

Measuring and Assessing the Quality of Information on the Annual Reports: The Case of Seafood's Companies Listed on the Vietnam Stock Market

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Abstract

The high quality of information on the annual reports is of key importance for a large number of users, as it influences the quality of the decisions made. Based on the study of Braam and Beest (2013) and adjust some of the items asked for matching research context in Vietnam, this study was used the annual reports of 20 seafood's companies listed on the Vietnam stock market in 2013 to assess the quality of information. Research results have shown that the quality of information must first appropriate and honest then to improve the quality of information, the information will have to show the ability to compare and understand. To improve the quality of information presented in the annual report to increase the information provided meets the needs of the users of information and also to identify the factors that affect the quality of information.

Keywords: qualitative characteristics, quality of information, annual reports, seafood's companies, decision usefulness measurement.

JEL Classification: D82, D83, L15

1. Introduction

According to Financial Accounting Standards Board (FASB, 1999, FASB, 2010) and International Accounting Standards Board (IASB, 2010), the main objective of financial reporting is to provide high quality information for reporting units, which can be used for making economic decisions. Thus providing high-quality information is important, positive influence to the existing capital providers and potential stakeholders as well as the implementation of investment, making credit decisions, allocation of resources and contributes to improving the overall efficiency of the capital market (IASB, 2010).

Although FASB and IASB both stressed the importance of financial reporting of high quality, but the limitations of measurement methods mainly arise when assessing and measuring the usefulness for decision information on the financial statements attached. Such as the study of Barth et al. (2008) show that the quality of the reporting of financial and usefulness for the decision of the information they provide complex structured and multi-dimensional, which can not be observed directly. Moreover, the result of any measurement is based primarily on personal preference and awareness of multiple

components, which can be context specific decisions themselves (Daske and Gebhardt, 2006, Dechow et al., 2010, Gassen and Schwedler, 2010). On the other hand, most empirical studies to assess the quality of information used quantitative measure that focuses on the properties specific features of the information on the financial reporting, examples of such factors are earnings quality and value relevance proxies (Dechow et al., 2010, Mohammady, 2010). However, the quality of financial reporting is a multidimensional concept, wider than just the quality of the profit derived from financial statements or a combination of the accounting basis and the basis of the property market schools (Burgstahler et al., 2006, Krishnan and Parsons, 2008). Therefore, the assessment would have to be based on financial information and non-financial, as well as mandatory disclosure and voluntary included in the report of the company.

To be able to evaluate the quality of information on the financial statements, theoretical template for international financial reporting (IASB, 2010) provides a framework basis for the selection of the characteristics of information that we need to be included in the quality index. That is, the template theory that the extent to which financial reporting information is useful depends on its quality characteristics. Fundamental qualitative characteristics and improve the basic attributes of the information, which contributes to the usefulness for decision making. These features include enhancements to understand, compare, can check, and promptly added to the basic qualitative characteristics, and distinguish more useful information from less useful information.

The objective of this study was to assess the quality of information published in the annual reports of seafood's companies listed in the Vietnam stock market since then proposes recommendations designed to improve the quality of information presented in the annual report. To do so, we construct a quality index includes 33 items, based on the study of Braam and Beest (2013) and adjust some of the items asked for matching research context in Vietnam.

The paper is divided into six sections. The next section reviews the previous literature of financial reporting quality measurement methods. The third section provides the measurement tool based on qualitative characteristics. The fourth section provides the sample data. Section 5 discusses the empirical results, and the final section summarizes the key findings and implications.

2. Literature Review

Research on the publication of information on the financial statement was made with topics such as the usefulness for decision-making and use of the fair value; publication of information about risk; Audit report; assess the quality of information have in common that are quality assessment information on financial reporting but in every aspect yet comprehensive review (Table 1).

Table 1: Some studies of disclosure and quality measurement information in financial statements

Authors	Research	Methodology	Results
<i>Usefulness for decision-making and use of the fair value</i>			
Koonce et al. (2011)	Assess the relevance of fair values for financial instruments	Experiment Accreditation	Provides fair value information and ignored opportunities that affect investment decisions.
<i>Risk disclosure</i>			
Beretta and Bozzolan (2004)	Template for risk analysis company announced	OLS regression	Quality indicators published information on risks and size of the business / industry no correlation.
Dobler et al. (2011)	The attributes of the disclosure risk companies: theoretical basis	Descriptive statistics	Risk information disclosure focuses primarily on financial risk, little information, information about the future.
<i>The audit report</i>			
Gaeremynck and Willekens (2003)	The relationship between the internal audit reports and termination of business activity: evidence with private	Model	There is a relationship between the type of bankruptcy with the audit report, between the payment and

Authors	Research	Methodology	Results
	companies in the environment without legal proceedings		published audit reports.
Gray et al. (2011)	Feel right and wrong of the audit report are not eligible by the drafters of the financial statements table, users and auditors	Survey	User audit report praised the audit report but when using this report they do not read the entire report.
<i>The evaluation of the quality of financial reporting</i>			
McDaniel et al. (2002)	Assessing the quality of financial statements: the impact of financial expertise and knowledge of the financial	Survey	Financial experts in the audit committee will affect the evaluation of the quality of company financial statements. Assessing the quality of financial reporting expert's related characteristics of quality establishments (the proper) was made in framework SFAC No. 2 rather than evaluation of ordinary users.
<i>Quality assessment information</i>			
Lee et al. (2001)	Methods of assessing the quality of information	Survey	Quality measurement information according to the variables: accessibility, appropriate amount, reliable, complete, concise, consistent, and easy to measure, no flaws, objective and appropriate, timely, understandable, security, prestige, notes. Inspection scales are above 0.70

Notes: Synthesis of the authors

Research on the publication of information on annual reports and measuring the quality of information on the annual reports have been made in a number of studies which offer quality measurement information according to the characteristics of useful financial information (Table 2).

Table 2: Some studies on measuring the quality of information in accordance with the qualitative characteristics of useful financial information

Authors	Research	Methodology	Results
Van Beest et al. (2009)	Quality of Financial Reporting: measuring qualitative characteristics	Qualitative	Quality measurement based on the concept with 21 questions measuring the qualitative characteristics of financial information.
Braam and Beest (2013)	A conceptually – Based Empirical Analysis on Quality Differences Between UK Annual Reports and US 10-K Reports	Qualitative	Quality measurement based on the concept with 33 items measuring asking qualitative characteristics of financial information.
Nyor (2013)	The quality of information on the financial statements of the companies in Nigeria as perceived by users	Qualitative	Quality assessment of the annual report and accounting statements of companies in Nigeria from the perspective of users of accounting information.
Chakroun and Hussainey (2014)	Disclosure quality in Tunisian annual reports	Qualitative	Quality measurement based on the concept with 33 items measuring asking qualitative characteristics of financial information. Factors independent directors have a negative impact on the quality of information.
Tsoncheva (2014)	Measure and assess the quality and usefulness of accounting information	Qualitative	According to the study, the qualitative characteristics of the meld yet IASB and

Authors	Research	Methodology	Results
			FASB's theory can be used to measure the quality of accounting information.
Kythreotis (2014)	Measure the quality of information on the financial report based on the qualitative characteristics of the template of IFRS theory	Qualitative	The study used the concept of the quality of information in the template of the IASB theory to assess the quality of information presented in the attached financial statements of the listed companies of 15 countries including Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the UK with 10-year period from 2000 to 2009.
Atanasovski et al. (2015)	Implementing the risk disclosure on the annual reports of the companies listed on the stock market, as evidenced from a developing country	Qualitative	The study of factors affecting the quality of information disclosure risk groups in the annual reports of the companies listed on the stock market. Factors such as audit firm ownership concentration and affect the level of risk disclosure in the annual report based on the information disclosure requirements of IFRS 7 by the IASB.

Notes: Synthesis of the authors

Up to this time the research was carried out related to the subject disclosure on the securities market in Vietnam is mainly to disclose information on financial reporting systems including the direction of disclosure general information, disclosure of information in terms of the characteristics of useful information or quality of accounting information system of the financial statements of listed companies. Such as the study of Oanh (2012) conducted a survey expert groups and investors from that point out the advantages and limitations of annual reports. Binh (2012) examines on the status of voluntary disclosure on the annual reports of the companies listed on Vietnam's stock market has shown that the company wants to increase the quality of annual reports to supplement more information. The study of Vinh (2008) evaluated the level of transparency of the information presented in the financial statements of listed companies through measurable variables and then tests the factors affecting the level of intelligence transparency of information. This study evaluated the level of transparency in terms of the financial aspects of the financial statements and information is crucial. Hong and Linh (2014) examine the idea of qualitative characteristics of financial reporting of the Vietnam business today. Research results on the perspective of the audience for the quality of financial reporting characteristics showed that depending on the intended use of the financial statements, these objects differ in evaluating the importance of each quality characteristics. Nguyen (2014) evaluated the selection of quality measurement information financial statements of listed companies in Vietnam. The article was general studies as well as the provisions on measurement information presented in the financial statements belong in Vietnam at the same time give evidence of research quality measurement information was made in countries around the world. Since then, the author has proposed to measure the quality of the reported information on the financing of the companies listed in Vietnam according to the qualitative characteristics of useful financial information. Hanh (2015) evaluated the transparency of financial information of companies listed on Vietnam stock market. Studies assessing the transparency of financial information by the two methods are the assessment survey of investors by specification reflects the transparency and quantitative research methods tested regression models. The study results showed that, the transparency of financial information of companies listed on Vietnam's stock market over time is not high; the level of transparency of financial information of companies listed on the market Vietnam stock average was only passable. Nguyen (2015) evaluated the impact of corporate governance on the quality of

information in the financial statements of listed companies in Vietnam. With two research methods used are interviews, surveys and testing the model. The study results showed that the quality of financial reporting information of companies listed Vietnam is below average, the results obtained with the quality measurement information based on the quality characteristics of the FASB (2010) and IASB (2010). Accreditation Outcome model of corporate governance factors that affect the quality of information including financial statement ratios member independent board, the presence of board member independence and economic knowledge financial accounting experience, the number of board meetings, the proportion of Supervisory board members with expertise in financial accounting in the supervisory board, the presence of the internal audit department. This study used only 16 scales to assess the quality of financial reporting information, the scale required for each property details of the FASB and IASB quality to the scoring of each factor will be objective and accurate.

Thus the study of disclosure and quality of information is done mainly related to the theme of alarm also has less annual reports research results published as of the present time. On the basis of inheritance and access to foreign research on measuring the quality of information presented in the annual reports which the authors adjusted to suit the context of research in Vietnam. Scales used in assessing the quality of this study annual reports according to the scale used in the study of Braam and Beest (2013) with the qualitative characteristics of useful financial information stipulated in the conceptual framework of IASB (2010) and FASB (2010) adapted to the context of research in Vietnam.

3. A Measurement Tool Based on Qualitative Characteristics

The conceptual Framework of IASB (2010) and FASB (2010) presented the qualitative characteristics of information in two groups of basic qualitative characteristics of useful financial information: Suitable, honest and Special Presentations Advanced qualitative point of useful financial information: There are comparable, verifiable, timely and understandable. Accordingly, the financial information is useful and appropriate information is presented honestly. The usefulness of financial information is enhanced if that information comparable, verifiable, timely and understandable.

Relevance (R)

The appropriateness of the information is evaluated through the use of fair value or cost in the financial statement recognition, non-financial information, information on risks and information about the future, information on social responsibility and information on the profits / losses abnormal, information on HR policies, information on segment reporting, information on cash flow analysis, detailed information about intangible assets, information on operating outside the table, information about capital structure, information concerning ongoing operations. Appropriate measuring variables including R1, R2, R3, R4, R5, R6, R7, R8, R9, R10, R11, R12 (Questionnaire Appendix).

Faithful Representation (F)

Honest presentation was evaluated based information on selection of accounting estimates, information on compliance with the principles of accounting, audit opinion on the financial statements, information about governance company, information on compliance with and application of standards and accounting regulations, information related to setting up and reversal of provisions, information relating to the remuneration and benefits of the board of directors and the Board, the Board of Supervisors. Measurement turn honest figures presented include F1, F2, F3, F4, F5, F6, and F7 (Questionnaire Appendix).

Understand Ability (U)

Understandable is assessed by presenting annual reports, the number of tables; technical terms the fisheries sector, the number of pages of acronyms and information on the mission and strategy,

understanding the extent of the evaluation Annual Report. Features easy to understand the variables measured through U1, U2, U3, U4, U5, U6 (Questionnaire Appendix).

Comparability (C)

Comparability was assessed through information on changes in accounting policies, information on changes in accounting estimates, relevant comparative information and the impact of accounting policy changes, the indexes and financial ratios and information on stock / shareholders, information related to the industry and competitors. Quality measurement features the ability to compare through the variables C1, C2, C3, C4, C5, and C6(Questionnaire Appendix).

Timeliness (T)

Timeliness is assessed by time published financial statements were audited after the end of the fiscal year. Timeliness is measured by transformer T1 (Questionnaire Appendix).

The qualitative characteristics of useful financial information are applicable to the financial information provided in the financial statements, as well as for the financial information provided in other forms.

4. Data and Sampling Method

We construct a sample of seafood companies listed on two Vietnam's stock exchange markets (HOSE and HNX). The Secondary data was collected as the annual reports and audited financial statements in 2013. Time data collection secondary is May, 2014.

Primary data serving research was collected from interviews and surveys of target groups: (1) expert groups; (2) evaluate the group's annual report; (3) group is evaluated using the annual reports of the object. Methods of collecting primary data by direct interview, questionnaire development directly and email.

In this study, in addition to the annual reports of the companies selected for the fisheries sector, the survey sample was selected by convenience sampling method, this method is non-probability sample which the researchers access to object of study by a convenient method. This means the researchers will study selected objects they can access (Tho, 2011). This method has the advantage of easy access to research subjects and are often used when limited time and costs. But the downside of this method is not generalized crowd Tho (2011).

To use EFA analytical methods, sample size should be large. However, determining the appropriate sample size is very complex probably based on experience. In the analysis of EFA, sample size is usually determined based on: (1) the minimum size, and (2) the number of variables included in the analysis. According to Hair et al. (2010) suggested that to use EFA, sample size must be at least 50, preferably 100 and observed rate / variable measurement is 5: 1, sample size was $n = 5 * \text{number} + 50$ variables included in the analysis.

In assessing the quality of content of information published in the Annual Report authors use 33 variables that measure. Therefore the number of variables included in the factor analysis of 33 variables EFA should the minimum sample size of the study formally evaluate the quality of content of information disclosure on the annual reports $(33 \times 5) + 50 = 215$ samples. Assessment survey sample group in this study annual reports of 20 people, each reviewer will evaluate a group of 10 Seafood's companies annual reports should assess the total sample is $(20 \times 10) = 200$ collected samples. Before the official assessed, the authors conducted a survey with a sample size of 10 people testing experience working with researchers in the field of accounting and auditing at the University in Vietnam. The purpose of the survey to determine the compatibility of the measure used in the study was consistent with research context of Vietnam as well as in line with the quality assessment information presented in the annual reports of Seafood's companies listed on the stock market.

5. Assessing the Quality of Information on the Annual Reports

With primary data obtained from the evaluation team examined annual reports, the authors conducted coding, data entry into SPSS 20.0 software.

The first, authors calculate quality score for each separate qualitative characteristics (Relevance- denoted R is measured through 13 items asked, Faithful Representation - denoted F as measured by 7 items questions, Understandability - the symbol U is measured through questions 6 items, are comparability - denoted C measurement through 6 items asked, timeliness - denoted T with 1 items measured by asking). Quality Score for each unique characteristic is the average value of the item scores measure and asked the sector's quality score is the average score of all the items asked.

The second step, testing the scales using Cronbach Alpha coefficients and exploring factor analysis to find out how to assess the quality of information combined qualitative characteristics.

The third step, the authors calculate the quality score information in the qualitative characteristics of the combination of the separate qualitative characteristics according to the results obtained after testing the scales and exploring factor analysis.

The results in Table 3 shows that the quality of information presented in the annual report under the basic qualitative characteristics and improve the information is evaluated in accordance with the relevance characteristics, faithful representation and ability to compare, understandable and timely. The information presented in the annual reports of Seafood's Companies Listed on the Vietnam Stock Market had an average score of 3.32 (66.58%).

Table 3: The quality of the information presented in the annual report

	Observers	Min	Max	Medium	Std. Dev.
R – Relevance	200	2.08	3.69	3.12	0.33
F – Faithful Representation	200	3.00	4.71	3.65	0.30
U – Understandability	200	2.50	4.33	3.58	0.35
C – Comparability	200	1.83	4.00	3.04	0.41
T – Timeliness	200	3.00	5.00	3.95	0.38
Quality Score information disclosure	200	2.61	3.79	3.32	0.24
The quality of information disclosure (%)	200	52.12	75.76	66.58	4.96

Sources: Author's calculations

The results in Table 4 shows that the inspection results evaluation scale reliability and validity of the measure used in assessing the quality of the information presented in annual reports, questions of measurement need to keep, eliminate unnecessary questions characteristics of quality teams showed quality assessment methods according to the IASB and FASB's concept must be a combination of qualitative characteristics. In this study the qualitative characteristics are combined in the first group consisting of R4, C6, R5, R2, R9; the second group includes F1, F2, R1, R3; and the third group includes U2, C4, U1, R12, U5. Variance extract obtained by factor analysis and Cronbach Alpha is 59.375% of each group when rotated factor > 0.7. This confirms the results of research to ensure validity and reliability.

Table 4: Factor Analyse of Qualitative Characteristics

Factor matrix after rotation			
Measurement item	Factor matrix		
	1	2	3
R4 – Related information future	0.778		
C6 – Related information and industry competition	0.697		
R5 – Related Information CSR	0.667		
R2 – Information related opportunities and risks dealers	0.505		
R9 – Information related cash flow analysis	0.485		
F1 – Related information accounting estimates		0.808	

Factor matrix after rotation			
Measurement item	Factor matrix		
	1	2	3
F2 – Related information accounting policies		0.805	
R1 – Related information cost and fair value		0.705	
R3 – Related Information risk		0.539	
U2 – The number of tables			0.927
C4 – Information related financial ratios			0.672
U1 – Rating on presentation			0.565
R12 – Related information capital structure			0.537
U5 – Related information strategic mission			0.515
Eigen Value	5.275	1.857	1.181
The total variance extracted: 59.375% Each component of variance extracted	37.679	13.262	8.434
Cronbach alpha	0.755	0.769	0.813

Sources: Author's calculations

The results in Table 5 shows that after analyzing factors EFA quality score information presented in the annual Report reached 68.10%. This result implies that when assessing the quality of information is a combination of qualitative characteristics of information separately, will have higher quality scores or information would be more useful. This result is consistent with the concept of measuring the quality of financial information useful in the regulations of the IASB (2010) and FASB (2010).

Table 5: The quality of the information presented in the annual reports after analysing EFA

	Observers	Min	Max	Medium	Std. Dev.
Relevance and Comparability	200	1.50	5.00	3.26	0.64
Faithful Representation and Relevance	200	2.00	4.20	3.31	0.50
Comparability, Relevance and Understandability	200	2.20	4.80	3.60	0.56
Quality Score information disclosure	200	2.14	4.50	3.40	0.46
The quality of information disclosure (%)	200	42.86	90.00	68.10	9.22

Sources: Author's calculations

6. Conclusion

The purpose of this study was to develop and test measurement tools to evaluate comprehensive dual quality of annual reporting. So we built 33 items asked for a comprehensive measurement of the quality of annual reporting with the qualitative characteristics of quality basic and advanced as defined by the IASB (2010) and FASB (2010). Comprehensive Assessment of the quality report annual statement is important because it can improve the quality of economic decisions of users, and improves the efficiency of the entire market (IASB, 2006, IASB, 2008, IASB, 2010) thereby reduce the cost of capital for companies.

To ensure the development of the value of the measurement tools of development, the quality measurement based on previous experimental studies. To assess the reliability of the 33 items asked us to test our results through the calculated Cronbach Alpha and factor analysis EFA. Both results are large enough to ensure that the results are credible.

Research results have shown that the quality of information must first appropriate and honest then to improve the quality of information, the information will have to show the ability to compare and understand. To improve the quality of information presented in the annual report to increase the information provided meets the needs of the users of information and also to identify the factors that affect the quality of information.

This study has some limitations. First, the number of items used only 33 questions asked in the research section of Braam and Beast (2013) to assess the quality of annual reports for companies listed on the stock market of Vietnam. Second, the small sample size and timing of data collection in just one

year. Third, research has not identified the factors affecting the quality of this information when making limited measures to improve the quality of information. Therefore, future studies should include questions measuring quality items to suit the context of research in Vietnam, increasing the sample size and the study period, and identify the factors that influence. Some studies were done on identifying the factors that influence the quality of the information presented in the attached financial statements of companies listed on the stock market Vietnam.

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Appendix

Overview of the Measurement Items Used to Operationalize the Fundamental and Enhancing Qualitative Characteristic (Including the Measurement Scales)

Relevance (R)		Operationalization	Concept	Literature
R1	To what extent does the company use fair value instead of historical cost?	1= Only historical cost 2= Mostly historical cost 3= Balance fair value/historical cost 4= Most fair value 5= Only fair value	Predictive value	McDaniel et al. (2002); Barth et al. (2008); Braam and Beest (2013).
R2	To what extent does the presence of non-financial information in terms of business opportunities and risks complement the financial information?	1= No non-financial information 2= Limited non-financial information, not very useful for forming expectations 3= Sufficient useful non-financial information 4= Relatively much useful non-financial information, helpful for developing expectations 5= Very extensive non-financial information presents additional information which helps developing expectations	Predictive value	Jonas and Blanchet (2000); Braam and Beest (2013).
R3	To what extent does the annual report contain risk information?	1= No risk information 2= Limited risk information 3= Sufficient risk information 4= Relative much risk information 5= Very extensive risk information	Predictive value	Jonas and Blanchet (2000); Braam and Beest (2013).
R4	To what extent does the annual report contain forward-looking information?	1= No forward-looking information 2= Limited forward-looking information 3= Sufficient forward-looking information 4= Relative much forward-looking information 5= Very extensive forward-looking information	Predictive value	McDaniel et al. (2002); Jonas and Blanchet (2000); Braam and Beest (2013).
R5	To what extent does the annual report contain information on CSR?	1= No information on CSR 2= Limited information on CSR 3= Sufficient information on CSR 4= Very much information on CSR 5= Very extensive information on CSR	Predictive value	Deegan (2002); Braam and Beest (2013).

R6	To what extent does the annual report contain a proper disclosure of the extraordinary gains and losses?	1= No proper disclosure 2= Limited proper disclosure 3= Sufficient proper disclosure 4= Very much proper disclosure 5= Very extensive proper disclosure	Predictive and confirmatory value	Hoogendoorn and Mertens (2001); Braam and Beest (2013).	
R7	To what extent the annual report contain information regarding personnel policies?	1= No information regarding personnel policies 2= Limited information regarding personnel policies 3= Sufficient information regarding personnel policies 4= Very much information regarding personnel policies 5= Very extensive information regarding personnel policies	Predictive and confirmatory value	Hoogendoorn and Mertens (2001); Braam and Beest (2013).	
R8	To what extent the annual report contain information regarding segment report?	1= No information segment report 2= Limited information segment report 3= Sufficient information segment report 4= Very much information segment report 5= Very extensive information segment report	Predictive and confirmatory value	Hoogendoorn and Mertens (2001); Braam and Beest (2013).	
R9	To what extent does the annual report contain an analysis concerning cash flows?	1= No analysis 2= Limited analysis 3= Sufficient analysis 4= Very much analysis 5= Very extensive analysis	Predictive value	Hoogendoorn and Mertens (2001); Maines and Wahlen (2006); Braam and Beest (2013).	
R10	To what extent are the intangible assets disclosed?	1= No disclosure 2= Limited disclosure 3= Sufficient disclosure 4= Very much disclosure 5= Very extensive disclosure	Predictive value	Camfferman and Cooke (2002); Braam and Beest (2013).	
R11	To what extent are the "off-balance" activities disclosed?	1= No disclosure 2= Limited disclosure 3= Sufficient disclosure 4= Very much disclosure 5= Very extensive disclosure	Predictive value	Hoogendoorn and Mertens (2001); Braam and Beest (2013).	
R12	To what extent is the financial structure disclosed?	1= No disclosure 2= Limited disclosure 3= Sufficient disclosure 4= Very much disclosure 5= Very extensive disclosure	Predictive value	Vander Bauwhede (2001); Braam and Beest (2013).	
R13	To what extent does the annual report contain information concerning the companies's going concern?	1 = No information concerning going concern 2 = Limited information concerning going concern 3= Sufficient information concerning going concern 4 = Very much information concerning going concern 5 = Very extensive information concerning going concern	Predictive value	IASB (2008); Braam and Beest (2013).	
Faithful Representation (F)		Operationalization		Concept	Literature
F1	To what extent are valid arguments provide to support the decision for estimates in annual report?	1= No valid arguments 2= Limited valid arguments 3= Sufficient valid arguments 4= Very much valid arguments 5= Very extensive valid arguments	Verifiability	Maines and Wahlen (2006); Braam and Beest (2013).	

F2	To what extent does the company compliance for accounting principles on valid arguments?	1= No valid arguments 2= Limited valid arguments 3= Sufficient valid arguments 4= Very much valid arguments 5= Very extensive valid arguments	Verification	Jonas and Blanchet (2000);Maines and Wahlen (2006); Braam and Beest (2013).	
F3	Which type of auditors' report is included in the annual report?	1= Adverse opinion 2= Disclaimer of opinion 3= Qualified opinion 4=Unqualified opinion: financial figures/emphasiz/other issues 5= Unqualified opinion: financial figures	Free from material error, verification, neutrality, and completeness	Maines and Wahlen (2006); Gray et al. (2011); Braam and Beest (2013).	
F4	To what extent does the company provide information on corporate governance?	1= No description of corporate governance 2= Limited description of corporate governance 3= Sufficient description of corporate governance 4= Very much description of corporate governance 5= Very extensive description of corporate governance	Completeness, Verifiability, and free from material error	Jonas and Blanchet (2000);Braam and Beest (2013).	
F5	To what extent does the annual report contain disclosure concerning the compliance <u>and</u> explain application?	1= No disclosure 2= Limited disclosure 3= Sufficient disclosure 4= Very much disclosure 5= Very extensive disclosure	Neutrality	Jonas and Blanchet (2000);Braam and Beest (2013).	
F6	To what extent does the annual report contain disclosure related to both positive and negative contingencies?	1= No disclosure 2= Limited disclosure 3= Sufficient disclosure 4= Very much disclosure 5= Very extensive disclosure	Completeness and verifiability	Cohen et al. (2004);Braam and Beest (2013).	
F7	To what extent does the annual report contain information concerning bonuses of the board of directors?	1= No information concerning bonuses 2= Limited information concerning bonuses 3= Sufficient information concerning bonuses 4= Very much information concerning bonuses 5= Very extensive information concerning bonuses	Neutrality	Burgstahler et al. (2006);Braam and Beest (2013).	
Understandability (U)		Operationalization		Concept	Literature
U1	To what extent is the annual report presented in a well organized manner?	1= Very bad presentation 2= Bad presentation 3= Poor presentation 4= Good presentation 5= Very good presentation	Understandability	Jonas and Blanchet (2000);Braam and Beest (2013).	
U2	To what extent does the presence of graphs and tables clarify the presented information?	1= No graphs 2= 1-5 graphs 3= 6-10 graphs 4= 11-15 graphs 5= >15 graphs	Understandability	Jonas and Blanchet (2000);IASB (2006) ;Braam and Beest (2013).	
U3	To what extent does the annual report contain technical jargon in the perception of the researcher?	1= Very much jargon 2= Much jargon 3= Moderate use of jargon 4= Limited use of jargon 5= No/hardly any jargon	Understandability	Jonas and Blanchet (2000);IASB (2006) ;Braam and Beest (2013).	

U4	What is the size of the glossary?	1= No glossary 2= Less than 1 page 3= Approximately 1 page 4= 1-2 pages 5= >2 pages	Understandability	Jonas and Blanchet (2000); Braam and Beest (2013).
U5	To what extent does the annual report contain information concerning mission and strategy?	1= No information concerning mission and strategy 2= Limited information concerning mission and strategy 3= Sufficient information concerning mission and strategy 4= Very much information concerning mission and strategy 5= Very extensive information	Understandability	FASB (2010); Men and Wang (2008); Braam and Beest (2013).
U6	To what extent is the annual report understandable in the perception of the researcher?	1= Very badly understandable 2= Badly understandable 3= Poor understandable 4= Good understandable 5= Very good understandable	Understandability	Courtis (1995); Braam and Beest (2013).
Comparability (C)		Operationalization		Concept
C1	To what extent are changes in accounting policies disclosed?	1= No disclosure 2= Limited disclosure 3= Sufficient disclosure 4= Very much disclosure 5= Very extensive disclosure	Consistency	Jonas and Blanchet (2000); Braam and Beest (2013).
C2	To what extent are changes in accounting estimates disclosed?	1= No disclosure 2= Limited disclosure 3= Sufficient disclosure 4= Very much disclosure 5= Very extensive disclosure	Consistency	Jonas and Blanchet (2000); Braam and Beest (2013).
C3	To what extent does the annual report contain information concerning comparison and effects of accounting policy changes?	1= No comparison 2= Actual adjustments (1 year) 3= 2 years 4= 3 years 5= 4 or more years	Consistency	Jonas and Blanchet (2000); Braam and Beest (2013).
C4	To what extent does the company present financial index numbers and ratios in the annual report?	1= No ratios 2= 1-5 ratios 3= 6-10 ratios 4= 11-15 ratios 5= >15 ratios	Comparability	Cleary (1999); Braam and Beest (2013).
C5	To what extent does the annual report contain information concerning companies' shares?	1= No information concerning companies' shares 2= Limited information concerning companies' shares 3= Sufficient information concerning companies' shares 4= Very much information concerning companies' shares 5= Very extensive information concerning companies' shares	Consistency	Jonas and Blanchet (2000); Braam and Beest (2013).
C6	To what extent does the annual report contain information concerning industry and competitors?	1= No disclosure 2= Limited disclosure 3= Sufficient disclosure 4= Very much disclosure 5= Very extensive disclosure	Consistency	Armstrong et al. (2009); Braam and Beest (2013).

Timeliness (T)		Operationalization	Concept	Literature
T1	How many days did it take for the auditor to sign the auditors' report after book-year end?	1= 1-1.99 2= 2-2.99 3= 3-3.99 4= 4-4.99 5= 5-5.99 <i>Natural logarithm of amount of days</i> $Ln(T1) = (\text{Release Date audit report} - \text{Financial year end date})$	Timeliness	IASB (2008); Leventis and Weetman (2004); Braam and Beest (2013).

Sources: Braam and Beest (2013) and adjust some of the items asked for matching research context in Vietnam.