

Governance Structure & Importance of Ethics

AAT Level III FAR - Financial Reporting

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AAT Level III Financial Reporting



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Governance Structures



The Management controls an organization, on behalf of its owners

- Stewardship Theory

To achieve organizational objectives, the management prepares

- Policies
- Procedures
- Values
- Plans

Different Governance Structures are followed for this purpose.

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Types of Governance Structures

Policy Boards

Formulates policies

Administrative Boards

Administers organizations through committees and employees

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Minimum contents of a Governance Structure

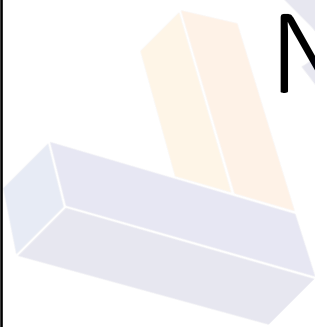
Board
To provide supervision of objectives

Nomination Committee
Independent committee that ensures suitable persons are selected for the Board

Audit Committee
Oversee an organization in complying with rules and regulations

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New Trends in Accounting



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Cloud Computing

Digitalization

Outsourcing

Big Data

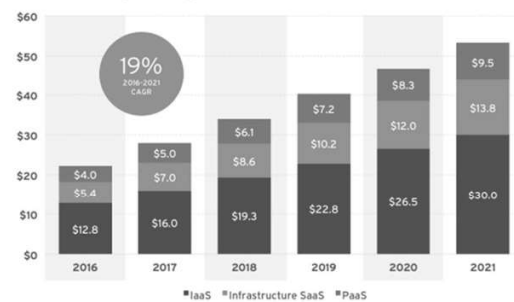
New Monitoring

Globalization of Reporting Standards

Cloud Computing

- Renting out the applications, networking to storage from a cloud service provider
- Paying for the usage
- Avoid expenses on setting up own applications and storage
- Data security threat can be there

Cloud Computing 'as a Service' Revenue (\$bn)



Big Data Analytics

- Complex process of analyzing big volume of data to uncover
 - Hidden patterns
 - Correlations
 - Market trends
 - Customer preferences
 - Anomalies
- This helps organizations to make better informed decisions
- Data captured from
 - Internet clickstream data
 - Web server logs
 - Cloud applications
 - Mobile applications
 - Social media content
 - Customer emails and survey information
 - Mobil phone records
 - Machine data captured by sensors

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Outsourcing

- Certain job functions getting done by a third party
- Benefits
 - Low cost
 - Flexibility
 - Access to skilled resources
 - Focus on core business
 - Reduced investments in infrastructure
- Risks
 - Lack of control
 - Time zone
 - Cultural barriers
 - Lack of business knowledge
- Examples
 - BPO – Business Process Outsourcing
 - Fiverr
 - Upwork
 - Guru
 - Freelancer

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Ethics in Accounting

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Independence and
Objectivity

Being unbiased and free from
pre-judgements

Integrity

Providing accurate and complete
information, while agreeing with one's
conscience

Confidentiality

Not disclosing sensitive information to
third parties

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Competence	Maintaining professional knowledge and skill at the level required to perform the accounting service
Professional Behaviour	Behaving in compliance with relevant professional regulations

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Integrated Reporting

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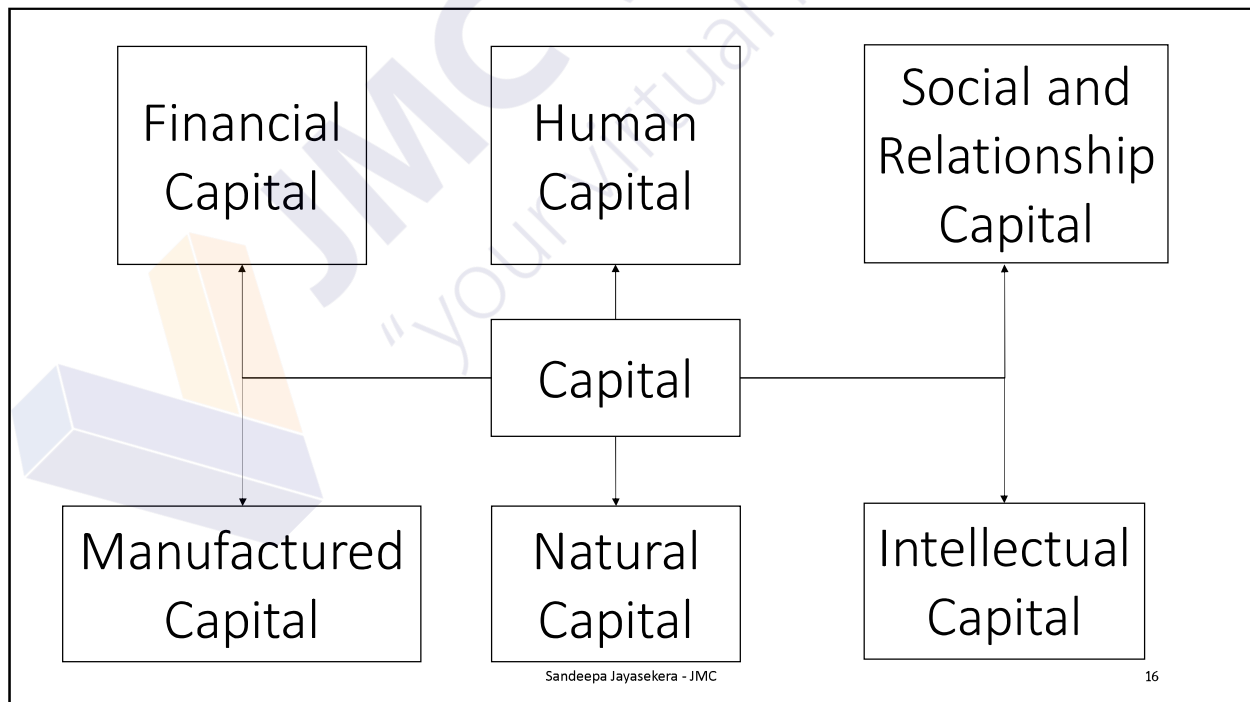
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The process that reports the total capital contribution and the total value creation process to decision makers by going beyond traditional financial capital

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Objective of Integrated Reporting?

Organization's total value creation process

Total Value Created

To Stakeholders

Reporting

