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Researching of the problem of EMC in P.R.China

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ABSTRACT

With the further development of energy conservation and environmental protection, Our government begin to protect and support environmental protection. The article is researched into the problem of the financial aspects on EMC. There is no absence of recognized, consolidated energy management contract accounting and business accounting norms. Contracts set out the three operation modes of energy management, energy saving and energy management service contract to discuss accounting issues. Energy management contract at this stage made two kinds of bottlenecks and energy management accounting subjects are set on the basis of this contract and its measurement rule specific recommendations.

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KEYWORDS

EPC;
Accounting for EMC;
Bottleneck.

THE INTRODUCTION

EPC (Energy Performance Contracting) is a new and market-oriented mechanism in energy-saving^[1]. It basically uses costs from reducing energy to pay for energy-saving projects in the energy-saving mode of operation. EPC is widely known as EMC (Energy Management Contracting), in the developed countries. In the 1970s, EPC began to develop a new energy-saving mechanism baseing on market. EPC does not sell a kind of product or technology, but a way of financial management in energy-saving. When the govemment concentrates on energy conservation, all the energy-saving work is mentioned very importantly^[2]. It is proved at home and abroad, energy-using units can greatly reduce energy cost by the implementation of EPC, increase energy saving reconstruction funds and cut down technical risk. Under EPC, how to do accounting treatment, there is no specific provision.

EPC ENCOUNTERS BOTTLENECKS IN CHINA

The problem of social credit

On the present situation of our country, EPC, just wants to get to energy-saving equipment and building, so that the audit work 's imperfect. This kind of situation directly affects the uncertainty of the next credibility. According to the facts, these EPC companies can't firmly believe the investment of equipment in energy conservation can be smoothly to return or obtain corresponding interest.

There lies in conflict in new energy between the existing accounting and the energy-saving accounting treatment

With the international trend, when we implementate energy-saving services, we should distinguish built-in assets and energy-saving assets in accounting. Now we can distinguish between both, but we can't separate

FULL PAPER

accounting, so that we can't account service fees and clearly process. At end, On accountant course, we don't know the costs as fixed assets or as a management fee.

In addition, because the current accounting does not reflect the business, in EMC project we finance difficultly. If we can only rely on our own capital on energy-saving equipment, there is very much money. At last, the implement of EMC projects in energy-saving companies can be extended^[4].

Suggestions about the development of EPC in China

Due to the above problems and specialization of energy corporation, these suggestions are the following:

- (1) We set up to reflect accounts of the EPC characteristic. we can set to some reactions such as accounting "EPC assets" subjects, in order to satisfy the clarity and the importance of accounting.
- (2) Because energy-saving companies invest assets of equipment and large amounts of money into the envoys, this paper think the first cost is included in the subject of "construction" of investment of human resources cost measurement.
- (3) Because energy saving companies put their equipment in enterprise production, the benefits of good ring directly depends on the enterprise. we can take workload method to plan indicating the cost expenses and losses among them, to satisfy the reasonable tax policy in the field of energy saving measures. We can put the difference between book value and the actual recorded into the profits and losses of the current, debit "asset impairment loss" course, borrow remember "impairment of assets of contract energy management" course.
- (4) We should rationalize the follow-up processing method. We improve the measures to improve the way to improve the efficiency of energy saving.
- (5) We specificate revenue recognition and measurement. Due to the income proportion of enterprises with EPC is not identical, there is a difference in energy saving interest income. The anglo-irish follow the principle of revenue cycle to achieve. The service charge in "bank deposit" accounting subjects.
- (6) We improve method to improve the production environment, in order to better let companies end

up more profits, so that the calculated profits should be capitalized, the cost that improve the depreciation rate reduce its rationalization. The theory of sustainable development. These make our country more progress in the future^[4].

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