STATEMENT OF

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Perspectives of standard setters and the accountancy profession on the role of accountancy in economic development

The objective of standard-setters is to create regulation that offers the basis for high quality financial reporting to serve the public interest. Standard-setters have created regulation that is ‘principle based’, for both accounting and auditing. Principle-based regulation requires application in a case-systemic way, which emphasizes a large responsibility with preparers and auditors.

Unfortunately we have seen many examples where preparers and auditors performed sub-standard work, misusing the principle based character of the regulation, for the sake of their own or their client’s interest, thus damaging the public interest. Public oversight so far has not been able to prevent this sufficiently.

Additional regulation and oversight will probably not be sufficient to safeguard proper use of principle based standards. It is inevitable to emphasize the importance of the professional attitude of the individual preparer/auditor in the use of principle based standards. Therefore in accountancy education and in work experience more attention should be given to ethics, moral professional attitude and professional skepticism. This is necessary in developed economies and in emerging and underdeveloped economies.

The present and future justification of the existence of the accountancy profession lies in a high level of integrity of the individual professionals focusing on the public interest.