

Discussion board 2: btn 4-3 essay



**ASSIGN
BUSTER**

Q1. Tamira could have taken several other courses of action besides the choice she made to estimate the expense accruals and keeping this information from the President. Firstly, she could have told the President that there was not enough time before the meeting with the bank to prepare accurate financial statements that could be relied upon by the bank in making its financing decision regarding Picton.

She also could have inserted footnotes with each adjusting entry that she estimated, so both the President of the company and the bank would have known of any possible inaccuracies in the financial statements. Additionally, she could have told the President that more time would be needed to provide the bank with accurate financial statements, and asked if it would be possible to reschedule the meeting in order for her to have time to complete the financial statements using accurate expense numbers. Q2.

Tamira has a responsibility as accountant for Picton to accurately complete the accounting cycle for Picton and to prepare the financial statements in a true and accurate manner, so that a third party can be confident in and rely upon them to make financial decisions. I would not have responded as she did. First of all, twenty-four hours to complete a year's worth of adjusting entries and prepare financial statements to be relied upon by the bank to make a major financing decision regarding the company is not enough time; and even more importantly, honesty and integrity are vital in the accounting field.

Tamira was not honest with the President about the way she prepared the financial statements. In my opinion, this was extremely unethical, because

she estimated the expenses of the company in such a way that it could have resulted in an inaccurate picture of Picton's financial health as a company. If I were in Tamira's situation, I would first speak with the President and tell him that what he needed could not possibly be accomplished in 24 hours.

Then I would discuss the different options with him: (1) reschedule the bank meeting, telling them that in order to give them an accurate picture of Picton's financial condition, more time would be needed to properly prepare the financial statements; (2) discuss whether estimating the expense accruals and providing footnotes explaining the estimates would be a possible solution. Either way, my first step would be to speak honestly and openly with the President to be sure he understands the difficulty in meeting such a deadline and the potential for material misstatements in the financial statements if estimates were used