

[Abstracts and Keywords]

Enhancing Control over Subsidiaries by Share Exchange and the Value
Relevance of Consolidated Accounting Information

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Recently a reorganization has been activated. The purpose of this study is to examine the value relevance of consolidated accounting information that the entity enhances control over subsidiaries by share exchange. Share exchange is a transaction in which a company (“Parent”) exchanges its own shares for shares in another company which then becomes a subsidiary (“Subsidiary”). Therefore, following the exchange, Parent will own 100% of the shares in Subsidiary. It is a characteristic reorganization that there is hardly any need for cash.

In this study, as a result of empirical research, I find that the consolidated accounting information of two years after share exchange is more value relevant. The result is considered that after share exchange wholly owing parent company have restructured, and stock market have valued this restructuring.

Keywords: Share exchange, Enhancing control over subsidiaries, Consolidated accounting information, Value relevance

Myth of Variable Cost :
Exploring cost behaviors under demand uncertainty in Japanese companies

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The purpose of this paper is to investigate the cost behavior under demand uncertainty in Japanese companies. Using data of Japanese manufacturing companies, We retested and extended the archival research of Banker et al. (2014a). As a result, when the demand uncertainty is large, it becomes a rigid cost structure in which the change ratio of cost to change ratio of sales becomes small, and the same estimation result as in previous study was obtained. In addition, we extended Banker et al.(2014a) to investigate cost behavior under conditions of high downside risk. As a result, when the skewness of sales is small, that is, when the risk that the sales decrease more greatly is relatively high, it has been shown that cost structure is rigidity. Furthermore, when sales decline for the second consecutive, it is revealed that the cost structure is elasticity because of the property of anti-sticky cost.

Keywords: Cost behavior, Demand uncertainty, Transforming variable costs into fixed costs, Transforming fixed costs into variable costs, Downside risk

The Case Study of Private Investment in Public Equities in Japan: Focusing on the Exit Transaction through Secondary Offering of Shares

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PIPEs (private investment in public equities) in Japan came up in the early 2000s. There are more exit transaction led by buy-out funds. The purpose of this paper is to analyze the exit transaction through secondary offering of shares in the case of TYO Inc.

This paper is organized as follows. The first and second section explains the framework of exit method from PIPE transaction. The third and fourth section analyzed the summary of PIPE transaction and exit transaction through secondary offering of shares in the case of TYO Inc. Finally, the implications for PIPE transaction and some future study are drawn.

Keywords: PIPEs (private investment in public equities), Ordinary shares, Exit, Secondary offering of shares, Individual investor