

Accounting standards codification essay



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The Codification eliminates obsolete information and presents all of the material in the same format and structure. The Codification is now considered the authoritative source for GAP for all nongovernmental entities. The FAST Implemented the Codification with multiple Intentions and goals for the new system. The three primary goals Included: providing user access to all authoritative US GAP in one location, guaranteeing that all codified content is an accurate representation of US GAP, and developing a new research system that continuously updates results f the standard-setting activity.

In order to simplify user access to the authoritative US GAP there needed to be structural changes; this Included switching the original standards-based model, which consisted of thousands of individual standards, to a topically based model that comprises of 90 topics. To ensure that all codified standards were accurately represented, the FAST implemented multiple tiers to review all of the Information and a monitoring system to follow all of the activity occurring.

If any problems arise from the changes within the codifying they will be brought to the attention of FAST employees and will be dealt with accordingly by the Financial Accounting Standards Board. In addition to the Codification, the FAST also created the Codification Research system to ensure that users have access to the most up-to-date Information In regards to the standard-setting activities.

In Dalton to its primary three goals, the Codification is also expected to: reduce the risk of noncompliance through improved documentation, assist

FAST with future research efforts, decrease the amount of time to resolve research issues, and supply the most up-to-date information that is concurrent with the Accounting Standards Updates. The Codification consists of all authoritative literatures that are issued by a standard setter; it does not include the standards for local governments and states.

If there is a modification on a particular standard it is not identified as a sole document rather it is stated as an as-amended version of the primary statement. The literature wealth the Codification includes various topics ranging from the Financial Accounting Standards Board (FASB) to the Emerging Issues Task Force (EITF) to the American Institute of Certified Public Accountants. Within each of these literatures there are more specific topics that are discussed and addressed.

The primary goal of the Codification was to simplify the various documents and codify the main standards and regulations. During the codifying process, the Codification eliminated nonessential materials including redundant summaries, previous practices, and historical content. By highlighting the important information, users are able to quickly obtain and understand the necessary material needed.

The Codification provides a topically organized structure that is subdivided into topics, subtopics, and OFF guidance on a particular subjects which covers six areas including, the general principles area, the presentation area, the assets/liabilities/equity areas, the revenue/ expenses areas, the broad transactions area, and the industry area. The next area is subtopics, which are subsets of a topic and distinguished by type or scope.

The verbal subtopic usually provides general guidance for the topic; however, additional subtopics represent unique areas that are not covered by the overall subtopic. The next tier is sections, which indicates the type of content in a subtopic such as Measurement, Recognition, Disclosure, etc. There are total of sixteen sections for Subtopics that range from Status to Determination to Transition and Open Effective Date Information. In a few occurrences sections are further segregated into subsections that are used to more closely filter multiple sections that are grouped under the same Subtopic.

The final level are paragraphs which is the specific area where users will find the substantive content related to the issue that is being researched. These groupings: topic, subtopics, sections, and paragraphs, are the framework of the Codification and the Codification Research System also has a similar structure. The Codification was written using a modular writing style, which allowed the sections to be joined and combined with subsections without relating it back to an entire Topic.

By using solely the modular style, certain changes were made throughout the standards including, only using the terms entity, intra-entity, and shall in order to provide consistency. The Codification also eliminated the use of generic qualifying terms in order to reduce the ambiguity among the rules. In the modular style, it also requires that acronyms be spelled-out first before they can be used consistently. All of these rules contribute to this particular modular style are implemented throughout the Codification.