merger shall not be disclosed.

The research mainly searched the core journals about "related transactions of the listed companies information disclosure" on the article, through the study of the literature, research on the related transactions of the listed companies information disclosure mainly in the following categories: from the enterprise internal supervision mechanism of related transaction information disclosure from the external supervision of enterprises; Study on the related transaction information disclosure.

2. Organization of the Text

With the advent of knowledge economy era, trade association plays an increasingly important role in the listed company, related trade issues have become investors, creditors and other financial reports focus on reading.

2.1 Research on information disclosure of affiliated transaction from internal supervision mechanism

Many scholars in the theoretical field study the disclosure of related transaction information of listed companies from the internal supervision mechanism. Mainly from the system of independent directors, directors, supervisors and management personnel and the fiduciary duty of construction, the controlling shareholder of the shareholder derivative litigation system, voting on the system, the ownership structure of listed companies to disclose information related transactions.

The main representative of the following articles: "article pointed out that a study of" independent directors system on the related transactions of Listed Companies in the independent director system is closely linked with the corporate governance, the aim is to repair the failure mechanism of the board of directors, restriction of non fair related transactions and prevent false financial reporting effectively the role of the board of directors, improve the corporate governance mechanism. The introduction of independent director system in our country to the independent directors of objective and impartial supervision and evaluation of the board of directors and management behavior, management decision-making behavior restrict non fair related transactions of large shareholders and major shareholders damage the interests of small shareholders to protect the interests of small investors, Guang Dazhong. Thus, there is a close relationship between independent directors and related transactions of listed companies. It is expected that the introduction of the independent director system to curb the occurrence of non fair related transactions, thus protecting the interests of small and medium-sized shareholders. "On the right to exclude" system to regulate related party transactions in the article mentioned excluding voting rights of the stakeholders of the company to use its voting rights restrictions can resist unfair trade behavior of large shareholders and the company's vote. The system of voting right exclusion has the characteristics of objectivity and prevention in regulating the related party transactions. Its exertion has certain influence on related transaction itself and related parties of related transaction. First, voting system as a precaution measures. To the maximum extent possible to avoid shareholders especially the controlling shareholders, promoters, directors place their interests above those of the interests of the company so as to safeguard the interests of the company. Second, the voting right exclusion system can protect the legal rights and interests of the small and medium-sized shareholders of the company in the related transaction. Third, the voting right exclusion system can affect the resolution of shareholders' committee and the management activities of the company.

2.2 Research on information disclosure of affiliated transaction from external supervision of enterprises

Many scholars in the theoretical field study the disclosure of related transaction information of listed companies from the external supervision of enterprises. This paper mainly studies the related party transaction information disclosure from the aspects of related transaction audit, securities legal system, government regulation, industry self-discipline and social supervision.

The main representative works are as follows: "on the related transactions and its audit" mentioned in the article, we must maintain fair related transactions from all aspects, restrict unfair related transactions, strengthen the audit of related transactions. First, we must make clear the purpose of the audit of related party transactions in order to conduct the audit of affiliated transactions. Second, we must understand the content of related transaction audit. Between the third key inspection corporation shares are trading for settlement, all project related transactions are signed a contract agreement, all transactions settlement standard is in accordance with the provisions of the national laws and policies, whether the related transactions are entered into the corresponding period when the income and expenses, whether do settlement in time and in full. "Thinking" of related party transactions transfer price information disclosure problem of related transactions of listed companies transfer price information disclosure system, analysis of the current situation and problems, and puts forward the solution of governance of China's listed companies unfair related transactions. From our current transfer price information on the disclosure of related party transactions, the concrete has the following problems: first, the disclosure of confusion; second, lack of transfer price fairness; third, the lack of comparability and understandability, the disclosure of information is very limited. It is necessary to further improve the formulation of accounting standards and system related to related party transactions, so as to improve the timeliness, integrity, authenticity and transparency of related party transaction information disclosure. The countermeasures and suggestions for perfecting the information disclosure system of Listed Companies in China are as follows: firstly, establish a unified and efficient securities legal system. Second, establish the supervision framework of government supervision, industry self-discipline and social supervision. Third, speeding up the process of marketization in china.

3. Conclusion

To sum up, a lot of scholars discuss the information disclosure of related party transactions of listed companies. Scholars have discussed the related transactions of listed companies information disclosure problems and explore from many aspects, the countermeasures and suggestions to standardize the related transactions of the listed companies information disclosure from strengthening external supervision and internal supervision mechanism of enterprises two. The author thinks that the information disclosure of related party transactions should be studied in depth according to the current economic reality, so as to improve the transparency of accounting information of listed companies and protect the vital interests of related stakeholders.

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