

ABSTRACT

After Enron Corp. went bankrupt in year 2001, special purposes entities (SPEs), as an instrument of earnings management become a hot topic in accounting and auditing field. To provide effective and practical accounting guidelines on SPE information recording and disclosure, FASB has issued several statements.

However, in China, neither SPE definition nor relevant accounting regulations are established. Is there any SPE practice in China? This is a question in many investors' minds. In this paper, the author tends to introduce "SPE" to China. Via predetermined SPE determinants, the author explores SPE practice situations in China. Moreover, comparison between SPEs in China and in America is conducted to explore the unique features of SPEs in China, which is followed by discussions of the rationales that courses these unique features.

With the understanding of SPE practice in China, an experiment is conducted to explore individual investors' SPE information requirements. This experiment is conducted among 60 MBA students to test individual investors' information requirements on SPE disclosure, which are evidences for establishing accounting regulations or guidelines.

This paper is aimed at raising attentions in accounting researchers in China and providing preliminary concepts to SPE researches in China.