



Unit 1 — Introduction to Accounting

Reading: Introduction to accounting

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When deciding on a future career a lot of people don't give accountancy a second thought. Most people don't realize how varied the world of accounting is and in fact it is often seen as boring. The truth is that accounting is the backbone of any organization and offers a wide number of attractive careers within it.

Below you will hear about just some of the more common careers in the field of accountancy, there are of course many more, but we don't have time to talk about all of them.

When we consider the accounts team within a company, we generally think about clerks, both sales ledger clerks and purchase ledger clerks recording the financial information from all transactions the company makes. Other roles include the payroll clerk responsible for processing staff salaries and the tax which occurs from them. Higher up the hierarchy we have the management accountant who finalizes the accounts and prepares the annual financial statements. The people doing these jobs make sure that the directors or owners of the company always know its true financial position.

However, accounting is more than just reporting financial data. A good accounts team actually works to save the company money by minimizing the tax payable and delaying payments so companies can earn interest from their banks.

These job roles are not so clear in smaller accounting practices, where the accounting staff often need to perform various tasks from meeting clients to helping with loan applications. Often the majority of the work in these smaller practices is done by bookkeepers. Generally, the owner of the practice is the most senior accountant and is usually a chartered accountant, which means that their signature is accepted on the financial statements.

The job opportunities for accountants don't stop there: auditors are the police of the accounting world and when they are called into a company it is their job to ensure that the accounts were done in the correct way and that everything was accounted for. The most feared of these auditors are the government auditors who are sent to companies suspected of somehow breaking the rules. Working as an auditor is very different from other accountancy work as there is no routine; you work in many locations and have contact with many people. Although, you should be thick-skinned as often the accounting staff in companies do not like the idea of being audited.

Career progression within accountancy often results from a specialist knowledge in a particular area, tax advisors are able to help their clients lower their tax bill thanks to their in-depth knowledge of taxation law and specifically what a client can off-set against tax.

As you can see the world of accountancy offers various careers, but in all of these areas there are some qualities that a potential accountant should have. Firstly, as accounting is the process of collecting and classifying financial data all accountants need to be perfectionists unwilling to accept anything less than an exact result. Also, as accountants deal with large volumes of data they need to have a good eye for detail and a real love of numbers.

A talented accountant will also be able to advise their clients on the best course of action to take so as to save money and at the same time stay within the local accounting standards.

Accountants have to follow very strict rules and codes of conduct in order to make sure that they do everything in a legal way. If an accountant breaks these rules they could face severe punishment, but some accountants practice creative accounting to get around rules without breaking them. Confidentiality is obligatory for all people working with accounts as the financial data could be very sensitive.

Whether working in the public or private sector, accountants can expect to earn very good salaries and also gain valuable knowledge on topics like income tax, value added tax (VAT) and pension schemes which can help them in their life outside of work. What's more, as accounting is such an important part of a company's success there will always be a demand for good accountants.

After reading this text I hope that you will appreciate the complexity and the variety of accounting and the value accountants serve in an organization. So the next time you hear someone say that accounting is dull, please correct them. Accounting is about truth and money, and there is nothing dull about that!

Discussion Questions

Why do you think accounting is seen as boring?

Which of the jobs mentioned would be most interesting for you?

Why is it so important for accountants to be ethical?