

Chapter 1. Introduction to Accounting

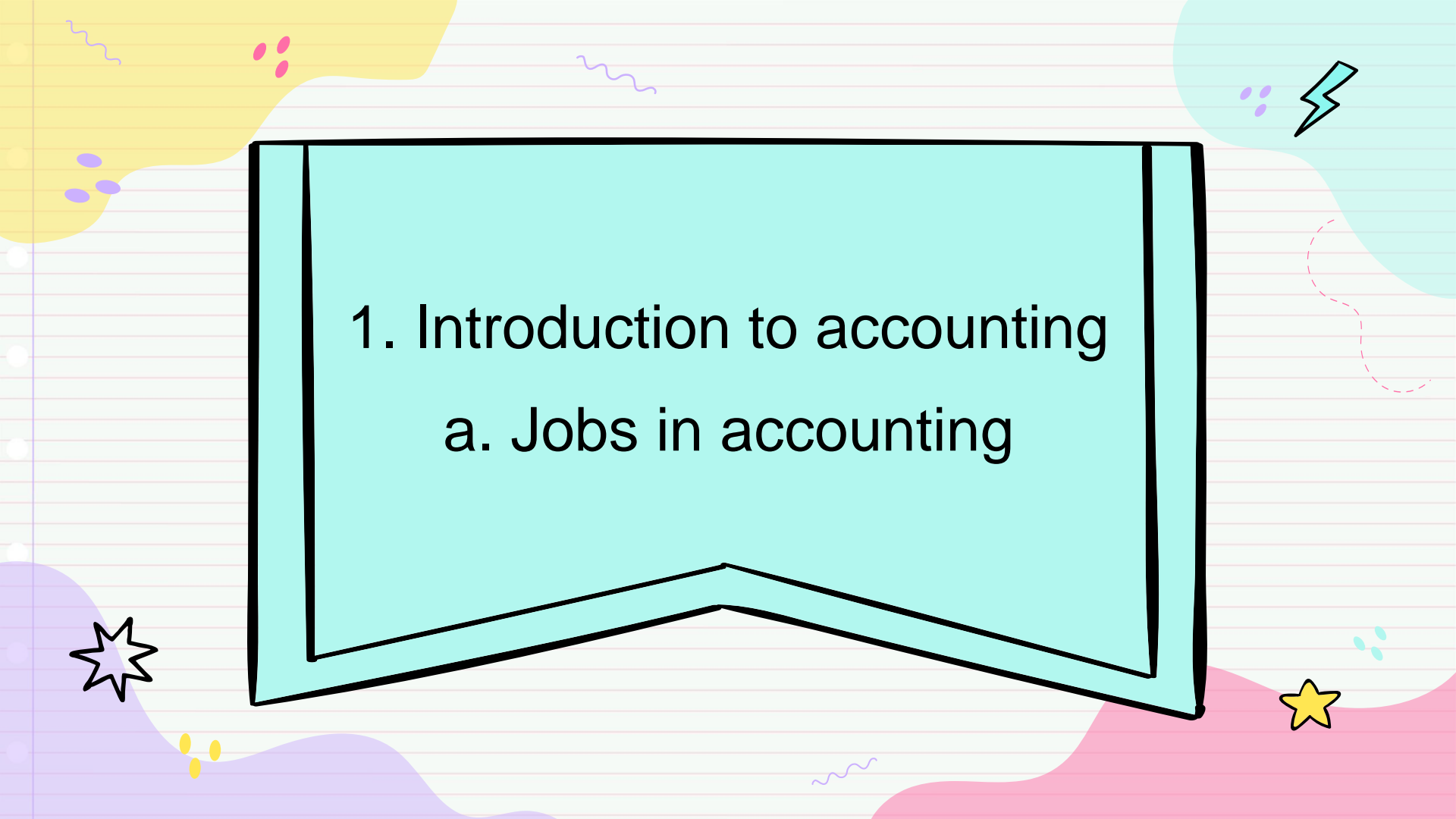
English for Accounting

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Outline

1. Introduction to accounting
 - a. Jobs in accounting
 - b. Types accounting
2. Purpose of accounting information & characteristics of accounting information, Financial statements
3. Regulations of accounting
4. Accounting concepts and conventions
5. Ethical considerations

The background is a light pink surface with horizontal lines. It features several large, irregular pastel shapes: a yellow one in the top left, a light blue one in the top right, and a purple one in the bottom left. There are also smaller pink and yellow shapes at the bottom right. Various doodles are scattered around, including a green lightning bolt in the top right, a black starburst in the bottom left, a yellow star in the bottom right, and several small purple and yellow dots. A dashed pink line is also visible on the right side.

1. Introduction to accounting

a. Jobs in accounting

Chief Financial Officer (CFO)



- top of the finance department of large corporates
- oversee the financial health of the business
- plan short & long-term business strategy

Financial Controller



- responsible for financial accounting
- their major focus is on managing immediate financial issues

Treasury manager



- Identify best investment opportunities
- optimize usage of credit facilities
- manage to reduce of financing costs

Accountant/Chief Accountant



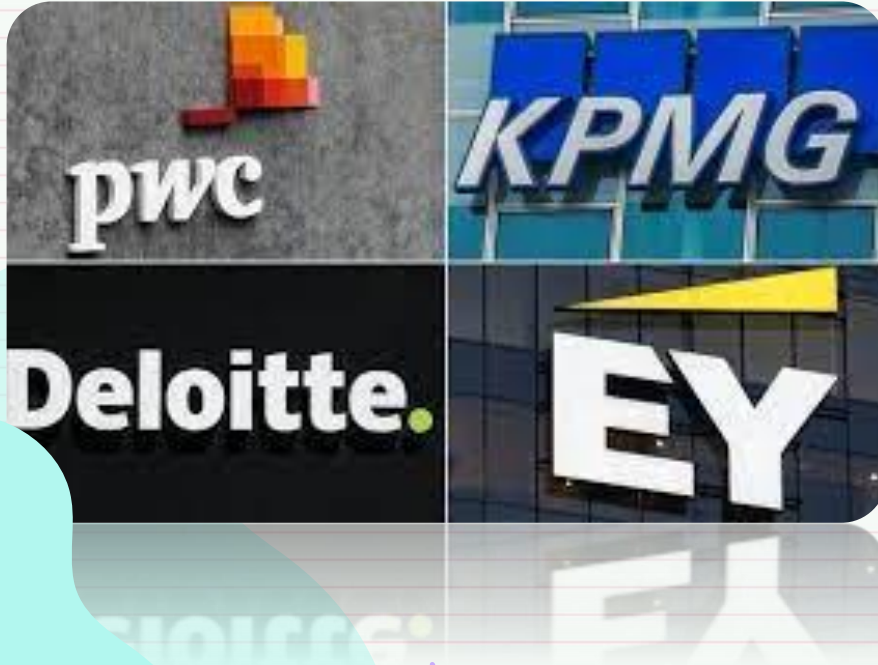
- maintain and reporting all the financial transactions
- establish and enforce the accounting principles based on the auditing policy and statutory requirements

Internal auditor



- provide independent and objective evaluations of company financial and operational business activities
- ensure that companies follow proper procedures and function efficiently

External auditor



- independent external accountant
- evaluate whether an entity's financial statements are fairly stated

Forensic accountant



- utilize accounting, auditing, and investigative skills to conduct an examination into the finances of an individual or business
- frequently used in fraud cases to explain the nature of a financial crime in court

a. Jobs in accounting

Chief financial officer

Giám đốc tài chính

Financial controller

Kiểm soát viên tài chính

Treasury manager

Quản lý ngân quỹ

Accountant

Kế toán viên

Chief accountant

Kế toán trưởng

External auditor

Kiểm toán độc lập

Internal auditor

Kiểm toán nội bộ

Forensic accounting

Kế toán pháp y

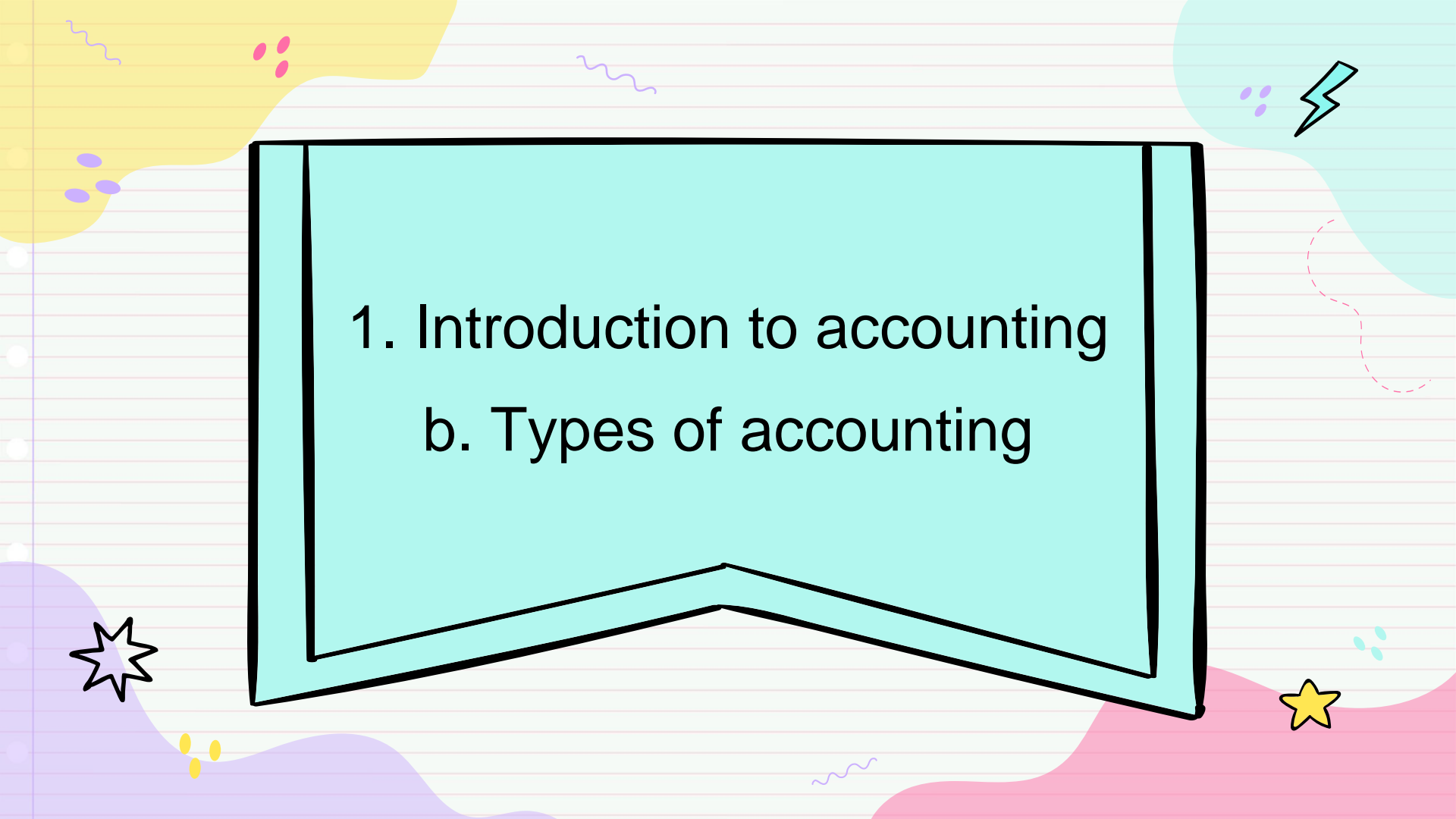


Listen to the conversation and write down the jobs/positions that haven't been mentioned in the previous part?
(Unit 1 – Recording 2)

10 points/correct answer (listen twice)

Other accounting jobs/positions

1. Trainee accountant: Kế toán viên thực tập
2. Bookkeeper: Kế toán sổ sách
3. Tax accountant: Kế toán thuế
4. Cost accountant: Kế toán chi phí (thuộc KTQT)
5. Budget manager: Giám đốc ngân sách
6. Back-office manager: Giám đốc hỗ trợ vận hành

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1. Introduction to accounting

b. Types of accounting



Financial accounting



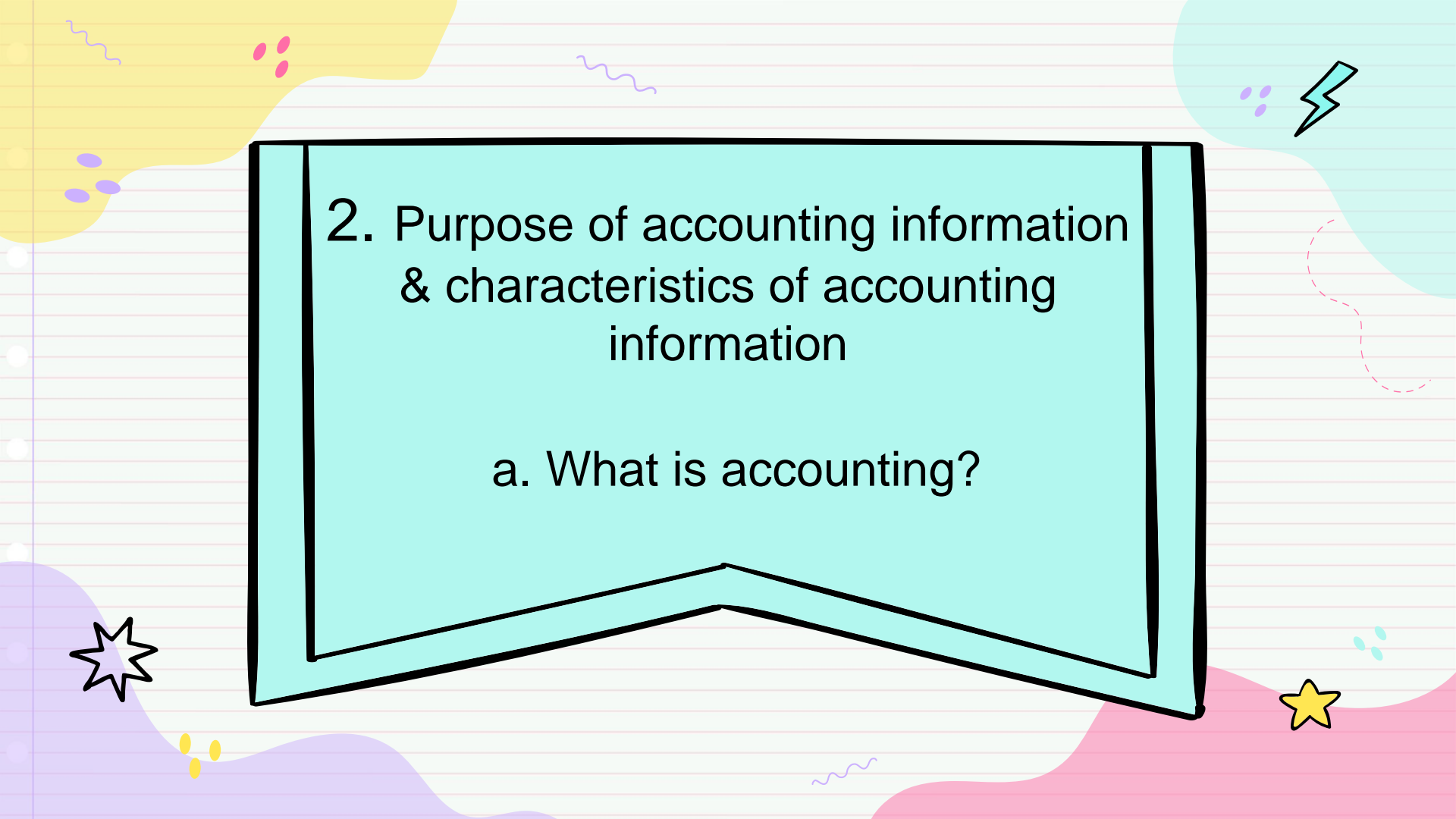
Managerial accounting

1. Create **external reports**
2. Focus on the **past**
3. **Strictly regulated** by standards
4. **Mandatory**
5. GAAP, IFRS, IAS



1. Create **internal reports**
2. Focus on the **future**
3. **Less regulated**
4. **Optional** under certain threshold
5. No standard





2. Purpose of accounting information & characteristics of accounting information

a. What is accounting?

A pink banner with a dashed black border, featuring a ribbon-like tail on the left and right sides. The text "What is accounting?" is written in a black, handwritten-style font across the center of the banner.

What is accounting?

Accounting is a way of **recording, analyzing** and **summarizing** the **transactions** of an **entity** (a term we shall use to describe any business organization).

(Source: ICAEW, Accounting Workbook, p. 7)

What is accounting?

Actual transactions are **recorded** in books of prime entry.

The transactions are **analyzed** in the books of prime entry and the totals are posted to the ledger accounts.

The transactions are **summarized** in the trial balance.

Numerous statistics and key performance indicators are **reported** in financial statements.



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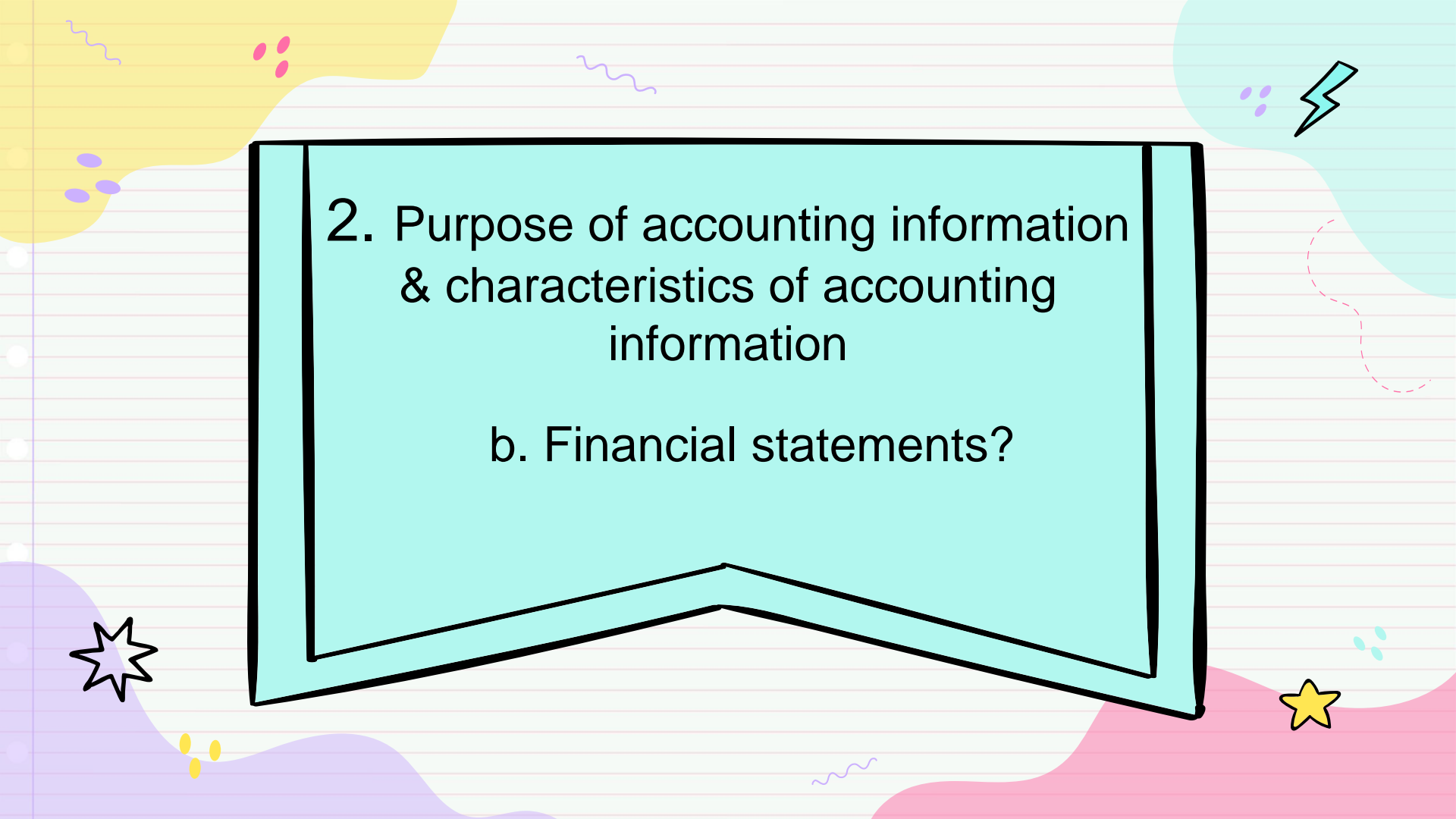
Numerous statistics and key performance indicators are **reported** in financial statements.

Ghi nhận

Phân tích

Tổng hợp

Báo cáo

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2. Purpose of accounting information & characteristics of accounting information

b. Financial statements?

	\$	\$
Assets		
Non-current assets		88,000
<i>Property, plant & equipment</i>	48,000	
<i>Land & building</i>	40,000	
Current assets		25,200
<i>Trade receivables</i>	10,000	
<i>Cash at bank</i>	12,000	
<i>Inventory</i>	3,200	
Total assets		113,200
Equity and liabilities		
Equity		
<i>Share capital</i>	45,000	
<i>Profit for the year</i>	45,600	
Total equity		90,600
Non-current liabilities		10,000
<i>6% bank loan</i>	10,000	
Current liabilities		12,600
<i>Trade payables</i>	12,600	
Total liabilities		22,600
Total equity and liabilities		113,200

-Balance sheet
(UK/US GAAP)

-Statement of
financial
position (IFRS)

	\$
Sales revenue	120,000
Less: Cost of sales (Cost of goods sold)	(72,500)
Gross profit	47,500
Distribution costs	(10,700)
Administrative and selling expense	(15,560)
Operating profit	21,150
Finance costs	(600)
Profit before tax	20,550
Income tax	(600)
Profit for the year	19,950
Other comprehensive income	
Revaluation surplus	2,000
Total comprehensive income for the year	21,950

- Income statement (US GAAP);
- Profit and loss account (UK GAAP);
- Statement of profit and loss and other comprehensive income (IFRS)

Net profit before taxation	3,390	
Adjustments for:		
Depreciation	450	
Investment income	(500)	
Interest expense	400	
Operating profit before working capital changes	3,740	
Increase in trade and other receivables	(500)	
Decrease in inventories	1,050	
Decrease in trade payables	(1,740)	
Cash generated from operations	2,550	
Interest paid	(270)	
Income taxes paid	(720)	
<i>Net cash from operating activities</i>		1,560
Cash flows from investing activities		
Purchase of property, plant and equipment	(900)	
Proceeds from sale of equipment	20	
Interest received	200	
Dividends received	200	
Net cash used in investing activities		(480)
Cash flows from financing activities		
Proceeds from issuance of share capital	250	
Proceeds from long-term borrowings	250	
Dividends paid*	(1,290)	
Net cash used in financing activities		(790)
Net increase in cash and cash equivalents		290
Cash and cash equivalents at beginning of period (Note)		120
Cash and cash equivalents at end of period (Note)		410

Statement of
cash flows

	<i>Share capital</i>	<i>Share premium</i>	<i>Revaluation surplus</i>	<i>Retained earnings</i>	<i>Total</i>
Balance at 1.1.X2	X	X	X	X	X
Changes in accounting policy				(X)	(X)
Restated balance	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Changes in equity for 20X2					
Dividends	<u>—</u>	<u>—</u>	<u>—</u>	(X)	(X)
Total					
comprehensive income for the year			X	X	X
Issue of share capital	X	X			X
Balance at 31.12.X2	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Statement of
changes in
equity

<ul style="list-style-type: none"> - Balance sheet (UK/US GAAP) - Statement of financial position (IFRS) 	Bảng cân đối kế toán
<ul style="list-style-type: none"> - Income statement (US GAAP); - Profit and loss account (UK GAAP); - Statement of profit and loss and other comprehensive income (IFRS) 	Báo cáo kết quả hoạt động kinh doanh
Statement of cash flows	Báo cáo lưu chuyển tiền tệ
Statement of changes in equity	Báo cáo vốn chủ sở hữu





Test your memory: (10 points/correct answer)

Fill in the blanks with names of financial statements

- 1.....: a reconciliation of the beginning and ending balances in a company's equity during a reporting period.

- 2.....: The statement shows whether the business has had more income than expense (a profit for the period) or vice versa (a loss for the period).

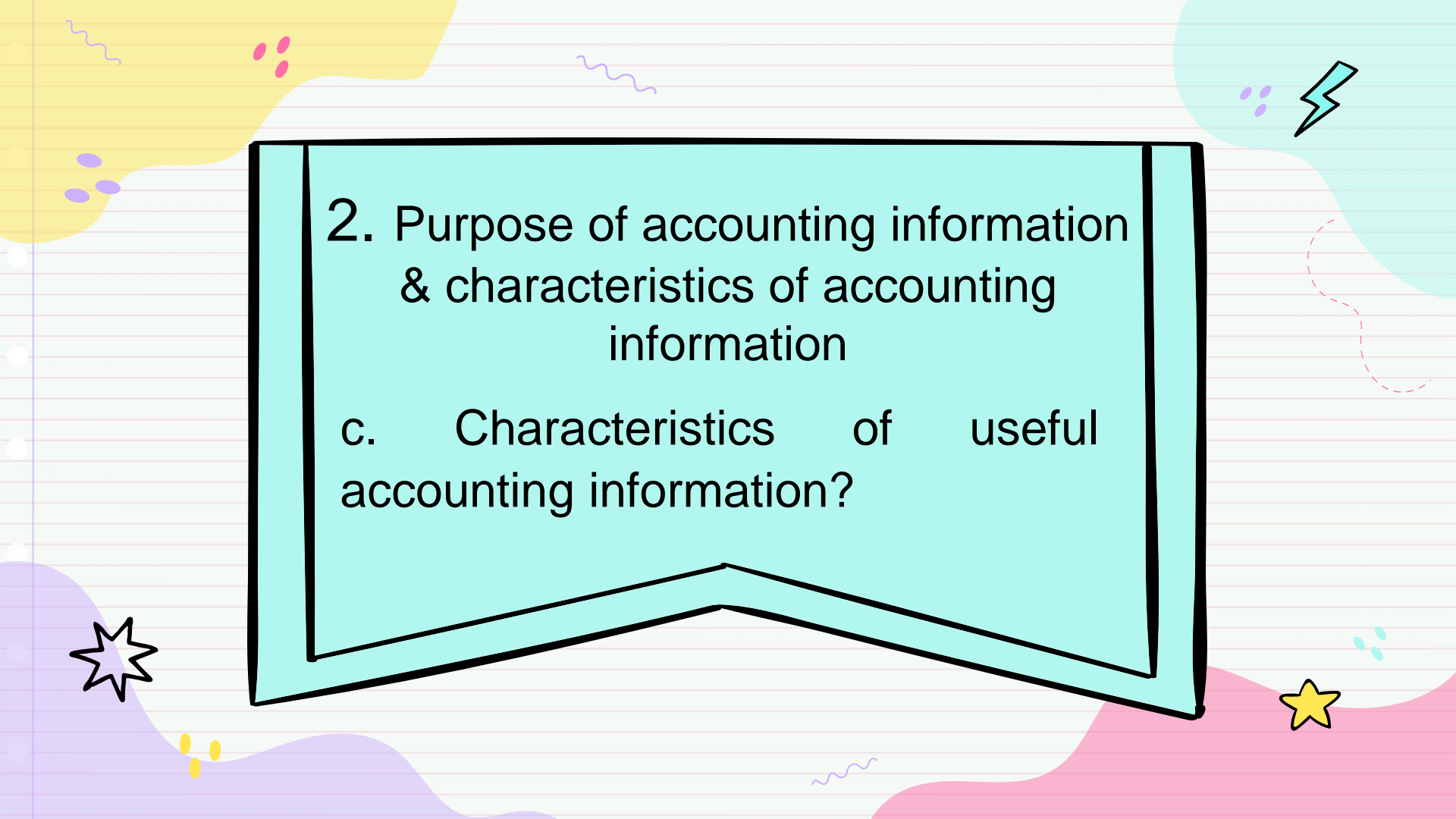


Test your memory:

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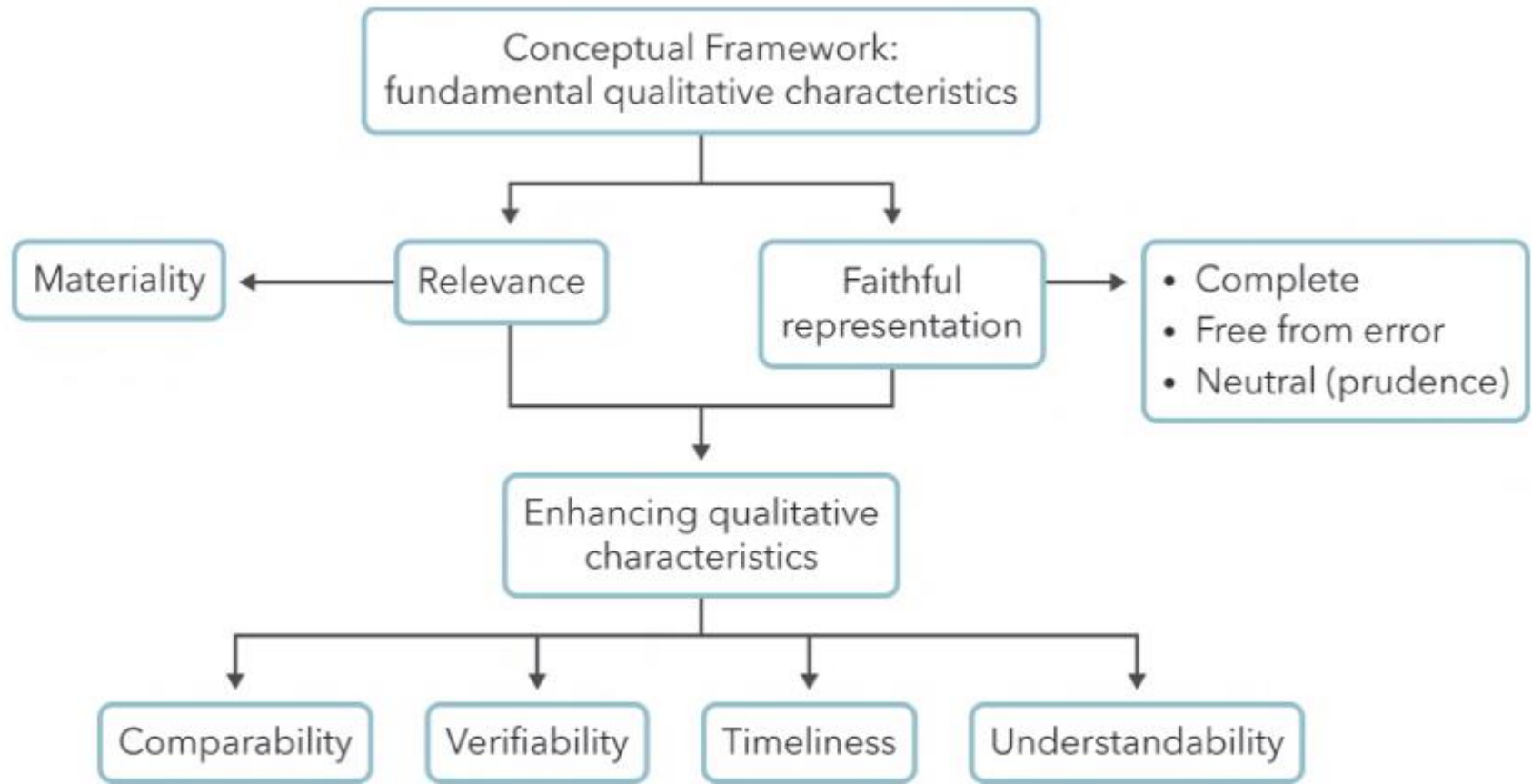
3.: a financial statement that provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources. It also includes all cash outflows that pay for business activities and investments during a given period.

4.: A list of all the assets controlled and all the liabilities owed by a business as at a particular date: it is a snapshot of the financial position of the business at a particular moment.

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2. Purpose of accounting information & characteristics of accounting information

c. Characteristics of useful
accounting information?




Source: ICAEW, Accounting workbook, p. 18 – The Conceptual framework

1. Fundamental qualitative characteristics: Đặc tính cơ bản

- Relevance: Tính liên quan
- Materiality: Tính trọng yếu
- Faithful representation: Trình bày trung thực
- Complete: Tính đầy đủ
- Free from error: Không sai sót
- Neutral (prudence): Khách quan (cẩn trọng)

2. Enhancing qualitative characteristics: Đặc tính nâng cao

- Comparability: Tính có thể so sánh được (với chính mình, với ngành, với nền kinh tế)
- Verifiability: Tính có thể kiểm chứng
- Timeliness: Tính kịp thời
- Understandability: Tính có thể hiểu được

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3. Accounting standards & Reporting standards

Standards

International accounting standards (IAS)

Chuẩn mực kế toán
quốc tế

Vietnamese accounting standards (VAS)

Chuẩn mực kế toán
Việt Nam

General accepted accounting principles (GAAP) – US/UK

Chuẩn mực kế toán
chung được chấp nhận

International financial reporting standards (IFRS)

Chuẩn mực báo cáo
tài chính quốc tế

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4. Accounting concept and conventions



1. Fair presentation: nguyên tắc kế toán trình bày hợp lý
2. Going concern: nguyên tắc hoạt động liên tục
3. Accrual basis: nguyên tắc cơ sở dồn tích
4. Consistency of presentation: nguyên tắc nhất quán
5. Business entity concept: nguyên tắc thực thể kinh doanh
6. Historical cost convention: hạch toán giá gốc
7. Matching principle: nguyên tắc phù hợp
8. Substance over form: nguyên tắc bản chất quan trọng hơn hình thức
9. Prudence concept: nguyên tắc thận trọng
10. Materiality concept: nguyên tắc trọng yếu



5. Ethical considerations

Ethical considerations

Integrity

Trung thực và thẳng thắn

Objectivity

Khách quan

Professional
competence and due
care



Luôn đảm bảo
chuyên môn cao

Confidentiality


Bảo mật


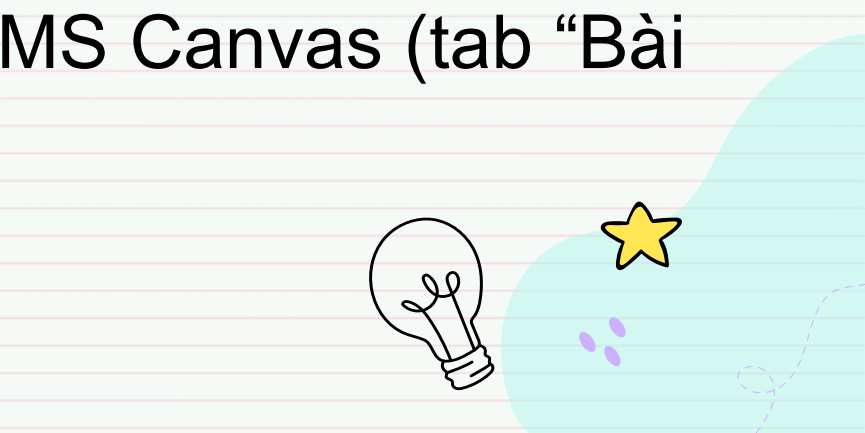
Professional
behaviour

Tác phong chuyên nghiệp



Your future asks you a favor...



- 
1. Learn vocabulary as much as possible
 2. Do Homework 1 on LMS Canvas (tab “Bài tập”)
- 



Have a nice
day!

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