



## Accounting Principles: A Guide for Aspiring Accountants

**Accountants, or auditors, are integral to the financial well-being of businesses. Employers rely on their financial expertise to survey the cash flow of a business and point out financial developments. Accountants ensure that a business functions as a well-oiled machine by performing regular bill payments, tax deductions, and auditing procedures. They report to the chief managers of a business, keeping them informed about the company budget and notifying them of any new financial developments.**

Accounting ranges from basic bookkeeping duties to more sophisticated financial planning. The most basic accounting skills include auditing company expenses, analyzing the company budget, and preparing financial statements. More advanced accounting skills demand the administering of creative financial techniques to make a business more efficient, such as through setting up new computer technology. Many senior-level accountants also help executives adjust the budget during times of profit and loss, maintaining the given business's stability.

Because accounting encompasses so many financial tasks, it is often divided into four categories. First, there is public accounting, in which accountants typically work for public accounting firms or own their own businesses. Their clients include both individuals and corporations. Their work, however, commonly involves auditing financial statements and advising clients on their finances. Many of these accountants are [certified public accountants](#) (CPAs) and specialize in a certain branch of accounting, such as auditing or tax preparation. Public accounting is currently generating new lines of work, such as forensic accounting, in which accountants investigate financial crimes such as embezzlement and money laundering.

Another branch of accounting is [management accounting](#). These accountants, also called private or corporate accountants, are hired by companies to work on-site. Management accountants directly counsel company management on company expenditures and prepare financial reports for chief corporate officers. They may also prepare reports for company stockholders, regulatory agencies, and tax officials.

Another accounting category is government accounting and auditing. These accountants are appointed by governmental agencies to assess the financial records of both individuals and companies under governmental inspection. These accountants

use their strong knowledge of federal, state, or local financial law to determine that those under inspection are abiding by these laws. Federal accountants often work as Internal Revenue Service (IRS) agents.

[Internal auditors](#) make up the fourth branch of accounting. In companies or organizations, they use their expertise to minimize waste, fraud, and mishandling of money. They are especially responsible for maintaining internal controls that prevent these financial mishaps. Since internal controls are often exercised by computers, these accountants work regularly with computers and monitor their functioning. These accountants also keep informed of new accounting technologies that may prompt them to install more advanced software onto the computers.

Computers have made a huge effect on the accounting field. They have removed the need for accountants to meticulously fill in ledgers. Instead, accountants perform data-entry actions on a computer that performs the necessary calculations for them. The lessened fallibility of recent computer accounting programs has gone a long way to decrease recording mistakes and tighten fiscal management. Most accountants attain fluency in a number of computer accounting and bookkeeping programs such as Intuit QuickBooks.

Accounting managers and senior accountants amass as much financial expertise as they can in order to advise their employers on appropriate fiscal actions. They must be especially knowledgeable about tax law, business, and economics to best protect their companies from governmental investigation and economic downturns.

Many accountants earn a bachelor's degree in accounting, business, or a financial field. Getting a CPA certification is a near-prerequisite for the most profitable accounting jobs. In fact, this certification is required by law in order to file a report with the Securities and Exchange Commission



## Accounting Career Profile

(SEC), the agency that administers federal securities laws. To get their CPA certifications, accountants must meet their states' CPA requirements and take an exam offered by their given State Board of Accountancy. These state requirements generally include about 30 additional hours of college coursework, though New Hampshire, Delaware, Colorado, and Vermont waive this requirement. A small number of states even require direct accounting experience before one can take the CPA exam.

Furthermore, most states demand that accountants needing to renew their CPA certification complete several hours of professional education. CPAs can meet this requirement by taking courses, seminars, and other study programs offered by many professional accounting associations.

As far as personal qualities go, accounting demands a facility for mathematics and the ability to easily analyze and interpret financial reports. General knowledge of computers and fluency with accounting software is crucial as more accounting firms base their financial systems on computers. Furthermore, accountants should have good communications skills, since they often work in teams and as consultants.

**Entry-level accountants** often perform the most perfunctory auditing and analytical tasks under a senior-level accountant's supervision. As such, they generally make about \$40,000 annually. Their reliability and accuracy are the weightiest factors for their job advancement, as is their experience and CPA certification. These accountants' salaries increase in step with their experience, with a maximum income of about \$47,000 per year for associate-level accountants. In contrast, senior-level accountants, financial analysts, and budget analysts make an average of \$55,000 per year. From there, managing accountants make about \$64,000 annually, and controllers make about \$75,000 annually. Managing accountants who work for large corporations, such as chief financial officers, may make upwards of \$80,000 per year.

Job opportunities for accountants will grow rapidly in number within the next decade. Recent accounting scandals at major corporations have attracted many people to the profession, though this has also instigated a greater need for advanced accounting knowledge, especially CPA certification. Accountants who have attained their CPA certification, gained a master's degree in accounting, and are proficient in accounting software will enjoy the best job prospects.

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