

Blockchain: The profession will never be the same again thanks to new technologies

By Marcelo Revich, S&A – Auditores y Consultores, Argentina

E: mrevich@sya-argentina.com



Technological advances are reshaping companies' business strategy from one day to the next and they must be ready to face this shifting situation. Accountants are not oblivious to this process.

One of the new economy's tools that are beginning to appear in companies' agendas is the blockchain, a chain of blocks or a decentralised accounting ledger. Although it is known for being the technology upon which the Bitcoin is based, these days the most famous cryptocurrency has—and will have—different uses, such as registering not only money transactions, but also deeds, contracts and possibly even votes.

It is worth noting that the United States' FASB (Financial Accounting Standards Board) has plans to include in its agenda specific accountancy standards to be developed for dealing with digital currencies. The AASB (Australian Accounting Standards Board) has already recognised the need for specific accounting standards due to the lack of clear guidelines in the IFRS (International Financial Reporting Standards).

According to Wikipedia (in Spanish), a blockchain is "a continuously growing list of records, called blocks,... inherently resistant to modification of the data... Once recorded, the data in any given block cannot be altered retroactively... Decentralized consensus...makes blockchains potentially suitable for the recording of events...and other records of management activities..."

The use of blockchains will have great impact in the field of accountancy and above all in auditing companies, since it is especially capable of safely accounting for and controlling huge numbers of transactions. Thus, much

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of the manual work associated with bookkeeping will be removed, making it unnecessary for the accountant to do checks to avoid mistakes. In the auditing profession, the change will be even more radical. Will we still need the auditor to attest to the reasonableness of the account statements? Why will an auditor be necessary if a blockchain can ensure the security and veracity of the transactions?

At the same time, this tool will allow us to make headway in developing triple entry accounting by generating more and better information, and not only quantitatively but qualitatively. For example, we could obtain information linked to cash flows quickly and simply, and thus directly relate the cash flow statement to the general journal.

Obviously, this new technology's usefulness does not stop here; we have mentioned just a few examples.

This could be a revolution, a change of era as happened in the 15th century when Friar Luca Pacioli introduced the double entry system. Indeed, it is hard to believe that even today we still use a system devised more than 500 years ago.

Another point to consider will be the cost involved in applying the new technology in all kinds and sizes of companies. Nevertheless, it is expected to be accessible in