

CURRENT SITUATION AND PROBLEMS OF CHINA'S ENTERPRISES FIXED ASSETS MANAGEMENT

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Abstract. The paper considers the management of fixed assets in Chinese enterprises. The main problems and directions of improving the management of fixed assets are identified.

Keywords: asset, fixed assets, fixed asset management system

Issues related to the management of fixed assets were investigated in [1-5]. Fixed asset management issues need further development. With the accelerating pace of reform and development of China's modern industrial enterprises, the scale of enterprise fixed assets management is expanding, and the development cost is also gathering. Fixed assets management has become one of the important contents of industrial enterprise management, and it has also become an important issue in the development of industrial enterprises. For a big part of China's large state-owned industrial enterprises, the proportion of fixed assets is giant. At the same time, it is also the key for industrial enterprises to obtain the driving force of sustainable operation and development. It has played a chief role in the future construction, development, and management of industrial enterprises.

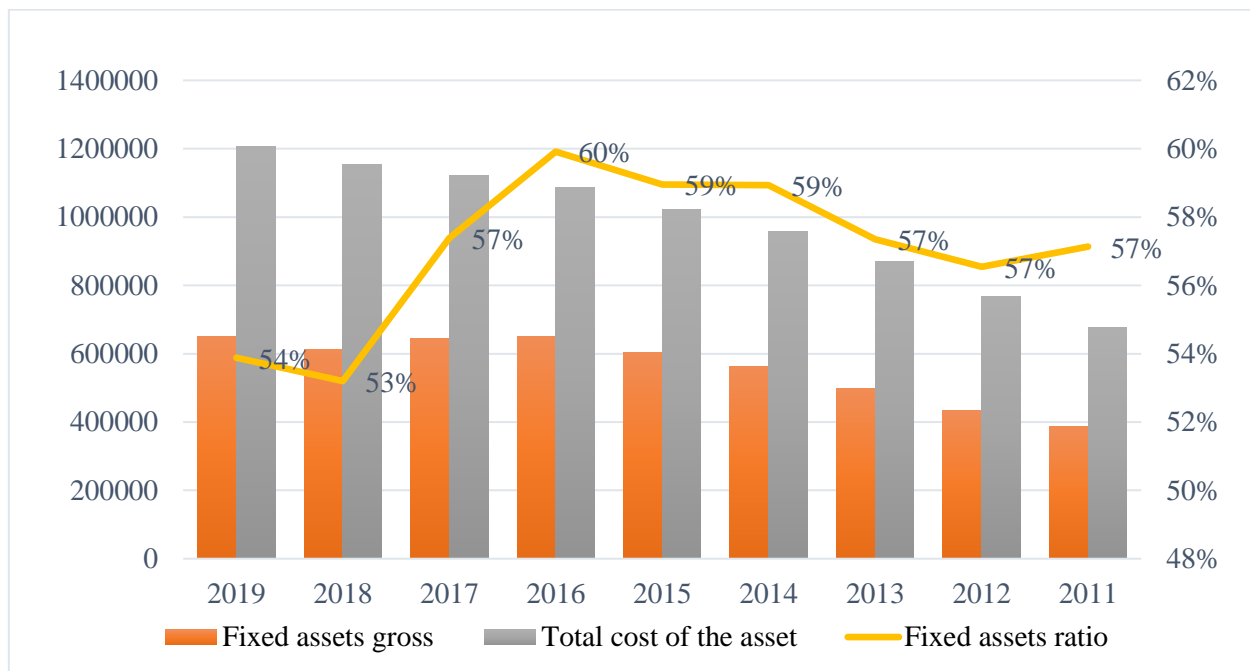


Illustration 1. 2011-2019 China industrial enterprise fixed assets and total assets (based on [6])

The scale of fixed asset management in industrial enterprises is expanding, new problems have also been exposed, mainly including the unreasonable use of fixed assets, unreasonable allocation of fixed assets, and unreasonable fixed asset management system.

At present, the new accounting standards have begun to be fully implemented, with a more accurate definition of fixed assets, which mainly refers to tangible assets held for production, lease or operation management and with a service life of more than one year. It can be seen that in the new accounting standards, the value standard of fixed assets is blurred and the detailed discrimination of value standard is canceled. It means that according to the actual situation industrial enterprises of different sizes and types can create targeted fixed assets standards. It also makes some industrial enterprises have certain blindness when carrying out the

definition of fixed assets. It is precise because of this blindness that it is difficult to ensure the development efficiency of fixed assets data statistics of industrial enterprises, and it also directly affects the accuracy of data statistics.

When a large part of China's industrial enterprises carries out fixed asset allocation and management, they reflect the disadvantages of unreasonable fixed asset allocation to varying degrees, mainly in the following aspects: they ignore the importance of fixed asset management. Some industrial enterprises pay too much attention to the purchase of assets and ignore the later management of assets to a certain extent. It directly leads to the inconsistency between the accounts and the actual application of assets. Most industrial enterprises' problems in fixed assets management mainly focus on the purchase and disposal of assets.

Also, it is difficult to effectively reflect to the existing fixed assets of industrial enterprises due to the lack of rationality in the internal allocation and transformation of fixed assets during the use period of industrial enterprises. Secondly, there are hidden asset losses. When a large number of industrial enterprises carry out fixed assets management, it is often difficult to dispose of fixed assets in strict accordance with relevant national standards. It also makes the fixed assets in industrial enterprises suffer losses in varying degrees, mainly because the industrial enterprises start to sell the fixed assets to be disposed of without scientific and reasonable evaluation. In addition, the relevant legal procedures for the disposal of fixed assets in China are relatively cumbersome, and the imperfect fixed assets evaluation and management system often occurs in the process of actual operation, which also makes the development of fixed assets management and disposal of industrial enterprises face certain difficulties, resulting in hidden losses of fixed assets of industrial enterprises.

Overall, China's fixed asset management system of industrial enterprises is still not perfect. It has become one of the common problems faced by industrial enterprises in the actual development of fixed asset management, which is reflected in the following aspects: first, the accounting audit standard of fixed assets is not high. Many industrial enterprises have not established a perfect physical asset account for realizing the unified control of fixed assets through the records of the purchase of fixed assets on the book. This control method is often prone to some loopholes, and a perfect evaluation mechanism for the efficiency of fixed asset management has not been established.

Many industrial enterprises pay attention to the current profits when carrying out the transfer and management of fixed assets. It leads to the relatively simple fixed asset management system and problems with improving the fixed asset management efficiency evaluation system. To a large extent, it has led to the phenomenon of low management efficiency and high blindness in the purchase of fixed assets.

Industrial enterprises should be fully aware that fixed assets management has become one of the important factors affecting the operation, management, and development of enterprises at this stage. To maintain and increase the value of total assets, they should pay attention to defining fixed assets, optimizing the financial management team of fixed assets, and improving the daily management mechanism, improving the level of fixed assets management, to enhance the competitive advantage of the industry.

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