

Professional Practices in IT

RIGHTS

-ve rights

- ↳ require restraint by others
- ↳ my right not to be
 - ↳ killed/robbed/poisoned/harmed
 - ↳ personal privacy
 - ↳ religion
 - ↳ freedom of speech
- ↳ doesn't require others to take action to keep me alive
 - e.g. Putting locks and guards to save me from being robbed

+ve rights

- ↳ implies others have a duty towards the right holder
- ↳ by birth rights → basic rights
- ↳ government gives
 - ↳ obligation to receive
 - ↳ roti, kapra, makan
- ↳ education

Legal rights

- ↳ enforced through law
- ↳ there's punishment for violation

Moral rights

- ↳ not enforced by law, independent from law
- ↳ cultural norms, behavioral norms
 - ↳ respect elders
 - ↳ religious teachings
 - ↳ manners
- ↳ transmitted by
 - ↳ word of mouth
 - ↳ religious teachings
- ↳ you decide based on bad/good conscious
- ↳ no punishment, except feeling of guilt

CASE 1: POLLUTING THE ENVIRONMENT

Moral Stance

- ↳ don't throw waste papers on the ground
- ↳ it will pollute the environment

Legal Stance

- ↳ can't make case legal

CASE 2: OLDIES GET A SEAT IN A LOADED BUS

Moral Stance

- ↳ youngsters should give elders a seat

Legal Stance

- ↳ label some seats for elders
- ↳ fine those youngsters that don't give away seats to the elders

CASE 3: PASSWORD PRIVACY IN AN ORGANIZATION

Moral Stance

- ↳ no one should share their password
- ↳ else data can be tampered/stolen

Legal Stance

- ↳ if anyone leaks someone's password
- ↳ they should pay a fine
- ↳ and suspend for a day

CASE 4: AN INSTITUTE GIVING DEGREE TO THOSE ELIGIBLE VS GIVING DEGREES WHICH ARE NOT RECOGNISED

Moral Stance

- ↳ no one is supposed to give degrees
- ↳ unless requirements are fulfilled

Legal Stance

- ↳ unrecognised degrees are not valid

Profession

VS

OCCUPATION

- ↳ needs extensive training
- ↳ can be called occupation if paid for his particular skill
- ↳ has to undergo higher education
- ↳ tends to be autonomous demands responsibility lies with the individual

- ↳ A person involved in a job and earning money means having that job as an occupation
- ↳ doesn't need extensive training
- ↳ aren't paid for knowledge but for what they produce
- ↳ no one has autonomous power life is supervised by another person

Example:
A doctor teaching in a school, college or university has an occupation of teaching. A carpenter, a driver etc..

Characteristics of Profession**1. Mastery of an Esoteric Body of Knowledge**

- ↳ a member of profession needs this body of knowledge in order of knowledge
- ↳ may often embrace a division b/w researchers and practitioners

acquired through higher education

2. Autonomy

- ↳ They have autonomy both at collective level and individual practice
- ↳ sets its own standard rather than taking orders/suggestions from outsiders

3. Formal Organization

- ↳ A professional organization that
- ↳ controls admission to the profession
- ↳ involved in licensing and expelling its individual members

4. Code Of Ethics

- ↳ must be adhered to, no matter what their employment context

5. Social Function

- ↳ Medicine promoting health
- ↳ lawyers for justice

Professional Bodies

Professional Association
Professional organization
Professional society

- ↳ Professionals are organised into 1 > Professional bodies
- ↳ It is a non profit organization
- Seeking to further a particular profession
- ↳ Starts by a group of people in a learned occupation who are entrusted with maintaining control of the occupation

Functions of Professional bodies

- ↳ establishing a code of conduct
 - ↳ to regulate how members behave in their professional lives
 - ↳ to discipline members who breach this code
- ↳ establishing mechanisms for spreading
 - ↳ knowledge of good practices
 - ↳ new developments to its members
- ↳ through
 - ↳ publications
 - ↳ conferences
 - ↳ worldwide web
- ↳ setting standards of education and experience
 - ↳ that must be met by people wishing to become members of this society
- ↳ advising government and regulatory bodies about matters within its area of expertise.

Reservation of Title

- ↳ only those qualified are allowed the title of profession

Reservation of function

- ↳ certain activities are restricted to people with appropriate qualifications

Is Computing a Profession?

↳ does not appear to be a 'Profession' in the strictest sense, as computer professionals

↳ have an esoteric body of knowledge

↳ have varying degrees of autonomy 

↳ There is no single organization governing it 

↳ It is an activity which supports social institutions

- Computing does not appear to be a 'profession' in the strictest sense, the way law and medicine are professions, but it is more of a 'profession' than many other occupations.

Software Engineering

↳ It is an area of computing that emerges as a distinct profession, within the field of computing

- ▶ This trend seems to have been created by the initiative of individuals in the field concerned about the quality and safety of the software being produced and sold.
- ▶ Developing software engineering as a distinct field involves several of the activities.
 - ▶ For example, it means identifying a unique body of knowledge that a person must possess to be competent software engineer.
 - ▶ It means developing educational requirements (curriculum) such that the person who meets the requirements is more likely to produce a quality, safe software than someone without training.
 - ▶ It means developing mechanisms for licensing of members.
 - ▶ This will include identifying or creating the proper organization for issuing licenses and identifying requirements for obtaining a license, such as passing an exam or acquiring a certain number of years of experience.
- ▶ Another requirement for professionalization is a code of ethics.
- ▶ The state of Texas has boldly taken the first steps in this process and has established software engineering licensing in its state.
- ▶ The Texas initiative is a serious attempt at setting standards in the field.

Characteristic of Engineering

- ↳ Software development is now regarded as engineering
- ↳ There are 2 constraints on the characteristic of engineering

1. Must meet the requirements concerning their functionality, performance, reliability
2. The process of designing and building the object must be completed within specified constraints of time and budget.

The Status of Engineers

- ↳ It's illegal to call yourself engineers unless you are registered with the State Engineers Registration Board
- ↳ It's illegal for a company to use the word 'engineering' in its name unless it employs at least one registered engineer
- ↳ Academic programmes that have the term engineering in their title must be taught mostly by registered engineers
- ↳ It is illegal to carry out engineering work except under the supervision of a registered engineer.

WASHINGTON ACCORD

- ↳ An international accreditation agreement for professional engineering academic degrees

Agreements covering mutual recognition

There are 3

1. The Washington Accord

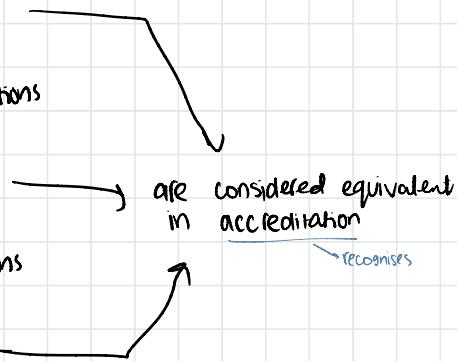
- ↳ signed in 1989, the first
- ↳ recognises professional engineering qualifications
- ↳ MPicalls for 4 years

2. The Sydney Accord

- ↳ in 2001
- ↳ recognises engineering technology qualifications
- ↳ MPicalls for 3 years

3. The Dublin Accord

- ↳ in 2002
- ↳ recognises technician engineering qualifications
- ↳ MPicalls for 2 years



Professional Bodies in Computing

- ▶ The development of Professional Bodies in Computing
 - ▶ 1946: The Institute of Electrical and Electronic Engineers (IEEE):
A professional engineering society basically USA based but with members and activities spread worldwide. This was the IEEE Computer Society (IEEE-CS). It has over 100,000 members.
 - ▶ 1947: Association for Computing Machinery (ACM):
USA based but have members and activities in many countries. It has over 75,000 members
 - ▶ 1957: British Computer Society (BCS):
UK based society. In mid 1960's it became a qualification awarding society. Then in 2009 it named itself as BCS- The Chartered Institute of IT.
 - ▶ 1871: Institution of Electrical Engineers (IEE):
It has over 130,000 members.
 - ▶ 1961: Italian Association for Informatics and Automatic Computing
 - ▶ 1965: The Computer Society of India
 - ▶ 1966: Australian Computer Society
 - ▶ 1967: the Singapore Computer Society and the Irish Computer Society
 - ▶ 1969: German Informatics Society
 - ▶ 1976: The Computer Society of Sri Lanka
 - ▶ 1998: The Computer Society of Mauritius

Code of Conduct

- ↳ All professional bodies have a code of conduct
- ↳ The BCS's code of conduct is divided in 4 sections

1. The Public Interest

- ↳ Regard Public health, privacy, security, well being of public
- ↳ Regard rights of third party
- ↳ conduct professional activities w/o personal biasness
- ↳ Promote equal access to the benefits of IT

2. Duty Of the Relevant Authority

- ↳ Avoid conflicts of interest
- ↳ Avoid misrepresentation
- ↳ Don't Pass confidential information w/o permission

3. Duty to the Profession

- ↳ Accepting personal duty
- ↳ Avoid actions that harm the image of the profession
- ↳ Seek to improve professional standards
 - through participation in their development, use and enforcement.
- ↳ Encourage and support fellow members in their professional development

4. Professional Competence and Integrity

- ↳ only take offers that are within your professional competence
- ↳ do not claim any level of competence that you do not have
- ↳ Get up to date knowledge within your related field
- ↳ Respect and value alternate viewpoints
- ↳ seek, accept, offer honest criticisms of work
- ↳ Avoid harming others by negligent actions
- ↳ Reject bribery

PROFESSIONAL BODIES IN COMPUTING

BCS

Education

- ↳ BCS promotes education in a number of ways
- ↳ approves organizations offering courses for professional exams
- ↳ accredits degree programs at higher education institutions
- ↳ sets the syllabus and accredits organizations for short courses

The Professional Examinations

- ↳ introduced in 1973
- ↳ recognises skills and lead to qualify for membership
- ↳ The stages are
 - ↳ Certificate
 - ↳ Diploma
 - ↳ Professional Graduate Diploma

means a course has fulfilled the educational requirement

Accreditation and Exemption

- ↳ a course may qualify for full or partial exemption from the HEC
- ↳ students graduating from such courses can attain professional membership

Higher Education Qualifications

Short Courses

- ↳ BCS offers a variety of short courses designed to train industry staff

Continuing Professional Development

"The systematic maintenance, improvement and broadening of knowledge and skill and the development of personal qualities necessary for the execution of professional and technical duties throughout the individual's working life."

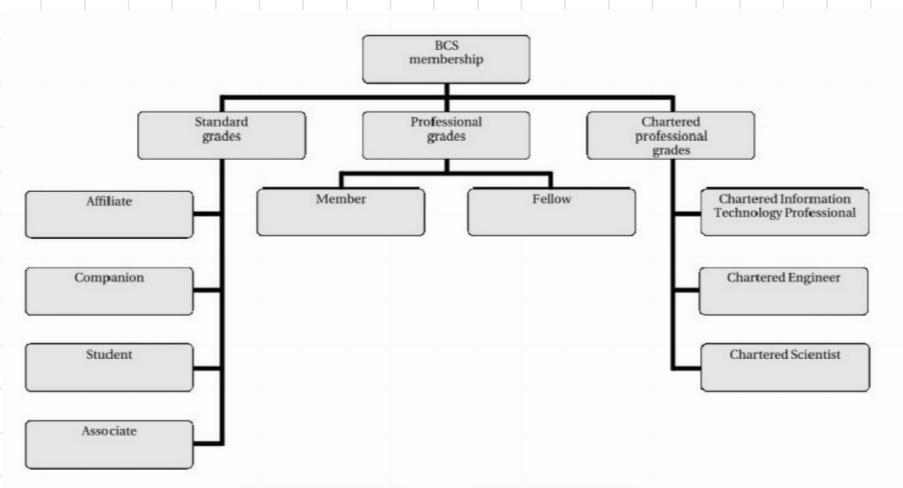
Activities

- ↳ CPD services to individual members
 - ↳ Computer Bulletin
 - ↳ Keeping up-to-date info of latest computer and development
- ↳ Career development and CPD services to the industry
 - ↳ Resolving IT staff issues of placement in the industry and training

The Advancement Of Knowledge

- ↳ The first action of BCS was to establish The Computer Journal
- ↳ It was published in 1958, and regularly ever since
- ↳ currently, 6 issues a year are published

Membership Grades



► **The standard grades:**

- Affiliate: open to anyone with an interest
- Companion: members of other professional bodies with at least five years' work experience related to information systems
- Student: open to those following an approved course of study leading to a qualification recognized for admission to Associate or Professional membership of the Society.
- Associate: Associate membership is open to anyone who has any of the following:
 - more than one but less than five years of IT work experience;
 - a Higher National Certificate in an IT-related field;
 - a non-accredited degree with a significant IT content.

► **The professional grades**

- **Membership:** In order to qualify for membership in the professional grades, you must have one of the following:
 - the BCS Professional Graduate Diploma including the project;
 - an honours degree that gives you full exemption from the BCS examinations;
 - five years of relevant professional IT work experience;
 - some combination of academic qualifications and professional IT work experience that is judged to be equivalent to one of the above.
- **Fellow:** Fellow is the most senior professional grade. It is open to applicants who can demonstrate a minimum of five years IT practitioner experience, senior post and authority in that field.

► **The chartered professional grades**

- Member or Fellow holding the BCS Professional Graduate Diploma including the project or an honours degree that gives you full exemption from the BCS examinations and you must have five years of relevant professional IT work experience.

► **The Professional Advice Register**

- It maintains a register recording their members in relevant areas

Organization

- ↳ It is a group of people working together in a formal way
- ↳ Legal existence is a must for it
 - e.g. Schools, colleges, hospitals, banks
Private company, government

Commercial Organizations

- ↳ Profiting
- ↳ People with particular skill set, strategy, resources work together
- ↳ The law offers several ways of setting up and operating it for e.g. as a
 - ↳ Sole trader
 - ↳ Partnership
 - ↳ Cooperative
 - ↳ limited company

Non Commercial Bodies

- ↳ non Profiting
- ↳ Staff working as volunteers / nominal pay
- ↳ Charity or Government runs it

Ways Organizations gain legal status

1. Sole trader

- ↳ A person who runs their own business
- ↳ There's no legal formalities to become one
- ↳ If generated income is large enough
 - ↳ You can register with customs and tax → isn't necessary
- ↳ 73% business in the US use this approach

cons

- ↳ A sole trader is responsible for all business debts meaning personal assets are at risk if business fails
 - ↳ e.g. family home

2. Partnership

- ↳ when a group of people run a business together to make a profit and the business is not a limited company
- ↳ 73% business in the US use this approach

cons

- ↳ difficult to liquidate
- ↳ non transferable
- ↳ if any partner dies, the partnership agreement dissolves
- ↳ share rate

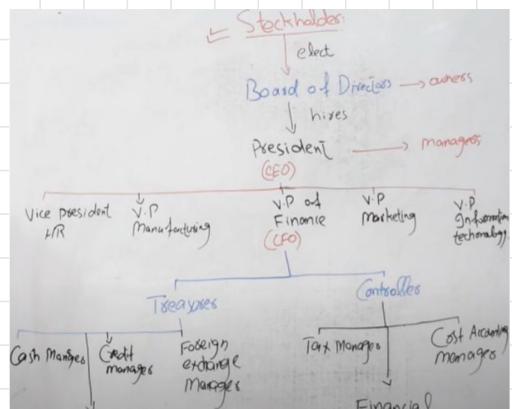
3. Cooperatives

eg agriculture

- ↳ stockholders include both common and preferred shareholders
- ↳ legal entity
- ↳ legal power reside to sue and to be sued
- ↳ generate 90% of the revenue in any economy

cons

- ↳ double taxation
- ↳ no secrecy



4. Limited Companies

- ↳ there are 3 key principles
 1. The company is a separate legal entity distinct from its employees and owners
 2. Ownership is divided into shares which can be bought and sold → Shareholders
 3. Shareholders aren't responsible for the company debts they can only lose the amount invested in shares

The Constitution of a limited Company

- ↳ For a company to be registered, it must have a constitution
- ↳ It consists of 2 documents
 1. Memorandum of association
 2. Articles of association

Memorandum

- ↳ It is a document that includes the following
 - ↳ The company's name must be unique
 - ↳ not include country name or restricted words
 - ↳ The country/countries where the company is registered
 - ↳ office will be located
 - ↳ The company's business purpose,
 - ↳ which may state it will operate as a general commercial company
 - ↳ A liability clause stating that members liability is limited
 - ↳ in case of a company limited by shares
 - ↳ Details of the company's authorised share capital
 - ↳ including the no. and value of its share
- ↳ Declaration of Association
 - ↳ The memorandum concludes with a declaration of Association
 - ↳ along the following lines

We, the several persons whose names, addresses and descriptions are written below, are desirous of being formed into a company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the company set out opposite our respective names.

Table A

- ↳ is a standard set of articles of associations
- ↳ provided by the Companies Act 1948
- ↳ to simplify company formation
- ↳ Companies often use Table A as their base
- and only modify it where necessary

Directors

- ↳ The one who runs the company
- ↳ has duty towards shareholders and company employees
- ↳ must devote himself to the company's benefits
and avoid personal interest
- ↳ is liable for any wrong decision

Setting Up A Company

1. Form a Group
 - ↳ Gather individuals who agree to contribute funds to establish the company
2. Register the Company
 - ↳ register the organization as a limited company
in accordance with the law
3. Consider Professional Help (Optional)
 - ↳ hire an accountant and legal advisor if needed
4. Alternative Option
 - ↳ Purchase a ready made company
from an agent and customise as required

Financing a start-up company

CAPITAL

- ↳ needed to make the product/service and live while you are making it

WHY CAPITAL IS NEEDED

- To buy the things you need to make the product or to provide the service, and to live while you are making or doing it.
- Clients and customers usually do not pay before getting the services or product.
- For any business there must be a certain amount of capital in hand.

Examples

Mobiles and mobile company, a burger shop, painting of houses, computer services, software developments and software companies etc

Factors involving Capital

- ↳ When developing, a large amount is needed up front as there will be no revenue during this period.

- ↳ Cash will be required for

- ↳ Salaries for founders and staff
- ↳ Rent, utilities, office expenses → e.g. stationery, travel
- ↳ Cost of advertising and marketing
- ↳ Miscellaneous expenses → travelling expenses
- ↳ Interest on borrowed funds

The Business Plan

- ↳ To start a business plan

1. PLAN

- ↳ Define your business idea, goals, benefits

2. SET TARGETS

- ↳ Establish what you aim to achieve

3. CREATE A BUSINESS PLAN DOCUMENT

- ↳ Document your plans to represent to funders

demonstrating they are well thought out and realistic

- ↳ If you have the business plan, you are in a position to approach people who might be willing to lend you money, invest money in your company, or even give you money.

Business Plan document

- ↳ It should contain

↳ Company Description

- ↳ Details on what the company will do

- ↳ Its technical feasibility

- ↳ The expertise of the founders

↳ Market Analysis

- ↳ Info about the target market

- ↳ Its estimated size

- ↳ Assessment of the competition

↳ Prediction of Financial Performances

- ↳ Budgets

- ↳ Cash flow predictions

- ↳ Projected balance sheets

- ↳ Profit and loss statements

Business plans are not predictions

- It is a mistake to think of a business plan as a prediction of what will happen when and if you succeed in starting your company.
- It should be seen much more as a scenario that demonstrates that your company has a reasonable chance of success.
- The attempt to produce a business plan will often show that what a new company is trying to do has very little chance of succeeding.

Moral story:

The story of the village girl making castles in the air

SOURCES OF FINANCES

1. Grants

- ↳ funds given to a company with the following conditions
 - ↳ The company must use the grant as specified
 - ↳ Grant does not need to be repaid
 - ↳ Grants are usually provided by government unions or charities
- ↳ Grants typically
 - ↳ intend to assist with capital investment → premises or equipment
 - ↳ Subject to a no. of conditions ↳ needing to raise additional capital
 - ↳ covers only a portion of the capital investment that the company proves it has made

Loans

- ↳ funds given to a company with the following conditions
 - ↳ The company must pay interest which may be fixed or variable
 - ↳ The loan is set for a fixed period
 - ↳ The company must repay the loan
 - ↳ If the company liquidates
 - ↳ the lender can recover the loan from company's assets
 - ↳ security is usually required for a loan
 - in most cases

Equity Capital

- ↳ Equity Capital
 - ↳ money paid ^{invested} to a company in exchange for ownership shares
- ↳ Business Angels ^{→ Venture Capitalist}
 - ↳ are wealthy individuals who provide equity capital to start-ups and small companies that are seeking to grow rapidly

Gearing

- ↳ is the relationship b/w a company's loan capital and equity capital
- ↳ It shows how much of the company's financing comes from debt vs equity

Financial Accounting

Annual Report

↳ Provides details about the company's activities and performance over the past years

↳ It consists of 3 items

1. Balance sheet

2. Profit and loss account

3. Cash flow statement

} Financial Statements

Provides a picture of the overall financial health of the business

↳ When a limited company is liquidated, shareholders lose the amount they invested
to monitor company performance Annual reports are required

In UK the law requires that, every year, the company produces an annual report, which must be filed at Companies House.

1. Balance Sheet

↳ financial statement in the annual report which shows

↳ what the company owns → its assets

↳ what it owes → its liabilities

Key words

- Current Assets
- Fixed Assets
- Depreciation
- Tangible
- Intangible
- Current Liabilities
- Fixed Liabilities

	2002	2003
Current assets		
Cash	\$ 700,000	\$ 170,000
Accounts receivable	850,000	600,000
Inventory	180,000	220,000
Total current assets	\$1,730,000	\$ 990,000
Property, plant, & equipment		
Land	\$ 800,000	\$1,400,000
Building	1,000,000	700,000
Equipment	1,050,000	900,000
	\$2,850,000	\$3,000,000
Less: Accumulated depreciation	(480,000)	(360,000)
Total property, plant, & equipment	\$2,370,000	\$2,640,000
Total assets	\$4,100,000	\$3,630,000
Liabilities		
Current liabilities		
Accounts payable	\$ 270,000	\$ 200,000
Wages payable	20,000	50,000
Total current liabilities	\$ 290,000	\$ 250,000
Long-term liabilities		
Long-term loan payable	900,000	1,800,000
Total liabilities	\$1,190,000	\$2,050,000
Stockholders' equity		
Preferred stock	\$ 300,000	\$
Common stock (\$1 par)	910,000	900,000
Paid-in capital in excess of par	370,000	300,000
Retained earnings	1,330,000	380,000
Total stockholders' equity	\$2,910,000	\$1,980,000
Total liabilities and equity	\$4,100,000	\$3,630,000

Balance sheet

- ↳ ASSETS
 ↳ LIABILITIES
 ↳ STOCKHOLDERS EQUITY
 ↳ Net worth

Year 1

Year 2

TABLE 6.1 Balance sheet for a student

	2004	2003
ASSET		
Cash in hand	25	40
Cash at bank	361	220
Pre-paid accommodation	300	200
Debts owed by friends	18	0
Computer	400	600
CD player	160	180
Total assets	1,264	1,240
LIABILITY		
Credit card bill	174	64
Student loans	4,800	1,900
Total liabilities	4,974	1,964
NET WORTH		
	(3,710)	(724)

2. Profit and loss account

↳ shows

↳ how much money has been received

↳ how much has been spent in a given period

→ usually the organization's financial year

↳ In case of non-profit-making organization

it is called income and expenditure account

Profit and Loss Account

www.Tally9Book.Com Baituni, Orissa Mobile: 094457 87738 Profit & Loss Acc		
Particulars	1-Apr-2009 to 30-Sep-2009	1-Oct-2009 to 31-Mar-2009
Trading Account :		
Sales Accounts		
CST	1,28,33,000.00	1,31,31,247.14
Local Sales	98,29,672.00	10,90,000.00
Sales @ 20%		14,24,153.80
Sales of Consulting Services	23,800.00	1,26,000.00
Sales A/M for Computers	30,000.00	35,000.00
Sales - M		7,24,500.00
Sales Bills to Make		3,74,000.00
Cost of Sales:	1,01,45,431.09	1,25,27,617.44
Operating Stock		14,24,153.80
Add: Purchase Accounts	1,37,51,387.00	11,44,47,214.80
Less: Closing Stock	24,22,573.41	13,60,831.73
	133,29,213.59	13,60,831.73
Direct Expenses		
Assuming Charges	16,620.00	16,620.00
George Comedy	9,120.00	9,120.00
Gross Profit :	24,88,165.91	62,09,575.82
Income Statement :		
Indirect Incomes	24,08,165.91	62,09,575.82
Indirect Expenses		
Depreciation on Fixed Assets	8,22,096.49	16,36,653.32
Interest & Premium on Bonds	475.00	6,07,827.00
Operating Expenses	5,46,736.00	55,044.37
Salaries & Wages Paid	6,03,000.00	1,74,812.40
Selling & Distribution Expenses	6,100.00	13,300.00
Employee PF Contributions	4,411.00	1,23,000.00
Employee PT Contributions	21,569.49	22,807.00
Bonus		50,000.00
Phone/Promotion Expenses		25,000.00
Legal Fees	16,500.00	16,500.00
Marketing Expenses		2,600.00
Research & Development Expenses		10,000.00
Nett Profit :	16,66,469.42	45,72,922.56

Profit loss account

XYZ Software Ltd	2004	2003
Profit and Loss Account		
Year ending 31 October 2004	£'000	£'000
TURNOVER		
Continuing operations	14,311	11,001
Acquisitions	407	
Total turnover	14,718	11,001
Cost of sales	(11,604)	(8,699)
Gross profit	3,114	2,302
Other operating expenses	(1,177)	(805)
OPERATING PROFIT	1,937	1,497
Interest payable	(23)	(27)
Profit on ordinary activities before taxation	1,914	1,470
Tax on profit on ordinary activities	719	480
Retained profit for the year	1,195	990

Income expenditure account

Income and Expenditure Account		
Year ended 31 October 2004	2004	2003
INCOME		
Contribution from parents	1,500	1,300
Income from summer job (net)	1,840	1,682
Total income	3,340	2,982
EXPENDITURE		
Course fees	1,050	1,025
Hall fees	2,100	1,980
Books	30	25
Clothes and personal items	179	120
Transport	134	112
Food	1,400	1,247
Entertainment	1,303	840
Depreciation	220	220
Total expenditure	6,416	5,569
EXCESS OF INCOME OVER EXPENDITURE	(3,076)	(2,587)

3. CASH FLOW Statement

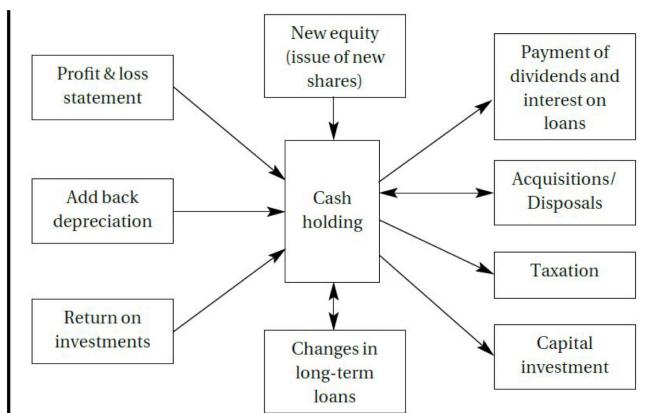
↳ the link that ties the balance sheet and profit and loss account to the capital expenditure

Parents usually investigate about the expenses of their kids. Often during childhood we were asked for where we spent our money. If we bought anything we were asked from where did the money come.

Thus creating a flow "from where to where" these accounts show cash flow.

CASH FLOW STATEMENT			
FOR THE YEAR ENDED 30 JUNE 2008			
	Note	2008 \$'000	2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows:			
Output receipts		5,974	5,765
User charges		223	181
GST input tax credits from ATO		141	145
GST collected from customers		23	24
Interest receipts		-	9
Outflows:			
Employee expenses		(4,498)	(4,468)
Supplies and services		(1,432)	(1,221)
GST paid to suppliers		(145)	(147)
GST remitted to ATO		(25)	(22)
Other		(35)	(41)
Net cash from operating activities	16	226	225
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows:			
Outflows:			
Payments for plant and equipment		(8)	(28)
Net cash provided by (used in) investing activities		(8)	(28)
CASH FLOWS FROM FINANCING ACTIVITIES			
Inflows:			
Equity injections		40	-
Outflows:			
Equity withdrawal		-	(120)
Net cash provided by (used in) financing activities		40	(120)
Net increase (decrease) in cash held		258	77
Cash at beginning of the financial year		221	144
Cash at end of the financial year	8	479	221

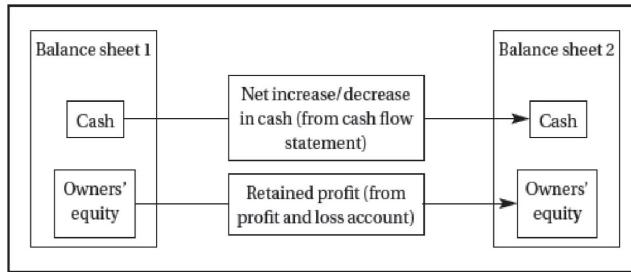
The accompanying notes form part of these statements.



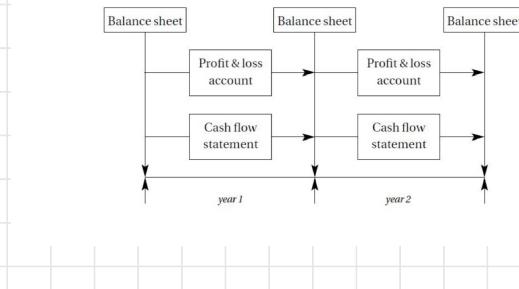
The Overall Picture

- ↳ To assess a company's financial state, you need to consider
 - ↳ balance sheet
 - ↳ profit and loss account
 - ↳ cash and flow statement
- ↳ together
- ↳ each statement should not be viewed in isolation
 - as you need them all to be able to understand the financial state

FIGURE 6.3 How the cash flow statement and the profit and loss account affect the items in the balance sheet



The relationship between the three financial statements



Some questions

- What is the difference between current assets and non-current assets?
- Which financial statement can I find noncurrent assets on?
- On which financial statements does a company report its long-term debt?
- What items on the balance sheet are most important in fundamental analysis?
- What are some common examples of noncurrent assets?

Word/phrase	Meaning
code of conduct	a set of rules governing the behaviour of a group or organisation (e.g. computer professionals)
computer ethics	moral principles governing the design, building, implementation and use of computer systems
copyright	the legal right to intellectual property
freeware	copyrighted software that is available free of charge
intellectual property	something unique that has been physically created by someone (an idea that hasn't been implemented is not intellectual property)
licence	a permit to use/distribute/copy/adapt software
open source software	software that can be freely copied, distributed and adapted
shareware	copyrighted software that is available free of charge for a limited period, after which a licence must be obtained