

Study of Accounting and Finance Activity: Growing Demand for Models of Accounting for Intangible Assets

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3 Study of Accounting and Finance Activity: Growing Demand for Models of Accounting for Intangible Assets

Estudio de la actividad contable y financiera: creciente demanda de modelos de contabilidad para activos intangibles

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ABSTRACT

The processes or practices that use for managing, analysis, recording and monitoring the financial transactions is known as financial accounting. In the efficiency of the organizations and in the financial performance the professional accountants play a direct role. Including credits, profit, loss management, revenue analysis, debts and all business expenses are take charges of all matter related to finance. Accountants are also directly involved in bolstering profitability, minimizing expenditure and maximizing income along with ensuring that the business meets all necessary tax obligations.

Keywords: finance, accounting, manage, business.

RESUMEN

Los procesos o prácticas que se utilizan para administrar, analizar, registrar y monitorear las transacciones financieras se conocen como contabilidad financiera. En la eficiencia de las organizaciones y en el desempeño financiero, los contadores profesionales juegan un papel directo. Incluyendo créditos, ganancias, gestión de pérdidas, análisis de ingresos, deudas y todos los gastos comerciales se hacen cargo de todo lo relacionado con las finanzas. Los contadores también están directamente involucrados en aumentar la rentabilidad, minimizar el gasto y maximizar los ingresos, además de garantizar que el negocio cumpla con todas las obligaciones fiscales necesarias.

Palabras clave: finanzas, contabilidad, gestión, negocios.

RESUMO

Os processos ou práticas usados para gerenciar, analisar, registrar e monitorar as transações financeiras são conhecidos como contabilidade financeira. Na eficiência das organizações e no desempenho financeiro, os contadores profissionais desempenham um papel direto. Incluindo créditos, lucro, gerenciamento de perdas, análise de receita, dívidas e todas as despesas comerciais, assumimos todos os assuntos relacionados a finanças. Os contadores também estão diretamente envolvidos no aumento da lucratividade, minimizando gastos e maximizando a renda, além de garantir que a empresa cumpra todas as obrigações fiscais necessárias.

Palavras-chave: finanças, contabilidade, gestão, negócios.

I. INTRODUCTION

For any business it can say that finance is a lifeline (Ge & Weisbach, 2019). Like any other resources finance is also limited. But the need of finance is always unlimited. So to manage the finance efficiently is the key factor of business (Khan et al., 2019).



As the language of the business accounting has been termed (Brown, 2019). To serve as a means of communication is the basic function of any language. This function is also served by accounting. The parties which have some stake in the business like Government, other agencies, proprietor, investors, and creditors it communicates the results of business operations with them (Sakanga et al., 2019).

II. INTRODUCTION TO FINANCIAL MANAGEMENT

In the order to get the higher returns from the investment than financial cost for any business finance it procures is invested (Zhang, 2019). Finance is always a major concern in any business.



Figure 2: cycle of finance management

The key objective of any financial management is given below:

- For business creating the wealth
- Cash generation
- On investment provide an adequate return

III. THE SCOPE OF FINANCIAL MANGEMENT

It is necessary to understand the scope of the financial management for proper introduction of financial management (Li, 2019). According to the interest of shareholders the financial decisions should be taken.

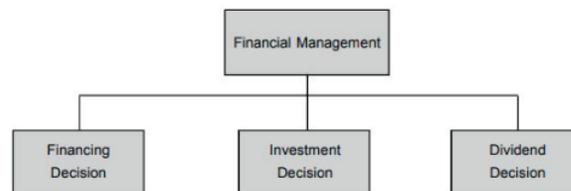


Figure 3: scope of finance management

- Appropriation: among debenture holders, shareholders the profits of company divided. A part of profit is eserve.
- Allocation: to purchase current and fixed assets for the company it uses collected finance.
- Anticipation: the company need is estimates by financial management.
- Assessment: all the financial activities of the company controlled by this. It is the most important area of management.
- Acquisition: from several sources it collects finance for the company

IV. FINANCING DECISIONS

From short-term and long-term sources to raising finance managers also make decisions pertaining (Holopainen et al., 2019). There are two types of decisions are:

- Decisions related to capital Structure: they include the funds sources identification. The decisions relevant to external sources like borrowing from banks, issuing shares, bonds are included in this type of decisions.
- Decisions related to financial Planning: application of funds and estimating the sources related decisions are come in to this category. To ensure the availability of adequate finance it pre-estimating financial needs of an organization.

V. FINANCIAL MANAGEMENT ROUTINE FUNCTIONS

Clerical functions are routine function (Cescon et al., 2019). Executive functions of financial management performed by this:

- Credit Management
- Deposal of surpluses
- Estimate capital requirement
- Ascertain capital composition
- Make the choice of source of fund
- Keep record and report
- Mange of cash flow
- Controlling of finance
- Decision of capital budget
- Tax planning

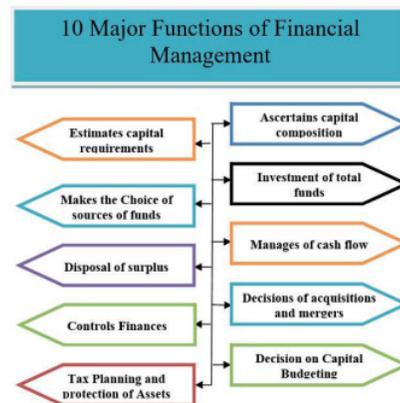


Figure 4: functions of finance management

VI. MEANING OF ACCOUNTING

During a particular time, to have control over the property of firm, on a particular date to show financial condition of the business the main purpose of accounting is manage to ascertain loss or profit (Nasreen & Baker, 2019). To communicate the information and measure the income of the business the accounting records are required to be maintained. These managed records can use by interested parties, managers and owners (Maseleno et al., 2016). It can consider that Accounting is a discipline which interprets records, summarizes and classifies financial information in order to make the decision about the concern activities. Some attributes of accounting include:

- Interpreting: the functions that are performed by accountant and electronic data processing devices based on interpretation aspects of accounting (Maseleno et al., 2017; Maseleno et al., 2019).
- Classifying: to accumulate the transactions of similar type at one place it is concerned with the systematic analysis of the recorded data
- Recording: in an orderly manner financial transactions should be recorded.
- Summarizing: in a manner useful to the users it is concerned with the presentation and preparation of the classified data

VII. OBJECTIVES OF ACCOUNTING

It has distinguished 13 objective of accounting are as follows:

1. Recognizable proof and recording of exchanges

The essential object of bookkeeping is to recognize the monetary exchanges and to record these methodically in the books of records.

2. Ascertainment of results

Each business concern is intrigued to know its working outcomes toward the part of the arrangement time frame.

3. Ascertainment of monetary issues

Ascertainment of obligations liabilities, property, and resources for example complete monetary issues of an association at a specific date is another significant object of Accounting Burney & Malina, 2019).

4. Keeping records of money

Money book is an unmistakable book of the books of records. Money receipts and money installments are represented in this book. Various every day money receipts, installments, money close by and money at the bank can be known from this book (Ayodele et al., 2019).

5. Command over resources and liabilities

For maintaining a business effectively a specialist is to secure different resources like land, building, apparatus, and so on.

6. Controlling cash defalcation and cost

Counteractive action of cash defalcation through extortion and phony and controlling the expense of concern are additionally the primary objects of Accounting.

7. Giving monetary information

Another respectable object of Accounting is to furnish the concerned gatherings with all monetary data planning fiscal reports and reports and so forth in time (Persson, 2019).

8. Helping charge obsession

Records arranged based on acknowledged bookkeeping standards in considered dependable to the annual duty and VAT experts for simple assurance and settlement of assessment and VAT.

9. Assurance and assessment of strategy

The object of Accounting is to help the administration in deciding and assessing the administration strategies in maintaining the business effectively by providing essential, data, deciphering and examining the budget summaries.

10. Testing the arithmetical exactness of records

One of the fundamental objects of logical techniques for bookkeeping is to ensure that records have been kept in a legitimate manner.

11. Adequacy to other people

Banks or money related foundations are intrigued to know the exact budgetary position of business worry for endorsing advances.

12. Production of qualities and responsibility

The object of records kept up in a worthy manner is to make higher qualities among people and associations and in this manner making mindfulness in anticipating cash defalcation, misappropriation of reserve and cost control by guaranteeing straightforwardness and responsibility.

13. Following lawful ties and denial

As a wide range of business associations need to submit to some lawful ties and preclusions, they are to keep up their records precisely

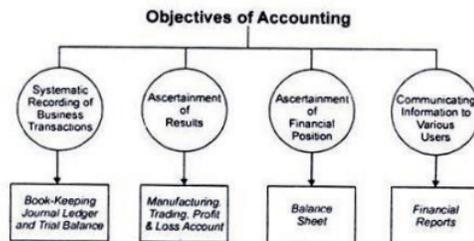


Figure 5: objective classifications of accounting

VIII. STUDYING ACCOUNTING AND FINANCE BENIFITS

Some benefits of finance and accounting included:

1. Employment Prospects

For qualified candidates are limitless majority of businesses are dependent on, employment prospects due to professional accountancy is something the overwhelming.

2. Security of job

For financial professionals and skilled accountants there will always be ongoing and enormous demand Irrespective of technological advances.

3. Flexibility

In the business it provides freedom to choose their own working hours and patterns and full flexibility to the person who work as self-employed accountants. For running and establishing a home business accountancy represents an excellent prospect.

4. Increased Prospects

It can improve future career development prospects and competences if anyone already working in a accountancy or financial position and studying the subject in greater depth.

5. Financial Rewards

In finance and accountancy potential earnings are limitless, especially for those who run and setup their own business. For their services at the highest levels often command quite extraordinary prices experienced by accountants.

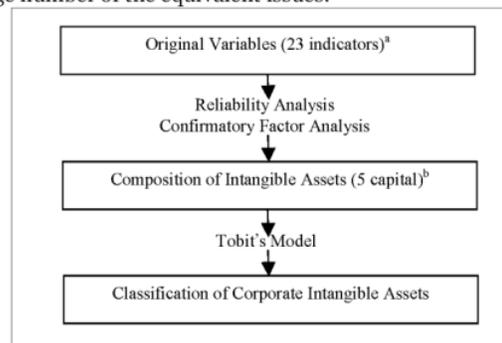
IX. ACCOUNTING FOR INTANGIBLE ASSETS

Numerous observers see the oversight of “immaterial resources” from monetary records as a glaring inadequacy (Davila, 2019). The ask: How would accountants be able to report a monetary record that excludes significant resources like brands, dissemination and supply chains, information, human capital, and association capital, especially when incentive in current firms comes more from these advantages than from the unmistakable resources on the asset report? The grievance arrived at a crescendo during the 1990s as innovation and web firms related to these kinds of “advantages” went to the market with high cost to-book proportions that were ascribed to missing resources on the asset report.



Figure 6: intangible assets

While a diminuendo pursued as the apparent impalpable resources for a large number of these organizations apparently dissipated, the representing elusive resources proceeds as a critical research zone. To be sure, the present pattern towards booking more an incentive to the monetary record with reasonable worth bookkeeping includes a large number of the equivalent issues.



Notes: ^a There are 23 items, four to six of which make up each component in Table 2. ^b Intangible assets were made up of five components.

Figure 7: categories of intangible assets

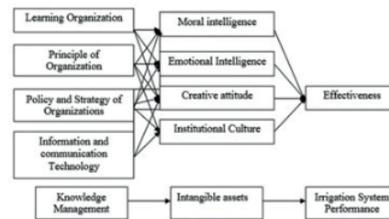


Figure 1. The structure of the intangible assets control model in the management of irrigation system

Figure 8: in the management of irrigation system the structure of intangible assets In what pursues, the examiner is seen as esteeming value, yet the thoughts apply to any advantage, specifically the firm (endeavor) with purported impalpable resources. (Value of the firm = Equity value + Value of Net Debt.) The asset report way to deal with valuation induces an incentive from book an incentive on the monetary record:

$$Value_i = Book Value,$$

By capitalizing forward earnings value can also be inferred if one expects no subsequent earnings growth:

$$Value_t = \frac{Expected\ Earnings_{t+1}}{r}$$

For forward earnings if a sufficient indicator is current earning:

$$Value_t = \frac{Earnings_t}{r}$$

It is always true that provided that earnings are comprehensive earning:

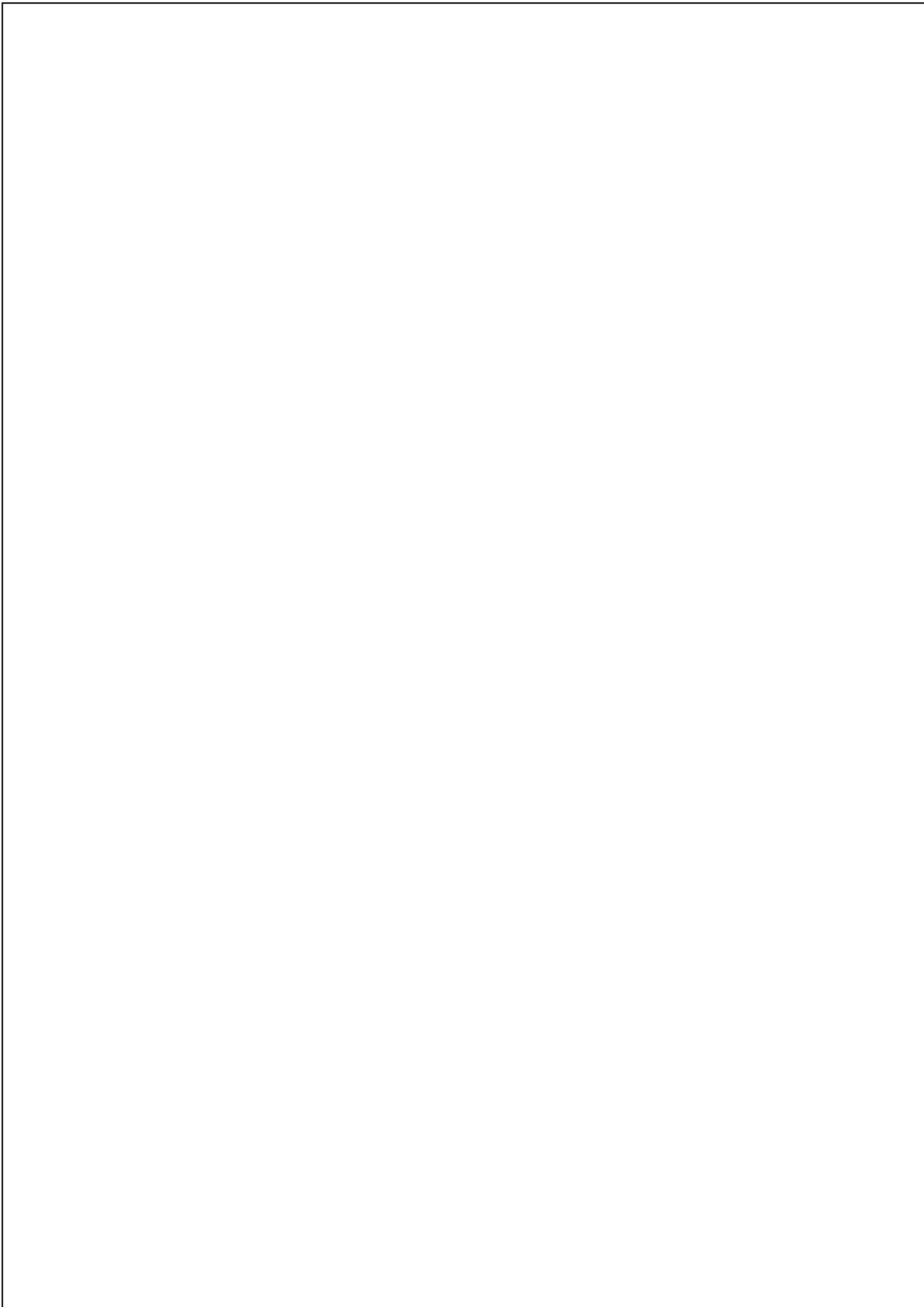
$$Stock\ Return_{t+1} = P_{t+1} + d_{t+1} - P_t = Earnings_{t+1} + (P_{t+1} - B_{t+1}) - (P_t - B_t)$$

X.CONCLUSION

The procedures or practices that utilization for overseeing, examination, recording and checking the money related exchanges are known as financial accounting. In the proficiency of the associations and in the financial monitoring the professional accountants assume an immediate job. Counting credits, benefit, misfortune the executives, income examination, obligations and all costs of doing business are take charges of all issue identified with account. Bookkeepers are likewise straightforwardly associated with supporting productivity, limiting consumption and expanding pay alongside guaranteeing that the business meets all vital duty commitments.

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