

# [Act violations in afghanistan](https://assignbuster.com/act-violations-in-afghanistan/)

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﻿Act violations in Afghanistan   
Assignment 1   
I found it interesting that there are no penalties as a result of Foreign Corrupt Practices Act violations in Afghanistan. This is because there is heavy US presence in Afghanistan due to the relations that the US government has with the Afghan government. The war in Afghan was highly sponsored by the US government and led by the US Army. The war in Afghanistan was one of the most expensive in history due the US government’s dedication to dealing with Taliban and find Osama who was the architect of the September 11 attack. There must have been lots of transactions during the wars and after the wars since some troops were left in Afghan to aid in training and equipping the new Afghan’s security detail. It is therefore quite interesting that there are no penalties as a result of Foreign Corrupt Practices Act violations. I also found it interesting that despite USA’s great investment in establishing peace in former war torn Sudan (Sudan and South Sudan), there has never been any penalty as a result of Foreign Corrupt Practices Act violations in that country. Last but not least, ability of the interactive map to provide information about FCPA violations penalties in both numerical and visual item such as color and boxes was quite captivating and fun to me.   
I was very surprised by the magnitude of fines associated with FCPA violations in the Consulting sector. This figure was the largest among all the sectors which recorder payment of the penalties. I was also amazed that the Health & Pharmacy sector highly contributed to bribery in South America which is a continent adversely affected by poor health systems and status. Bribes increase cost of operations and thus, bribery costs must have increased cost of health care in South America. This is quite a surprising and a saddening statistic.   
Assignment 2   
I agree with Linda about fictitious revenues. They are simply revenues reported that never occurred. This means that they could be inflated revenues or just fakes revenues. To add on her exhaustive post, I would like to add on the ways in which these fictitious revenues can be identified. One of the major red flag is an unusual increase in assets aimed at concealing these non-existent revenues. Contact details of customers such as physical addresses and phone numbers also become unavailable. Lastly, fictitious revenues can be detected by drastic changes in ratio patterns due to fictitious revenues.   
On the other hand, I disagree with Adrienne’s post. This is because of the introductory statement which says that pretax income increase by the full amount the liability or expense not recorded. While the pretax profit increases by the value of the expense not recorded, unrecorded liabilities do not have such an effect. This is because they are not part of expenses. Expenses are the only category which affects profitability. Liabilities appear in the balance sheet and not in the profit and loss statement. Omitted liabilities only affect balancing of assets and liabilities. If the liability has a component of interest rate in it, a company’s profitability will increase by the decrease in interest rate expense associated with the omitted liability and not by the value of the omitted liability.