

Research on the application of accrual basis in the enterprise business unit

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Abstract: Accrual basis, also known as accrual or accounts payable, it is based on the occurrence of rights or responsibilities as the standard to confirm the income and expenses. In the business unit, when this phenomenon occurs, we need to pay equal attention to the rights and responsibilities of the accounting principles to deal with.

Key word: *Accrual basis government-affiliated institutions application research*

I. INTRODUCTION

As long as the current has been achieved revenue and has occurred in the costs or shall bear the costs, regardless of the funds payment whether are made. These should be income and expenses of the current period, As long as They do not belong to the income and expenses of the current period, even as they have been made in the current payment , which should not be income and expenses of the current period. It contains two meanings: first as long as the current income and expenses, it must be produced and determined by the current production and business activities. Second, Confirm that any items of revenue and project costs should be based on the rights and responsibilities of the occurrence and not marked.

II. THE PROBLEM OF THE ACCRUAL BASIS OF ACCOUNTING IN THE ENTERPRISE BUSINESS UNIT

Due to the accrual basis and cash basis has unique advantages, so it has been extensively used in enterprises. Because the institution itself has characteristics different from the enterprise unit, there are some problems in the process of the use of accrual basis.

First, the cost of financial accounting. In accrual basis , As the revenue and expenditure is based on the production and operation of the foundation and marked by the occurrence of the right and responsibility rather than cash payments to confirm payment, Thus which greatly increased the workload of the accounting, accounting and financial management, then put forward higher requirements to the quality of personnel and increase the financial cost. According to the "cost - benefit" principle, if the new way to increase the income is lower than the cost of the increase, then this approach is not reasonable. As far as the cost is concerned, it has increased the cost burden to the enterprises with small scale.

Second, the accuracy of accounting. Compared to the collection and payment system, an advantages of accrual basis accounting accuracy can accurately accounting of enterprise income and expenditure to ensure true and reliable financial situation.. Because institutions engaged in basic education, science and technology, culture, health and other public welfare or related activities, the source channel and expenditure of the income have strong regularity and stability, Although the cash basis for a period not accurately accounting the year of the actual expenditure. But it can be concluded that the overall situation of the balance of payments occurred in a certain period of time. Also according to the experience even if you can't draw a period of actual revenue, but can obtain correctly the year of actual revenue, from this perspective. There is not much difference in the accrual system and the receipts and disbursements.

Third, the lag of accounting treatment, In accounting, a lot of the cost of reimbursement occurs after a month or longer when asked, so under the accrual basis which will cause inconvenience to the accounting processing. According to the accrual basis, expenses incurred for the month and obtain income should be accounted Due to financial department for the balance of payments has confirmed the program as a benchmark, it is impossible to confirm and accounted for on what has happened in the expenses or incomes when it did not enter the program. It leads to reduce the current actual cost and income, which have two consequences: For the entire enterprise, current balance of payments situation cannot really revealed; the for independent accounting department, if the wage income and the financial revenue and expenditure linked to the case, it will have an impact on wage income, then make use of accrual basis to lose effect. In addition, according to accrual, once belonging to the balance of payments in the past month after the confirmation process, it is to adjust the income and expenses of the previous month, On the one hand , this increase the workload (continuous adjustment), on the other hand, there will be no adjustment difficulties in the case of computerized accounting.

Fourth, financial analysis and supervision and control problems. Finance department should not be only to deal with the financial accounting, but also supervise and control economic activities, all of these are based on the current actual revenue. In the accrual basis, because of the lag of account management, we must adjust the balance of the previous income and expenditure, This not only increases the amount of work, but also make changes in the income and expenditure account, So the financial basis of the previous management decisions have produced a deviation, and then affect the economic activities of the supervision and control.

III. ACCRUAL BASIS IN THE ENTERPRISE APPLICATION PROCESS OF THE ENTERPRISE

From this analysis it can be seen that Purely using accrual basis as the basis of accounting can not fully meet the needs of enterprise business units, Improper and dogmatic use not only can not achieve the purpose of use , but also affect the normal work of accounting. Therefore, it can be modified to meet the need:

First, the accounting process should take the accrual and cash combination principle. Based on the accrual basis, supplemented by Cash basis.

Second, according to the size of the units and the characteristics of the field of industry, the principle of confirmation should be utilized to set the basis for the subject, and the period designated as a supplement.

Third, the subjects are divided into parts based on the subjects set. Generally subjects can be divided into three parts: fixed subjects, changes in subjects and semi changes in subjects. For a fixed subject, because of the fixed cost of the project and content and the stability of the expenditure, using the receipts and disbursements to realize system for confirmation. For the change of subjects and semi - variable subjects, it can be divided into three important, general and not important. The criteria for the division is based on the actual amount of the unit. In the case of a semi - variable subject. We can use the accrual basis for important subjects, the other two categories on the cash basis. In the case of variable subject, the important subject and general subject can use accrual basis, not important subjects can use the cash basis to confirm.

Fourth, after determining confirmation of the principle in the different subjects. It is only the first step to use the accrual basis to confirm the accounting subjects, we also need to determine the inter period amortization and accounting items as well as the length of the lag period of the cost accounting tracing, in particular, to determine the length of the lag period of the cost of tracing. Due to the existence of uncertainty to the when to enter the confirmation process, so we must determine the length of a specific period, once over the length of the period after entering the confirmation process lag fee, it is no longer as an expense in the current cost, and directly recognized at the current period expense. Therefore It can reduce unnecessary workload, but also reduce the frequency of changes of the balance of profit and loss in the previous month. For a change of subject, If it is small and simple business units, the length of its retrospective period will be longer. If it is a large scale or complex business unit, its retrospective period is shorter. In terms of specific subjects, important subjects have shorter periods, general subjects have a long period of time.

For a half of change of subject, If it is small and simple business units, the length of its retrospective period will be longer. If it is a large scale or complex business unit, its retrospective period is shorter. Owing to the implementation of the accrual basis only for the importance of subjects, The manner is in accordance with the change of subject for the subdivision of the subject.

IV. CONCLUSIONS

1.The accrual basis cannot completely meet the needs of the enterprise business unit, inappropriate and the doctrine will affect the normal operation of the accounting work.

2 We believe that according to the size of the units and the characteristics of the field of industry, the principle of confirmation should be used to set the basis for the subject, and make the period delineated as a supplement.

3.Because the institution itself has the characteristics different from the enterprise unit, there are some problems in the process of the use of accrual basis.

4.The accounting process should take the accrual and cash combination principle , based on the accrual basis, supplemented by Cash basis.

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