

Intro to Accounting

ACCOUNTING MAKES THE
WORLD GO ROUND!



Agenda

- Language of Business
- Mode of Communication
- Users of Accounting Info
- Intro to Accounting Ethics
- Disciplines within Accounting
- Various Global Accounting Designations



Language of Business



- The language of business is accounting, and if you don't understand the language, your chances of success are reduced.

Unanimously Held View of Executives

- Knowledge of accounting and finance usually leads to successful careers
- Accounting is essential to understand for employees & business owners



Mode of Communication

- Every business produces an annual report
 - how well a business is performing
 - for the people inside and outside of that business
- The annual report consists of financial statements



Mode of Communication

- 4 Financial Statements:
 - Balance Sheet
 - Income Statement
 - Owner's Equity / Retained Earnings
 - Cash Flow



- F/S measure economic phenomena of the business

Primary Users of Accounting Info

1. Investors or potential investors
 - Someone who invests money in a business to make a profit
2. Creditors or potential creditors
 - Someone who lends money to a business to make income
3. The government (for taxes)
4. Employees (for salary increases, job growth)
5. The management (for bonuses)



Users of Accounting Information

Internal Users



**Managers
Officers
Internal Auditors
Sales Managers
Budget Officers
Controller**

External Users



**Lenders
Shareholders
Government
Labour Unions
External Auditors
Customers**

Intro to Accounting Ethics

- I. **Competence:** After becoming accountants, all accountants are expected to **maintain the required skill level** to perform their duties and serve their clients effectively.
- II. **Confidentiality:** Accountants often deal with **sensitive information** and their clients have to be able to **trust** them with this information.



Intro to Accounting Ethics

- III. **Integrity:** Accountants are expected to conduct themselves **honestly and do the right thing.**
- IV. **Objectivity:** Accountants must be able to view matters clearly and in a way that is **free from bias** and conflicts of interest.



Disciplines within Accounting

- **Financial Accounting**
 - Regular accounting that we use
 - Focus of our course
- **Taxation** (highly specialized area)
 - The only user is the government
- **Management Accounting**
 - Focuses on budgets and sales targets
- **Accounting Theory**
 - Philosophy of accounting
 - Changing rules/standards
- **Auditing/Assurance**
 - To check if the accounting work done by another is correct
 - The study of auditing focuses on the process to audit



Global Accounting Designations

Various Designations

- CPA
- CA
- CGA
- ACCA
- CIMA
- CIA
- CBV

General Requirements

- University Degree
 - Major in Accounting or Accounting/Finance
- 3 – 5 years of approved work experience
- 3 – 5 professional exams



3 Sources of Accounting

Most rules of accounting are found in *CPA Canada Handbook Accounting & Assurance*

1. Accounting Handbook

- Set by *Standards Accounting Board*
 - Part I: IFRS (set by IASB – *International Accounting Standards Board*)
 - Part II: ASPE
 - Part III: Not-for-Profits
 - Part IV: Pension Plans
 - Part V: Old GAAP

2. Assurance Handbook

- Set by *Auditing & Assurance Standards Board*
 - CAS
 - IAS

3. Income Tax Act

