

# Research on The Influence of E-commerce on Accounting Assumption

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**Abstract.** The electronic commerce brings great benefits but also changed the external business environment, especially under the environment of e-commerce "virtual subject" to the traditional accounting entity, the continuous operation of the accounting period, had a greater impact of monetary measurement four assumptions, in order to adapt to the market economy environment and promote the development of accounting theory to must be the traditional four accounting assumptions are corrected. Therefore, only by using the relative accounting entity assumption instead of the traditional accounting entity assumption, the assumption of continuing operations for the expansion of the limited going concern assumption, using real time reporting to supplement and the monetary measurement assumption into four ways of money and correction the non monetary measurement hypothesis on Accounting revised assumptions on accounting assumptions, in order to better adapt to the development of electronic commerce, promote the innovation of accounting theory And development.

## Introduction

The basic hypothesis of accounting or accounting of the basic premise, is built on the traditional economic accounting environment and accounting practice on the basis of the record as a technical means of economic activities, is a prerequisite for accounting. After extensive discussion in accounting field in mid 80s to early 90s, China adopted four basic accounting assumptions in "enterprise accounting standards promulgated in November 1992, the Ministry of Finance on: accounting subject, continuous operation, accounting periodicity and monetary unit, and still in use. At present, with the new economic forms continue to emerge, especially in network economy, the original accounting hypothesis generated by the survival of the soil that economy has changed, therefore, there have been some conflicts between the existing accounting assumptions.

## The Impact of Electronic Commerce on the Traditional Accounting Assumptions

**The Impact on the accounting Entity Assumption.** In the era of e-commerce, the connotation of the concept of accounting entity continues to expand. The network of the Virtual Corporation will continue to emerge, the network economy is fuzzy, the diversification and the characteristics of uncertainty, and this we say that traditional accounting entity assumption entity (the entity is specific, stable, relatively tangible) significantly the difference, we can in accordance with the existing accounting assumptions that the main network, these economies from the organization or geography belong to The Virtual Corporation, but they have the human resources, intellectual property rights and a certain business and trading. This subject has already exceeded the scope available subject determined by the hypothesis, we only can be as the relative concept of subject, accounting entity assumption, and then correct the confirmation and measurement of accounting matters related to the accounting information users provide information.

**The Impact on the Assumption of Continued Operation.** Under the environment of e-commerce, Internet companies and virtual enterprises has brought challenges to the traditional sense of the continuity assumption. For virtual enterprise, due to its business activities is transient, according to the needs of the market, timely intervention, withdrawal and conversion, the

transaction may be dissolved immediately, continuous operation is not the goal of the business, the continuity assumption is more difficult to set up. The virtual enterprise may survive for a longer period of time, may soon be disbanded, more likely to be at any time according to the actual situation to increase or decrease the combination. A more competitive environment but also shorten the time limit of accounting, and even make the enterprise at any time there is the termination of liquidation, possible. It is because of this, many people think that the continuity assumption has not adapt to the changing environment, it violates the basic premise of \_ continuity assumption is false accounting subject In the foreseeable future will not be closed, it is not a large-scale cutting operations, should be in the abandonment of the continuity assumption and choice of enterprises facing the dissolution hypothesis, and referring to some theories of liquidation accounting accounting for virtual enterprise.

**The Impact on Accounting Stage Hypothesis.** In the age of electronic commerce, to provide the latest financial report of enterprises using Internet information, users can through the network to obtain relevant information and decision making. Connected through network, enterprises can release real-time information to the external information users. In accounting assumptions, accounting in accordance with the budget and settlement during the preparation of accounting statements, to provide regular enterprise for a certain period of financial condition and results of operations to the relevant information users. Accounting period can ensure that the accounting information users regularly receive relevant accounting information, but in the era of e-commerce, the real-time change of the relevant economic information and accounting information users will increase the burden of information, in order to get the latest information users will continue to search for at the same time information; changing information based on the characteristics of the market, which determines the network's stability, its existence when Between may be very short, the combination of alliance enterprise and dispersion are full of many uncertainties, which makes the demand of accounting information will at any time through the network enterprise dynamic and timely accounting information, the accounting will change from static to dynamic requirements, through real-time understanding of the accounting information, related information users can understand the financial situation with the achievement of the enterprises, make decisions according to their needs, the virtualization of accounting entity makes during the artificial division of accounting becomes meaningless.

**The Impact on Monetary Measurement Hypothesis.** With the development of knowledge innovation and technological progress, the new business model, e-commerce as a representative of the hand, the value of information is not enough to reflect the currency as the main basis for the management and decision-making of investors, especially the intellectual property rights of intangible assets, human resource measurement, calculation of the senior technical managers value. Measurement of high risk return potential of high-tech enterprise, become more concerned about the information on inflation measurement. They can represent a company's future profitability, and they cannot be used in currency report. On the other hand, with the rise of "Internet banking", "electronic currency" the transaction between enterprises, is no longer used visible, tangible currency notes and documents as a medium of exchange, and the use of "electronic currency" and "electronic data" for the transaction And record. The money will only be a significant number, and is no longer the actual quantification of the currency, the currency become the product of concept. Finally, the rapid development of Internet, the "unlimited expansion of media space", international capital flows accelerated, the capital market more active trading, exchange rate changes more frequently that exacerbated the instability of the monetary demand, the impact of the currency stability hypothesis.

### **The Impact of E-commerce Brings Enlightenment**

**The Virtual Agent under the Condition of E-Commerce does not Fundamentally Shake the Foundation of the Accounting Entity Hypothesis.** Most of the main one indisputable fact is engaged in e-commerce activities are business entities, such as the Baidu website, it provides a search engine, online games, network teaching, dynamic information and so on many services,

Baidu has its own economic resources, human resources, autonomy, and can bear the responsibility for the the resources and independent economic behavior. It can be said to some extent, the virtual subject in e-commerce itself is the objective existence of the "real" economic entity. Therefore, I think that the accounting entity hypothesis is not a negation of tradition, and to some amendments.

**If the Accounting Stage still Apply to the Virtual Economic Subject.** Because of the virtual subject under the electronic commerce of business activities will have a certain business period, and this period will have a certain flexibility, in order to reflect the operating and financial conditions of the business to provide information related to the use, it is necessary to financial information. Therefore, it is necessary for the virtual economic activity stage, in order to reflect its operating results, but this stage may have certain particularity. So the traditional accounting period should be added.

**The Monetary Measurement Hypothesis is still Mainly based on the Electronic Commerce under the Virtual Economy Measurement Results, but is no Longer a Simple Basis.** In the era of e-commerce, managers and investors in the future competition ability of enterprise performance index is also very concerned about, these indicators are: market share, information resources, innovation ability of virtual enterprise the advantages of human resources, and so on, due to the current development speed of some research methods of accounting theory lags behind the economy, these soft power is difficult to use monetary indicators to show up, can only rely on the subjective consciousness and the ability of human to roughly estimate, the lack of scientific, reasonable. Therefore, in practice, is still the main currency reference to the virtual subject of economy, but is no longer the only reference. Therefore, in the era of e-commerce, the traditional monetary measurement assumption is necessary to carry out some amendments.

### **The Amendment of Accounting Hypothesis Under The Background of E-commerce**

**Replacing the Traditional accounting Entity Hypothesis with the Hypothesis of Relative Accounting Entity.**The relative accounting entity, accounting entity still has the meaning to the traditional enterprises, and the virtual enterprise, can bring many uncertain factors aside and see clearly the enterprise network "virtual" accounting entity. In computer network, the independent legal person enterprise group into a temporary alliance, accounting can be relatively stable the organization of service. Although the relative accounting entity assumption instead of the accounting entity assumption, but this assumption is still the function of individual economic units explicitly deal with various economic activities and holding the basic position, thus correctly accounting information daily confirmation, measurement, record and report on the economic unit of the economy; the activities of accounting and supervision.

**Extending the Assumption of Continuous Operation into Limited Persistence Hypothesis.**In modern economy, because of the uncertainty of the increasing factors, especially in the Internet era, most e-commerce mostly for specific business transactions, can be dissolved in the investment objectives of the business. This is that after the completion of the "timeliness" characteristics, to break the traditional continuity assumption but. The continuity assumption is extended to finite continuity assumption and perfect, this assumption that there is a coalition of related and from start to realize their business goals so far limited duration. The continuity assumption is well adapted to the era of e-commerce, to capture business opportunities, occupy the forefront of the market area of enterprise alliance and the objective reality and in the business after the Union dissolved itself, but also makes the traditional accounting continuous operation hypothesis has been enriched and developed.

**Real Time accounting Report Supplements Accounting Stage Hypothesis.**Real time accounting report is the enterprise business departments and external information users can end during real-time access to the latest information and to achieve real-time accounting, on-demand access to information. In the era of e-commerce, a loose alliance between the members of the virtual enterprise can be integrated in the short term, can also be dissolved in a short period of time. For the business process the short term, will be during the online trading entity as the accounting period, after the end of each transaction reporting an accounting report. This can be a joint venture

accounting report to the operating results of the reaction time, can meet the demand of information to the information users timely.

**Revise Monetary Measurement Hypothesis to Monetary And non Monetary Measurement Hypothesis.** Can be modified for monetary measurement assumption of monetary and non monetary measurement hypothesis. Because the current economic phenomena emerge in an endless stream of new development needs, and the existing accounting theory lags behind economic, so the historical experience of the non monetary business related parties, mainly based on the subjective judgment of employer, this non monetary measurement is mainly related to some evaluation. The business includes: the soft power of enterprise competitiveness, the quality of the staff, knowledge capital, innovation ability and so on. The currency measurement has a longer measurement time, either from theory or practice than the non currency amount is relatively perfect. Therefore, in the actual measurement and monetary measurement as the main method of measurement at the same time, the introduction of non monetary measurement methods, so as to improve the measurement methods in the era of e-commerce.

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