

## WEEK 1 – ACCOUNTING

### Unit Schedule

Week 1-3 – Introduction to Accounting and Ethics and Sustainability

Week 4-9 – Financial Accounting

Week 10-11 – Management Accounting

Week 12-13 – Professional Communication and Revision

### What is Accounting?

Accounting is the recording of financial transactions plus storing, sorting, retrieving, summarizing, and presenting the information in various reports and analyses.

Goal – How to make your business grow?

Where do you get money to finance the expansion?

Decision – Success in Business requires countless decisions

Financial Information – decisions require and other types of information

**Accounting** - plays a key role in the provision of financial information for decision making

It is a “process of identifying, measuring, recording and communicating economic transactions and events of a business operation” – *Carlton et al*

**Accountability** - is a process constructed on the need to be accountable

“The duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible” - *Gary et al. (1996:38)*

### Accounting and its stakeholders

- Society,
- Customer/Individuals,
- Government And Environment,
- Suppliers/Creditors,
- Employee,
- Shareholders

Important part of Investment

Looking at company reliability of making profit. Their profitability. Which company should I invest? Accountants provide financial information so you can make financial decisions.

Managers, individual customers

### Management and Financial Accounting

MANAGEMENT ACCOUNTING	FINANCIAL ACCOUNTING
<ul style="list-style-type: none"><li>• <u>Internal</u> Focus<ul style="list-style-type: none"><li>- Planning</li><li>- Controlling</li><li>- Decision-making</li></ul></li><li>• Cost Behaviour/Break-even</li><li>• Budgeting</li><li>• Strategy</li></ul>	<ul style="list-style-type: none"><li>• <u>External</u> Focus</li><li>• Reporting Information<ul style="list-style-type: none"><li>- Performance</li><li>- Position</li></ul></li><li>• Financing and Investing</li><li>• Legal compliance</li><li>• Highly Regulated</li></ul>

## Various types of Business Organisations

Sole trader – owned by one person

Partnership – owned by more than one individual (e.g. Accountants, solicitors)

Company – organised as a separate legal entity and owned by shareholders (e.g. BHP, Qantas)

### What do accountants do?

**Consultancy** - Tax, audit, advisory, strategy

**Corporates** – large and small which includes Budgeting, forecasting, compliance, risk management, business processes and system

Where do they work?

Corporations, Government, regulatory bodies professional associations & non-for-profit organisation. Some other work includes – research, policy setting, regulations and compliance, budgeting and forecasting, risk management and business sustainability.

## WEEK 2 – ETHICS

### What is Ethics?

“Ethics in its broader sense, deals with human conduct in relation to what is morally good and bad, right and wrong. It is the application of values to decision making. These values include honesty, fairness, responsibility, respect and compassion” - *Institute of Global Ethics*

### Ethics VS Morals

	Ethics	Morals
What are they?	Principles of right conduct	Principles with respect to right or wrong conduct
Where do they come from?	Social system – External	Individual – Internal
Why we do it?	Because society says it is the right thing to do	Because we believe in something being right or wrong

### Ethical Theories

Perspective principles or rules for determining right from wrong

- Beliefs about how people ‘should’ behave
- Principles and methods are used as a guide for avoiding and resolving ethical issues

### Two classifications

- Teleological/ Consequential Ethics
- Deontological/Non-Consequential Ethics

#### Teleological or Consequential Ethics

- The consequences of a decision or action is the determinant of what is right from wrong.
- a morally correct action occurs when benefits costs.
- how you get to the result is important than the outcome itself.
- e.g. telling a lie is OK if people benefit at the end of the day.
- limitation: tends to be a selfish approach to ethics. Emphasis is placed on the individual or majority which may be unfair to the minority or may abuse individual rights

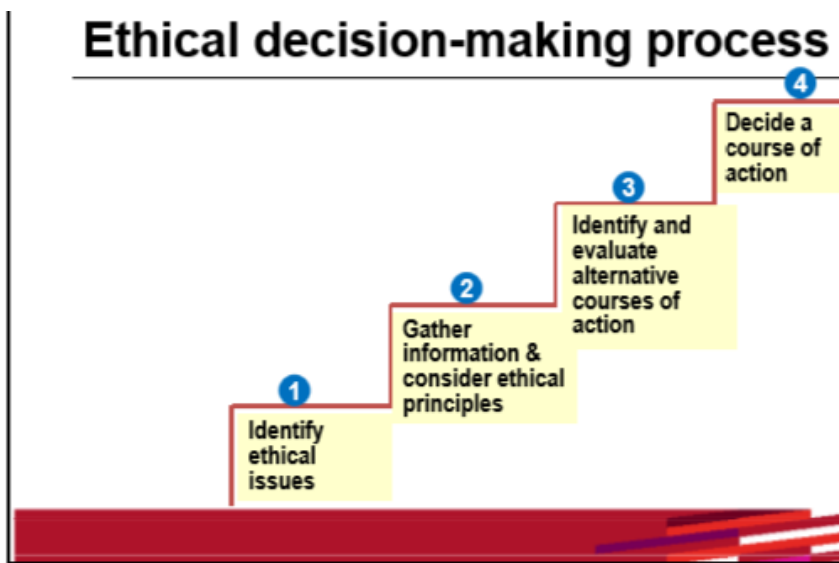
### Deontology or Non-Consequential Ethics

- consequences are not important.
- the intention to do the right thing is more important than the result.
- one does the right thing because it is the “right thing to do”
- e.g. telling a lie is never OK regardless of whether people are better off or not.

#### Example Answer

Theological ethics – Jenny believes that the costs of bribery the harm to her career and possible jail time for having the bribe covered far outweigh the benefits obtained so she rejects the bribe.

Deontological Ethics – Jenny believes that bribery is unethical and dishonest regardless of the consequences. It would be wrong to have someone steal resources.



#### Example 2

1. Jenny, Steven, Shareholders, audit firm, bank, creditors, protentional clients
2. Ethical Issues include – misstating inventory information which is intentional. Management lacks integrity. Bribery is the main issue
3. Ethical dilemma – Accept the money or reject and report the misstatement.