

# **BUSINESS ACCOUNTING AND ITS CHANGING TRENDS**

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## **ACCOUNTANCY**

Accountancy, or the accounting, is the production of information about an enterprise and the transmission of that information from those who have it to those who need it. The communication is generally in the form of financial statements that show in money terms the economic resources under the control of management; the art lies in selecting the information that is relevant to the user and is representationally faithful. The principles of accountancy are applied to business entities in three divisions of practical art, named accounting, bookkeeping, and auditing.

The American Institute of Certified Public Accountants (AICPA) defines accountancy as "...the art of recording, classifying, and summarizing in a significant manner and in terms of money..." transactions and events that are at least partly financial in character, and interpreting the results.

Accounting is thousands of years old; the earliest accounting records, which date back more than 7,000 years, were found in Mesopotamia (Assyrians). The people of that time relied on primitive accounting methods to record the growth of crops and herds. Accounting evolved, improving over the years and advancing as business advanced.

## **ROLE OF ACCOUNTING**

The general role filled by accounting is to provide detailed cost information to each societal group. For example, resource owners need information on how much it costs to harvest resources. Selling these goods to conversion agents must result in a small profit amount so that resource owners can remain in business. Conversion agents also measure costs to convert materials into usable products. Conversion costs plus profit must be at or near the price a consumer is willing to pay for an item.

## **PURPOSE OF ACCOUNTING**

Accounting also has a specific purpose. It allows conversion agents to determine how much profit they earn from producing and selling goods. Copious profits allow the company to continue producing goods, which increases their role in society. Resource owners use this

information to sell materials to companies who can pay for them. Unstable conversion agents with few or no profits are unable to pay bills, making transactions riskier for resource owners.

## **SUSTAINABILITY ACCOUNTING**

Sustainability Accounting (also known as social accounting, social and environmental accounting, corporate social reporting, corporate social responsibility reporting, or non-financial reporting) was originated about 20 years ago and is considered a subcategory of financial accounting that focus on the disclosure of non-financial information about a firm's performance to external parties such as capital holders, mainly to stakeholders, creditors and other authorities. These represent the activities that have a direct impact on society, environment and economic performance of an organisation. Sustainability accounting in managerial accounting contrast with financial accounting in that managerial accounting is used for internal decision making and the creation of new policies that will have an effect on the organisation's performance at economical, ecological and social (known as the triple bottom line or Triple-P's; People, Planet, Profit) level.

Sustainability Accounting is a tool used by organisations to become more sustainable. The most known widely used measurements are the Corporate Sustainability Reporting and the triple bottom line accounting. These recognise the role of financial information and shows how traditional accounting is extended by improving transparency and accountability by reporting on the Triple-P's. As a result of the triple bottom level reporting, and in order to render and guarantee consistency in social and environmental information the GRI (Global Reporting Initiative), was established with the goal to provide guidelines to organisations reporting on sustainability. In some countries guidelines were developed to complement the GRI. The GRI states that "reporting on economic, environmental and social performance by all organizations is a routine and comparable as financial reporting".

## **AICPA**

The American Institute of Certified Public Accountants (AICPA) is the central professional organization for CPAs. It continuously updates and refines the body of professional knowledge, regulates membership admission, innovates social responsibilities in emerging areas of practice, and polices the conduct of its members. It presently has about 320,000 members, with the majority of them in public accounting. Its monthly publication is the "Journal of Accountancy. "

## **CURRENT TRENDS IN ACCOUNTING AND FINANCE**

The rising trends have also resulted in not all majors being demanded by the ready markets once the graduates have attained their certifications. The different states venture into varied platforms that may require only a particular expertise related to their venture rather than just any graduate.

Experience too may come in handy for the few considered candidates within varied relevant fields. Being that the durations of undertaking the education might have been longer; the candidates may be as well as unemployed.

The accountants too are considered as quite costly to hire thus a firm in need of many expertise, may resort to only hire few to handle the collective responsibility of the foregone alternatives. These and more are among the global challenges raised by the changing trends characterized by business professionals.

None of this have however been considered as enough basis on which the interested may be discouraged to pursue their desires. The promising accounting courses are renowned globally as being able to nurture their students into the experts sort by relevant firms. The many that have been bold enough to pursue the tough course out of passion and dedication have been able to attest to its marvels.

## PUBLIC ACCOUNTING

Public accounting firms provide auditing, tax, accounting, and consulting services to businesses and individuals. These firms range in size from single practitioner to large international firms with hundreds of offices worldwide and thousands of professionals. Accountants in these firms work with a variety of companies and gain wide exposure and experience. At the same time, the job often involves pressure, travel, and seven-day workweeks.

A certified public accountant (CPA) is usually qualified to audit the traditional financial statements prepared by a company and render an opinion on the "firm presentation" and reasonableness of these financial statements. The independent auditor's opinion lends credibility to the company's financial statements and helps the users of these financial statements make their investment decisions. The auditor thus plays an important role in facilitating the smooth functioning of the investment process and the efficient allocation of resources in the economy. To protect the public from individuals who are not qualified to express opinions on financial statements, all states impose strict licensing requirements for the practice of public accounting. A CPA license is required in most states to perform independent audits.

## ACCOUNTING IN THE INTERNET ERA

In the IETF RFCs the act of accounting is usually defined as *the act of collecting information on resource usage for the purpose of trend analysis, auditing, billing, or cost allocation.*

For example when a user uses a connectivity service paid with a pay-per-view approach the accounting process is based on a metering of the resource usage by the user (usually time

spent with an active connection or the amount of data transferred using that connection). The Accounting is hence the recording of this connectivity service *consumption* for subsequent charging of the service itself.

## ONLINE ACCOUNTING PROGRAMS

A number of companies offer accounting-specific software tools, many of them accessible online for free. Such tools tend to be specifically geared toward the needs of those who want to keep track of their finances. While the use of such tools may not be realistic for large corporations that need to allow hundreds of people to have different levels of access to financial records, they can be very useful for individuals and small companies.

## BUSINESS ETHICS & FINANCIAL ACCOUNTING

Business ethics are critical to the process of financial accounting. An honest presentation of transactions and balances is in the long term interest of all stakeholders, and it is also morally right. Financial accounting provides the basis for evaluating a company's health, soliciting funding and planning future endeavors. If you do not present this information accurately to the best of your knowledge, you willfully mislead your partners and investors, compromising their trust and even wrongfully taking their money.

## FUTURE OF ACCOUNTING

Over the past year Emergent Research, in collaboration with Intuit's Accounting Professionals Division, has been conducting a deep dive on the future of the accounting profession. This work is summarized in the just released Intuit 2020 Report - The Future of the Accounting Profession. It may be hard to believe, but this is one of the most interesting research and forecasting projects we've worked on.

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