

A10 Incomplete Records

Chapter 23 Generally accepted accounting principles

1. Business entity concept

- 企業個體概念是指企業應被視作為一個個體，獨立於其東主。只有那些影響企業的交易才會被記錄及入帳。
- 東主的私人交易不應當作企業交易。

2. Going concern concept

- 繼續經營概念是假定企業在可見的未來會繼續經營。
- 因此，企業的資產應按歷史成本計價，因為在可見的未來，資產會繼續在業務中使用，而不是被出售。
- 如果公司面臨破產，或即將出售，歷史成本原則不再適用。企業的資產應按市場價值計價。

3. Historical cost principle

- 歷史成本原則是指一個企業的資產，應以購買或生產的原始成本記錄，不應理會任何市場價值的變化。
- 歷史成本被認為是當企業持續經營時，最相關及最客觀的衡量標準。

4. Consistency principle

- 一貫原則指出企業應繼續採用同一會計政策或方法處理類似項目。
- 公司可以改變它採用的會計政策或方法，當另一個政策或方法是必要的或能更準確地反映企業的實際情況。
- 採用一貫原則使到企業不容易改用更有利的會計方法去粉飾業績。

5. Accrual concept

- 應計概念指出，收入和支出應當在賺取或招致時確認及記錄，而不是在不應在收款或付款時確認。
- 當客戶接受了出售貨品或服務，收入就被確認及賺取。
- 當我們使用應計概念計算費用及其他收益時，我們需要在收入和支出賬目中做期末調整。

6. Prudence concept

- 穩健保守概念指出企業須謹慎判斷，以避免多計企業的資產值或收益，以及少計負債或費用。
- 應用穩健保守概念的例子是呆賬準備及運用成本與變現淨值孰低法為存貨計價

7. Realisation principle

- 收入實現原則指出，收益應在提供相關服務後(或送交貨物後)，而非在收到金錢時，予以確認。

8. Money measurement

- 企業所進行的交易和發生的事件都是以貨幣單位記錄的，企業不應把無法以貨幣單位客觀地量度的項目入帳
- 不能量化的事實，如員工的忠誠度，技能和經驗，因為不能客觀量度，他們應從財務報表中排除

9. Materiality principle

- 重要性原則是指某項目的相對重要性
- 例如，未使用的文具一般不包括在資產負債表中作為資產，因為涉及的金額通常是太無關重要
- 這有助降低行政費用，節省使用者花在閱讀財務報表上的時間

10. Matching concept

- 配比概念指出，企業會先根據期內的收益，然後根據配比概念找出並記錄為了賺取期內收益而招致的費用
- 某些費用與相關的收益進行配比，例如銷貨成本和銷售佣金，某些費用按時間來進行配比，例如，折舊費用

11. Objectivity principle

- 客觀性原則要求會計信息要建基於事實，以及可被核實
- 當會計師遇上一些須運用個人判斷的情況，應遵守公認會計慣例，不可帶有偏見

12. Timeliness

- 有價值的會計信息必須是及時的，即企業應在事件發生後的一段短時間內提供信息

13. Substance over form

- 實質重於形式原則指出企業應按交易及事件的實質決定會計的處理和展示方法，而不是單看其法定形式

例子: The following are some accounting principles and conventions:

Money measurement	Consistency	Going concern	Business entity	Timeliness
Materiality	Realisation	Historical cost	Accrual	Prudence
Matching	Objectivity	Substance over form		

Situations:

- Owner's personal assets are not recorded in the books of his business.
- A business discloses its financial information as soon as possible, so that it can be used by users for decision-making.
- Assets are not recorded at their liquidation values in the statement of financial position when a business is not expected to liquidate in the foreseeable future.
- The expertise of the top management is not recorded in the statement of financial position.
- Sales revenues are recognized when goods are delivered to and accepted by customers.
- A calculator costing \$50, with an estimated useful life of 10 years, was purchased for office use. The whole amount of \$50 was recorded as an expense in the year of purchase.
- Lucky Company produces a single product, Product Y. It uses the absorption costing system.
- The fair value of the existing equipment had increased dramatically. Although the company would continue to use the equipment, the company record the fair value of the equipment in the financial statements.
- An electricity bill for December was received. As the payment would be made in February next year, no accounting record had been made by the bookkeeper.
- Inventory had a cost of \$58,000 and net realizable value of \$49,980. Inventory was valued at net realizable value.
- The company decides to apply different depreciation methods to calculate the depreciation expense on equipment in different years in order to show continuously stable operating results.
- The company decided not to open a goodwill account.
- Received a check from the customer in December. The check is used to pay for services of January next year.
- The equipment has a residual value of \$5,000 and is depreciated on a reducing balance method at 10% per year. The company calculates depreciation for a full year of equipment.
- The owner of the company, took over one of the company's motor vans for her personal use. She thought that she was just using her own asset and therefore she did not make any accounting record for this.
- A rubbish bin costing \$60 was bought for office use. The estimated useful life is 5 years. The amount had been included in the administrative expenses.
- Company provides maintenance services to customers, who are required to pay a maintenance fee in advance. The receipts from customers were credited to the maintenance revenues account.
- The company believed that the company had a very good reputation in the industry and quantify that at an amount of \$300,000 as goodwill. The bookkeeper credited the amount to sundry revenue.
- Loan interest of \$5050 incurred remains unpaid at the year end.
- Alice joined the company as the sales director. She believed that her professional knowledge in the industry would bring benefits to the company. Therefore, she suggested valuing her expertise at \$6,000,000 and recognizing it in the financial statements as an intangible asset.
- The company made huge sales revenue of \$1,260,000 and found that the sales team was a valuable asset and suggested recording this at \$420,000 in the company's statement of financial position.
- Based on the General Manager's suggestion, firm is considering changing the valuation method of its non-current assets.
- The performance of Darwin Limited was poor during the past few years. The company had to liquidate within six months as it was unable to repay its debts.
- One day, the owner took one of the bicycles home for her son's use.
- The financial year of Company ends on 31 December 2016. On 4 January 2017, the company received an electricity bill for December 2016 of \$9500. It then settled the bill on 29 January 2017.
- The owner of a firm bought a notebook computer of \$12,000 for office use. She heard from the dealer that its market value at that time was \$14,000. Bookkeepers record computer at market value.

REQUIRED: identify the most appropriate accounting principle or convention for each of the above situations.

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| (a) _____ | (b) _____ |
| (c) _____ | (d) _____ |
| (e) _____ | (f) _____ |
| (g) _____ | (h) _____ |
| (i) _____ | (j) _____ |
| (k) _____ | (l) _____ |
| (m) _____ | (n) _____ |
| (o) _____ | (p) _____ |
| (q) _____ | (r) _____ |
| (s) _____ | (t) _____ |
| (u) _____ | (v) _____ |
| (w) _____ | (x) _____ |
| (y) _____ | (z) _____ |