

THE ACCOUNTANT'S ENVIRONMENT

Unit Reference Number	R/617/3292
Unit Title	The Accountant's Environment
Unit Level	4
Number of Credits	20
Total Qualification Time	200
Mandatory / Optional	Mandatory
SSAs	15.1 Accounting and finance
Unit Grading Structure	Pass

Unit Aims

The aim of this unit is to familiarise learners with the accountant's environment in relation to different organisation structures, environmental factors, professional ethics and regulation.

Learning Outcomes and Assessment Criteria

Learning Outcomes- The learner will:	Assessment Criteria- The learner can:
1. Understand different business organisational structures.	1.1 Compare the features of different business organisational structures. 1.2 Evaluate the advantages and disadvantages of different business organisational structures. 1.3 Outline the financial reporting requirements for different business organisational structures.
2. Understand the external environment in which a business operates.	2.1 Explain the key PESTLE factors that impact on businesses.
3. Understand professional ethical principles.	3.1 Explain key principles of ethical behaviour. 3.2 Assess the principles of confidentiality and data protection. 3.3 Explain the money laundering regulatory framework in the UK. 3.4 Evaluate the impact of a breach of ethics on accountants and business organisations.
4. Understand the role of regulatory accounting bodies.	4.1 Explain the role of regulatory bodies for accountancy in a specific country. 4.2 Assess the benefits and limitations to an organisation of using International Accounting Standards.

Indicative content

Learning Outcome 1

Organisational structures: sole trader, partnership, co-operative, limited company, public limited company, public sector, charity, social enterprise, franchise.

Features: ownership and control: purpose; structure; stakeholders and stakeholder interests (owners, customers, government agencies, suppliers, employees, debtors, creditors,

financial institutions, trade unions, environmental groups); strategic responsibility; legal responsibilities in relation to structure and operations (company law, corporate governance, partnership contracts, liability, responsibility).

Advantages and disadvantages: relating to control, decision-making, financing, borrowing, liability, profit-sharing, taxation, legal status (e.g. veil of incorporation).

Financial reporting requirements: responsibilities for record-keeping and reporting.

Learning Outcome 2

PESTLE:

- Political (government policies, taxation, political stability, industry regulations, global trade agreements and restrictions);
- Economic (economic growth, economic decline, exchange rates, inflation, interest rates, consumer spending, labour costs);
- Social (culture, lifestyle, career and life expectations, consumer trends, fashions);
- Technological (new technologies, use of technology, impact of technology on industry and organisation);
- Legal (Changes in legislation and regulation e.g. health and safety, employment legislation, equality legislation, consumer legislation);
- Environmental (corporate social responsibility, consumer opinion, ethical trading, fair trade, organic, sustainability, responsibilities, legal requirements e.g. water use, waste and carbon emissions).

Learning Outcome 3

Key principles: practices accountants should comply with to ensure ethical standards of behaviour are met; corporate codes of ethics; importance of methodical approaches to resolving ethical problems; application of an ethical code; whistleblowing; principles-based approaches v rules-based approaches to ethics.

Confidentiality and data protection: importance of confidentiality; data protection legislation (purpose, requirements and impact on accountants); impact of breach of confidentiality (legal penalties, reputation).

Money laundering: definition of money laundering; purpose and operation of money laundering regulations; difficulties in monitoring and identifying; actions required.

Impact of breach of ethical principles: impact on accountants and businesses; legal implications; damage to reputation; implications for professional body membership.

Learning Outcome 4

Role of accounting Bodies: standard setting; reasons standards are required; domestic (own country) and international accounting standards; monitoring and enforcement.

International Accounting Standards:

For example:

- IAS 1 Presentation of financial statements
- IAS 2 Inventories
- IAS 7 Statement of cash flows
- IAS 8 Accounting policies, changes in accounting estimates and errors
- IAS 10 Events after the reporting period

- IAS 16 Property, plant and equipment
- IAS 18 Revenue
- IAS 36 Impairment of assets
- IAS 37 Provisions, contingent liabilities and contingent assets
- IAS 38 Intangible assets.

Benefits and limitations: Benefits (standardisation, comparability, supports globalisation and international financing and trade); Limitations (may differ from domestic requirements, onerous for small entities, supports increasing competition from foreign companies, investors).

Assessment

To achieve a 'pass' for this unit, learners must provide evidence to demonstrate that they have fulfilled all the learning outcomes and meet the standards specified by all assessment criteria.

Learning Outcomes to be met	Assessment criteria to be covered	Type of assessment	Summary of quantity/quality
LO1, LO2, LO3, LO4	All ACs under LO1, LO2, LO3 and LO4	Coursework	3000 words

Indicative Reading List

Atrill P & McLaney E (2007) *Accounting & Finance for Non-specialists*; 6th edition Financial Times/ Prentice Hall.

Drury, J.C. (2007) *Management and Cost Accounting*; 7th edition, Chapman and Hall.