

Week 1 - DQ 1

What is the importance of the mission of the FASB?

Response #1

According to fasb.org the mission of the Financial Accounting Standards Board (FASB) is to "establish and improve standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors, and users of financial information." The FASB is operating since 1973 to govern the preparation of financial reports and is responsible for making accounting principles in the United States for the public companies. In this regard FASB function is very important in achieving maximum productivity with minimum wasted effort or expense of the economy. Furthermore, its presence is important because allocation of resources depend on full trust of understandable, concise, transparent, and credible information.

Response #2

The Financial Accounting Standards Board (FASB) was designed in 1973 to be the organization that set the principles that which companies (in the private sector) would have to follow in regards to their financial accounts and reports and is accepted by the Securities and Exchange Commission (SEC) as well as the American Institute of Certified Public Accountants. Having an organization that is able to set these regulations is vital because the financial reports have to be trustworthy and comprehensible. Not only does the FASB create the standards but they also improve them if necessary. As times change and the economy changes these standards will need to be modified.

Response #3

FASB is a private organization responsible for setting the generally accepted accounting principles (GAAP) for business in United States.

The importance of the mission is that FASB helps to establish and improve the standards and quality of financial reports by focusing in reliability, comparability and consistency. The standards reflect any change or method doing in the business and in the economy.

Response #4

Chapter One states that the mission of the Financial Accounting Standards Board (FASB) is to create and promulgate standards of financial accounting for use by the public.

These standards serve as guidelines for FASB, auditors and all users of financial information. They are several ways in which this

can be achieved. They are as follows:

- ensuring the relevance and reliability of financial reporting
- maintaining standards that incorporate current business trends with regard to the economic climate
- resolving quickly deficiencies in significant areas by improving the standard-setting process
- aligning the international comparability of accounting standards, while improving the quality of financial reporting
- ensuring the universal understanding of the reasons and purposes of information contained in the financial reports

In addition, the FASB is responsible for creating generally accepted accounting principles

(gaap) via the Statement of Financial Accounting Standards.

Response #5

According to the Financial Accounting Standards Board (2011), the official mission is "to establish and improve standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors and users of financial information." To achieve this purpose, the board determines a variety of business issues and then examines how those issues impact financial reporting. The FASB then develops standardized guidelines for financial reporting. As accountants, we will be

primarily responsible for complying with established FASB standards. It is crucial for accountants to develop sound financial reports that provide an objective look at a company's financial situation. These tools then provide an effective communication tool between a business and investors.

Reference:

Financial Accounting Standards Board. (2011). Retrieved from <http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1176154526495>