
Lessons for Testing From Financial Accounting

Consistency in a self-regulated profession

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Definitions

- Accounting
 - Discipline for financial activity
 - Measuring
 - Communicating
 - Interpreting
- Software Testing
 - Discipline for qualitative aspects of computer programs
 - Measuring
 - Communicating
 - Interpreting

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Accounting Tenets

- Assumptions
 - Separate *business* from *personal* transactions
 - Monetary units assumption
 - Time period assumption
- Principles
 - Cost principle
 - Full disclosure
 - Going concern
 - Matching principle
 - Revenue recognition
- Guidelines
 - Materiality guideline
 - Conservatism guideline
 - Cost-benefit of reporting guideline
 - Industry practices guideline

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Monetary Unit Assumption

- All financial values converted to currency
- If it can't be represented as currency, it's not within the scope of accounting
- One underlying “quantum” measure

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Time Assumption

- Comparisons only good over short periods
- Reporting only done for distinct, specified time intervals
- Adjustments made when something material changes during the time intervals

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GAAP

Generally Accepted Accounting Principles

- Basic accounting tenets
- Basic accounting rules
- Standards from the FASB
- Generally accepted industry practices
- Materiality Guideline

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FASB

Financial Accounting Standards Board

- Private, not-for-profit organization
- Develop GAAP within USA
- Operates in the public's interest
- Mission:
 “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.”
- FAF Oversight and selection through eight industry associations

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Full Disclosure

- All information thought to be important to interested stakeholders is included in financial reports
- Includes all information necessary to make *fully informed* decisions

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Conservatism Guideline

- Minimum income values
- Maximum expense values

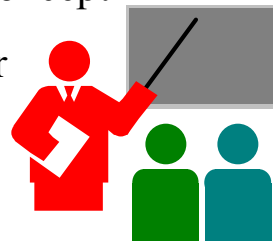
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Summary

- Assumptions, Principles, and Guidelines
- Quality “quantum” concept
- GAAP and FASB for software quality



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