

The Study on Difficult Problems of the Management of Rural Collective-Owned Assets

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Abstract: The management of rural collective-owned assets is the fundamental precondition of deepening the reform of rural collective property rights institution, and an objective requirement for protecting farmers' property rights, and also, the prior basis for enhancing the management of collective-owned assets. However, because of historical reasons and the complexity of the reality, the escheatage and ownership of rural collective-owned assets are not clear, and it's hard to assess the value. So that it'll be a complex and challenging task to check, verify and confirm the property. In this article, we took as the study object the work of managing rural collective-owned assets, and carried out researches on problems during implement and the causes of them. It is found that there are problems in rural assets verification, such as property ownership is hard to define, the contracts are controversial, accounts and facts differ, difficulty in determining asset value, the lack of enthusiasm and the Limited Proficiency of Participants, etc. Accordingly, follow the Principle of "Who Invests, Who Owns" to define the ownership of property rights, resolve contract disputes in accordance according to the law, adjust accounts based on facts, multiple measurement methods to approve asset value, hiring professional institutions and personnel to solve difficult problems and some other suggestions are proposed to solve these challenging issues.

1. Introduction

In China, the total scale of rural collective-owned assets is very large, and the main items to be verified are the capital, property and resources. Capital, which covers cash and bank balance, is currently managed by rural economy management station therefore it has been managed normatively. However, it's not the same when it comes to property and resources, which are far more complicated. As the result of a long history, there are problems such as asset loss and it's not better in resource contracting. In order to get as much information as possible about rural collective-owned assets and to promote the reform of rural collective-owned assets rights institution, China has deployed the nationwide verification work since 2017, and has got a basic completion by the end of 2019 according to the plan. The preliminary results showed that there were 2.99 million verification units which report data, including those which possessed rural collective assets of business and non-business nature and of resources nature. The total verified assets were 6.5 trillion yuan, including 3.1 trillion yuan of business assets, 3.4 trillion yuan assets of non-business assets and 6.55 billion mu of collective resource assets^[1]. Although the verification work in nationwide rural areas has been initially completed, there are tons of unsolved difficult problems during the process of checking and registering rural collective assets. These problems have severely affected the process of property and capital verification in our country's rural areas and the effect of property and capital verification, which means the administrative decision-making and collective wisdom are needed to implement the rural property and capital verification work.

2. Difficult Problems of Rural Collective-owned Assets Verification

2.1. Property Ownership is Hard to Define

Rural assets can be generally divided into three categories, the resources assets, non-business assets and business assets. The resources collective assets mainly refer to the common property-nature resources such as forests, land and grassland ^[2]. The registered information of the property ownership of this kind is explicit in a general way, so that defining their ownership is a relatively easy job. However, for non-business assets, because of the large quantity of investors, the property ownership becomes unclear ^[3]. Besides, there is a general trend among rural grass-roots to highlight the management of the business assets while ignore that of the non-business assets. Meanwhile, the management responsibility of the non-business assets is not specific, which contributes to the missing of much information about assets. The property ownership of the collective business assets is controversial because of tons of historical factors. In addition to historical reasons, there are also some conflicts in the distribution of interests that make it difficult to define the ownership of collective assets.

2.2. The Contracts are Controversial

Due to historical reasons, there were some of the collective-owned assets which didn't sign formal written contracts in the process of distribution, application and flow, and some of them have vulnerabilities in contracts and implementation ^[4]. As the associated personnel changed, facts of assets contracting and transferring couldn't be confirmed. When the verification proceeded, all stakeholders spoke for themselves. Their words were conflicting and the contradiction couldn't be reconciled. Under this circumstance, the working group of assets verification should take the lead to carry out the investigation of assets together with the village committee and contractors. Distribution should be settled with active consultation and the missing items of contracts should be completed. The rights and obligations of both sides should be determined by signing supplementary contacts.

2.3. Accounts and Facts Differ

The financial management of rural areas was relatively weak. And local financial accountants had limited proficiency. After years of general election, turnover in village committee and financial management apartment brought about the inconsistency between account and fact of assets. Instances of main problems were as follow. Part of assets didn't register before, for instances, there were remitted non-business assets which are not registered because their values are hard to confirm. The credit and debt were unclear, such as some of the credit and debt remained controversial or became bad debts because of the long interval. The registered assets didn't accord with substances, for examples, some assets had already been abandoned, however, they were not processed with abandoning management, and some of assets did exist but they were not registered on the account book because of the omit during accounting treatment. The value of the assets didn't meet with the actuality, like some fixed assets were not calculated and distilled depreciation, some did not experience the preparation of calculating the devaluation, which contributed to the serious inflation of book value ^[5].

2.4. Difficulty in Determining Asset Value

Rural resource assets include natural resources such as land, forests, mountains, grasslands, wastelands, tidal flats, and water surfaces ^[6]. These natural resources have their own characteristics, and it is difficult to find scientific and reasonable methods for value determination. Due to various reasons such as lack of information and irregular accounting treatment, the value of some assets in operating assets is also seriously deviated from reality. For example, some assets are not depreciated, some assets are relatively special and lack reference materials, and others' value are highly uncertain, For example, some assets are not depreciated, some assets are relatively special and lack reference materials, and others' value are highly uncertain, Determining the value of these assets is not only a lot of work but also very difficult.

2.5. The Lack of Enthusiasm and the Limited Proficiency of Participants

Personnel who participate in the verification of rural collective-owned assets are rural basic

cadres and staff in general. In their perspectives, the verification work is of great difficulties objectively and they don't attach much importance to the work as well. The reasons are as follows. First, these basic cadres, who have plenty of things to do in their daily work, when appointed with the verification work which is plenty heavy and complex, always adopt a negative attitude, are slack in this work and pass the buck to each other ^[7]. Second, those basic cadres have got used to the situation that some of the rural collective-owned assets are disordered because of the historical factors. And they don't want to face with the difficulties ahead in the verification work ^[8]. Third, these basic cadres have limited proficiency. Making professional judgement and scientific management on complicated cases are beyond their ability. So that it leaves them with the only choice to make a perfunctory effort.

3. Suggestions for Solving the Challenging Problems of Rural Collective Assets Checking and Capital Verification

3.1. Follow the Principle of "Who Invests, Who Owns" to Define the Ownership of Property Rights

Define the ownership of property rights in accordance with the principle of "who invests, who owns" ^[9], and at the same time fully consider the process of asset formation, proceed from the benefit of management and rural social stability, respect history, take care of reality, and seek truth from facts to define property ownership ^[10]. Collective economic organizations contribute and participate in assets that share the owner's equity in accordance with the amount and proportion of each party's investment, thereby defining asset ownership. The asset investment process is more complicated and difficult to define clearly at the moment, and it is separately listed as the asset to be defined, and the asset to be defined is temporarily operated according to the original operation and management method.

3.2. Resolve Contract Disputes in Accordance According to the Law

In handling disputes over rural asset contracts, the roles of relevant rural grassroots organizations and contract management departments should be brought into play. Most disputes can be handled by them. If the party dissatisfied with the result of the settlement, the people's court shall accept the case in accordance with the law. For existing contracts, we must first review whether the contract is valid, and mediate or confirm contract disputes on the premise of confirming that the contract is valid. After the contract is confirmed invalid, the resulting property issues should be resolved in accordance with laws and policies. For missing contracts, stakeholders should be organized to negotiate and sign the contract.

3.3. Adjust Accounts Based on Facts

In the case of discrepancies between the accounts and the actual accounts, first analyze and judge the actual differences. If the accounting records are incorrectly caused by the actual differences, the financial staff will adjust the accounts according to the correct method. If there is a discrepancy caused by poor physical management, after finding out the reason, conduct accounting treatment of inventory profit or inventory loss to ensure that the accounts are consistent. The loss of assets that can clearly define the responsible person should be recovered in accordance with laws and regulations to avoid losses. For the untrue assets caused by historical problems, detailed written explanations should be made, which should be reported to the management department for approval before handling.

3.4. Multiple Measurement Methods to Approve Asset Value

At present, the methods for measuring the value of assets include historical cost method, replacement cost method, income method and other methods ^[11]. These methods have certain application restrictions and may not be suitable for all rural assets. For example, if there is a historical cost basis for an asset originally purchased or constructed, the historical cost method can be used to determine its value; for similar assets that can be referred to, the value can be determined

by reference to similar assets; for operating assets, the future income can be predicted to determine its value. For assets that can be reasonably valued using existing valuation methods, monetary measurement can be used to determine the value of the asset. For assets that cannot be reasonably valued, other measurement units such as area, boundary, etc. can be used according to the characteristics of the asset. Make a detailed description and record it in the memorandum of inspection.

3.5. Hiring Professional Institutions and Personnel to Solve Difficult Problems

The work of clearing assets and capital in rural areas needs to rely on rural grassroots cadres and staff, but they cannot be completely responsible for all the work. Special personnel should be assigned to take charge of this work full-time. There are some specific measures: One, increase publicity efforts to publicize the importance of the rural collective property rights system reform and related policies to grassroots staff and farmers, and increase the participation of village cadres and villagers in the work of asset clearance and capital verification^[12]. The other, it is necessary to strengthen the training of asset clearance and capital verification, provide relevant training for grassroots cadres and financial personnel, and improve the working ability of grassroots cadres. In addition, the technical issues of this work can also be contracted to accountants' practice and law firms, and professionals to deal with related issues will greatly improve the efficiency of asset and capital verification.

4. Conclusion

The work of clearing and verifying rural collective assets is of great significance to clarify the stock of rural collective assets, straighten out asset property rights, avoid the loss of rural asset resources, and promote the reform of the rural collective property rights system. However, due to the complex economic situation and historical problems, this project The workload is huge and difficult. At present, the country's rural assets and capital verification work has achieved certain results, but there is still a long way to go before the real verification and quantification of rural collective assets. It is hoped that relevant organizations and management departments can use their collective wisdom and innovate methods to accomplish this. It is a major historic task to effectively safeguard and protect the property rights of farmers.

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