

# Analysis on Real Estate Enterprise Cost Accounting Problem

Yu Gu, Yanan Yuan

Commercial College, Beijing Wuzi University, Beijing, China

**Email address:**

yyn603374055@163.com (Yanan Yuan)

**To cite this article:**

Yu Gu, Yanan Yuan. Analysis on Real Estate Enterprise Cost Accounting Problem. *Journal of Finance and Accounting*. Vol. 4, No. 6, 2016, pp. 336-341. doi: 10.11648/j.jfa.20160406.14

**Received:** September 19, 2016; **Accepted:** October 18, 2016; **Published:** November 15, 2016

---

**Abstract:** With the rapid and sustained development of China socialist market economy, the real estate industry has become the industry part that plays a dominant role in national economy. But the related accounting system of real estate enterprise is not perfect in China, and fails to have a full range of coverage, so part of the real estate enterprises will take advantage of the system vulnerabilities to do some illegal behaviors, including the manipulation of profits, the whitewash of statements and other violations, especially in the case of cost accounting. In this paper, by analyzing the reasons and current situation emerges in the cost accounting of the real estate industry in our country, will put forward corresponding countermeasures on the accounting of real estate enterprise accounting cost. In order to ensure the normal operation of the real estate business management, to ensure that the interests of investors, and then stabilize the socialist market economy to ensure that the formulation of state macro-control policy.

**Keywords:** Real Estate Enterprise, Cost Accounting, Countermeasures

---

## 1. Introduction

Accounting standards for enterprises in China 103rd provisions, enterprises should be based on the production and operation of the enterprise characteristics and management requirements, determine the cost of the enterprise accounting object, the cost of the project and the cost calculation method. Cost accounting object, calculation method of cost has been determined, shall not be arbitrarily changed, such as the need to change, should according to the management authority, the general meeting of shareholders or the board of directors, or the manager (director) approval of the conference or similar institutions, which shall be explained in the notes to financial statements. [1]

For the real estate development enterprise accounting, easy to carry out the "accounting standards for enterprises", the ministry of finance formulated the "real estate development enterprise accounting system". Among them, the caption of account "development cost" in no. 401 is as follows: (1) Enterprises in the land, houses, all expenses incurred by the development process of supporting facilities and construction projects in the enterprise. Such as: the decoration and the addition of indoor facilities for rental housing and rental housing project expenditures. And for the leasing business in

the development of products monthly accrued amortization of lease product development, can included in the "operating costs" subjects. For enterprises to raise funds and other financial activities and interest payments, and the business administration department for the organization and management of real estate development and operation management of costs incurred, as period costs, directly included in the current profits and losses. (2) Enterprises in the land, housing, the cost of the development process and supporting facilities in the construction project, including compensation for land requisition and demolition, preliminary engineering costs, infrastructure costs, construction and installation costs, infrastructure costs and indirect costs. The development for enterprises in the land expropriation and relocation compensation, pre engineering fees, infrastructure construction and installation fees, which belongs to the direct costs, directly included in the subject (the objects of cost accounting cost project); overhead cost burden by the development of products, should be first in "indirect costs" subject to collection, at the end of the month, according to the standard of distribution, distribution included in relevant the development cost of the product. In addition, the business development of the land, housing, infrastructure and construction projects, the use of a packet mode, should be

made in accordance with contract enterprises "project price settlement bill" acceptance work Cheng, included in the subject (the cost of project cost accounting object), credit accounts payable, payable construction enterprises "subjects. The development of land, housing, self used facilities and construction projects, the cost, can be directly included in the course (about cost accounting object the cost of the project), credited to "stock material "," bank deposits "and other subjects. If the enterprise self construction of large-scale construction and installation engineering, according to the need for additional" construction "," construction cost accounting" and other subjects, to collect proprietary engineering construction and installation costs, at the end of the month, according to the actual cost of the enterprise into the subject. The recipients of the equipment in the process of real estate development, attached to the project entity, should be based on the attached object, to deliver equipment issued during installation, according to the actual cost in the course of credit, "inventory of equipment". When, according to the accrual basis and the income and the cost of the matching principle, should be a commercial housing product development costs, such as transfer not public facilities fees, the cost should be transferred in a commercial housing development and sales of the products shall be withholding, withholding, debit of the subjects, credited "accrued expenses" course. The difference between number and the number of actual expenditures for withholding, increase or decrease the development cost of the product. (3) The enterprise has been completed and acceptance of land, housing, infrastructure and construction project, should be timely costing. The end of month cost, according to the actual cost of debit "product development" subjects, credited to the subject. Enterprise to the rental housing decoration and facilities in the room added to the completion of the project, should be timely. Transfer the cost of the project, debit "lease product development" subjects, credited to the subject. (4) The enterprise should be based on the operating characteristics of the enterprise, the enterprise's cost accounting object, project cost and cost accounting method for detailed accounting development costs, it should be according to the type of development costs, such as "land development", "housing development", "facilities development" and "construction project" and other settings ledger, accounting for details on cost accounting object and project cost. [2]

For the development of indirect costs, through the system of No. 407th accounting subjects: (1) The development of indirect costs, indirect costs, internal independent accounting unit accounting of enterprises and for the development of products including wages, welfare expenses, depreciation costs, repair costs, office expenses, utilities, labor protection costs, the housing turnover amortized. To the enterprise, the administrative department (Headquarters) and for the organization and management of production and business activities of the management fees should be credited as period cost, "management fees". (2) The indirect expenses incurred by enterprises, the debit of the subjects, credited "wages", "welfare payable", "accumulated depreciation". "Housing

turnover" and other subjects. (3) The development of indirect costs should be in accordance with the provisions of the enterprise cost accounting method, allocated costs related to the accounting object, debit "development costs", credited to the subject. (4) the development of indirect costs should be the end of all according to a The accounting object is allocated, and there is no balance. [2]

## 2. Status Quo and Existing Problems of China's Real Estate Listed Companies' Cost Confirmation

Cost accounting method of the real estate enterprises consists of three parts, namely land development cost accounting, the cost of housing development accounting, cost accounting and related facilities development. By the end of 2014, China's total of 144 real estate listed companies, the cost of production in general in the following manner. (1) For the development of cost accounting the product variety, direct costs according to cost accounting object collection, development and distribution of indirect costs by a certain proportion of the standards included in the relevant product development cost. (2) For a pure land development project, calculated per square meter of land development cost per unit, according to the purpose and use of the area, were calculated to develop products every detail project (. 3) For real estate development projects together with the overall, its cost can distinguish the burden of the object, according to the actual occupation area allocated to the cost of commercial housing. (4) The cost of public facilities accounting, where the development and construction of residential housing development costs included in the current synchronization; and where residential facilities are not synchronized, public facilities will not occur by general methods. First determine the withholding amount, according to the budget cost after approval from the development of the subject of pre extraction, until after each period of payment. [3]

The cost accounting method used at present, there are mainly the following two aspects: (1) Real estate accounting object has the particularity, and relatively complex, so should the time due to the accounting object, fully considering the relevant factors to confirm. The current cost accounting of our country is not perfect, and can not meet the accounting to determine the object demand, so there will be a lot of problems. The accounting object cannot be unified between enterprises, in the actual work will be divided carefully or too coarse arbitrary phenomenon. If divided carefully, will lead to many common costs need to allocate, if the division is too thick, it is difficult to reflect the actual cost of the level of development of the project. This will lead to confusion, so that the actual data become a lack of system, even will become unmanageable. Plus the cost allocation and cost allocation is not reasonable, it makes the problem more serious Heavy. To determine the accounting object, the enterprise has great randomness, the enterprise will confirm according to their own needs, or for other reasons, lack of principle, so the

development of the actual cost of the project is difficult to control, there will be false, cause the distortion of accounting information, for enterprises to deliberately increase the cost and an important means to pay less tax. [4] (2) The cost of distribution and accumulation occurred is not perfect. In accordance with the provisions of the accounting system, expenses shall be included in the cost of the product, but for the burden of multiple objects will be the first to set, then the provisions of this redistribution. In order to let enterprises have to allocate a greater autonomy, a fair and reasonable allocation for enterprises. But there is no definite criterion cost allocation, distribution makes enterprises do not attach importance to cost, random distribution costs, any amortization expense, not Only enterprises will lead to confusion, will lead to a bubble economy, cause the distortion of accounting information. [5] To investors, creditors and the relevant government departments is misleading, making it difficult for them to grasp the enterprise operation ability and financial status, making the wrong decision, which will affect the company's normal operation, and even affect the order of the market economy and may cause investors hold. That lack of trust, hindering the construction of social morality. Real estate enterprises are mostly large enterprises, has a huge asset, so the accounting information of the extent of its influence is very wide. And if the real estate enterprise accounting information problems, not only damages the interests of investors, but also affects the health and stability of the socialist market economy system thus, the stability of socialist market economy is destroyed, there may even affect the national macro-control policies.

### 3. Suggestions on Cost Accounting of Real Estate Listed Companies

#### 3.1. Define the Cost Accounting Object

Cost accounting object uncertainty, directly affect the operating results. It should be systematic, for the large range of unified classification, then a small range of cutting. For example for large projects, can be carried out on regional division of cost accounting, and then again divided, determine division of the smallest unit, and for small scale projects

directly accounted for. [6] This is not only conducive to macroeconomic control, but also makes the distribution more reasonable, to ensure the quality of the information, even if it is divided into different engineering, finally have the same standard. [7]

#### 3.2. The Specific Collection and Institutional Cost of Real Estate Enterprises

At present the real estate enterprise cost and not clearly defined. Therefore, in view of the particularity of real estate enterprises, recommended the introduction of a general cost of development projects only regulations. A house, the cost borne by the unit; development projects for many houses, the direct cost of every house shall be borne by each of them. The indirect costs can distinguish between categories, such as residential buildings, office buildings, commercial buildings and other categories, because of their previous expense fee rate standard is not the same as the percentage of cost of its commitment to the nature is not the same, to distinguish between categories, similar to further cost accumulation, such as the development of several residential buildings, should share the cost according to the direct cost of each one of the proportion.

### 4. Conclusion

Real estate accounting is internal guarantee for the healthy development of real estate. Yet the current form is still not optimistic, and the question remains. so the cost of real estate enterprise is an important performance. To solve the main problem, the specific collection and institutional cost of real estate enterprise is a good choice. [9] The real estate enterprise's development momentum cannot be prevented, and as a new generation of accounting workers will further improve the real estate enterprise accounting.

### Acknowledgement

Fund project: the Beijing municipal science and technology innovation platform project "business and enterprise service innovation research"

### Appendix 144 Listed Real Estate Companies

Code	Name	Operating Income (RMB Ten thousand)	Growth Rate (%)
000036.SZ	Hualian holding co. LTD	9,591.5535	-15.9739
000402.SZ	Financial street holding co. LTD	491,904.4665	13.9338
000965.SZ	Tianbao infrastructure co. LTD	35,902.5865	-55.8511
000638.SZ	Wisefund Investment holding co. LTD	6,591.9949	-30.1670
600322.SH	Tianjin real estate development (group) co., LTD	80,289.9414	-28.0781
600007.SH	China World Trade Center holding co. LTD	109,514.5751	1.3557
000029.SZ	Shenzhen special economic zone real estate (group) co. LTD.	114,755.2774	100.2450
000031.SZ	Cofco property (group) co., LTD	278,614.6131	18.4208
000042.SZ	Continental holding co. LTD	232,675.8623	72.9541
000886.SZ	Hainan expressway co., LTD	9,908.8173	21.4346
000909.SZ	Soyea technology holding co. LTD	61,693.8930	25.1943

Code	Name	Operating Income (RMB Ten thousand)	Growth Rate (%)
000918.SZ	Jia KaiCheng group co., LTD.	211,209.9830	-21.5018
000981.SZ	Millions of the Bank's shares holding co. LTD	212,136.5214	-19.3988
000656.SZ	US shares holding co. LTD	656,074.3004	50.5475
000691.SZ	Asia Pacific industry holding co. LTD	3,342.9578	202.5177
000505.SZ	Pearl River holding co. LTD	13,611.7829	9.1698
000514.SZ	Chongqing development holding co. LTD	31,926.0845	-62.5371
000526.SZ	Silver run investment holding co. LTD	1,253.2677	130.2794
000006.SZ	Shenzhen zhenye group A holding co. LTD	202,261.4400	311.5284
600113.SH	Zhejiang East holding co. LTD	11,644.3113	-37.6970
600734.SH	Shida group holding co. LTD	5,491.5682	444.5281
600604.SH	City North high holding co. LTD	8,048.4188	3.9328
600620.SH	Heaven in stock holding co. LTD	2,557.0657	36.3360
600621.SH	Huaxin shares holding co. LTD	29,854.2679	-21.4197
600648.SH	Wai Gao Qiao holding co. LTD	352,340.0728	38.8689
600649.SH	City investment holding co. LTD	269,012.9074	-8.2955
600675.SH	Chinese enterprises holding co. LTD	127,258.5728	14.2358
600568.SH	Pearl holding co. LTD	32,547.4740	-34.1925
600576.SH	Good home holding co. LTD	276.4738	-67.4581
600383.SH	Gemdale group holding co. LTD	808,842.8817	-10.9584
600240.SH	Uol capital holding co. LTD	315,908.9428	284.5788
600890.SH	Room share holding co. LTD	186.3968	-68.6835
600773.SH	Tibet city holding co. LTD	18,223.3220	-65.9792
600807.SH	Industrial Corporation holding co. LTD	38,867.6046	40.2483
000931.SZ	Zhongguancun holding co. LTD	39,896.6535	-64.3562
000809.SZ	Tieling holding co. LTD	1,250.8562	-93.2594
000863.SZ	Sanxiang shares holding co. LTD	21,756.7192	-67.9900
000620.SZ	New Hualian holding co. LTD	92,381.4957	7.5333
000534.SZ	Nwanze shares holding co. LTD	27,128.5318	1.8197
000540.SZ	Transit City cast holding co. LTD	804,400.7840	54.8293
000573.SZ	Guangdong Hongyuan A holding co. LTD	20,059.9622	-62.2686
000046.SZ	Oceanwide holding co. LTD	400,251.0227	88.3193
002133.SZ	Guangyu group holding co. LTD	58,463.2512	122.8799
000897.SZ	Jinbin development holding co. LTD	43,802.1208	-62.8745
600215.SH	Changchun economic development holding co. LTD	9,166.6973	-9.8674
600641.SH	Wanye enterprises holding co. LTD	97,949.3235	104.3647
600658.SH	Electronic holding co. LTD	16,522.8812	-85.0484
600340.SH	Chinese happy holding co. LTD	1,687,224.3734	48.2298
600376.SH	First shares holding co. LTD	748,638.6249	-23.7451
600225.SH	Tianjin Songjiang holding co. LTD	19,237.1523	-53.8498
600246.SH	Beijing vantone real estate holding co. LTD	78,485.6196	132.5605
600159.SH	Great Dragon real estate holding co. LTD	19,053.2025	-4.9977
600185.SH	Gree real estate holding co. LTD	11,517.1858	-86.7424
600716.SH	Phoenix stakes holding co. LTD	15,798.5890	-69.5934
600748.SH	Real development holding co. LTD	77,096.7939	33.2102
600759.SH	InterContinental oil and gas holding co. LTD	65,335.7619	85.2580
000671.SZ	Sunshine City holding co. LTD	448,814.2056	46.1217
000038.SZ	Dark Chase holding co. LTD	9,725.7435	85.3713
002244.SZ	The Riverside group holding co. LTD	594,516.2532	36.8860
002077.SZ	Jiangsu Dagang holding co. LTD	67,824.3134	-26.4725
000979.SZ	Zhonghong shares holding co. LTD	67,883.8431	-70.7085
600683.SH	Beijing investment Intime holding co. LTD	62,960.3954	431.8259
600753.SH	East Silver Star holding co. LTD	40.0000	-69.7311
600639.SH	Jinqiao holding co. LTD	74,782.3050	-22.2371
600393.SH	Donghua industrial holding co. LTD	29,989.6983	87.2834
600223.SH	Lushun real estate holding co. LTD	200,466.6534	51.7390
002208.SZ	Hefei urban construction holding co. LTD	25,260.0695	-66.3733
000668.SZ	Rongfeng holdings holding co. LTD	445.9075	-22.9904
000670.SZ	Infront of micro holding co. LTD	12,436.1217	93.2005
000040.SZ	Baoan District real estate holding co. LTD	48,903.2479	44.0638

Code	Name	Operating Income (RMB Ten thousand)	Growth Rate (%)
000056.SZ	Dark country holding co. LTD	17,042.3405	356.2617
000150.SZ	Yihua Health holding co. LTD	42,164.1046	430.0929
000961.SZ	Zhongnan construction holding co. LTD	882,100.4573	-7.2064
000024.SZ	Investment real estate holding co. LTD	1,797,394.8437	12.0071
000090.SZ	Tonge group holding co. LTD	273,820.2392	54.0876
002285.SZ	World-link holding co. LTD	191,552.2311	35.2288
600606.SH	Green holding co. LTD	8,612,346.0741	-26.6700
600239.SH	Yunnan quasi- holding co. LTD	28,211.7571	-57.9201
600158.SH	China industry holding co. LTD	26,814.4112	-32.3238
600048.SH	Poly real estate holding co. LTD	4,234,496.1790	24.5465
600052.SH	Zhejiang guangsha holding co. LTD	39,009.1153	-15.1465
600684.SH	Pearl River enterprises holding co. LTD	100,360.3157	4.8903
600732.SH	*ST New plum holding co. LTD	4,344.4743	-60.7150
002146.SZ	R development holding co. LTD	915,221.6167	-10.0156
000797.SZ	China Wuyi holding co. LTD	100,185.3992	1.2462
000803.SZ	Kim car city holding co. LTD	4,550.6358	-35.7027
000014.SZ	Shahe shares holding co. LTD	18,403.5355	-4.2407
002305.SZ	Southland real estate holding co. LTD	60,476.5306	4.7290
600895.SH	Zhangjianggaoke holding co. LTD	50,613.7752	-30.1136
600791.SH	Beijing energy real estate holding co. LTD	27,127.0343	-65.2725
600724.SH	Ningbo fuda holding co. LTD	111,164.8807	-69.7109
600638.SH	New harbour holding co. LTD	64,447.8947	-5.3746
600647.SH	Tongda venture holding co. LTD	6,499.1395	-0.2402
600657.SH	Cinda real estate holding co. LTD	216,327.0378	13.4913
600665.SH	World source holding co. LTD	31,611.0374	-61.0145
600533.SH	Qixia formation in construction holding co. LTD	303,759.9070	144.0416
600325.SH	Hua FA shares holding co. LTD	223,252.4299	11.8463
000506.SZ	Run resource holding co. LTD	29,281.7066	74.3019
000043.SZ	Air real estate holding co. LTD	161,340.7478	-17.8980
600823.SH	Shimao shares holding co. LTD	852,604.4247	39.3871
002016.SZ	Rong Zhaoye holding co. LTD	61,765.2370	106.8732
000069.SZ	Overseas Chinese town A holding co. LTD	1,016,133.3341	-25.2657
601588.SH	North Star industrial holding co. LTD	324,946.6815	25.4670
600149.SH	Langfang development holding co. LTD	138.3147	-92.9672
600175.SH	United States energy holding co. LTD	239,533.0620	7.2295
600095.SH	High-tech holding co. LTD	10,605.0895	-62.8661
600777.SH	Fashion industry holding co. LTD	18,087.1178	-60.5677
000838.SZ	Country real estate holding co. LTD	50,216.1204	50.6579
600622.SH	Garbo group holding co. LTD	103,355.4222	7.7283
000002.SZ	Vanke A holding co. LTD	5,026,679.7993	22.7160
000631.SZ	Shunfa hengye holding co. LTD	199,402.6706	80.1200
000011.SZ	Depth property A holding co. LTD	33,876.1310	-32.4325
000502.SZ	Green view holding co. LTD	1,248.0459	-10.9193
600745.SH	Zhongyin shares holding co. LTD	37,618.0435	-50.3763
600162.SH	Hong Kong holding co. LTD	186,087.6448	43.6965
600266.SH	Beijing urban construction holding co. LTD	327,457.8817	-7.0524
000926.SZ	Lucky Star shares holding co. LTD	374,675.0917	-9.0261
000609.SZ	Cotton stock holding co. LTD	2,778.0289	63.1192
000732.SZ	CAC Group holding co. LTD	416,556.6415	84.8540
000736.SZ	Real estate holding co. LTD	30,778.8893	-33.3508
600555.SH	Dragon Mountain holding co. LTD	9,825.6024	1,577.2099
600736.SH	Suzhou high-tech holding co. LTD	125,311.3985	-16.2466
600503.SH	Gorgeous family holding co. LTD	5,157.6308	-80.6082
000718.SZ	Suning universal holding co. LTD	376,389.0483	609.3287
600767.SH	Wan Shing Medical Therapy holding co. LTD	1,084.9352	64.5849
600463.SH	Airport shares holding co. LTD	26,297.0037	-30.6622
000567.SZ	Hyde shares holding co. LTD	937.3585	422.2696
000608.SZ	Sun shares holding co. LTD	34,324.2000	40.6585
600743.SH	Huayuan property holding co. LTD	218,872.0838	-42.7516

Code	Name	Operating Income (RMB Ten thousand)	Growth Rate (%)
600094.SH	Big city holding co. LTD	206,384.2966	82.3065
000616.SZ	Investment in HNA holding co. LTD	29,949.0221	-26.5262
600565.SH	Dumas shares holding co. LTD	239,739.9525	-13.8594
000517.SZ	Rong an real estate holding co. LTD	28,465.5671	-88.9776
600696.SH	Convex horse horses holding co. LTD	-0.3585	-100.0359
600615.SH	US shares holding co. LTD	3,569.8528	7.1830
600663.SH	Lu Jia Zui holding co. LTD	250,534.3229	31.0705
600064.SH	Nanjing high-tech holding co. LTD	158,323.9051	0.4490
600173.SH	Wolong real estate holding co. LTD	67,122.7511	21.2171
000558.SZ	The Rhine sports holding co. LTD	118,073.8633	14.1428
600208.SH	Xinhu zhongbao holding co. LTD	497,961.4361	73.7530
600067.SH	First city kingberry Chase holding co. LTD 292,264.1210	-18.4697	
000005.SZ	Century star holding co. LTD	3,628.5339	52.0984
000537.SZ	Guang Yu development holding co. LTD	67,310.057	2 9.6841
000667.SZ	Good group holding co. LTD	104,928.4729	-3.7344

## References

- income and cost accounting and perfecting countermeasures [J] Accounting 2010 (03): 90-91
- [1] The ministry of finance. The accounting standard for business enterprises [M]. Beijing: economic science press. 2006
- [2] Finance. The accounting standard for business enterprises [M]. Beijing: people's publishing house. 2010
- [3] Chen Yujie, Chen Xinguo. Real estate development enterprise accounting and financial management [M]. Joint publishing house of China business. 2013
- [4] Huang Chongyu. Discussing the problems and countermeasures in Real Estate Accounting [J]. Foreign investment in China, 2013 (20): 172
- [5] Qian Jian. Problems existing in the real estate enterprise
- [6] Linghong Yuan. Analysis on the common problems of accounting cost accounting in real estate enterprises [J] Finance and Accounting Research. 2011 (20): 246-247
- [7] Bo Jing. Analysis on the financial report of China Vanke Real Estate Enterprise in 2010 [J] Accounting of Chinese township enterprises 2011 (11): 23-124
- [8] Zitong Min. Analysis on the real estate enterprise cost accounting problem [J] Manager' Journal 2014 (13): 203-204
- [9] Xiaoyan Guo. The cost accounting of real estate investment and development in China [J] The window of the accounting 2010 (02): 124-125
- [10] Shuping Li. Discussion on the cost accounting of real estate enterprises [J] Accounting practice 2011 (09): 86-87