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# 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

