



RECENT TRENDS IN ACCOUNTING: A DESCRIPTIVE STUDY ON INNOVATIVE ACCOUNTING

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ABSTRACT:

The accounting scenario is changing due to expeditious growth in Information and technology sector and dynamic environment of corporate world. Fast advancement in IT sector and covid pandemic create many problems in accounting sphere. Despite of this accounting have some other issues like multiple methods for single problem and accounting standard board also provide opportunity to business houses for using different different methods for single problem and they can use different methods for recording similar problem. The recent accounting software and trends help the accountants in handling accounting issues. The new accounting trends like forensic accounting, cloud base accounting, block chain accounting, creative accounting, environmental accounting, value added accounting, brand accounting and other accounting trends are perfectly meet the requirement of current scenario of accounting world. This paper is based on study of contemporary accounting trends and summarizing recent challenges in accounting world. The main aim of this study is to elaborate the current and upcoming drift in the word of accounting and also examine the main features of different – different accounting types and with the help of this study we find out the suitable accounting method for recent challenges which help in accounting work. The recent accounting software and methods enhance the efficiency of accountant and increase effectiveness in decision making and interpretation of accounting results which are useful for all stakeholders.

Keywords: - Technologies, block chain, creative accounting, forensic accounting, cloud base accounting.

Introduction

One of the key characteristics and issues of accounting is not the unapproachable solution of the problems or issues of accounting but the accessibility of more than solution to one of the few vital accounting problems is the main challenge in the field of accounting. Calculation of depreciation with scrap value. Stock and inventory valuation, adjustment of goodwill, idle time calculation of realizable value of assets, cost, dividend distribution, investment decision, opportunity cost, research and development cost are some examples of accounting challenges with multiple solutions. It is more Crucial that all multiple alternatives are Sound By the professional accounting bodies and further much more important is that alternatives are accepted methods and

business units use any method in his accounting practices. Resultant other financial result of business units are lack of confirmative or we can say that lack of comparability in their performance due to multiple accounting methods

Accounting issues at international level

Accounting issues at international level before 2002 there are many issues regarding multiple solutions of accounting and also some booming accounting issues with no objective solution are accessible. In other words we can say that some of the contemporary accounting challenges are accessible.

At national and international level this is the big challenge before professional accounting bodies because many corporate units have the option to use any available method and can manipulate accounting data and the financial position according to their suitability consequently interested parties are deprived from true result comparability and reliability of accounting information.

In 2002 Sarbane-Oxley Act was passed in the United States regarding revolutionizing accounting, auditing and reporting. This act was enacted as a reaction to accounting scandals like Global crossing, Enron, and so on. Many studies are also done regarding accounting irregularities, corporate governance, audit independence and CSR activities. All above discussed topics carry special weight and credit need for implementation of strict regulation.

Objective in this study

In this study we find out and discuss contemporary challenges in accounting. Some of the current challenges are inflation accounting, human resource accounting, environmental accounting, brand accounting, creative accounting, social accounting, accounting for intangible assets, value added accounting, forensic accounting, depreciation accounting, cloud base accounting, and block chain accounting.

Material and Methods

Descriptive study was conducted to analyze some current accounting issues. Many articles, research papers and reports are used for this study.

Analysis and Discussion

There are some contemporary accounting trends:

Inflation accounting or accounting for changing prices

Traditional accounting depends on the concept that purchasing power of money is constant but in actual it goes through change. Inflation accounting was developed in January 1973. Many accounting professionals of the United Kingdom developed this method and the British government also recognized it in 1974. Further sandilands committee of the British government also emphasized on it. Inflation accounting is a system which helps in overcoming the problem of change in the price level. According to this method all items which are shown on historical value are valued at their current prices, so that a true and fair view of accounting activities is defected. The definition of inflation accounting is given by the American institute of certified public accountant: inflation accounting is a system of accounting which purports to record as a built-in mechanism of all economic events in terms of current assets. There are few approaches for inflation accounting like current purchasing power method, current cost accounting method and hybrid method.

Current purchasing power method: - this method was developed by the Institute of Chartered Accountant of Britain in 1974. In this method all the items which are shown in the balance sheet or profit and loss account change according to price level with the help of journal price index.

Current cost accounting method:- according to this method fixed assets are shown at their present value not on depreciated value.

Hybrid method: - this method contains features of above both methods.

Forensic accounting

Forensic accounting is that branch of accounting which includes features of accounting, auditing and investigation. Forensic accounting is developed due to increasing cases of road and miss appropriation in the corporate sector. According to AICPA forensic accounting is the application of accounting principle theories and discipline to facts or hypothesis issues in legal disputes and encompasses every branch of accounting knowledge. This accounting includes knowledge of transactions in accounting, reporting and so on for the purpose of dividing accountability for accounting and determination of firm responsibility and collecting information about firm performance for past financial data. Some Terms are used in forensic accounting like forensic investigation forensic audit.

Value added accounting

This concept was introduced in 1975 in England with Recommendation of accounting standard steering committee; here the meaning of value addition is different according to economics and according to accounting. According to accounting value addition is enhancement in the value of items due to change in firm place availability, features, perception and so on.

According to John Sager, value added is the wealth the company has been able to create by its own and its employees' efforts during a period. There are two types of value edition method: Gross value added and net value added method. This accounting helps in showing social responsibility of the business unit. This accounting helps in division of income among various participants like employees, owners, government and other sectors. When any additional assets are arising during the year this accounting help in recognized it.

Creative accounting

In the current scenario creative accounting is used by many large corporate units. It refers to methods or procedures which help in interpreting accounting rules and regulations policies falsely with an intention to take advantage from loopholes in accounting standards and techniques which are issued by accounting professionals. The aim of this accounting is enhancing profit percentage by not showing exact figures. In accounting there are many ways for creative accounting, for example dressing windows, manipulation in profit amounts to avoid tax in future. Adjustment regarding employee welfare scheme and showing better financial status for attracting prospective investor. For this, different methods are used like window dressing, wrong calculation of inventory in store, intentionally manipulating depreciation amount and method, willfully changing revenue and sales data records, and failing to make proper records.

Environment accounting

Environmental accounting is that branch of accounting which consists of Conventional Accounting and ecological accounting. Under this accounting focus on environmentally friendly cost and revenue methods. This accounting measures the impact of the natural environment on a company in monetary terms. Under this it is important to maintain proper accounting records displaying the effect on the environment.

Cloud base accounting

Cloud base accounting is a system which includes basic accounting activities like summarizing, managing and balancing of ledgers and accounting Books with the help of accounting software. The accounting software is incorporated with the business unit bank account so all financial transactions are automatically posted in the respective digital ledger. Accountants have a home dashboard that shows the relevant information like financial recording data, outstanding and prepaid billing data. All data is auto-updated when new information is received by software and the accountant can scroll into the data for more details. Some examples of accounting software are SaaS and ERP enterprise resource planning systems. Advantages of cloud base accounting are auto recording of accounting information, quick and easy accessibility of information and data security protocol help in maintaining confidentiality.

Block chain accounting

Block chain is an Electronic ledger of accounting information that is distributed between the whole networks of computer systems on the block chain. It is a digital recording Technology prepared to make it hacking free and low chance of data stolen. On block chain Technology an authorized person enters a transaction which is validated by the technology and this transaction creates a block which represents specification transaction further this block is transferred to another node of computer on the network. Certified node checks the transaction and adds this block in the existing block chain. This change transfers across the network and then finalizes the transaction.

Accounting for intangible assets

Mostly corporate units are spending and investing higher amounts for acquisition, development and maintenance of intangible assets like goodwill, technical knowledge, brand design, computer software, geographical indication, patent, copyright and so on. These assets help the organization in future earning and development and provide future benefits like revenue, cost saving and so on. The main intangible assets contain special ability to contribute in income generation for different stakeholders of the corporate unit. Accounting for intangible assets is different from accounting for tangible assets in many ways like amortization of these assets or recorded differently then depreciation of tangible assets. Methods of goodwill adjustment are different, recording of patents, copyrights or also in value difficult steps. But trade and Goodwill are recorded only when purchased from a third party.

Brand accounting

Brand is an intangible asset which is defined as a unique symbol, mark, logo, sentence, name or mixture of items that show the company's product in the market and create Unique Identity of company's product. Calculation of brand helps a business unit to create a consistent and comparable image of product in the market. Calculation Of brand helps the management in decision making budget formulation or allocation. There are different methods of brand valuation like cost based approach, market based approach and income based approach. Apart from this there is no specific accounting standard for brand calculation but like goodwill it is an intangible asset that's why it is advisable to follow Accounting Standard 26 for calculation.

Conclusion

After studying the above contemporary issues we can say that there are diverse methods for single problems and accounting standard boards provide options to business units for using different methods by different business units and for similar problems. In current times there are various emerging issues which need to be studied in detail. Every business unit who wants to survive for a long time should have proper knowledge about the emerging trends in accounting technology to present a true and fair view before different stakeholders. Application of these methods in the accounting process is mandatory for auditing and comparing units with other units. After covid there is a drastic change in the sphere of technology. This change also creates a need for adoption of advanced technology in the accounting field. So we can say that modern accounting technology helps the accountant in advance and efficient recording of accounting transactions.

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