

System Defects and Countermeasures of Information Disclosure of Listed Companies in China--Taking Accounting Information Disclosure as the Research Point

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Abstract: Accounting information is an important link between listed companies and investors. Improving the degree and quality of accounting information disclosure is a key step in modern financial system and even modern enterprise system. After nearly 20 years of exploration and development, China has basically formed a complete theoretical system and framework of accounting information disclosure of listed companies. However, there are still many problems in practice, which hinder the development of China's securities market, and should be paid more attention to and improved. Firstly, this paper clarifies the research background and significance of this paper, and then introduces the concept and basic theory of corporate accounting information disclosure. On this basis, combined with relevant practical cases, this paper discusses and analyzes the problems and causes of accounting information disclosure of listed companies in China. Finally, it puts forward solutions. In order to provide some thoughts on standardizing the information disclosure of listed companies and promoting the development of China's securities market.

1. Accounting Information Disclosure Related Concepts and Theories

1.1. The Meaning and Significance of Accounting Information Disclosure

(1)The meaning of accounting information disclosure

“Accounting information” can only be obtained through the processing and analysis of accounting standards. Aggregating accounting information on this basis is easier to understand and more valuable than the initial economic activity data, and the original vouchers can only be used as data for the initial accounting information processing. Some scholars believe that accounting information is a kind of measurable economic information, and there is also a view that accounting information is a kind of value flow information, which needs to be measured in money.

(2)The significance of accounting information disclosure

The stock market is a market with asymmetric information. As a kind of virtual capital, the value of stock is uncertain. Stocks are essentially “information products” or “important information”. Information is the core of the stock market, only by relying on real stocks and timely and effective information, investors can make wise investment decisions and face profits and losses. Investors can only judge whether the fund complies with the agreement based on the information provided by the lender, while using and evaluating the value of assets and venture capital. However, in the stock market, financiers and investors are in different positions. Financiers understand business activities, profitability, risk profile and how to use subsequent funds, while investors are in a weak and passive position to understand relevant information. In order to protect the interests of investors, the financiers need to disclose the capital information to investors, but refuse to disclose the negative information of the company, and the disclosure of information is obviously for "self-maintenance". Therefore, it is necessary to establish an information disclosure system to force financial institutions and listed companies to disclose all relevant information to investors, and form a set of standards, contents, forms, methods and detailed regulations for information disclosure. In addition, the responsibility system is stipulated to punish false statements and compensate investors for losses. Therefore, the accounting information disclosure system is derived, that is, according to the current law, listed companies have the obligation and responsibility to regularly disclose accounting and financial information to the public, and the information must meet certain form and content requirements, listed companies have the responsibility to ensure that the disclosed accounting data is true and accurate.

1.2 Theoretical Basis of Accounting Information Disclosure

1.2.1 Theory of Social Responsibility

If an enterprise wants to continue to exist, it must continuously improve its economic benefits, but it cannot ignore its social responsibilities. It should disclose its information to the public, so that shareholders and other stakeholders can make the right decisions, and at the same time, it can also make the relevant government departments pay attention to the company, which not only supervises the company's behavior, but also promotes the better progress of the company. From the following perspectives, corporate social responsibility includes:

(1) The company's responsibility to the government

In contemporary times, the cooperation between the company and the government is getting closer and closer. On the basis of this system, companies must fulfill their responsibilities as social citizens, abide by the relevant laws and regulations of the government, operate legally, pay taxes, perform the duties and obligations stipulated by the government, and accept the supervision and laws of the government.

(2) The company's responsibility to consumers

Enterprises and customers are a whole opposed to each other. The profit maximization of the enterprise depends on the customer's purchase. It is the mission of the company to provide affordable, safe, comfortable and durable goods and services to meet the psychological and material needs of customers. It is also the social responsibility of the company to customers. The social responsibility of enterprises to customers is to be responsible for the goods and services they provide, and to guarantee the quality of their products and services to customers, and not to cheat customers.

(3) The company's responsibility for resources, environment and sustainable development

Industrial civilization has provided unprecedented wealth for our lives, but it has also produced great damage to the environment in which we live. The operation of companies is the primary factor

causing the consumption of natural resources and environmental pollution. Nearly 50 years of environmental change have led companies to change their attitudes toward environmental protection -- from refusing to acknowledge the harm done to committing to the obligation to reduce resource consumption and environmental pollution and expecting a positive impact. However, only after the economy has reached a certain level of development will there be more and more improvement. The fundamental reason is that the population and rapid development of emerging economies necessitate huge consumption of resources and environmental damage. Although these political and social issues are not within the competence of enterprises, they have the resources, technology, global influence and momentum of sustainable development. Therefore, enterprises should shoulder the responsibility of building global sustainable development and fulfill their historical mission.

(4) Corporate responsibility to the community

An enterprise is a part of both a society and a group, and the harmonious and friendly interaction between the enterprise and the group it belongs to is a kind of social responsibility of the enterprise. The obligation of enterprises to the society lies in giving back to the society, such as: creating jobs for the society, making charitable donations to the society, and publishing the relevant information of the company's operation to the society. Socially responsible companies recognize that they have a responsibility to give a portion of their earnings back to their own communities in an appropriate way. Koontz and Verick are world-renowned management scientists who believe that companies need to maintain a close relationship with their social context, respond quickly to changing social conditions, and actively participate in community events.

1.2.2 Fraud Triangle Theory

According to the fraud triangle theory, the main factors that cause accounting fraud are related to pressure, opportunity and excuse. Pressure includes economic pressure, work pressure, personal interest pressure and other pressures, which are the causes of accounting fraud; Opportunities increase the probability of accounting fraud, reduce the risk of accounting fraud, thus forming favorable conditions and objective environment for accounting fraud; Pressure, opportunity and excuse are three different "triangles", which complement each other and lead to the occurrence of accounting fraud.

In the company, the most important reason for accounting fraud is pressure. Economic pressure, including the deterioration of the general environment, the emergence of competitors, the emergence of public financing, etc. will lead to false financial reports and false disclosure. Work pressure refers to the individual, employees in the work to seek positions and remuneration, from other departments to be excluded, or from other departments of unfair work, these will cause work tension, resulting in individual behavior fraud. Since the capital market is the most convenient and important way to source funds, in order to meet the "expectations" of public opinion and media, the company's management does not hesitate to whitewash the statements to create "superficial prosperity" to deceive investors.

1.2.3 GONE Theory

GONE is a new method proposed by Bologua and other scholars in 1993. This hypothesis shows that the information fraud of a company is generated through the combination of four factors, G,O,N and E, none of which is more meaningful, and they are interrelated and inseparable. G denotes greed, O denotes opportunity, N denotes actual need, and E denotes the chance of exposure.

Some experts believe that companies and individuals are not dissatisfied with the existing profits, but have different degrees of expectations about the dissatisfaction of companies and individuals; G

is a kind of greed based on individuals, a desire to have too high expectations for profits but not enough. For example, the senior managers of the company are not satisfied with the current salary system and do not pursue performance compensation, which violates the company's moral code and principles; the major shareholders are not satisfied with their property and infringe the legitimate rights and interests of the minority shareholders. Thereby covering up the facts of infringement through illegal disclosure. N represents objective requirements at the enterprise level, that is, the company has certain realistic needs, which must be achieved by violating regulations. For example, in order to achieve poor financial conditions to obtain financing conditions, or during the delisting warning period, the company is eager to get out of the delisting danger warning.

Under the influence of factors such as defects in the company's internal management and inadequate external supervision, O and E can be classified as the company's information leakage behavior. The problems existing in the company's internal management system create a good environment for the illegal behavior of the company in the financial report. On the other hand, in listed companies, minority shareholders have very few voting rights, and it is likely to occur the phenomenon of "free riding", where major shareholders have more voting rights and manipulate the company in this way. E represents the risk of the company violating the regulations and the cost to be paid after being found. Generally, if the company's external management system is relatively perfect, such as the relevant external audit and the law enforcement of the stock exchange, strict supervision and severe punishment, the cost of breaking the law will be higher, so the company will be more cautious in evaluating the return and expense after violating the regulations.

The concept of GONE summarizes the necessary conditions for corporate fraud, that is, the company has an unsatisfied greed, the company has a real need for fraud, and there are opportunities for fraud, and the risk is low, and the punishment is less. If all these four aspects are met, the company's illegal behaviors will increase. Therefore, China's listed companies pay attention to the above four aspects to curb the accounting information violations of listed companies.

2. The Present Situation and Existing Problems of the Accounting Information Disclosure System of Listed Companies in Our Country.

2.1 The Current Situation of Accounting Information Disclosure of Listed Companies in China

As one of the world's emerging markets, China established the Shanghai Stock Exchange and the Shenzhen Stock Exchange in 1990, and the Beijing Stock Exchange in 2021. The rapid development of China's stock market has attracted global attention. With the deepening of China's enterprise reform, many state-owned enterprises have been transformed into joint-stock enterprises, and private enterprises and foreign-invested enterprises have also been expanded. In order to seek greater development, they have started to raise funds and go public.

Listed companies are related to the investment interests of investors, so they must provide timely, accurate and sufficient financial and accounting information to protect the survival interests of investors. This started with stock trading in China. Since 1992, the China Securities and Exchange Commission (CSRC) and the China Securities and Exchange Commission (CSRC) have promulgated a series of regulations or measures on the disclosure of enterprise accounting information to improve the accounting information disclosure system of listed companies, formulate the standards and requirements for accounting information disclosure of listed companies, and further standardize information disclosure. However, the illegal information disclosure of listed companies is still continuing. In 2003, the financial fraud of Tianyi Technology Co.Ltd. involved 19.93554 million yuan; in 2013, the financial fraud and listing case of Guangdong Xindadi

Biotechnology Co.LTD.; in 2017, the “deceptive” restructuring case of Jiuhao Group involved 560 million yuan; in 2018, Longwei Media acquired Wanjia Culture as a shell company; and in 2019, Kang Dexin Composite Materials Group Co.LTD.’s false profit case involved 11.9 billion yuan, Kangmei Pharmaceutical’s financial fraud case in 2019 inflated monetary funds by about 30 billion yuan. The frequent illegal disclosure cases and the shocking amount of fraud involved have sounded the alarm to us.

The National People’s Congress, Ministry of Finance, China Securities Regulatory Commission, Shenzhen Stock Exchange, Shanghai Stock Exchange and so on have formulated a series of laws, regulations and rules to regulate the disclosure of accounting information of listed companies, forming a set of laws and regulations system. The legal system of corporate information disclosure is based on the international supplementary standards and is basically in line with the international standards, which promotes the gradual standardization of accounting information disclosure of listed companies and the gradual improvement of the quality of accounting information disclosure. In order to strengthen the supervision of accounting information disclosure of listed companies, improve the structure and content of accounting information system, and ensure the quality of accounting information disclosure of listed companies, China Securities Regulatory Commission (CSRC) has issued a series of explanatory opinions on the weak links and difficulties in accounting information disclosure of listed companies, and constantly improve and enrich the disclosure obligations of listed companies.

2.2 Analysis of Illegal Disclosure of Accounting Information of Listed Companies in China

(1) False records and misleading statements

The information provided in the accounting requirements is based on evidence and is not fabricated. However, many companies now provide false information, which causes great trouble to the accounting work and disturbs the market order. For example, Wanan Logistics falsely increased by 9 billion yuan in two years. After the truth was exposed, the stock price fell by more than 60%; Jiuhao Group inflated its income by more than 120 million yuan from 2013 to 2015, fabricated bank deposits of 300 million yuan, and failed to disclose the fact that it borrowed 300 million yuan and pledged it; Kangmei Pharmaceutical, as a former “white horse stock”, exposed a financial scandal of nearly 30 billion yuan “evaporation” of monetary funds in 2019. Its share price also fell from 12.43 yuan at the high point at that time to 2.55 yuan at the lowest, down 79.5%. During this period, there were a total of 20 daily limit falls, and there were 15 trading days of continuous daily limit falls, an “amazing” trend.

In order to determine financing advantages and better raise funds, some listed companies make false profit forecasts, and the increase in the expected value of stocks has brought serious misunderstandings to investors. In order to achieve certain goals, it is very common for listed companies to publish false accounting information. For example, Guizhentang IPO, Green Land suspected of IPO fraud, etc. so that the enterprise into the “financial fraud gate”, the enterprise market value seriously evaporated, affecting the healthy development of the capital market and the interests of the company. When listed companies are offering shares and going public, in order to go public smoothly, they fabricate false accounting information and distort profits; The use of the funds raised is not reflected truthfully; Financial statements neglect to show important information, such as inability to determine the main business income and difficulty in separating, hiding or delaying other business income. In order to maintain the operation, the management of the enterprise takes the risk of breaking the law, provides false information, turns a blind eye to the loss that will be caused, and exaggerates the profit excessively.

(2) Major omissions

Improper accounting information disclosure is common in listed companies in our country, that is, listed companies choose the accounting information to be disclosed, take their own interests as the starting point, avoid the heavy and avoid the light, choose to disclose less or not unfavorable to the enterprise accounting information, try to disclose the favorable accounting information; Others ignore the important notes in the annex of the standard explanation, which may lead to investors' unclear understanding of the situation of the listed company, or mislead investors' judgment, and affect investors' decision-making. For example, Best(stock code:300580)has 126 pages in its 2017 annual report, Karen Shares(stock code:300715)has 197 pages in its 2017 annual report, Zhongshan Jinma(stock code:300756)has 225 pages in its 2018 annual report, and Kangmei Pharmaceutical(ST Kangmei, stock code:600518)has 252 pages in total in its 2018 annual report. With such a huge amount of information, investors must spend a lot of time to read it completely. In addition, it covers too much worthless information, such as company accounts, listing, stock issuance and ownership, etc. Moreover, the real information will be mixed in the huge, which is difficult to be found, and investors can only absorb and use a very small part of it even after reading. This greatly affects users' decision making, delays the timing and causes losses.

(3) Improper disclosure

From May 2007 to May 2008, Lubei Chemical and Shandong Lubei Enterprise Group (later known as Lubei Company) have a large number of non-operating funds, and Lubei Chemical has transferred 2.2 billion dollars to Lubei Group, by the end of 2008, Lubei Company has returned more than 1.9 billion dollars of funds, but still occupy more than 200 million yuan. Lubei Chemical has not disclosed these funds. The time of information disclosure determines its value, and delay in disclosure will lead to the loss of opportunities for market players, thus losing the position of competitive advantage. Accounting is timeliness, requiring enterprises to provide timely accounting information, which is of great significance to the company's management, creditors, owners, the corresponding regulatory authorities and the public. In addition, if the company does not timely disclose the accounting information, it will be taken advantage of to enter the company and carry out illegal acts such as insider trading.

In addition, in our country, many companies only consider their own interests. In the process of external disclosure, the information beneficial to the development of the company is deliberately over-disclosed; And those information that will harm the interests of the company are deliberately concealed or delayed disclosure. The general performance is that the disclosure of balance sheet information of listed companies is arbitrary and reckless, such as the random adjustment of profit distribution, the lack of effectiveness of financial reports, the lack of valuable information, it is difficult to conduct financial analysis and draw conclusions; Financial reports lack of comparison, do not provide the relevant information of the same period of last year, can not be compared; Related to the interests of the company's marketing strategy, market competition and other information. For example, on January 29, 2011, Xi'an Jiaotong University Broadcom Information first disclosed the company's 2010 annual advance profit report. Two months later, it disclosed the loss of 2010 performance and suspended the listing announcement. The disclosure of accounting information is haphazardly, which seriously affects investors' judgment on the company's operation.

3. The Cause Analysis of the Existing Problems in the Accounting Information Disclosure of Listed Companies in China

3.1 The Traction and Drive of Interests

Huge interest temptation is the fundamental cause of accounting information distortion or even fraud of listed companies. Capital is the blood in the process of production and management of

listed companies, and investors in the securities market are the blood suppliers. Listed companies finance by issuing shares, issuing new shares and allotment in the stock market. The scale of funds raised by listed companies in the stock market is incomparable to other ways of financing, which is undoubtedly a great temptation for listed companies. However, if the financial indicators or business performance of listed companies are difficult to meet the provisions of relevant laws and regulations, in order to obtain financing opportunities, listed companies will fabricate profits, hide debts, and manipulate profits to obtain financing qualifications.

In addition, some listed companies take market value as an important indicator to evaluate the management's business performance, and the level of market value is related to the management's salary level. According to the concept of market value management, if the stock of a listed company is still at a low level, the major shareholders believe that the board of directors of the company is at a low level. The difference in stock value of different listed companies producing and selling the same products in the same industry reflects the difference in enterprise management level. The change of the company's stock price will affect the interests of the major shareholders, so the major shareholders will link the part of operating compensation with the stock price, especially in the case of the listed company to encourage the increase or decrease of stock holdings, which is directly related to the company's own economic interests. Therefore, in order to stabilize or improve the stock price in the stock market, the management tries its best to provide statements that are conducive to the performance of its business in order to deceive investors.

3.2 Careless Mistakes in Corporate Governance Structure

Although China has completed the reform of non-tradable shares, the shareholding structure of listed companies is still not reasonable. Contrary to the high dispersion of ownership structure of listed companies in the United States, the ownership concentration of listed companies in China is high, and the proportion of institutional investors is small, and the proportion of large shareholders and small and medium shareholders is seriously asymmetric. In recent years, although the number of shareholders in China's top 100 listed companies has increased and the shareholding has been dispersed to a certain extent, the average shareholding ratio of the largest shareholder is above 40%, while the average shareholding ratio of the top five shareholders is 59.6%, and the highest is 90%. In the past decade in the United States, the shareholding ratio of major shareholders in more than 90% of listed companies is less than 30%, and institutional investors account for more than 45% of the shareholder group. To some extent, the concentration of equity in the hands of a few shareholders breeds moral hazard. Considering their own interests, major shareholders will inevitably ignore the interests of minority shareholders in the decision-making of material assets reorganization, related transactions and other matters, which will make the shareholders' meeting lose its due utility. In order to cover up illegal asset reorganization, related party transactions or interest transfer with listed companies, major shareholders may disclose accounting information in a false, incomplete and untimely manner, which damages the interests of minority shareholders and investors. At present, some listed companies in China still have the situation that the ownership and management rights cannot be completely separated. The members of the board of directors and the board of supervisors concurrently serve as the management personnel of the company, the chairman concurrently serves as the general manager, or the senior executives concurrently serve as the members of the board of directors, which leads to the special phenomenon of cross-appointment and self-supervision in the governance structure of listed companies. The incomplete separation of ownership and management rights limits the checks and balances of the board of directors and the board of supervisors on the management, which leads to the failure of the company's internal control to a certain extent. Although listed companies have introduced the independent director

system, the independence of independent directors is greatly disturbed because they are nominated by the controlling shareholders and their remuneration also comes from listed companies. In addition, independent directors often hold multiple positions, so it is difficult for them to have a detailed understanding of the affairs of listed companies, which limits their role in checking, judging and supervising the performance of managers and balancing the interests of major shareholders and minority shareholders. In addition, institutional investors have governance advantages in professional quality, supervision ability and other aspects, but the institutional investors of domestic listed companies do not fully and effectively use their advantages to actively participate in corporate governance, which is related to the lack of attention to legislation in China at the present stage.

In addition, insufficient attention is paid to the internal control system. Listed companies should carry out internal control in accordance with the “Basic Norms for Internal Control of Enterprises” and “Supporting Guidelines for Internal Control of Enterprises” issued by the CSRC, the Ministry of Finance and other five ministries and commissions, and do a good job in the construction of internal control of financial reports, self-evaluation and audit, and do a good job in the disclosure of internal control at the same time as the annual report. In general, the internal control system of listed companies runs well, which improves the level of enterprise operation and management, risk prevention ability and emergency response ability, and makes an important contribution to improving the quality of financial report disclosure. However, in the process of implementation of internal control system, the board of directors and senior executives of some listed companies lack sufficient knowledge of internal control system, do not pay enough attention to the establishment of internal control system of the company, and the implementation of internal control system is not in place. In addition, because internal control is a complex system, almost involves every aspect of the daily operation and management of enterprises, not only requires a huge amount of work, but also requires enterprises to have advanced management technology and tools. Therefore, although some listed companies have established internal control system, the implementation strength is insufficient, simply positioning to meet the needs of supervision. The lack of follow-up operation of internal control defects and the use of information means.

3.3 Deficiencies in the Accounting Information Disclosure System

First of all, the production and disclosure of accounting information of some listed companies is substantive and descriptive, and the lack of detailed on-site guidance and operation objectively easily leads to the production and disclosure of accounting information of listed companies, which increases the difficulty of the application of standards, and based on the judgment of the generation and distribution of accounting information only based on subjective judgment or practitioners. As a result, the ability to provide information to listed companies may be impaired due to perception differences.

Second, it is the low level of punishment imposed by the relevant authorities for behavior, resulting in a serious mismatch between the costs of illegal behavior and the benefits of illegal behavior. In China, the deterrence of punishment measures such as order to correct, warning, notice of criticism and public condemnation is weak. At the same time, the illegal methods of listed companies to the hidden development, weak punishment system can not hurt the bones of listed companies, low cost of violations will be increasing. According to Iresearch data show that in 2021, a total of 116 listed companies and 467 executives in Shanghai and Shenzhen were punished by the CSRC, local securities regulatory bureau, inspection bureau, exchange, price bureau and other regulatory agencies for failing to perform their duties according to law, false information disclosure or seriously misleading investors, among which 33 listed companies and 115 executives of listed

companies surrendered fines. A total of 1.56 billion yuan was paid. After the Enron incident, the United States has imposed stricter requirements on the accounting system and information disclosure system of listed companies, increased penalties for illegal acts, and imposed a maximum of 25 years in prison while adopting huge fines.

4. The Countermeasures to Perfect the Accounting Information Disclosure System of Listed Companies in Our Country

4.1 Improve the Effectiveness of Internal Governance

The basic characteristics of the modern enterprise system are “internal differentiation, clear ownership, clear rights and responsibilities, scientific management”, and the core is to establish a corporate management structure in line with the national conditions. Good corporate governance encourages companies to disclose more financial information such as financial status, liabilities and payments, so as to ensure the fairness, justice and integrity of information disclosure, reduce the problem of providing accounting information for listed companies, basically improve the internal management structure of the company, and improve the efficiency of internal management. To improve the internal management structure and improve the efficiency of internal management, more attention should be paid to improving the performance of the board of directors and improving the incentive and control mechanism of the management.

First of all, we should improve the operational efficiency of the board of directors. The board of directors is the core of corporate governance structure. With the continuous development of modern business system of listed companies, more and more attention has been paid to the board of directors. Improving the operation efficiency of the board of directors is the significance of improving the corporate governance structure. Improving the operation efficiency of the board of directors can be achieved from the following three aspects: first, the board of directors can truly represent the interests of the company and be responsible to the company and shareholders; The second is to maintain the independence of the board of directors and change the situation of insider control and cross-appointment; Third, we should attach importance to the evaluation of directors' performance of duties.

Second, we should improve internal control and the special inspection system. To continue to play the role of internal auditors, each company will set up an internal audit committee to strengthen the consistency and standardization of internal audit. Companies need to strengthen the connection between external audit and internal audit and open up appropriate communication channels, such as establishing a reasonable notification mechanism. At present, accounting information leakage is very related to internal audit management. Therefore, listed companies should have a special inspection system to conduct a thorough inspection of procurement and sales activities, monitor procurement and sales in real time, and accurately record and determine the quantity of purchase and sales. After completing the purchase and sales calculation and business quota calculation, professional internal auditors will be appointed to check the authenticity of the data, so as to reduce the risk of accounting information leakage.

4.2 Improve the Accounting Information Disclosure System

First of all, in order to avoid the interference to the financial information of listed companies, the accounting standards and accounting systems of listed companies need to continue to be improved to ensure the objectivity and accuracy of accounting information in the market. Through calculation, the symmetry of accounting information in the capital market has increased. The first objective is to improve the reliability of the first capital account in the capital market. In addition,

overemphasizing the importance of account information in the capital market may lead enterprises to improve the ability of account whitewashing of listed companies. Therefore, it becomes more important to strengthen the reputation of listed companies. Secondly, listed companies need alliances and flexibility to provide business information. The flexibility of the accounting method chosen by the listed company should be reduced as much as possible in the capital market. At the same time, the differences in the nature of separate transactions of listed companies need to be taken into account, due to too much pressure on financial standards and the accounting system and its compatibility, which does not allow companies to publicly evaluate their transactions while producing personal accounting information, and the quality of accounting information on the market is affected by the “survival” of the information. In this regard, while emphasizing the uniformity of accounting data of listed companies, it is also necessary to consider how to flexibly resolve the differences, reduce the defects of accounting theories, and ensure the accuracy and objectivity of capital information.

Secondly, it is necessary to increase the punishment of accounting information violation disclosure and increase the cost of illegal disclosure. In recent years, China Securities Regulatory Commission (CSRC) has increased the punishment of accounting information disclosure violations, a number of listed companies have been placed on file for investigation, and severely punished accounting firms that violate national laws. However, compared with the United States and Hong Kong, the punishment is relatively small, lack of preventive measures, and focus on punishing listed companies, and the relevant responsible persons are not fined enough. It is necessary to increase the punishment for illegal behaviors, such as issuing fraudulent behaviors, releasing illegal information, manipulating the market and insider trading, increase the administrative and criminal responsibility for financial fraud, misappropriation of funds and other illegal behaviors, improve the civil compensation system and civil litigation system, and support the protection of investor organizations to Sue on behalf of them according to law.

4.3 Properly Introducing Public Supervision Forces

China Securities Regulatory Commission (CSRC), Shenzhen and Shanghai stock exchanges, intermediary agencies and trade associations jointly constitute the accounting information supervision system of listed companies in China. The Shanghai and Shenzhen stock exchanges, accounting firms and other intermediary agencies are supervised by CSRC. Under the current supervision system, the role of small and medium investors as the main body of the stock market has not been fully brought into play. Therefore, small and medium investors should be managed in the accounting information monitoring system of listed companies, and their supervisory role should be played. In the process of monitoring the accounting information of listed companies, the monitoring role of media should also be strengthened. Communication is an essential link in the chain of communication of listed companies. It provides the information of listed companies to the public and supervises the information of listed companies through public power. In relatively more mature capital markets such as the United States and Hong Kong, the public has generally recognized the important role of media in the supervision of listed companies, and media supervision has become an important supervision force. However, in China, the role of media supervision has not really been played, and the media's supervision of listed companies has been interfered by many forces. Therefore, we should pay attention to the role of media supervision, improve the institutional environment of media supervision, improve the quality of journalists, strengthen the accuracy, professionalism, timeliness and objectivity of media supervision, so that the media can supervise the listed companies independently and impartially.

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If any, should be placed before the references section without numbering.

Data Availability

Data sharing is not applicable to this article as no new data were created or analysed in this study.

Conflict of Interest

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