

CHAPTER 18: GOVERNMENT, THE COMMUNITY, AND FINANCIAL INSTITUTIONS

Review Questions 18.1

1. What is the difference between bookkeeping and accounting?

An accountant might develop the accounting system for a specific business in response to its unique needs, while it is the role of the bookkeeper to ensure that records are kept and the system is used to an optimal level.

2. Why do professional associations require registration and a specific level of study?

Members are required to have a high level of professional expertise, and may be called upon to assist with decision making for a variety of business and personal needs. Individuals in these roles are needed to interpret information, develop policies and enable risk management.

3. Summarise the membership requirements of the three major professional accounting bodies in Australia.

Membership:

CPA Australia

- Education and training
- Technical support of members
- Advocacy
- Represent the profession

Chartered Accountants Australia and New Zealand

- Advocacy and leadership
- Influence policy
- Act in the public interest
- Educating candidates and members

Institute of Public Accountants (IPA)

- Support member needs
- Provide education
- Lobby on legislative issues
- Products and services for members

4. List areas of specialisation in the provision of financial services.

Specialist areas:

- information and communication technology
- auditing
- insolvency
- management accounting
- financial planning
- taxation and treasury.

5. *What are the main categories of financial association found in Australia?*

Categories:

- Stock market
- Business financing
- Superannuation
- Investing
- Insurance

6. *What are the expectations of the professional accounting and financial associations in Australia, as outlined in the Australian Financial Service Reform Act 2001?*

Expectations of A&F professionals

- Independence
- Integrity
- Truthfulness
- Objectivity
- Honesty
- Reliability
- Fairness

Review Questions 18.2

1. *Draw a mind map summarising key ethical business principles.*

Ethical principles to map (for example): Integrity, objectivity, professional competence and due care, confidentiality, professional behaviour.

2. *Draw a diagram showing the decisions to be made when resolving an ethical dilemma.*

Resolving an ethical dilemma:

- Outline all relevant facts
- List the ethical issues
- Decide which of the Fundamental Ethical Principles apply
- List the businesses established internal procedures
- List all alternative courses of action and the consequences of each one

3. *List and define eight types of ethical dilemma. Give one example for each.*

Types of ethical dilemmas:

- **Professional Appointment:** Ensure there are no questionable matters in relation to the client, and only agree to perform work if competent
- **Conflict of Interest:** Make sure business interests or client relationships do not clash with objectivity or confidentiality
- **Second Opinion:** Can be asked to give a judgment on the use of accounting or auditing principles by a company that is not presently a client
- **Remuneration:** Quote a fee for services that will allow the work to be carried out properly, and disclose all relevant referral fees
- **Marketing Services:** Advertise truthfully and don't make embellished claims about services offered or qualifications possessed, nor make disparaging references to others