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# The Impact of Accounting Policies and Methods on the Accounting Profession

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**Abstract:** Accounting policies and methods are core elements of accounting practice. Their selection and application directly influence the generation, processing, and reporting of accounting information, thereby exerting a profound impact on the accounting profession. With the continuous improvement of accounting standards, innovations in accounting methods, and rapid advancements in information technology, the accounting profession is facing unprecedented challenges and opportunities. This paper aims to explore the specific impacts of accounting policies and methods on the accounting profession, including enhancing the quality of accounting information, improving the professional skills of accountants, and promoting the development of accounting informatization.

**Keywords:** Accounting policies; accounting methods; accounting profession; impact

## Introduction

Accounting policies and methods form the cornerstone of accounting practices, directly determining the accuracy and reliability of accounting information. In the context of globalization, informatization, and technological advancements, accounting policies and methods are undergoing significant transformations. These changes not only reshape traditional accounting practices but also impose new demands on accountants' professional skills, ethical standards, and career development. Therefore, an in-depth exploration of the impact of accounting policies and methods on the accounting profession is crucial for accountants to adapt to new environments and enhance their professional competencies.

## 1. Overview of the Accounting Profession

The accounting profession plays a crucial role in modern business and social economic activities, making it an indispensable part of these fields. It is not only the language of business activities but also a bridge connecting internal management of enterprises with external stakeholders. The history of the accounting profession is long, and with the development of the commodity economy and the refinement of social division of labor, its functions and importance have become increasingly prominent. From the initial simple bookkeeping to the modern complex financial management and decision-making support, the accounting profession has gone through a development process from basic to advanced, and from



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single to diversified.

The core of the accounting profession lies in providing accurate, timely, and complete financial information, which helps enterprise management understand the operational status, formulate strategic plans, and meet the informational needs of external stakeholders such as shareholders, creditors, tax authorities, and audit institutions. Accountants use professional accounting theories, methods, and skills to confirm, measure, record, and report the economic activities of the enterprise, ensuring the authenticity and reliability of financial information. This process not only requires accountants to possess solid professional knowledge but also demands a high sense of responsibility, meticulous work attitude, and strong professional ethics<sup>[1]</sup>. In modern enterprises, the accounting profession is no longer limited to traditional bookkeeping and financial reporting but is gradually evolving into diverse areas such as management accounting, financial analysis, internal control, and tax planning. Management accounting focuses on providing decision-making support to the internal management of the enterprise. Through budget management, cost control, and performance evaluation, it helps optimize resource allocation and improve economic efficiency. Financial analysis utilizes data from financial statements, combined with market conditions, industry trends, and other factors, to conduct a comprehensive analysis of the enterprise's financial status, operating results, and cash flow, providing a basis for management decisions. Internal control aims to ensure the financial safety of the enterprise, prevent fraud and errors, and maintain the authenticity and completeness of financial information. Tax planning involves reducing corporate tax burdens and enhancing economic efficiency through reasonable tax arrangements, all while complying with tax laws.

## **2. The Impact of Accounting Policies on the Accounting Profession**

### **2.1 The Impact of Accounting Policy Choices on Accounting Professional Judgement**

The impact of accounting policy choices on accounting professional judgement is a core issue in the accounting field. It not only concerns the accuracy and reliability of accounting information but also directly affects the financial status and operational results of enterprises,

thus having a profound impact on investors' decisions. Under the framework of accounting standards and policies, accountants face a wide range of choices. This flexibility not only reflects the adaptability of the accounting profession but also imposes higher requirements on the professional competence and ethics of accountants. Accounting standards, as the basic guidelines for accounting work, provide clear instructions for the processing and reporting of accounting information. However, accounting standards often have a certain degree of flexibility and principles, allowing enterprises to choose appropriate accounting policies within a certain scope based on their own circumstances. This flexibility requires accountants to make professional judgments and decisions based on the specific circumstances of the enterprise, industry characteristics, and market environment when handling specific accounting matters<sup>[2]</sup>. In this process, the ability to make professional judgments and the professional competence of accountants are particularly important. They need to select and apply accounting policies reasonably and accurately, ensuring the authenticity and accuracy of accounting information while adhering to accounting standards. At the same time, the misalignment between accounting regulations also presents challenges to accounting professional judgment. Because there may be inconsistencies or contradictions between accounting standards, accounting systems, and related laws and regulations, this increases the difficulty for accountants when choosing accounting policies. Accountants need to accurately understand the applicability and specific requirements of various regulations in the complex regulatory environment to ensure that the selection of accounting policies complies with legal and regulatory requirements. Moreover, the ambiguity of accounting matters is also an important factor influencing the selection and change of accounting policies.

### **2.2 The Challenges of Accounting Policy Changes to the Accounting Profession**

With the continuous changes in the market environment and the ongoing updates to accounting standards, enterprises often need to adjust their original accounting policies in order to more accurately reflect their financial status and operating results. In this process, the information disclosure requirements, adjustments to accounting workflows, and the

increased demands on accountants' legal awareness and risk prevention awareness due to changes in accounting policies have become important issues that the accounting profession must face. Firstly, the information disclosure requirements arising from changes in accounting policies are the primary challenge faced by the accounting profession. Accounting standards require enterprises to promptly and accurately disclose information when changes in accounting policies occur so that investors and other stakeholders can fully understand the reasons, impact, and the financial status after the changes. This requirement not only tests accountants' professional competence and information processing abilities but also demands higher standards for the enterprise's internal control systems and information disclosure mechanisms. Secondly, the adjustment of accounting workflows required by changes in accounting policies is also one of the challenges the accounting profession must address. Changes in accounting policies often mean a transformation of the existing accounting workflow. Accountants need to redesign workflows, adjust accounting methods, and modify reporting rules in line with the new accounting policies. In this process, accountants must thoroughly understand the new accounting policies, familiarize themselves with their applicable scope and specific requirements to ensure the accuracy and compliance of accounting work. Finally, changes in accounting policies also present new requirements for accountants' legal awareness and risk prevention awareness. Such changes often involve certain legal risks, such as failure to disclose information in a timely and accurate manner, which could lead to lawsuits and regulatory penalties. Therefore, accountants need to strengthen their legal awareness, strictly adhere to relevant laws, regulations, and accounting standards, and ensure the legality and compliance of accounting policy changes.

### **2.3 The Requirements of Accounting Policies for the Professional Competence of Accountants**

In the complex and ever-changing business environment, accountants, as the guardians of an enterprise's financial information, play a direct role in ensuring the accuracy and reliability of accounting information. Their professional ethics, moral standards, and self-discipline are crucial, as they influence the enterprise's reputation, investor confidence, and the healthy development of

capital markets. Therefore, accounting policies' impact on the professional competence of accountants is of utmost importance. On one hand, accounting is a highly specialized profession that requires accountants to have a strong sense of responsibility and integrity. Under the guidance of accounting policies, accountants need to follow principles of objectivity, fairness, and truthfulness to ensure the accuracy and reliability of accounting information. This requires accountants not only to possess solid accounting knowledge and skills but also to uphold ethical standards, avoiding actions that conflict with professional principles for personal gain. Accountants should always maintain a deep respect for the law, strictly adhere to national laws, regulations, and accounting standards, and ensure the legality and compliance of accounting work. At the same time, they must abide by the principle of integrity, truthfully reflecting the enterprise's financial status and operating results, without exaggerating or concealing information, to provide real and reliable accounting information to investors and other stakeholders. On the other hand, accountants face various temptations and challenges in their work, such as conflicts of interest and work pressure. These challenges often test their self-discipline and self-management abilities. Accountants must maintain a clear head at all times, uphold ethical standards, and not violate professional principles for personal gain. They need to continuously learn and practice to improve their professional competence and moral standards, enhancing their self-restraint and self-management abilities. This includes establishing a sound internal control system to ensure the normativity and accuracy of accounting work; strengthening self-supervision and self-evaluation to identify and correct problems and deficiencies in their work; and actively participating in professional training and learning to constantly enhance their professional skills and overall competence<sup>[3]</sup>. Through these measures, accountants can better face the challenges in their work and maintain the purity of their professional ethics and integrity.

## **3. The Impact of Accounting Methods on the Accounting Profession**

### **3.1 The Impact of the Choice of Accounting Methods on the Quality of Accounting Information**

In accounting practice, different accounting methods for handling the same accounting item can lead to vastly

different results. This not only affects the accuracy and reliability of accounting information but also directly impacts the financial status, operating results, and investment decisions of a business. Therefore, the impact of the choice of accounting methods on the quality of accounting information is a topic worthy of in-depth discussion. The differences in results from various accounting methods applied to the same accounting item are evident. In practice, enterprises can select appropriate accounting methods within the scope permitted by accounting standards, based on their operational characteristics and market environment. For example, in inventory valuation, businesses can choose from methods such as FIFO (First In, First Out), LIFO (Last In, First Out), or weighted average. These methods lead to different cost calculations for the same batch of inventory, thus affecting the company's inventory cost and profit level. Similarly, in the case of depreciation of fixed assets, businesses can choose from methods like straight-line depreciation or accelerated depreciation. The choice of method will directly affect the depreciation expenses and the book value of assets. This inherent variability can impact the comparability of accounting information, and investors need to carefully analyze the choice of accounting methods and their effects when comparing the financial status and operating results of different companies. Moreover, the authenticity and accuracy of accounting information is the lifeblood of accounting work, and the primary concern for investors and other stakeholders. The choice of accounting methods directly influences the generation and reporting process of accounting information, which in turn affects its authenticity and accuracy. If a business chooses an inappropriate accounting method, such as over-relying on estimates and judgments, or deliberately selects accounting methods that embellish financial status, the resulting accounting information may become distorted and fail to accurately reflect the company's financial position and operating results. This distortion not only affects investment decisions but may also trigger a crisis of market confidence, negatively impacting the company's reputation and long-term development.

### **3.2 The Application of Modern Accounting Methods and the Challenges for the Accounting Profession**

With the rapid development of technology, informatization and intelligent technologies are

gradually penetrating into all areas of accounting work, bringing unprecedented challenges and opportunities to the accounting profession. The introduction of these technologies has not only greatly improved the efficiency and accuracy of accounting work but has also set new demands for the professional skills and career qualities of accountants, pushing the accounting profession towards higher levels.

(1) The application of informatization and intelligent technologies in accounting work is first reflected in the widespread use of accounting information systems and accounting software. These systems and software automate the processing of large amounts of data, enabling quick input, processing, analysis, and reporting of accounting information, greatly reducing manual labor for accountants and improving work efficiency. For example, the use of electronic invoices, automated reimbursement systems, and intelligent financial robots has made the collection, auditing, and recording of accounting information more convenient and efficient. At the same time, these technologies also provide more accurate and timely information support for corporate decision-making through data analysis and forecasting functions.

(2) The rise of artificial intelligence and big data technologies has brought revolutionary changes to accounting work. Artificial intelligence technology, through machine learning, natural language processing, and other techniques, can automatically identify, classify, and process accounting information, achieving the automation and intelligence of accounting tasks. Big data technology, through the mining and analysis of massive amounts of data, reveals the relationships and patterns between data, creating opportunities for deeper exploration and value creation of accounting information. The application of these technologies not only improves the accuracy of accounting work but also allows accountants to participate more in strategic decision-making and risk management, thus adding greater value to accounting work.

(3) In addition to improving professional skills, the application of modern accounting methods also requires accountants to possess higher professional ethics and moral standards. Driven by informatization and intelligent technologies, accounting information has become more transparent and public. Accountants need to maintain integrity and fairness at all times to

ensure the authenticity and accuracy of accounting information.

## Conclusion

In summary, the impact of accounting policies and accounting methods on the accounting profession is multifaceted. They have not only improved the quality of accounting information and promoted the informatization of accounting but also enhanced the professional skills and career qualities of accountants. With the continuous improvement of accounting standards, the constant innovation of accounting methods, and the rapid development of information technology, the accounting profession is facing unprecedented opportunities and challenges. Accountants must keep pace with the times,

continuously learn new knowledge and skills, and enhance their professional qualities to adapt to the changes in accounting policies and methods.

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