Research on Financial Statements System Based on Enterprise Resources

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Abstract: Financial statements are the accounting statements that reflect the financial situation and management of the enterprise. With the development of the social economy and the change of the user's demand, the financial statements system should be improved and perfected continuously. This paper analyzes the main defects of the current financial statements system, and establishes the new financial statements system based on enterprise resources, including overall income statement, resource rights and interests statement and goodwill index and value change statement to provide some references for the relative researchers.

1. Introduction

Analysis of financial statements in the narrow sense refers to the financial statements as the main basis, focused and targeted analysis related project and its quality evaluation and analysis of financial condition quality, business results, to reflect the advantages and disadvantages of the enterprise in the operation process of the financial situation and the development trend, to provide an analysis of activities important information support for the economic decisions of users of financial statements [1]. The concept of broad sense is based on the concept of narrow sense, including company profile analysis, enterprise advantage analysis, enterprise development prospect analysis and securities market analysis. This paper mainly analyzes enterprise financial statements from the perspective of the concept of narrow sense. By analyzing the balance sheet, we can know the company's financial status, and make judgement for the company's solvency, capital structure and liquidity adequacy. We can through the analysis of the income statement, operating efficiency of profitability, the company's understanding of analysis, make a judgment on the ability of sustainable development of the company's competitive position in the industry, in three; through the analysis of cash flow statement, can understand and evaluate the company to obtain cash and cash equivalents, and according to the Forecast future cash flow. In the current period, the goal of corporate financial management is mostly confined to the maximization of profits. In fact, the maximization of corporate profitability should be the correct goal of financial management. The traditional financial reporting system focusing on the financial resources of enterprises is obviously not suitable for the development of enterprises under the current market economy. It is of great significance to establish a modern enterprise financial reporting system focusing on the financial capacity of enterprises. Therefore, we must clearly recognize the problems of the current financial statements of enterprises and establish a scientific and effective financial statement system [2].

2. Main Defects of Current Financial Statements System

2.1 Absent of Background Information

The target of financial report due to environmental differences, but the core is to provide help to the economic decision-making information for users of financial statements due to the fixed format, items and methods, the information in the table and cannot fully reflect the comprehensive situation of an enterprise's financial statements do not reflect the background information refers to in the statutory financial statements, can help users understand and analyze the content of financial statements, an important channel to understand the basic situation, enterprise and contingency
management strategy, industry status, economic environment, legal environment and information, useful for all users of the financial information and the information cannot be recognized in the financial statements, all should belong to the background information. The limitation of background information can make the information in the table, the table information easier to understand, more relevant, is to improve the overall level and the level of analysis, highlight the important financial information, improve the quality of accounting information is an important part of the financial report, the increase of accounting information can be rational. In the financial statement system, disclosing more background information and forward-looking information is beneficial for decision-makers to correctly evaluate the relationship between costs and benefits, to make the right decisions. Among them, background information mainly refers to the industry, business scope and status, the economic and technological level, long-term goals and short-term goals, and market competition environment. Forward-looking information mainly refers to the opportunities and risks of enterprises, the impact of competitors on enterprises, the understanding and application of the latest technology and information, and the analysis and evaluation of all aspects of enterprises. However, at present, many enterprises in China cannot do well in background information and forward-looking information, so they can't make full use of these predictive information to evaluate the business activities and the future profitability of enterprises [3].

2.2 Underestimation of Social Responsibility

The traditional financial reporting system only discloses the internal economic problems of enterprises, but does not disclose the impact of the production and operation activities of enterprises on the society and environment [4]. Therefore, we should fully reflect the production and operation of enterprises, disclose the economic information of enterprises, and maximize the financial information to meet the needs of users of information. We should increase corporate disclosure of social responsibility. Nowadays, the society pays more and more attention to the environment. The state and local governments require the enterprises to contribute more and more to the society. It is particularly important for the enterprises to disclose their social responsibilities. Whether an enterprise or every life individual is a part of the society, it must be restricted by the society and laws and regulations. Only under this kind of social binding force can we maintain the stable operation of the society. For enterprises, this constraint relationship is mainly reflected in the laws and regulations on the production and operation of enterprises. The production and operation of enterprises can't harm the interests of the society or others, and it can be beneficial to the progress and development of the society. However, in fact, many enterprises in China are pursuing their own economic interests too much, ignoring their social responsibilities, such as protecting the environment and harnessing pollution. The reasons are manifold. On the one hand, for the enterprises themselves, the corporate social responsibility information is not disclosed in the enterprise financial reporting system, on the other hand, the supervision by the society and the government is not enough. In fact, the disclosure of corporate social responsibility report, for the government to strengthen the supervision and management of enterprises at the same time, the social responsibility report, the government can understand which companies are better in terms of social responsibility, and therefore it can give more support in policy, is conducive to the development of enterprises.

2.3 Ignorance of Intangible Assets

Intangible assets play an important role in the value chain management of enterprises. In the supply stage, enterprises of raw materials supply channels use the patent right, copyright, franchise and technical secrets of intangible assets such as monopoly, research and development of new technologies, new products, new production process, lay the foundation for the management of production and operation; in the production stage, enterprises use patents, technical secrets, computer software, management know-how and other intangible assets, fast, good, province to produce high precision products; in the sales stage, companies use the trademark rights, patent rights, franchise, marketing network, goodwill and other intangible assets to open up the market, improve customer service, increase market share, expand sales. The current financial statement system is formed under
the traditional concept of financial accounting. It is based on tangible assets and reflects the composition and operation of resources. In the financial statement system, we pay attention to the reflection of tangible resources and ignore the intangible assets, such as intellectual property. In recent years, the issue of intellectual property rights in China has appeared repeatedly, and it has caused certain trade barriers, which are related to the low awareness of intellectual property rights in our country. In the financial statement system, the measurement of these intangible assets of the enterprise is more inaccurate, and there is no correct and reasonable reflection. The financial statement system cannot truly reflect the state of the enterprise's assets, which may result in the undervaluation of the actual asset value of the enterprise. The elements of intangible capital are also playing a more and more important role in the activities of profit distribution in enterprises. With the gradual improvement of China's legal system, enterprises with high added value intangible assets can be transformed into capital elements, expand outward investment, and use intangible assets to achieve the goal of capital operation.

3. System Establishment of Financial Statements Based on Enterprise Resources

3.1 Overall Income Statement

Overall income refers to a change in the rights and interests of a subject in a certain period of transaction with the non-owner or other matters and circumstances. It includes changes in all rights and interests other than the owner's investment and the owner's distribution for a certain period. The comprehensive income statement is a report reflecting the overall income changes of the enterprise in a certain period. Together with the balance sheet, the profit statement and the cash flow statement, it is an important part of the financial reporting system of an enterprise. It is generally recognized as the fourth financial statement in the accounting field. The overall income statement reflects the operating income and the financial income, and the traditional income statement only reflects the operating income. This is the most essential difference between the comprehensive income statement and the traditional income statement. In the comprehensive income statement, the total income is the right of the enterprise to make changes in the transaction of a certain period and the non-owner. Net income reflects the realized and recognized profits of the enterprise in the current period. The other comprehensive income reflects the gains and losses that have been recognized but not realized, the value that has been recognized but not realized, and the profits and losses that are usually included in the profits or losses of the current period, which are directly included in the owners' equity. The income reflected in the traditional income statement is only net income. When the report is made up, the mode of valuation of the assets is different. In the compilation of the comprehensive income statement, assets are assessed at fair value, and the value difference between fair value and historical cost is recognized as the current income, which is included in the comprehensive income statement. In the traditional income statement, assets are valued at historical cost, and the value difference between fair value and historical cost is not recognized except for the provision of eight assets depreciation reserves. The recognition of the benefit of the very project is different. In the traditional income statement, the benefit of some very important items is recognized, such as the exchange and loss of the foreign currency period. However, a lot of extraordinary projects have not been accounted for, such as cash donations, donations, non-cash assets, creditors' exemptions, assets valuation and so on, which should be included in the comprehensive income statement.

3.2 Resource Rights and Interests Statement

The improvement of the financial statement system is mainly to expand its content and ensure the integrity of the information of the financial statements system. The table of resources rights and interests is a report reflecting the composition and source of the resources of an enterprise. Through the resources rights and interests table, we can understand the assets and goodwill value of the enterprise, the liabilities of the enterprises, the shareholders' rights and interests and the residual rights and interests of the enterprises. Through the table of resources rights and interests of different
periods, we can understand the changes in the value of enterprise resources, so that the stakeholders can make corresponding decisions. Based on the current balance sheet, will be changed to increase resource assets, goodwill value column in the resources section, will be changed to liabilities and owners' equity liabilities and equity, increase the enterprise residual equity interests in some specific operation method is the accounts, determine the value of goodwill for the first time regular assessment methods, a test of goodwill, through the establishment of goodwill index, determine the changes of the value of goodwill, and to build resource rights table. Equity is an important element of financial statements. The definition of rights and interests and its confirmation and measurement directly affect the determination and report of the financial situation of the accounting subject, as well as the calculation and distribution of the operating income. This paper holds that rights and interests consist of stockholders' rights and interests and residual rights and interests: shareholders' rights and interests can be recognized according to the current recognized measurement method. Measuring residual rights and interests is the implied value of enterprise capabilities. It can be identified and measured when recognizing and measuring goodwill. The value of goodwill is the amount of surplus rights and interests owned by the enterprise.

3.3 Goodwill Index and Value Change Statement

The goodwill index and the change of value are the statements that reflect the business goodwill index and its changes and the value of goodwill and its changes. Through different periods of goodwill index and the statement of changes in value of the comparison, analysis of enterprise production and management efficiency, the competitiveness of enterprises and achieve sustainable development ability to increase or decrease the situation, problems and analysis of investment value for enterprises, so that enterprises stakeholders to make corresponding decision: goodwill comes from the ability, is the enterprise ability to reflect the value of. The essence of the core elements of goodwill is to pay close attention to the market of enterprise sustainable business capacity, and ability by comprehensive performance, industry potential and development potential of comprehensive operation efficiency to reflect the enterprise's operational efficiency and effectiveness, involving the production, transportation and sales of various operations, available per capita total revenue, total sales profit ratio, net asset profit rate, profit rate of cost per million yuan of sales revenue, energy consumption; industry potential reflects the enterprise's products and services available and its market position, leading products market share, sales growth, leading products the new product market sales accounted for the proportion of total sales revenue, capital asset ratio and the new brand promotion costs accounted for the proportion of sales revenue.

4. Conclusions

The current financial statement system is based on assets. It only provides information about the composition and operation effect of tangible and intangible resources, and cannot provide enterprise value. The contradiction between the demand and supply of accounting information is prominent. The financial statement system based on enterprise resources can effectively solve the contradiction of the above-mentioned tools. We should establish and improve the enterprise financial reporting system based on the core competence of the enterprise finance and promote the improvement of the enterprise financial management level.

References


