

The Importance of a Clear Description of the Meaning of Accounting Standards

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Abstract: Accounting standards as accounting personnel in the process of accounting recognition, measurement and reporting need to follow the technical specification, its formulation significance has irreplaceable importance. Therefore, the absence of a clear description of the meaning of accounting standards should be a phenomenon worth paying attention to, but for a long time this problem has not been due attention. This paper will discuss the importance of a clear description of the meaning of accounting standards formulation.

1. Introduction

In reality, “in order to regulate the recognition, measurement, disclosure and presentation activities in financial accounting work” is a very common response to the question “Why set accounting standards?” Is a response to the question. This response is not a correct expression of the meaning of accounting standards. The reason is that one can build on the above response to ask: “Why regulate the recognition, measurement, disclosure and presentation activities in financial accounting work?” As mentioned above, there is only one answer to this question, so it seems to be easy to find in the literature. In fact, however, in our accounting context, the clear description of the answer to the above question is missing, which means that the meaning of accounting standards formulation lacks a clear description. It is this lack that causes the existence of many practical problems. The discussion of this article will be expanded from this.

2. The Significance and Clear Description of Accounting Standards

2.1. The Significance of Setting Accounting Standards

Accounting standards belong to the category of rules, which are applicable in the field of financial accounting. Accounting standards is accounting work can be based on the norms and standards of conduct, accounting theory through accounting work to practice, practice after the conclusion of accounting standards^[1]. The formulation of accounting standards, the implementation of norms and guidance for accounting work, help to ensure the quality of accounting information. Accounting information is of high quality and can accurately reflect the financial condition and operating results of enterprises^[2]. The word “meaning” can refer to the thought and reason, content, function and value contained in a thing, as well as the reason for the existence of a thing, its function and its value. The meaning of accounting standards reflects the goal of accounting standards, the need to exist, the role of accounting standards and the value of accounting standards^[3]. To the accounting problem, to choose the best way to deal with, finally get the accounting information is the most consistent with the actual situation, will not give misleading accounting information users, accounting information users to make decisions is useful, so that the information is more meaningful^[4].

2.2. A Clear Description of the Significance of Accounting Standards

The concept of “high quality accounting standards” was first introduced by the International Accounting Standards Board (the predecessor of the International Accounting Standards Board). The

IASB's long-term goal is to create a set of high quality common accounting standards that can be used by companies around the world to publish financial statements. The International Accounting Standards Board develops accounting standards in the public interest. The development of a set of high quality global accounting standards helps to provide high quality information in financial statements and financial reports, so as to help accounting information users make correct judgments, make scientific decisions, and safeguard the interests of information users. The development of accounting standards from the public interest, can weigh the interests of the information users, high quality accounting standards is the goal of accounting standards development efforts to achieve. It is important to have a clear and authoritative description of the significance of accounting standards, with a clear and authoritative description of the significance of the formulation of accounting standards, reflecting the high quality of accounting standards, can help accountants better clarify the objectives and content of accounting standards, so as to carry out accounting work, facilitate the analysis of the company's financial situation, operating results and so on, to ensure the quality of accounting information, to help the users of accounting information to make good decisions. As for our country, the Chinese accounting standard setter is Ministry of Finance, so Ministry of Finance is a clear descriptor of the meaning of Chinese accounting standards formulation.

3. The Importance of a Clear Description of the Meaning of Accounting Standards Formulation

3.1. Important Conditions for the Development of High Quality Accounting Standards

To develop high quality accounting standards, it should be clear what factors will affect the development of high quality accounting standards. The development of high quality accounting standards first need to have an independent accounting standards formulation organization. If accounting standards only protect the economic interests of some people, while damaging the interests of others, it will cause the conflict of standards. Therefore, the accounting standards formulated by independent private accounting standards formulation institutions can better represent the interests of the majority of people, because they are neutral and do not involve any interested parties. The second need to have professional ethics and professional ability to formulate accounting standards, these personnel need to master the theoretical knowledge at the same time also have solid practical experience, to ensure the authority of accounting standards formulation bodies. At the same time, the personnel who make the standards should come from different departments, such as accounting, auditing, business, government and so on. Third, there should be standardized procedures for the formulation of accounting standards to ensure that the process of the formulation of accounting standards is open and transparent. Because accounting standards development is to standardize financial reporting, ultimately need to maintain the public interest, so in order to ensure the quality of disclosure of financial information, it is necessary to first protect the quality of accounting standards, the need to formulate steps for detailed planning, in this process, the accounting standards development process to do open, transparent, Should be open to the public to solicit opinions on the development of standards, rather than only rely on the standards of the establishment of the internal staff to complete the development. The formulation of high quality accounting standards needs to be constantly improved on the basis of listening to the suggestions of various parties, and needs to be able to respond well to the current accounting environment and play the role of high quality accounting standards^[5].

3.2. Foundation of Academic Research

The formulation of high quality accounting standards is conducive to providing high quality financial information, helping information users to make correct judgments, and safeguarding the interests of accounting information users^[6]. A clear description of the authoritative meaning of accounting standards can cause professionals to think about the lack of authoritative and clear description of the situation, can provide a theoretical basis for the clear meaning of accounting standards as well as the formulation and continuous improvement of accounting standards. At the

same time, accounting personnel continue to accumulate experience from accounting work, will also pay attention to the current accounting standards can improve the problem, will be put into the improvement of accounting standards work.

3.3. The “Engine” of Practice Level Improvement

Follow high quality accounting standards for accounting work, can get quality accounting information. Have the meaning of the formulation of authoritative and clear description of high quality accounting standards, reflect its normative, reliability, conducive to accounting personnel in accounting work has the basis to follow, will improve the accounting, auditing practice, professionals will further think about the nature of “high quality”, Discuss how high quality accounting standards will be explained and applied in order to become the most favorable criteria for accounting information users to make economic decisions.

4. Conclusion

The significance of accounting standards formulation for the system accounting standards, has the importance of can not be ignored. A clear description of the significance of accounting standards is the premise of the formulation of high quality accounting standards, is the basis of related academic research, but also the “engine” of practice level improvement. But the current accounting standards still lack a clear description. Therefore, in the future, the importance of a clear description of the meaning of accounting standards should be paid attention to by accounting standard makers, so as to improve this problem.

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