During the 20th century financial accounting regulation appears to have developed as a series of responses to the evolving requirements of an ever-more complex and inter-related business environment.

Accounting-the process for identifying, measuring and communicating information to permit informed judgements and decisions by users of the information. It provides the business functional areas the useful information to make the most effective decisions. If the accounting information can't give the supporting then it is a waste of time and money to produce. So we have known how important the accounting report for the business. But what is the importance for the accounting report? What can make sure if the accounting report is impartial and strict. The answer is a kind of financial accounting regulation.

In the United Kingdom, which we are using for regulating the accounting report now is The Financial Reporting Review Panel (FRRP), the Financial Reporting Council (FRC) and the Accounting Standards Board (ASB) together to make up an organisation whose purpose is to promote good financial reporting. The FRRP and the ASB are operational bodies. The ASB makes, amends and withdraws accounting standards. The FRRP examines apparent departures from the accounting requirements of the Companies Act 1985, including applicable accounting standards, and if necessary seeks an order from the court to remedy them.

The Financial Reporting Council and its companion bodies the Accounting Standards Board and the Financial Reporting Review Panel were established following the report in 1988 of the Review Committee on the making of accounting standards chaired by Sir Ron (now Lord) Dearing CB. The Review Committee had been established by the Consultative Committee of Accountancy Bodies, under whose auspices the Accounting Standards Committee operated, and they accepted its findings, recognising that changes were needed if good financial reporting was to be maintained and improved. In late 1989 the then Secretary of State for Trade and Industry invited Sir Ron Dearing to bring the new arrangements into being. In parallel the Government introduced related provisions into company law: the accounting provisions of the Companies Act 1985 were amended by the Companies Act 1989.A significant company law change affecting annual accounts was provision for the compulsory revision of accounts where the court is satisfied that the original accounts do not show a true and fair view or do not otherwise comply with the requirements of the Companies Act 1985. In these circumstances the court may order that revised accounts should be circulated to all those who received the original accounts, and it may also order that the costs of the court application and of the accounts revision should be borne personally by the directors who were party to the approval of the defective accounts.

The Board (*The Accounting Standards Board is a committee of The Accounting Standards Board Limited. The Accounting Standards Board Limited is prescribed as a standard setting body for the purposes of Section 256(1) of the Companies Act 1985 with effect from 20 August 1990 by The Accounting Standards (Prescribed Body) Regulations 1990 (S.I. 1990 No. 1667). The Accounting Standards Board Limited is prescribed as a standard setting body for Northern Ireland for the purposes of Article 264(1) of the Companies (Northern Ireland) Order 1986 with effect from 15 October 1990, by the Accounting Standards (Prescribed Body) Regulations (Northern Ireland) 1990 (S.R. 1990 No. 338).*) At its meeting on 24 August 1990 agreed to adopt the 22 extant Statements of Standard Accounting Practice (by the SSAPS) issued Councils of the six major accountancy bodies following proposals developed by the Accounting

Standards Committee (ASC)(Prior *to 1 August 1990 accounting standards in the United Kingdom and Republic of Ireland were issued by the Councils of the six major accountancy bodies following proposals developed by the* ASC. *Since 1 August 1990 the Board has taken over the role of issuing account ing standards applicable in the United Kingdom. The Institute of Chartered Accountants in Ireland issues accounting, standards applicable in the Republic of Ireland.)* Adoption by the Board gave these SSAPs the status of accounting standards within Part VII of the Companies Act 1985(*References to the Companies Act 1985 are to that Act as amended by, inter alia, the Companies Act 1989 and the Companies Act 1985 (Bank Accounts) Regulations 1991 (S.I. 1991 No. 2705).)* , (the Act) and within Part VIII of the Companies (Northern Ireland) Order 1986(*References to the Companies (Northern Ireland) Order 1986 (S.I. 1986 No. 1032 (NI. 6)) are to that Order as amended by, inter alia, the Companies (Northern Ireland) Order 1990 (S.I. 1990 No. 593 (N.I. 5)), the Companies (No. 2) (Northern Ireland) Order 1990 (S.I. 1990 No. 1504 (N.I. 10)) and the Companies (1986 Order) (Bank Accounts) Regulations (Northern Ireland) Order (S.R. 1992 No. 258))*.(the Order). This status will apply until each SSAP is amended, rescinded or replaced by new accounting standards. Accounting standards developed by the Board are designated Financial Reporting Standards (FRSs). Accounting standards developed by the ASC and adopted by the Board continue to be known as SSAPs. FRSs are based on the Statement of Principles for Financial Reporting, currently in issue, which addresses the concepts underlying the information presented in financial statements. The objective of this Statement of Principles is to provide a framework for the consistent and logical formulation of individual accounting standards. The framework also provides a basis on which others can exercise judgement in resolving accounting issues.

So the change in the accounting regulation is objective and ensures that the information resulting from the application of accounting standards faithfully represents the underlying commercial activity. Such information can be neutral in the sense that it is free from any form of bias intended to influence users in a particular direction and can not be designed to favour any group of users or prepares. And the new accounting standard board can deal with the ever-more complex and inter-related business environment. In developing accounting standards, the ASB set itself five principal objectives:

1. Exclude from the balance sheet-the statement of assets and liabilities-items that are neither assets nor liabilities
2. Make 'off balance sheet' assets and liabilities more visible by putting them on the balance sheet whenever practicable
3. Ensure that all gains and losses are reported prominently so that nothing can be overlooked
4. Reverse the 'bottom line' mentality by focusing performance reporting on the components of income
5. Use up-to-date measures, when appropriate, if other measures such as historical costs are ineffective.

The new accounting standard can give the public and companies the more honest and faithful financial reporting. On the other hand, given the ingenuity of the human mind in circumventing the purpose of any regulations, it would perhaps be a delusion to think that it was possible to prevent the future development of accounting practices whose purpose was to mislead the user. And I think, up to now the practises improved that the ASB can benefit the users and help them get the right information in order to make better decisions.

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