

Comparative Study on Quality Characteristics of International Accounting Standards and Chinese Accounting Standards

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Abstract. Whether accounting information can meet the needs of users depends on the quality of accounting information. The internationalization level of accounting standards reflects the degree of integration of a country's economy with the world. With the development of economic globalization and rapid progress of science and technology, the market economy is becoming more and more active. Meanwhile, the trade between various countries is becoming more and more frequent, which promotes the economic and trade cooperation between various countries. The demand for international convergence of accounting standards is becoming increasingly strong, and the relevant concept arises at the historic moment. In order to make the cooperation between countries more convenient and fast, countries began to integrate into the financial regulatory framework reform process of cooperation, and strive for the global unified high-quality accounting standards can be completed in a timely manner. This paper compares and analyzes the differences between Chinese and international accounting standards in terms of information quality characteristics from two aspects of content and level, summarizes the convergence and development trend of international accounting standards, and puts forward some suggestions for China to formulate accounting standards.

Keywords: Accounting standards quality characteristics; accounting standards international convergence.

1. Comparative analysis of content

1.1 Quality requirements control

The comparison of information quality requirements between INTERNATIONAL accounting standards and Chinese accounting standards is shown in Table 1.

Table 1. Comparison of information quality requirements between INTERNATIONAL accounting standards and Chinese accounting standards

	International Accounting Standards	China Accounting Standards	note
1	Relevance	Predictive	Article 13 The accounting information provided by an enterprise shall be relevant to the economic decision-making needs of users of financial accounting reports and help users of financial accounting reports to evaluate or forecast the past, present or future situation of the enterprise.
2		Confirmatory	
3		Materiality	Article 17 The accounting information provided by an enterprise shall reflect all important transactions or events related to its financial position, operating results, cash flow, etc.
4	Faithful representation	Completeness	Article 12 An enterprise shall confirm, measure and report accounting on the basis of the transactions or events actually occurring, truthfully reflect all accounting elements and other relevant information that meet the requirements of confirmation and measure, and ensure the truthfulness and integrity of accounting information.
5		Free from error	
6		Neutrality	(no) International accounting standards do not specify
7		(Substance over form)	Article 16 An enterprise shall make accounting confirmation, measurement and reporting in accordance with the economic substance of the transaction or event, not only on the basis of the legal form of the transaction or event. International accounting standards do not list it as a separate quality requirement

8	Comparability	Article 15 Accounting information provided by enterprises shall be comparable. Consistent accounting policies shall be adopted for the same or similar transactions or events occurring at different times in the same enterprise, and no arbitrary changes shall be allowed. If alteration is really necessary, it shall be explained in the notes. For identical or similar transactions or events occurring in different enterprises, prescribed accounting policies, Ensure consistent and comparable accounting information.	
9	Verifiability	(no)	China's accounting standards are unclear
10	Timeliness	Article 19 The enterprise's view on transactions or events that have already occurred. Accounting confirmation, measurement and reporting shall be carried out in a timely manner, without advance or delay.	
11	Understandability	Article 14 Accounting information provided by an enterprise shall be clear and clear for the convenience of financial and accounting reports Users understand and use.	
12	(no)	Article 18 Enterprises shall exercise due caution in accounting recognition, measurement and reporting of transactions or events, and shall not overestimate assets or income or underestimate liabilities or expenses.	International accounting standards do not specify

1.2 Analysis of specific requirements for information quality characteristics

The comparison of information quality characteristics between INTERNATIONAL accounting standards and Chinese accounting standards is shown in Table 2.

Table 2. Comparison of information quality characteristics between INTERNATIONAL accounting standards and Chinese accounting standards

The quality characteristics		IFRS	China
The correlation	Predictive value	√	√
	Feedback value	√	√
	The importance of	√	√
Fair format (reliability)	integrity	√	√
	neutrality	√	×
	True reflection	√	√
	Substance over form	○	√
comparability		√	√
Can nuclear sexual		√	√
timeliness		√	√
understandability		√	√
prudential		×	×
(Restrictive factors)	Cost-benefit principle	○	×

Note √ indicates that the feature exists, ○ indicates that the feature does not exist, and × indicates that the feature does not exist.

2. Comparative analysis at the level

From our arrangement and drawing of international and domestic accounting standards quality standard framework comparison chart can be seen intuitively, the quality characteristics of accounting information in IASB system are generally divided into two levels: "Fundamental" and "Enhancing" (there is also a saying that the "cost-benefit principle" not listed in the quality standard is regarded as the "Pervasive" level, the restrictive condition). This means that when rational people conduct actual accounting treatment in accordance with the "cost-benefit principle", users of the standards should give priority to and meet the requirements of quality characteristics under the "Fundamental", and the content under the "Enhancing" should be the second. This also implies that when there are contradictions between different accounting information, The priority of accountants in the process of processing and presentation.

In contrast, the quality standard of Chinese accounting standards adopts a form of verbal description without the use of accounting terms, and it is different from the multi-level framework system under IASB, which is composed of a series of parallel provisions. [1] There is no hierarchy among the quality information standards, and it is difficult to sum up the logical relationship between the terms. [2] The loose relationship between the quality characteristics is not only unfavorable to accounting subjects and users to balance the different aspects of accounting information quality characteristics, but also unfavorable to the overall grasp of accounting information quality characteristics.

Taking the priority dispute between the two quality characteristics of "relevance" and "reliability" as an example, in 2010, the Joint Conceptual Framework Study Group (IASB) proposed for the first time that the relevance of accounting information quality is better than the reliability feature (IASB, 2013); In March 2018, IASB's latest conceptual framework of financial reporting pointed out that since information is limited to a high degree of uncertainty, as long as it may be relevant, it can be included in the accounting system of accounting standards (IASB, 2018). Although some scholars in China tend to think that the reliability of accounting information quality is better than the correlation characteristics, they believe that the lack of reliable information, no matter how strong the correlation characteristics should be considered carefully. [3] But in spite of this, the quality characteristics of accounting standards in Our country did not put forward specific measurement standards for both, nor reflect the logical level between the two, so there is no unified standard judgment in the actual accounting treatment to meet the "weight" order of the two.

3. Rule orientation and principle orientation

3.1 Principle Orientation

Principle orientation usually provides positive criteria for judgment. [4] Taking the income recognition principle as an example, it emphasizes "whether risks and rewards have been substantially transferred", which is a principle orientation, and it allows relevant personnel to directly judge which economic activities can be recognized as income. Principle-oriented application of a wide range, no or few exceptions; [5] The principle orientation also provides little or no specific guidance on interpretation and implementation.

3.2 Rule Orientation

Rule orientation refers to the accounting standards for a specific enterprise whether to implement a standard to provide "appropriate" type of implementation guide, the purpose is to reduce the professional judgment space in the actual implementation process. According to the understanding of relevant literature, there are two symbolic characteristics of rule-oriented accounting standards: first, whether to provide clear and specific implementation standards, especially quantitative standards. [6] For example, as for cost method and equity method in investment income accounting and whether merger is needed, 20% or 25% is used as the limit of cost method or equity method, and more than 50% is used as the symbol of enterprise merger, which is rule-oriented. In order to narrow the space of judgment and choice, rule orientation tends to provide exclusionary and exceptional judgment criteria on the basis of positive judgment criteria. Taking the revenue recognition principle as an example, it is rule-oriented to list clearly that the repurchase or leaseback does not meet the requirements of revenue recognition.

3.3 Understand the difference of quality characteristics of accounting standards from the perspective of principle orientation and rule orientation

The quality characteristics of accounting information are the basic standards for evaluating the usefulness of accounting information, and also the basic requirements for accounting information processing. The thinking of constructing accounting theory system in accounting circle is accounting target → information quality characteristic+ Accounting elements → accounting confirmation,

measurement and reporting. The relationship can be expressed as follows: "objective" indicates what kind of information should be provided, "quality characteristic" indicates what standard the information should meet, and "criterion" indicates how the information should be provided. Professor Lou Erxing believes that "the quality characteristics of accounting information specifically reflect people's basic requirements for accounting information, so it is the basis for choosing specific accounting treatment standards and the standard to judge whether these standards are appropriate."

From the perspective of the attribution of accounting information quality characteristics, IASB regards accounting information quality characteristics as a part of the conceptual framework of financial accounting, which is a theoretical system to evaluate and guide accounting standards. It does not restrain accounting practice, so we think it is principles-oriented. But in the promulgation and implementation of China's accounting standards for Business Enterprises, the stipulation of the quality characteristics of accounting information is included in the basic principles, as a level and content of accounting standards to guide the practice of accounting, binding, so we think it is rule-oriented.

3.4 Specific Differences

The principle of substance over form requires that accounting should focus on the economic substance of business rather than the legal or artificial form of business in accordance with the objective of accounting. [9] This principle is consistent with the concept of goal orientation. The principle of substance over form requires that accounting should pay attention to the economic substance of business rather than the legal or artificial form of business in accordance with the objective of accounting. [10] This principle is consistent with the concept of goal orientation. The principle of substance over form requires that accounting should pay attention to the economic substance of business rather than the legal or artificial form of business in accordance with the objective of accounting. This principle is consistent with the idea of goal orientation.

China's capital market is dominated by retail investors, and there is a lack of professional information interpretation and processing institutions such as financial analysts. However, retail investors are limited in their ability to analyze and evaluate accounting information, so they require more reliability than relevance of accounting information, and also hope that the information provided by financial reports can be more easily understood. China's current specific accounting standards conform to this requirement and provide a platform for them to understand and use financial reports.

3.5 Understand the differences of quality characteristics of accounting standards from the perspective of background and original intention

3.5.1 International (IASB): principle-oriented

The orientation of international accounting standards is the objective requirement to enhance its influence. In order to enhance the influence of international accounting standards, it is necessary to enhance its adaptability, and to increase its adaptability, it is necessary to improve its inclusiveness. As countries have different political, cultural and legal system, and the level of economic and social development at the different stage, the international accounting standards to expand the influence, it must adapt to the political, cultural and legal situations in different countries, to adapt to the economic and social development level in different development stage of the country's need for accounting standards. In this context, principled accounting standards are more inclusive, more adaptable and more conducive to enhancing their influence.

3.5.2 China: Rule-oriented

The specific economic and social environment that Our accounting standards face provides the possibility for rule-oriented standards formulation. At present, China has entered the stage of perfecting the socialist market economic system, and its corresponding legal system is also in the stage of perfecting, which provides a relatively stable system and legal environment for the formulation of accounting standards in China. Based on China's specific national conditions and the

principle of institutional economics, the formulation of more specific, more operable accounting standards. In this way, it is not only conducive to the full implementation of accounting standards, but also can reduce the cost of the implementation of standards, and even reduce the social cost of accounting standards and accounting.

4. International convergence of accounting standards

4.1 Revision of international accounting standards

In March 2018, IASB issued a fully revised Conceptual Framework for Financial Reporting. The new framework further elaborates on which features are used to identify which types of information are most useful, and further elaborates on substance over form, caution and highly uncertain estimation. In contrast to The Frame (1989), the Frame

The main changes (2018) are as follows.

First, in the framework (1989), the information quality of the basic characteristics and secondary quality features on the basis of two levels raised to increase quality characteristics, and indicates how use of improving the quality of sexual characteristics, namely to meet as much as possible on the basis of correlation and truthfully report to maximize the improving the quality of sexual characteristics, improving the quality of sexual characteristics between no priorities, Sometimes it is possible to use one improving quality feature at the expense of another in order to achieve relevance and true reflection.

Second, the "reliability" and "true and objective/fair presentation" of the Framework (1989) were replaced by "true reflection". IASB believes that "true reflection" itself means "reliability" and "true and objective/fair presentation", and the meaning of "reliability" is not clearer than that of "verifiability", so the expression of "verifiability" instead of "reliability" is taken as the enhancement quality feature of "true reflection".

Third, the new frame removes the secondary quality feature of "reliability" in Frame frame (1989) -- "Substance over form" and "Prudence." The new framework points out that "if the substance of an economic phenomenon is different from the legal form, only providing information in accordance with its legal form will not reflect the economic phenomenon truthfully". Therefore, to reflect truthfully in the new framework implies "substance over form". IASB also believes that the original "prudence" and "neutrality" are prone to conflict. The "prudence" in framework (1989) means that it is not allowed to overestimate assets and income, underestimate liabilities and expenses. The new framework takes "prudence" as the basis for identifying neutrality and redefines "prudence". That is, prudent treatment means neither overestimating assets and income, underestimating liabilities and expenses, nor underestimating assets or income. Overestimating liabilities and expenses does not mean asymmetric treatment is necessary. "Therefore, in the framework, "neutrality" is used instead of "prudence" as the secondary quality characteristic.

Fourthly, "intelligibility" and "comparability" are regarded as the quality characteristics of promotion. However, the Framework (1989) regards "comprehensibility" and "comparability" as the basic quality characteristics. The IASB argues that "intelligibility" simply optimises useful information; Comparability alone is useless if information is relevant and truthful.

Fifthly, the definition of "relevancy" in the new frame frame is quite different from that in the Framework (1989). In the Framework (1989), "relevance" refers to "information that substantially leads users to make different decisions". IASB considers it very difficult to measure "substance", so the new framework deletes the word "substance". In addition, IASB believes that in general, the older the information, the less useful it is, but sometimes users need to perform trend analysis, and some information will remain relevant long after the end of the reporting period, so timeliness helps improve the quality of financial information

4.2 Amendment of China's accounting standards

The international convergence of accounting standards in China is now in a stage of continuous progress and development. Due to the needs of economic development, China's accounting standards continue to converge toward international standards. In China, the international convergence of accounting standards has been steadily moving forward. The construction of China's accounting standards has mainly experienced the following stages in the process of convergence with international accounting standards: In 1992, China introduced the "two Systems", marking that China's accounting standards began to step into the international arena. In the basic quasi-year of 1993, the Ministry of Finance formulated and released The Accounting Standards for Business Enterprises, as well as the specific standards (draft for comments) to solicit opinions and suggestions, laying the general tone of China's accounting standards to the international convergence. In 2006, China gradually built and revised the enterprise standards system, the content of the previous adjustment and revision and improvement, China's accounting standards began to integrate international standards. Then, in 2014, 2017 and 2018, every year or two, the Ministry of Finance will be part of accounting standards to make appropriate adjustments and complement, make accounting standards more adapt to the economic development of domestic enterprises, also let the accounting standards for convergence and multiple phases such as beneficial to the development of international trade, this is a step by step optimization phase. At present, in order to constantly revise and improve the accounting standards system with Chinese characteristics, the relevant departments of the Ministry of Finance also continue to study the latest changes in the international accounting standards system norms. However, formal convergence is only the first step towards international convergence of accounting standards, and equivalence is the real goal.

4.3 International convergence and development trend of accounting standards

At present, international accounting standards are in the process of reform, convergence and sustainable development can be said to be the two characteristics of its reform and development. In recent years, with the accelerating process of the international accounting standards convergence, released in 2006 in China's accounting standards for enterprises have been largely agree with the principle of IAS and points of view, in 2010, explicitly released the convergence with international financial reporting standards road map, published in 2015, a joint statement with the international financial reporting standards foundation, Reiterated that China will continue to promote the convergence of domestic accounting standards and IAS reform direction. It can be seen that the international convergence of accounting standards has become a major trend in the field of international economy. Sustainable development refers to the convergence of international accounting standards is developing and changing, with the development of international trade and economic globalization and constantly updated. In the context of global economic integration and the continuous expansion of international trade, the convergence of international accounting standards makes the field of accounting standards appear the scene of "the world is the same", and is in the continuous development state of the same frequency reform resonance.

5. Suggestions on the formulation of accounting standards in China

5.1 Actively participate in the formulation process

Based on the requirements of economic development, China's accounting standards are gradually closer to international standards, but not simply imitate and copy, need to pay attention to the double-sided impact on accounting quality. In order to further improve the international influence and facilitate better absorb the advantage of the international rules, should be actively involved in learning rule of the international advanced theory and method, combined with the actual, for mutual confluence, formed both with Chinese characteristics, and with the international convergence of

accounting standards for Chinese, can make the accounting information more accurate and more truthfully presented to the user.

5.2 Actively improve the standard formulation procedures

At present, the task should be inclined to the establishment and improvement of the accounting theoretical system framework, and strive to establish a set of accurate financial evaluation system mechanism through the theoretical framework. It all depends on having open and transparent programs running. This needs to first learn advanced experience of accounting development in developed countries, and through a variety of forms to listen to the opinions and suggestions of enterprises, financial industry, policy researchers and other relevant people, make the standards more credible, more scientific, ensure more reasonable procedures, more perfect system.

5.3 Change the emphasis of accounting standards when establishing projects

Compared with international accounting standards, China's accounting standards do not take into account more implementation problems. In the formulation of international accounting standards, not only the feasibility of accounting technology is studied, but also the adaptability after implementation is considered, and for the problems in the implementation of accounting standards, there will be strict governance institutions to manage, to ensure the objectivity of accounting standards formulation. More consideration should be given to the implementation, and the interaction between theory and practice should be more based on practice, so that the two aspects can truly achieve the double leap from theory to practice and practice to theory.

5.4 Maintain the trend of convergence and ensure continuity

At present, international accounting fund organizations and international Accounting Standards Board have been requiring China to fully adopt IFRS, because it will greatly improve the authority of IFRS in the world. However, if we comply with the demands of the international community, it will bring great trouble to our country. The explanation given by IFRS to the countries concerned is usually minimal, and there is little explanation for individual issues unless they are international. In such a premise, China must adhere to the continuity of its own accounting standards, and on such a basis to maintain the convergence with the international community.

5.5 Integrate related resources and expand influence

Nowadays, the development of international society is more and more rapid at the same time, accounting standards have become more complex. Based on such realistic factors, whether the implementation and application of the guidelines has become a common problem all over the world. If China wants to establish a continuous relationship with IFRS, it is necessary to note the standard system based on the national accounting project, so as to safeguard the practical interests of China. On the basis of our own national conditions, we should constantly improve the problems existing in the accounting standards and integrate them with international standards, so as to promote the continuous progress of our accounting standards.

6. Conclusion

Accounting plays an important role in the development of market economy. The expansion of global trade and the wide range of capital flows have put forward new requirements for the improvement and adjustment of accounting standards. On the basis of "road" development, we can make reasonable use of such opportunities to ensure the training of accounting talents in Our country. At the same time, our country should also cultivate a professional team, familiar with IFRS for national accounting institute, accounting related IFRS financial unit, so as to establish a set of economic development at this stage in IFRS certain achievements, but also see professional talent shortage, the convergence of accounting standards also puts forward higher requirements to

specialized talents, Not only should we be familiar with the international accounting standards related theoretical knowledge and research, but also should be able to combine the national conditions, economic status quo, explore suitable accounting standards. With the rapid economic development, it is necessary to strengthen personnel training and training, improve the overall level of accounting work, and then convergence with international standards will not be in a weak position.

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