

Current accounting standards in the usa

Business



DQ2 The current accounting standards in the United States of America are ethically based. Ethics and integrity are two of the values that all accountants uphold at all times when working the profession. The generally accepted accounting principles (GAAP) represent the bible for accountants. Ethics is taken into consideration in accounting in many circumstances. For instance the principle of conservatism states that when in doubt an accountant should always underestimate revenues. Sales forecasting techniques such as the Delphi method should be implemented taking into consideration the principle of conservatism. During the past nine years the accounting profession has increased its credibility with the inception of the Sarbanes Oxley Act of 2002. The CEOs and top executives of the company including the CFO and controller are personally liable if the financial statements of their company are full of material error or fraudulent activity. SOX also created better internal controls and the integration of auditor independence. Accounting students since the undergraduate level are taught that ethics is an extremely important aspect of accounting work. The curriculums of universities should include more courses in pure ethics as part of the curriculum of business administration. At the corporate level most companies have code of conducts that integrate ethics into its bylaws.