

Discussion on the Initialization of Accounting Informatization of Small and Medium-sized Enterprises Taking Company M as an Example

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ABSTRACT

With the high-quality development of China's economy, small and medium-sized enterprises (hereafter referred to as SMEs) are facing huge opportunities. The demand for perfect accounting governance of companies is increasing day by day; however, the low popularity of accounting informatization restricts the development and growth of SMEs. This paper takes Company M's initialization work as an example, and by analyzing the problems, causes and solutions faced by its initialization, it sums up experience. Suggestions are put forward to implement initialization work in combination with future conditions, enable as many software functions as possible during initialization, pay attention to the problem of "a plate of accounts", and make software functions serve multiple business needs of enterprises. The conclusion of this paper enriches the theoretical research on accounting informatization of SMEs and has reference value on how to carry out initializing practice.

Keywords: *SMEs, accounting informatization, initialization*

I. INTRODUCTION

Accounting informatization refers to the use of accounting informatization as management information resources, and the comprehensive use of computer and network communication-based information technologies to obtain, process, transmit, and apply processes, providing sufficient, real-time and comprehensive information for business management, control decision-making and economic operation. Accounting informatization is the product of the information society and the future direction of accounting development. Accounting informatization is not only the introduction of advanced information technologies such as computers, networks, and communications into the accounting discipline, but also integrates with traditional accounting work, and plays a role in business accounting and financial processing. It also contains deeper content, such as the informatization of basic accounting theory, the informatization of accounting practice, the

informatization of accounting education, and the informatization of accounting management. The main difference between accounting informatization and computerized accounting is that: accounting informatization is designed from the perspective of corporate managers, breaking through the thinking framework of computerized accounting and manual bookkeeping, and emphasizing the integration of business and finance to serve business administration.

Chinese SMEs have the typical characteristics of "5, 6, 7, 8, 9", contributing more than 50% of taxation, more than 60% of GDP, more than 70% of technological innovation, more than 80% of urban labor employment, and more than 90% of the number of enterprises. Therefore, the development and expansion of SMEs is of great significance to China's economic development. With the continuous improvement of the economy, accounting work based on information technology has gradually become a trend. The industry and academia generally believe that the construction of accounting informatization of SMEs is conducive to better performance of corporate accounting functions. However, the current low popularity of accounting informatization restricts the development and growth of SMEs. In the context of increasingly fierce market competition, the high-quality accounting informatization, perfect internal control system, and

*Funds: 1. Finance and accounting experimental teaching center (2018S003/F2018S003 Yuejiao Gaohan No. 179); 2. Deepening the research on the construction and application of EVC financial decision-making platform (201902067027); 3. Research on performance evaluation of basic public cultural services based on data intelligence (Z202002);

CLC Number: F232; Document code: A

rigorous decision-making mechanism provided by accounting informatization are sharp spears and edges for SMEs to seize opportunities in the market. The initialization of accounting informatization system is the only way for accounting informatization. Solving the problem of SMEs' initialization work is a key step to solve the difficulty of SMEs' accounting informatization popularization.

II. RESEARCH STATUS IN CHINA AND FOREIGN COUNTRIES

A. Current status of research in China

China's accounting informatization started in the 1970s. In order to meet the needs of rapid economic development and market conditions, the national financial department accelerates the system construction to promote the research and application of accounting informatization. In 1994, the national financial department promulgated the "Opinions on Vigorously Developing China's Accounting Computerization" and the "Administrative Measures for Accounting Computerization", and the promotion of accounting informatization began to be emphasized; in 2009, the department promulgated the "Guiding Opinions of the Ministry of Finance on Comprehensively Promoting China's Accounting Informatization Work" to comprehensively promote China's accounting informatization work.

Since the beginning of the new century, in the theoretical research on the initialization of accounting informatization, China has emerged a large number of achievements adapted to China's economic development situation, which provides great theoretical support for applied research.

In 2011, Hu Lei summarized the difficulties of the informatization of Chinese SMEs in "Thinking and Exploration of the Informatization of China's Small and Medium-sized Enterprises", and provided reference for the research on the relationship between the difficulty of informatization of SMEs and the status quo of accounting management[2].

In 2013, Ti Yunfeng analyzed in the "Informationization Construction Research of Small and Medium-sized Enterprises" that the backwardness of SMEs' accounting informatization is related to funds, talents and management psychology, further studying the difficult situation of SMEs' informatization [4]. In the same year, Hou Xin conducted an in-depth analysis of the settings of various accounting accounts during the initialization process in "The Impact of UFIDA U8 Initialization Settings on Daily Business Processing — Taking Designated Accounting Accounts as Examples", which has strong practical significance [5].

In 2015, Yu Qingmin explained the principles and methods of setting the general ledger module in the initialization process in "UFIDA ERP-U8 General Ledger Business Common Problems Handling", which has a good enlightenment for the setting of the financial module in the initialization process of SMEs [6].

In 2020, Zou Jianjun explored the problems of the internal control system of small enterprises in the "Discussion on Small Enterprises Accounting Issues", which has a high reference value for understanding the current status of SMEs' accounting management before initialization [10].

From the overall development trend, the field of Chinese theoretical research focuses on the impact of the status quo of SMEs on accounting informatization. The field of applied research focuses on meeting the application needs of SMEs. However, there are few applied researches on the integration of business and finance in the accounting informatization system of SMEs. But it is difficult for SMEs to meet the requirements of system refinement in the process of accounting informatization, which leads to the inability to start the process of accounting informatization for SMEs, and there is no clear order.

B. Current status of research abroad

In 1954, General Electric used a computer to process employee salaries and opened the first attempt in the field of accounting informatization application. In the 1960s, the accounting informatization system continued to improve, breaking through the bottleneck of each module, and forming a process from initialization to input to information generation. During the nearly two decades in the 1970s and 1980s, the application research of accounting informatization systems gradually penetrated into decision support systems. Since the 1990s, as accounting informatization has become more and more prominent in its important role, coupled with the in-depth theoretical research, accounting informatization has formed a complete ERP management system and has been continuously improved.

In 1999, Hollander A.S elaborated on how to create conditions for accounting informatization for clients, and theoretically elaborated on accounting informatization to record bookkeeping vouchers and generate period reports [7].

In 2011, scholars including Adimasli Gary F. Peters took internal control technology as the research object, and explored how accounting informatization can meet the needs of enterprise internal control [7].

In 2012, Andreas Moller and other scholars elaborated on the computer-supported accounting work environment, analyzed accounting informatization

security and storage issues, aiming to improve the efficiency of accounting file work [7].

In the field of accounting informatization, the application research of foreign accounting informatization software is relatively leading, but the research on the implementation process is relatively less. With the maturity of computer computing technology and the increasing demand for management, the initialization function has gradually changed from simplicity to complicatedness, from single module to multi-module, and from the financial field to the business field.

III. PRINCIPLES OF INITIALIZING THE ACCOUNTING INFORMATIZATION SYSTEM OF SMES

A. Initialization steps of accounting informatization system.

The main steps of the initialization of the accounting informatization system include the installation of the technical environment, the inventory of financial information and business information, the entry of the completed inventory into the system, and the completion of the initialization steps. The details include:

1) *The installation of the technical environment:* In the first step of initializing the accounting informatization system, the enterprise should choose the accounting informatization software that is appropriate for the nature and scale of itself, install it, and enable functional modules that conform to the actual enterprise management.

2) *The inventory of financial information and business information:* This process includes formulating an initialized data inventory plan, selecting the opening time of account, inventory data, and tracking data. On this basis, the enterprise uses standardized principles and methods to formulate an initialized work plan for the accounting informatization system in line with the actual management situation.

3) *The entry of the completed inventory into the system:* After the financial information and business information are checked, they are entered into the system to complete the activation of the account set.

B. The particularity of SMEs' accounting informatization

The particular problem of accounting management of SMEs is the prerequisite for solving the special problem of initializing accounting informatization of SMEs, mainly as follows:

1) *Accounting records are separated from management requirements:* At this stage, most SMEs entrust an external agency bookkeeping company to perform accounting for the company's accounting, and an internal cashier to register the cash journal and the bank journal to assist the management decision. The advantage of this model is to save labor costs for SMEs to the greatest extent, but the shortcomings are also obvious. The external agency bookkeeping company can't fully understand the company's internal operation status in a timely manner, and the accounting informatization provided doesn't meet the management needs; there is a lack of professional accounting staff, the accounting informatization provided lacks logic and preciseness, and it is difficult to serve business administration, and as a result, many data omissions and missing occur during the transformation of accounting informatization. In this case, the initialization of accounting informatization needs to follow certain principles, and proceed gradually and in order to deal with omissions and missing of data [10].

2) *Insufficient level of delicacy management:* Due to weak human resources, technical resources, and supply chain resources, SMEs lack the ability to fine-tune assets refinedly. For assets that are not easy to count and manage, such as large quantities and small value inventories, SMEs usually only pay attention to their future economic benefits. The allocation of costs is usually quoted by purchasers based on business experience for reference. Although this method is conducive to rapid asset turnover of enterprises, long-term use of this method makes it difficult to trace the accounting informatization of enterprises, so that inventory and fixed assets are difficult to reflect to decision makers in a timely and accurate manner. In view of this situation, it is very important to repeatedly cross-check financial information and business information to ensure accuracy when initial inventory [1].

3) *Various ways of acquiring assets:* The reason why it is difficult for SMEs to carry out the cost allocation of asset acquisition before the accounting informatization is carried out, on the one hand, is because the business personnel don't have a better awareness of keeping the original documents, and on the other hand, is because most SMEs don't have fixed suppliers and supply chain systems, and costs such as freight and insurance may vary greatly. It is difficult to meet the status quo through manual accounting and simple computerized accounting, which also makes it difficult to confirm the value of assets during the initialization process. It can be seen that asset cost allocation is chaotic, and it is very important to

distinguish its importance during the initialization process. It has a lot to do with the cause of the initialization problem.

C. Principles for SMEs to solve the initialization problem

1) *The principle of importance:* During the initialization process, the accounting titles and accounting treatments that are difficult to clearly identify the accrual, progressive total or balance should be confirmed in accordance with the principle of importance. That is, when the amount of the account title or the accounting method doesn't have a significant impact on the financial status or profit and loss of the enterprise, a simple method is adopted for measurement. For example, if the value of fixed assets purchased by a company in the past can't be accurately calculated, its importance should be evaluated. If it is estimated that its value is likely to account for a small proportion of total assets, it can be ignored or recorded in accordance with market value. In addition, if an item with a high proportion can't be accurately measured, it must be based on a reasonable estimate, using market value, replacement value and other methods to make a reasonable estimate and enter the account.

2) *The principle of gradualness:* The internal control system of SMEs is not sound, and manual bookkeeping was mainly used in the past, resulting in a large number of accounting calculations with simple processing. The high accuracy of information required by the accounting informatization system may not be consistent with the actual situation. Therefore, during the initialization process, the financial staff should adopt the principle of gradualness and use the system's big data computing capabilities to perform anti-settlement at any time to correct incorrect or unreasonable data. The operation process of the principle of gradualness may be to make a reasonable estimate with the cooperation of management, then test the reasonableness of the estimate through other financial or business information (such as: outbound delivery order, godown entry, list of requirements, quotation, etc.), and finally trace back to the accurate amount of the accounting title based on actual business occurrence.

3) *The principle of part first and whole later:* During the initialization process, accounts such as cash on hand, bank deposits, long-term equity investment and so on are easily traced back to account balances at a certain time-point. However, trading financial assets, inventory commodities, fixed assets and other accounts are not easily traced back to the account balances at a certain time-point due to their simple processing. In the

initialization process, after distinguishing the nature of each account, the accounts that are difficult to be traced will be checked first, and the initialization process will be improved from part to the whole.

4) *The principle of finance first and business later:* In the accounting informatization system, the initialization of the financial module and the initialization of the business module are carried out separately. In Chanjet T+, in addition to the financial module to complete financial information such as the beginning balance sheet, cash flow beginning balance, and beginning asset card for the financial module, the business module also needs to complete the beginning purchase order, sales order, bill of materials and other information. However, during the initialization process, it is difficult for the Finance Department to obtain information from other business departments, and the operating department unconsciously saves the purchase and sales receipts, which makes it difficult to obtain the initialization information of the business module. Therefore, when business data is difficult to obtain, the financial module should be set reasonably to avoid the constraints of the business module. For example, the moving average method or the monthly average method is selected for the inventory products to avoid the restriction of entering the purchase order or sales order in the business module. When the application of this principle leads to changes in accounting policies and accounting estimates, the managers should be fully disclosed or informed to avoid general chaos in bookkeeping.

5) *The principle of easiness first and complicatedness later:* The undistributed profit account is a account that is difficult to accurately measure during the initialization process. In contrast, cash bank accounts are extremely easy to obtain. In the initialization process, based on the principle of part first and whole later, the initialization work is conducted with the order of easiness first and complicatedness later. For accounts that are less affected by the accuracy of informatization, the inventory initialization is given priority to make the initialization information more accurate.

6) *The principle of continuous correction and adverse inference:* It is difficult to initialize the accounting informatization system in one step. The accounting estimates and accounting policies determined by the staff of the Finance Department and the managers who provide support for the initial project may not necessarily be the same as the understanding of the business personnel. In particular, SMEs engaged in the trading industry have many business forms, and there are many business operations in which business

personnel play to the score. Therefore, the personnel performing the initialization work should leave enough modification windows to deal with these changes, such as: setting up a reference account for the estimated account, and timely recording the modified steps of the anti-settlement. During repeated finance and business overlapping checks, the inconsistency between the accounting method and the actual business situation will gradually be eliminated, and accurate information will be available in the account set.

IV. OVERVIEW OF MAIN FUNCTIONS OF FINANCIAL SOFTWARES FOR SMEs

A. Inventory management

Compared with the complete information-based inventory management system of large enterprises, the accounting informatization-based inventory management system of SMEs needs to adapt to the level of delicacy management and transaction conditions of enterprises. In SMEs, business personnel don't have good inventory management awareness, (for example: no timely accounting of costs in storage, no timely statistics of quantities out of storage), resulting in serious lack of initial information in the process of accounting informatization and difficulty in delicacy management[3]. In addition, compared with the better bargaining power of large enterprises in the market, SMEs have relatively fewer suppliers and customers, and there is a clear distinction between powerful position and weak position.

Therefore, accounting informatization software for SMEs needs to have the function of separating business and finance in inventory management, so that SMEs can determine whether the business module is enabled according to the degree of delicacy of inventory management. In addition, it is necessary to fully consider the strengths and weaknesses of SMEs in the transaction process, and be set in accordance with the actual situation of the enterprise during the initialization process. Taking sales as an example, it can be divided into sales first and ex-warehouse later, ex-warehouse first and sales later, and merged management of sales and ex-warehouse. When an enterprise is in a dominant position in a transaction, it often issues an invoice first and then delivers cargo from storage, and chooses to sales first and ex-warehouse later, otherwise, it will choose ex-warehouse first and sales later. If there is no difference between the time of issuing an invoice and the time of ex-warehouse, the company can carry out merged management.

B. Cash management

Compared with the stable supplier and customer relationship of large enterprises, the transaction management of SMEs is more complicated and requires

a more fixed and simple transaction management system. The complexity of SMEs' transaction management is mainly reflected in the following: first, the accounting and cancel after verification are not standardized. SMEs lack the support of accounting informatization system, and there is no fixed process and method for accounting and cancel after verification; second, the account checking is not timely. Because the accounting management of SMEs is relatively weak, the account checking of business and finance can't be carried out in time, and the automatic account checking of information systems is extremely important for SMEs.

The cash management of accounting informatization software for SMEs must also have a mode of separation of finance and business. After the initialization is completed, the modification in the financial module will be limited to the business module, and the modification of the business module will be limited to the financial module, so as to ensure that the adjustment will not cause data confusion or logic errors.

At the same time, easier and more fixed cash management is also one of the characteristics of SMEs' accounting informatization software. After initializing the beginning balance of the registration of accounts receivable and accounts payable, the account receivable is registered by the data of collection bills, income bills and other bills receivable, and the account payable is registered by the data of payment bills, expense bills and other bills payable. When there is a special situation where the same transaction unit has both supplier and customer attributes, the hedging of the data of the receivable subsidiary account and the payable subsidiary account is used to realize the information processing.

SMEs' financial software can better separate the common business and special business of SMEs in order to adapt to the frequent changes of SMEs' dealing policies. This enables SMEs' weak management of the accounts can be clearly and easily reflected.

C. General ledger management

SMEs' general ledger management needs a simpler anti-settlement function. Compared with the perfect accounting informatization sharing mechanism of large enterprises, accounting informatization may be omitted or missing in the accounting management process of SMEs. Therefore, a simple anti-settlement function is necessary for the accounting informatization of SMEs.

The general ledger module is the most important financial module of the accounting informatization software for SMEs, which is used to reflect business content through financial data and reflect related businesses not involved in the business module, such

as: long-term equity investment, short-term borrowing, interest payable, dividend payable, etc.

The management of the general ledger module obtains the beginning balance by filling in the account beginning balance table during initialization. During the management, the accrual shall be generated by directly filling in the vouchers or setting the vouchers. In the management process, if an error in the beginning balance of the general ledger module is found during initialization, it can be modified by anti-settlement at the beginning of the period.

In terms of general ledger management, the data omission problem is prone to occur in the initialization of SMEs' accounting informatization, and softwares should have a better solution process design in this regard. For accounts that do not involve business modules, if the accounts are set in detail at the beginning of the period, they can be directly returned to the corresponding accounting period of initializing for modification to ensure the accuracy of the data.

D. Fixed asset management

The fixed asset management of SMEs is relatively simpler than that of large enterprises. The fixed asset management of SMEs generally only needs to include four main functions: accounting, maintenance, inventory and disposal. SMEs' asset accounting is prone to errors and omissions. Therefore, the accounting function of the fixed asset accounting module should have both logical rigor and convenient operation.

In the mainstream accounting informatization software, fixed asset management determines the beginning data by initializing the basic information of the fixed asset card. In the business management, the fixed asset module information is transferred to the general ledger module by automatically depreciating the card and generating vouchers. In addition, the fixed

asset module realizes the function of automatically summarizing fixed asset information to meet the needs of enterprises to view fixed asset information at any time.

SMEs' accounting informatization software strengthens the logic of fixed asset management. If there are omissions in the initialization process, it's necessary to delete the voucher of the general ledger module, delete the bill of provision, and perform the cycle operation month by month to change the beginning of the period.

V. CASE ANALYSIS

A. Introduction of Company M

Company M was established in 2012 in Guangzhou. The main business of Company M is foreign trade. It has branches in several underdeveloped regions in the world with main business including sales of machine parts, machinery rental services, machinery complete machine sales, auto repair services and other businesses. By 2019, the main accounting method of Company M is still the accounting method based on manual bookkeeping. With the advantages of business development and the external political environment, Company M's businesses have achieved great growth in recent years. In this context, traditional manual accounting can no longer meet the accounting governance needs of Company M. High-quality financial reports are becoming more and more important. Accounting informatization has become an inevitable choice for Company M's development.

In the middle of 2019, Company M purchased and built accounting informatization software A applicable to SMEs, and began the accounting informatization transformation. ("Fig. 1")

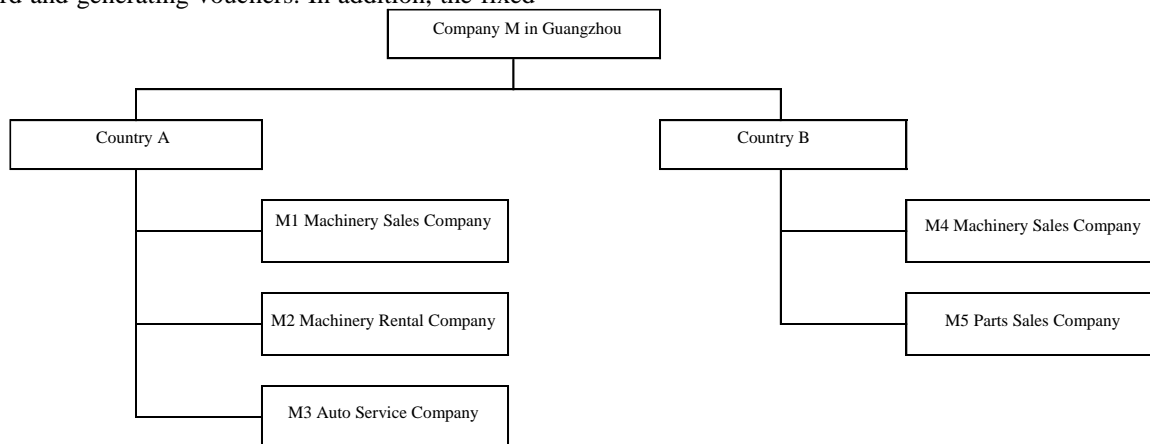


Fig. 1. Group structure of Company M.

^a Data source: internal data of Company M.

B. The purpose of Company M choosing standard accounting informatization software

1) The inventory management is gradually refined:

Company M has a large number of scattered parts with a large number of models, and the current management is very chaotic. The use of standard accounting informatization software for SMEs can use the model of separation of business and finance. It is hoped that business and finance can be managed in a decoupled manner in a short period of time, and after gradual refinement, the use of business and finance joint management can make inventory management more refined.

2) The management of transactions is gradually refined: Company M has many branches, and there are many units involved. In the previous accounting management, there were problems with insufficient account detail, large range of accounts, and redundancy. Using the mode of mutual restraint and mutual reconciliation between the business module of accounting informatization software and the financial module, it is hoped that the management of transactions will be gradually detailed and digitized.

3) Financial data are gradually becoming more accurate: Due to the particularity of the previous accounting management of Company M, there are many vague and wrong places in the account data. Managers expect to manage through accounting informatization so that financial data can accurately reflect operating conditions and provide a guarantee for efficient decision-making.

C. Problems and causes of Company M's initialization

1) Time difference problem of initial inventory:

After installing the A technical environment, the first step is to deploy and plan the initialized work. A initialization has a fixed time point for enabling the account set. However, it takes a long time to check the initial data. In reality, it is impossible to finish checking all the data at the same time. In addition, there may be new changes in the data during the period from the completion of the inventory to the opening date of account.

The cause of this problem is that Company M mainly used manual bookkeeping methods for accounting before, and data loss and errors were serious. In addition, the information support of other business personnel may not be obtained during the inventory process, which makes the inventory time long, and there is a difference between the inventory completion date and the opening date of account.

2) Stocktaking issues: Inventory management is a weak link in the management of many SMEs, and

Company M is no exception. In the accounting of manual bookkeeping, considering the limited human input, large and easy-to-manage inventory can be finely managed. However, if there are many kinds and miscellaneous inventory, the management will be chaotic and the initial inventory will be very difficult.

The reason is that business personnel in enterprises often don't rely on inventory cost management to carry out their business, but rely on the quotations of purchasers to carry out their business in order to pursue rapid inventory turnover without spending too much time on cost accounting. Long-term accumulation has caused confusion in the cost and expense management of Company M. This situation brings greater challenges to the accuracy of the initial inventory data.

3) The problem of receivables and payables: Under Company M's manual bookkeeping, the detailed account settings of the current accounts were ambiguous, such as ambiguity in account names, wide range of account content, and overlapping account content. In addition, the degree of information sharing of Company M is relatively low, and the business staff don't have a good sense of information sharing. Moreover, when the Finance Department collects information, it may make the operating department staff think that the workload increases or affects their flexibility in doing business, and as a result, they may not provide detailed information. This has caused greater difficulty in the inventory counting of transactions during the initialization process.

The reason is the lack of informatization support in the previous operations of Company M, the core business is in underdeveloped areas, and the management of transaction funds is collected by business personnel to the Finance Department, which has a significant time delay. Moreover, the business staff of Company M don't have a good sense of management for the receivables. For example, in some machinery rental services, the business staff of Company M often count the receivables after completing the business, and the receivables can only be confirmed across months, and the amount of the receivables is different from the contract amount. In addition, Company M previously used manual bookkeeping to complete its accounting calculations. The simple setting of detailed accounts will help reduce the amount of calculation and reduce the difficulty of management. However, the range of receivables included in the detailed account is too large, which brings a lot of inconvenience to managers' decision-making.

4) Liability management issues: There are major omissions in Company M's liabilities. In the debt accounts, the accrual liabilities of accrual interest,

accrual salary and accrual dividend is largely ignored. Moreover, most of the subsidiaries and branches of Company M are located abroad, and the liability management is even more difficult. It is often not until the journal registration that the liabilities that need to be calculated and withdrawn are realized. This has a negative impact on the accuracy of Company M's profits, which is very easy to be missed during the initialized inventory.

The reason for the confusion in liability management is that, on the one hand, the managers of SMEs usually have a low understanding of debt, and can't understand the concept of accrual well, so that they can't carry out better management. On the other hand, as with current accounts, there are also problems with inadequate setting of many accounts in liability management.

5) *Undistributed profit issues*: It is difficult to accurately obtain the undistributed profit balance of Company M during the initialization process. The reason is that Company M's previous accounting management level was relatively low, and some defects in inventory management and liability management made previous annual profit data impossible to be traced, resulting in the problem of undistributed profit that couldn't be verified.

6) *Business understanding issues*: In the previous accounting management process of Company M, there were some inconsistencies in business understanding and financial transaction, which made it difficult to understand or ambiguous on the account. For example, because Company M has a strong demand for capital flexibility, it agrees on the proportion of dividends when investing in multiple projects, and the dividends

will be paid after the project is profitable and the investment funds are returned to all partners. When Company M performs accounting treatment of the returned investment funds, there is no distinction in property. However, the correct approach is to distinguish between the two properties, and according to accounting standards, divide them into long-term equity investment impairment and investment income.

The reason for this problem is that since Company M starts its business, it has externally relied on an agency bookkeeping company to process the company's accounts, and internally used cash journals and bank journals for accounting records. Due to the relatively limited understanding of the Company's business, the agency bookkeeping company can't provide managers with high-quality financial information. The long-term lack of accounting talents within the Company has made the Company's accounting management level relatively low, which in turn causes some business entry errors.

D. Initialization solution of Company M

1) *Reasonable planning process to avoid business peak season*: Company M adopts a reasonable planning process and avoids peak business seasons to conduct initial inventory to avoid time difference. Before the initialization starts, Company M selects the business off-season for initialization work, and starts work according to the prepared initialization inventory plan. After the inventory of each item is completed, it establishes a reference account to continue to track the changes in the inventory until the opening date of account.

TABLE I. INITIAL INVENTORY PLAN OF COMPANY M

Time	Inventory items
May 1 to May 5	Cash inventory
May 6 to May 15	Stocktaking
May 16 to May 20	Inventory of transactions
May 21 to May 25	Fixed asset inventory
May 26 to June 1	Other information inventory

^a Data source: internal data of Company M.

Company M has determined that the initial inventory will start in May and is expected to start operation in June, during which the initial data will be counted. In the process of making the plan, firstly, Company M considers to prioritize the inventory of items that take a long time for inventory, in case there is insufficient time; secondly, it considers the difficulty of tracking the accrual items. ("Table I")

Due to the serious lack of missing accounting data of Company M, during the initialization process, the

reference account should be registered in detail such as the inventory items, the opening balance, the accrual, the date of occurrence, and the ending balance, etc., and the original vouchers should be properly collected, so that errors or omissions can be adjusted at any time.

By avoiding peak seasons, carrying out a planned inventory and tracking the completed data, Company M has effectively avoided the problem of time difference, and all data can have an accurate amount on the opening date of account.

2) *Avoiding temporary confusion through data management:* In the process of initializing, faced with various types of construction machinery parts in the inventory and disordered management, Company M adopts the method of avoiding business confusion and managing through financial data. During the initialization process, Company M doesn't use the business module and only uses the financial module for management.

Company M takes an inventory of stock, and ignores if the value is extremely small and there is no reference value, such as nails, bolts and nuts; the remaining inventory shall be recorded with reference to the market value if the purchase value and freight cost can't be obtained directly. Since Company M's inventory ex-warehouse types include rental equipment maintenance, daily equipment maintenance, sales and other purposes, and the lack of Internet support in

underdeveloped areas, it is difficult to count the ex-warehouse, and it can only input data through the financial module, which is conducive to the management by using the method of equal in and equal out in the future.

In the process of inventory management by Company M using accounting informatization software, the business module is disabled and management is only performed in the financial module, and it is assumed that the ending inventory is the beginning inventory multiplied by a constant. Considering that Company M's current construction machinery parts business is in a stable development stage, it is assumed that the constant is 1, that is, within a certain period of time, the number of ex-warehouse is equal to the number of storage, and it will be calibrated until the next inventory count, as shown in "Table II":

TABLE II. INVENTORY MANAGEMENT OPERATION PLANNING, UNIT: US\$10,000

Timing	August	September	October	November	December	End of the year
<i>Amount of opening inventory</i>	11	Not counted	Not counted	Not counted	Not counted	13
<i>Number of ex-warehouse during the period</i>	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
<i>Quantity of storage during the period</i>	1.6	1.7	3.7	2.5	4	-
<i>Assumed number of ex-warehouse</i>	1.6	1.7	3.7	2.5	4	-

By the end of the year, the inventory balance on hand is 110,000, and the actual inventory balance will deviate from the account amount. Financial personnel only need to squeeze the deviation into this year's costs and expenses to get accurate costs, expenses and profits.

This method can make Company M's inventory data accurate during the two inventory periods. With the improvement of the inventory management level of Company M, the statistics of storage and ex-warehouse data gradually mature, and the time to obtain accurate inventory amounts will become shorter and shorter, until delicacy management can be carried out.

3) *Refining account settings to track accurate amounts:* In the setting of current accounts, Company M tries to refine the account settings as much as possible, and split the detailed accounts that are too simple under manual bookkeeping. It counts according to the principle of the easiness first and complicatedness later, and then keeps track of the accrual so that it has an accurate amount on the opening date of account.

Software A requires refined transaction management in the management of receivables and payables. In the business module, the one-to-one

correspondence is achieved through transaction units setting, while in the financial module, the one-to-one correspondence is achieved through amount setting. Therefore, in the initialization process, once the account settings are not detailed enough, it may have a certain adverse effect on the Company's account accuracy and group management.

During the initialization process of Company M, the setting of the current accounts shall follow the order of setting the region according to the second-level accounts, setting the transaction unit according to the third-level accounts, and setting the transaction types according to the fourth-level accounts, refining the content of accounts, and setting up a reference account after inventory to track the accrual before the account is opened. For reference accounts, the name of the transaction unit, the final amount, and the accrual should be set up, and duplicate transaction units should be carefully excluded.

The current accounting informatization software has been better optimized in the anti-settlement function, the operation is simple, and it is convenient to add deficiencies. Therefore, the problem of information lag is not too much considered in the initialization process. At the end of the month, it accrue accounts receivable

according to the contract amount to complete the settlement. If there is a large amount of omission, it modifies it through anti-settlement, and the small amount will be added in the same month. As a result, the demand for delicacy management can also be achieved in subsequent management. It is worth noting that under rigorous computer programming, logic errors caused by the anti-settlement modification will basically not occur, so there is no need to worry about the problem of financial data logic errors caused by the anti-settlement function.

After detailed setting of the current account, it will gradually adjust the current account after the inventory to determine its accurate amount. After a period of operation, the initial balance of the current account will be adjusted to be accurate.

4) *Combining finance and business services to infer missing liabilities*: When Company M is initializing, it distinguishes the liability accounts, and there are accounts that clearly correspond to the transaction units, which are placed in the business module for management together with the transaction accounts. Through the advantages of automatic reconciliation of the system, it can ensure correctness. For the liabilities that need to be accrued, they are likely to be ignored in the initialization process, and the liability accounts should also be set in detail and confirmed one by one.

Except for the current accounts, the liability management of the accounting informatization software currently used by Company M is managed through the financial module. In order to make the management of liabilities more meticulous, the management of interest payable, dividends payable, and long-term payables equal to current accounts can make the management of liabilities more rigorous. And the system will automatically reconcile the accounts to prevent logical inconsistencies caused by adjustments to anti-settlement. For the liability accounts that need to be accrued, it sets up detailed accounts in detail with reference to the method of current accounts, and confirms whether there are any missing liabilities through interest rates, dividend agreements, contracts, etc., and accrues or supplements them in time.

Liability management has the same characteristics as current account management, but the provision of some liabilities is based on inference, and there may be errors. Therefore, after the initialization, when managing liabilities, the accuracy should be verified at all times. When an error occurs, if the liability is managed only through the financial module, you can directly reverse checkout to modify the vouchers or initialize the information; if the liability is managed by the business module and the financial module at the same time, the same management method as the current account shall be adopted.

5) *Reasoning based on characteristics to repeatedly adjust to achieve accuracy*: The counting of undistributed profits in the initialization of Company M is reasoned according to the characteristics of Company M's owners' equity accounts, and it is continuously adjusted in subsequent business activities to make the amount accurate.

The owners' equity accounts of Company M have obvious characteristics. Only the three subjects of paid-in capital, capital reserve and profit distribution have balances, and only undistributed profits have balances in profit distribution. During the initialization process, the balance of undistributed profits is difficult to count accurately. However, as long as the asset and liability accounts are counted clearly, the amount of the owners' equity accounts can be squeezed out. In the owners' equity accounts, the paid-in capital and capital reserve can be accurately obtained from the enterprise manager, and the accurate amount of undistributed profits can be squeezed out.

During the initialization process, due to the imperfect preservation and renewal of the accounting data in the past, errors and omissions in the inventory results may be caused. In the revision process, the difference can be continuously squeezed into the undistributed profit, gradually making the amount of undistributed profit close to accuracy.

6) *Correcting business understanding to register and record accurately*: In the initialization process, in order to solve the problem of inaccurate financial information caused by previous business understanding errors, Company M learns in detail about the complex business situation during the initialization process, reasonably splits the business content, and in accordance with the requirements of accounting standards, defines the business and enters the account.

There is a long-term lack of professional accounting personnel in SMEs, and complicated businesses often have errors in accounting. During the initialization process, the financial staff of Company M actively ask the managers about the complex and special business in the enterprise, fully understand it, sort out the business situation, and then adjust the errors in the account to ensure the accuracy of the data in the initialization work.

VI. SUMMARY OF EXPERIENCE

A. Orderly initializing after drawing up a plan

Due to the particularity of accounting management in SMEs, the accounting information renewal period is short or the renewal data is incomplete, and the inventory time is long. Therefore, the order should be distinguished in the initial inventory. It needs to plan first, follow the principle of part first and whole later,

and easiness first and complicatedness later, and complete the inventory one by one. Afterwards, the information after inventory is continuously tracked and accurate by setting up a reference account.

B. Avoiding the peak season for initialization work

During the initialization process, due to the difference between the end time of the inventory and the date of opening of the account, after the inventory, the completed data of the inventory needs to be tracked until there is an accurate balance on the date of opening. During peak seasons, data changes frequently and are difficult to track. Therefore, in the initialization process, enterprises should choose to avoid traditional business peak seasons, so that data tracking can be more convenient and the difficulty of data inventory will be relatively lower.

C. Finance and business should be gradually synchronized

For SMEs, the unsynchronized management of finance and business for a long time makes it difficult to grasp the finance and business in the initialization process. For example, it is difficult for inventory to accurately measure ex-warehouse and storage, and business personnel and financial personnel have different understandings. Therefore, in the initial inventory, priority should be given to ensuring the accuracy of financial information, and then to synchronize with the business, and constantly check and correct, so as to make sure that after a period of time, there will be accurate financial and business information flow on the account.

D. Refining inventory and refining account settings

The current situation of the separation of internal and external accounts of SMEs has led to a lot of information omissions. In the initial inventory, the inventory of current accounts, fixed assets and liabilities is particularly prone to errors and omissions. Therefore, in the initialization process, the account settings should be as detailed as possible, so that they can be modified at any time. In addition, for important items that are difficult to trace the amount, the market value or replacement value can be used for evaluation to ensure that important information can be reasonably and accurately reflected on the account.

VII. FURTHER IMPROVEMENT SUGGESTIONS

A. Implementing initialization work in light of future conditions

There are many irregularities in the current accounting management of SMEs, but in the long run, the accounting management of SMEs will move towards data and standardization. Therefore, in the

initialization work, not only the actual situation of current management should be considered, but also the future situation should be considered. For example, when designing the plan, it should meet the current accounting management needs and the future accounting management needs as well.

B. Enabling as many software functions as possible during initialization

With the continuous enhancement of the functions of accounting informatization software, the future development of accounting informatization software is bound to be richer and more fine sorted. Therefore, in the initialization work, it is necessary to enable as many functional modules as possible. Even the less used transaction management, inventory management, and cash flow statement modules should be enabled according to the actual situation, so that in the process of enterprise development, there will be no fault in accounting information due to changes in software functions.

C. Paying attention to the issue of "a plate of accounts"

The initialization of accounting informatization of SMEs is difficult to progress, and there are many missing parts, which cause managers to lack confidence in accounting informatization, and hope that places that are difficult to manage or have little impact on decision-making can be passed by, for example, the inventory management doesn't pursue refined storage and ex-warehouse, and a detailed inventory won't be conducted on transaction accounts of related companies. However, under a strict accounting system, the inaccuracy of one account will affect the accuracy of the entire account. For example, the inaccuracy of inventory goods will affect the accuracy of costs, expenses and profits, and it will be difficult to count accurately the profits and undistributed profits this year. Therefore, managers of SMEs should recognize that the inaccuracy of an account during the initialization process of accounting informatization will affect the entire account. They should be firm in their confidence in accurate accounting of a plate, rather than accounting for a subject of high concern.

D. The software should be optimized for multiple settings of approval

The internal control system of SMEs is not perfect. However, in order to ensure the quality of information and provide accurate financial information for operations, different enterprises have different approval mechanisms due to their habits, and they will gradually develop into mature systems as the internal control system of the enterprise is improved. Therefore, in the development of accounting informatization software for SMEs, attention should be paid to the setting plan of the

approval flow during initialization, so as to provide enterprises with an approval flow plan that conforms to the actual situation.

E. The software function should serve the various business needs of the enterprise

The business scope of SMEs is wide, and the business needs of different SMEs are very different, and the demand for software functions is increasing. For example: the basis of cost allocation may be based on quantity, amount, weight, volume, etc. And with the development of SMEs, changing the way of apportioning expenses will cause the enterprise's pricing system to fail and pay huge costs. Therefore, in the software development process, it's needed to consider providing more solutions to serve business needs, and the enterprise should choose and set during the initialization process, which can simplify the software operation and enhance the adaptability of the software.

VIII. CONCLUSION

At present, SMEs are facing a complicated business environment, and it will take a long time for standardized accounting information software to develop to adapt to the changing internal and external environments of various enterprises. During this period, exploring the design principles of accounting informatization software and forming standardized solutions suitable for small and medium-sized enterprises will help SMEs to realize accounting informatization management earlier, improve the level of corporate accounting governance, and thus improve the management efficiency of the enterprises and reduce the labor cost of the enterprises.

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