

## On the Composition of the Basic Content of Senior Financial Accounting

Yongqing Li<sup>1, a</sup>, Na Lu

<sup>1</sup>School of Xi'an University of Science and Technology, China.

<sup>a</sup>1271817642@qq.com

### Abstract

Although the advanced financial accounting is a new subject developing rapidly, there are still different opinions on its definition, research scope, theoretical system and composition of core content in the theoretical circle. That is to say, at present, a unified and complete research system on advanced financial accounting has not been formed. With the complexity of economic business, the traditional accounting theory is required to coordinate in the new form. According to the different forms of combination of traditional accounting theory and complex economic business, the research scope of advanced financial accounting can be divided. This paper mainly discusses the basic content of senior financial accounting from the background, concept, definition principle and so on.

### Keywords

Advanced Financial Accounting, Basic Content, Definition Principle.

### 1. Introduction

Advanced financial accounting, which originated from 1960s to 1970s, is the extension and deepening of traditional financial accounting. The emergence and development of advanced financial accounting is not only the objective requirement of the development of financial accounting itself, but also the inevitable result of the evolution of accounting environment.

In recent years, there are more and more works about advanced financial accounting at home and abroad, and advanced financial accounting belongs to the research object of advanced financial accounting. The research scope of advanced financial accounting is also becoming more and more stable. However, as for what is advanced financial accounting, there is no definite conclusion about the meaning, theoretical basis and contents of advanced financial accounting in China. Therefore, there is a lack of consistency in the academic circles about the appellation of senior financial accounting. This paper mainly discusses the basic content of senior financial accounting from the background, concept, definition principle and other aspects.

### 2. Background of Senior Financial Accounting

#### 2.1 The Breakthrough of Accounting Basic Hypothesis

Accounting hypothesis is the premise of a series of accounting methods and procedures. However, when the objective economic environment changes dramatically and the operating environment or operating conditions required by the basic accounting assumptions are seriously deviated, the accounting methods and procedures based on these basic assumptions will no longer be applicable. In this case, it is necessary to find the accounting methods or procedures suitable for the specific environment or operating conditions. Many important contents of advanced financial accounting are actually produced in this special context.

The loosening of accounting hypothesis caused by the change of objective economic environment is the basis of the formation of advanced financial cross-level study. The concrete manifestations are: the loosening of going concern hypothesis and accrual system hypothesis; the loosening of monetary measurement hypothesis; the loosening of accounting period hypothesis; the loosening of accounting subject hypothesis.

## **2.2 The Emergence of Special Businesses**

With the acceleration of the pace of economic globalization, some special business has emerged, such as derivative business, leasing business and debt restructuring business. This kind of business has the characteristics of systematization and complexity in accounting treatment, which is an important activity of modern enterprises. Therefore, it must be different from the conventional spot transaction in accounting treatment, and it must have its particularity in accounting treatment and accounting report in contract signing, contract deposit payment and physical delivery. These special businesses are usually different from the general economic businesses in accounting treatment, and most of them are unusual businesses. Therefore, such problems are often attributed to advanced financial accounting in discipline setting.

## **2.3 Continuous Integration of accounting System**

Before the reform of enterprise accounting system in our country, the industry accounting system which is suitable for the planned economy system has been used all the time. Because this kind of accounting system ignores the unity of enterprise accounting system, the same or similar accounting items have different accounting treatment methods and results due to different industries or economic components. Similarly, in the same financial accounting textbook, if the basic business and the accounting treatment of special business are mixed together, and the accounting treatment of general industry and special industry are mixed together, it is not convenient for teaching and learning, and it is difficult to ensure the internal logic between chapters. In view of this situation, in February 2006, China issued an accounting standard system consisting of one basic standard and 38 specific standards in accordance with international practice. This standard system not only takes into account the generality of accounting treatment of various industries and businesses, but also takes into account the specific requirements of special industries or businesses. At the same time, it also puts forward requirements and lays a foundation for the division of intermediate financial accounting and advanced financial accounting.

## **2.4 Proposal of Special disclosure Requirements**

With the development of market economy and economic globalization, the diversification of accounting information users and the complexity of investment types, the quality and types of accounting information users put forward higher requirements. With the continuous expansion of business scope and business scale, the information that can reflect the business risks and rewards of different business types or different regions is paid more and more attention by the users of accounting information, which leads to the gradual evolution of segment report from internal management accounting report to financial accounting report; the increasing complexity of enterprise ownership relationship makes the relationship between enterprises and between enterprises, between enterprises and individuals. The relationship of related parties formed through control, joint control and significant influence is becoming more and more diversified, which makes the users of accounting statements who are worried about their own interests are very concerned about the impact of the related parties of the enterprise on the enterprise, and ultimately leads to the disclosure of related parties as an important part of the notes to the enterprise statements.

# **3. The Concept of Senior Financial Accounting**

## **3.1 Definition of Advanced Financial Accounting**

Advanced financial accounting is the general name of the theory and method of accounting treatment for special transactions and events in Enterprises Based on the revision of the original financial accounting theory and method system. Advanced financial accounting is a follow-up course of intermediate financial accounting. Compared with other professional courses of accounting specialty, such as intermediate financial accounting, cost accounting, management accounting, financial management and other courses, advanced financial accounting is more advanced, theoretical, technical and other characteristics, involving a lot of knowledge in other disciplines. The intermediate financial accounting introduces how to prepare the general financial report for the industry and

commerce, while the senior financial accounting should aim at the accounting problems of some special organizations, such as partnership accounting, government and non-profit organization accounting, and some special economic businesses. In addition, some advanced financial accounting will bring some cutting-edge issues in this field into the system, such as human resource accounting, green accounting (also known as environmental accounting), social responsibility accounting, etc. This is also because advanced financial accounting itself has some research significance.

### **3.2 The Position of Senior Financial Accounting**

Composition of Financial Accounting: accounting principles: mainly teach the most general principles and methods of accounting recognition, measurement, recording and reporting; intermediate financial accounting: teach the most general accounting events and transactions occurred in the development of enterprises; advanced financial accounting: the content of accounting is the special transactions and events occurred in enterprises.

The reason why senior financial accounting is "advanced" is its accounting treatment of special events, which is a breakthrough for intermediate financial accounting in terms of assumptions and principles, as well as in terms of procedures and methods. Only after mastering accounting principles and intermediate financial accounting, and mastering advanced financial accounting knowledge, can we have a systematic understanding of financial accounting discipline.

## **4. The necessity of Defining the Basic Content of Senior Financial Accounting**

### **4.1 Complex Content Composition**

Different experts and scholars hold different views on the content of advanced accounting, some of which are even quite different, which can be seen in different versions of advanced financial accounting textbooks and professional books at home and abroad.

What is more convincing is the statistics made by Professor Zhang Wenxian of Fudan University in Shanghai: the contents of current senior financial accounting mainly include ethics, prologue, corporate accounting, merger accounting, partnership and branch accounting, leasing, bankruptcy liquidation and reorganization, transnational business accounting, non-profit organization accounting, futures accounting, price change accounting, income tax accounting, pension accounting and value-added statement. There are 17 items with distribution report, comprehensive income statement, derivative financial instruments and other items (sole proprietorship, head office, investment accounting), of which the most content is Tang Yun's senior financial accounting (13 items); the second is Zhang Wenxian's senior financial accounting (12 items); the least content is only 1 item, and the content is not the same, They are "non profit organization accounting", "consolidated accounting", "multinational accounting" and "others". It can be seen that the composition of the basic content of the current senior financial accounting varies greatly in different countries. For the same discipline, such a situation is rare. It is impossible for a subject to be all inclusive, but in the face of complex and varied objective economic environment, it is obviously inappropriate to cover only one or two items.

### **4.2 Necessity of Definition**

In the current analysis of the causes of various accounting problems, the low quality of accounting personnel is one of them, while the internationalization level of Chinese accounting personnel needs to be improved is a relatively consistent view of the academic community. Whether this is related to our accounting education, the academic community has not yet formed a consensus. However, there is one point that cannot be ignored. Accounting education should serve for the improvement of the quality of accounting personnel and the improvement of the requirements of the society for accounting personnel, which is the unshirkable responsibility of higher education. Advanced financial accounting is one of the main courses of accounting major. In terms of training students' professional skills, the importance of this course is incomparable to any other professional courses. Such an important course lacks rigid constraints in the composition of content, which will inevitably lead to an increase in the flexibility of students' professional skills and a great discount in the quality of

accounting workers in the future. Therefore, the content of senior financial accounting should have a basic definition. The development of discipline needs a relatively complete and independent system, and the transmission of science needs a basic content framework structure. A discipline cannot endure the disordered and patchwork existence mode for a long time. Although it is difficult or futile to define the content of senior financial accounting, it is of great significance.

## **5. The Basic Content of Senior Financial Accounting**

### **5.1 Basic principles for determining the content of senior financial accounting**

#### **5.1.1 Accounting Items considered to deviate from the four Assumptions**

Considering the accounting items deviating from the four assumptions, when determining the scope of senior financial accounting, we should take the relationship between economic items and the four assumptions as the theoretical basis and the accounting items conforming to the scope of the four assumptions, which we classify as the scope of intermediate financial accounting; the research scope of senior financial accounting is the accounting items deviating from the four assumptions.

#### **5.1.2 Consider the Connection with Intermediate Financial Accounting and other Courses**

Considering the connection with intermediate financial accounting and other courses, special attention should be paid: although some accounting matters do not deviate from the four basic assumptions, they are not universal, and the difficulty of business processing is also large, so they should not be described in intermediate financial accounting, such as commodity futures, derivative financial instruments, leasing business, accounting information disclosure of listed companies, etc.

### **5.2 The unity of the integrity and systematization of the basic content**

#### **5.2.1 Unified Basic Content of Senior Financial Accounting**

Economic development leads to new business, which makes the original hypothesis loose. For example, due to the diversification of the investment subject, the accounting subject has changed, that is to say, there has been a recovery. The accounting of a single accounting entity can no longer meet the objective needs, and then produce. As the competition among enterprises intensifies, the bankruptcy, liquidation and reorganization of enterprises will. It is inevitable that the assumption of going concern is no longer applicable at this time, so there will be bankruptcy and liquidation. At the same time, during the period of bankruptcy, the assumption of accounting period and currency measurement has some.

However, the inapplicability of monetary measurement hypothesis is mainly due to inflation. The assumption of monetary measurement leads to the accounting of price change. In addition, partnership accounting and branch accounting should also be included; inflation accounting is only discussed in price change accounting, and energy crisis can also cause inflation, which should also be considered; the application of new science and technology will cause a large increase in supply in a certain period of time and cause deflation, although deflation accounting now There are no relevant reports, which should also be considered. So it seems that the basic content system of senior financial accounting formed by the loosening of accounting assumptions lacks certain integrity and systematicness, and it should be considered and improved from other aspects. From the perspective of the integrity of a discipline, the preface should also be included, so that readers can have a clear understanding of the content and framework of senior financial accounting, so as to accurately understand the positioning of senior financial accounting; corresponding to the systematization of senior financial accounting, partnership, branch organization accounting, segment report and interim report should also be included; with the split share structure in China With the gradual implementation of the reform, the company's share buyback will also be mentioned in a lot of enterprise agendas, so it is more appropriate for the company's accounting to be placed in the senior financial accounting.

#### **5.2.2 Ethical issues of Advanced Financial Accounting**

What is worth mentioning is the issue of accounting ethics, which is also an important issue in the accounting field. The problem of accounting ethics is put forward by many foreign scholars, but there are no other scholars except Professor Zhang Wenxian. In the content setting of accounting major in

China, this content is almost not involved, and the relevant accounting standards and systems are not included in the teaching and research system, which leads to a major gap in the knowledge structure of professionals. It is necessary to strengthen the study of accounting ethics, which should be added to the basic content system of advanced financial accounting.

$$c_2 = a_2 + b_2. \quad (1)$$

## 6. Conclusion

This paper makes some superficial discussions on the definition of the content composition of advanced financial accounting, and gives the discipline a clear position in the direction of study, research and application, which is more complete, systematic and necessary independence, so as to meet the objective needs of the overall development of human economy. Advanced financial accounting is the general name of the theory and method of accounting treatment for the special events of an enterprise based on the revision of the original financial accounting theory and method system. According to the above point of view, I think the core research content of advanced financial accounting has two points:

### 6.1 Complex financial accounting in general industry

Complex financial accounting of general industries, including business combination and consolidated financial statements, income tax accounting, lease accounting, price change accounting, foreign currency business accounting, segment report and interim report, debt restructuring and bankruptcy liquidation accounting, and information disclosure system of listed companies;

### 6.2 Financial accounting of special industries

Financial accounting in special industries includes partnership accounting, branch accounting, financial accounting, real estate accounting, and government and non-profit organization accounting.

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