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### Reflect (5 points)

Answer the questions about generally accepted accounting principles (GAAP).

1. What are generally accepted accounting principles (GAAP)? (1 point)

GAAP is the accounting standard adopted by the US securities and exchange commission.

2. Describe the purpose of GAAP. Why is it important that accountants follow GAAP?  
(1 point)

GAAP, if followed correctly, makes comparing financial data in a department easier.

3. Explain how GAAP is created and monitored. (1 point)

GAAP was created as a US wide, industry standard for accounting. Its purpose is for transparency and ethicality.

4. Describe the scope of GAAP. What are some important aspects of GAAP? (1 point)

Important aspects of GAAP include: consistency, and continuity.

5. Describe the advantages of adhering to GAAP for an organization. (1 point)

Organizations can benefit from more understood bookkeeping, and more accessible records.

### **Analyze (10 points)**

**Analyze different accounting and business scenarios and explain how the global economy is impacted in each.**

1. Starbright Industries, which manufactures radiators, has recently begun doing business in Japan. Its executives make a deal to export a shipment of a new type of radiator to Japan once the product exits the production stage. The shipment will be worth one billion yen, or approximately \$9.4 million U.S. dollars.

a. The new product is expected to be ready within a month. However, difficulties arise and the shipment is delayed for three months. How might this create an accounting problem in terms of determining the value of the shipment? (1 point)

Exchange rates could change quite a lot in those three months, making determining the value of the shipment more difficult.

b. How does this situation show the difficulty that may be posed by implementing an international set of standards? (2 points)

IFRS and GAAP regs may not match up in all aspects. Exchange rate differences will also pose threats like losing potential revenue.

2. Trina's Trinkets, a small company based in Philadelphia, has done a healthy amount of business with European customers via its online store. Trina, who worked as an accountant before starting her own business and still does the accounting duties for Trina's Trinkets, has always dreamed of living abroad, and she had begun considering moving her operation to Paris.

a. Ever since she first opened her doors, Trina has practiced a last-in, first-out (LIFO) inventory policy, which has reduced her tax liability substantially. However, she runs into a problem when she realizes that LIFO is not allowed under International Financial Reporting Standards (IFRS). How might this affect her decision? (1 point)

This may affect her decision to move if she is not willing to make the switch in accounting style. even if she IS willing to switch, the IFRS might slow her down.

b. How does Trina's situation reflect the problems that impact the global economy? (2 points)

The switch between IFRS and GAAP regulations pose problems in other aspects of international accounting as well.

3. Rita is an accountant who recently accepted a management role at Chiba Limited, a communications company based in India with an office in the United States. One reason Rita was hired at this company was her experience as an international accountant and her familiarity with International Financial Reporting Standards (IFRS).

Rita soon learns that in India, IFRS standards are not followed, nor are GAAP standards. Instead, India has its own set of accounting standards. These standards are very confusing and seem to apply to different businesses in different ways. How might this pose a problem? (4 points)

She is more likely to make a 'mistake' in her accounting. Even if the way she does things is GAAP or IFRS approved, it may not pass India's accounting standards. More so, if these practices apply to businesses differently, it will make the accounting aspect of deals with other businesses much more challenging.

## **Synthesize (25 points)**

**Explore current issues and developments in general that impact accounting and those of global significance. Research past, present, and projected technological advances that could impact a company and its accounting department.**

1. You are a staff accountant in the accounting department of Cowper Williams Industries, a maker of ball bearings. While the company has been in existence for over 20 years, it has experienced its greatest periods of growth in the past two to three years, thanks to a few revolutionary new patents that have proven very successful. Recently, you attended a company-wide meeting where the chief executive officer (CEO) explained that Cowper Williams would soon be expanding further into the global economy. However, he did not provide details. It is up to you to explore what this will mean for the company and what you need to consider as the accounting department moves forward.

a. Conduct research to determine which current issues impact accounting in the United States. (3 points)

If This company was to go global, they would need to make sure that their accounting processes not only follow GAAP regulations, but also IFRS regs. If expanding operations, the company will probably also hire new work, which brings up other problems; such as maintaining good cybersecurity, keeping accountants, and tax law challenges.

b. Describe how these issues will affect Cowper Williams. (3 points)

If their accounting processes do not already comply with international laws, they will have to redo their entire system, dragging things out. They will also have to find new talented work, and increase cybersecurity if they are to be dealing with more money.

c. Now, focus your research on exploring issues of global significance. What impact will these issues have on the U.S. business and finance sector and on Cowper Williams specifically? (4 points)

International relations with countries Cowper Williams sources materials from matter. If they say, source metal from China, and govts. collide, as they often do, it could slow down production as well as raise costs. The same result would come from increased tariffs.

List any sources you consulted to help you answer these questions:

Me noggin.

2. The CEO of Cowper Williams goes on to add that one of the major changes that your company will be experiencing will involve technology. However, no decisions have been made as to which direction these changes will be headed in, and therefore the employees will be largely put in charge of this development. He then announces that a committee will be assembled to research options. He reads a list of names of people chosen for this committee, and you are very surprised to find your own name on the list.

Your task will now be to research past, present, and projected technological advances that could impact your company and its accounting department. Locate two to three resources to answer the following questions.

a. What examples of technological advances did you find? (3 points)

Tech advances like cloud computing are said to make certain accounting practices faster. Big data and ever-evolving AI can also play a crucial role in getting accounting work done more efficiently.

b. How did or will these advances impact your company? (4 points)

Accounting work should become much quicker and more efficient.

c. How could these advances help or hurt your company? (4 points)

The only real potential downside to doing more accounting and bookkeeping online is the increased risk of cybersecurity breaks or hacking. Doing things online could also pose a learning curve to more seasoned accountants or even people who are tech savvy, but not fully familiar with the software we choose.

d. As a member of the committee, which advances are you likely to recommend?

Why? (4 points)

I would recommend cloud computing and online ledgers. Mostly because I believe it would make accounting processes quicker, and help the company even more overall.

List any sources you consulted to help you answer these questions:

<https://online.maryville.edu/blog/accounting-technology-for-the-future/>

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