



Saarth E-Journal

Saarth E-Journal of Research

E-mail : sarthejournal@gmail.com
www.sarthejournal.com

ISSN NO : 2395-339X
Peer Reviewed
Vol.1 No.14

Impact Factor
Quarterly
Jan-Feb-Mar 2015

ROLE OF ACCOUNTING IN CORPORATE DEVELOPMENT

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ABSTRACT

Accounting may be described as “the process of providing quantitative information about economic entities to aid users in making decisions regarding the allocation of economic resources,” which is a composite definition that incorporates numerous different meanings into a single meaning. In a nutshell, accounting may be defined as “the process of providing quantitative information about economic entities to aid users in making decisions regarding the allocation of economic resources.” As a direct result of this, the information has to be acknowledged, evaluated, noted, and disseminated in the following order: (1) making a note of the information; (2) assessing the information; (3) making a note of the information; and (4) distributing the information. In order to acquire financial resources, businesses can access capital through a large number of distinct channels. Accounting will be impacted in a variety of unique ways depending on the method of financing that a company ultimately decides to utilise. For instance, if equity financing is significantly more significant than debt finance, then accounting rules are more likely to be created to give forward-looking information that is valuable for investment decision-making. This is because forward-looking information is essential for capital budgeting. This is due to the fact that investors are able to make better judgements when they have access to forward-looking information. If there is a significant problem, such as debt financing, then the criteria for accounting measurement need to be more stringent, with a primary emphasis on the protection of creditors.

KEY WORDS: Corporate, Economic Development, Accounting, Information, Capital.

INTRODUCTION

There is no denying the significant impact that accountants have on the financial health and expansion of their organisations. If you are someone who is highly organised and enjoys working with numbers, becoming an accountant might be a good career decision for you. Accountants are responsible for a diverse array of tasks, including but not limited to advising upper management, managing day-to-day operations and finances, and more. The

relevance of accounting in the business world, the roles that accountants play, and the value of keeping correct financial records are all topics that will be covered in this lesson.

There is a possibility that the accounting profession will also have a substantial influence on the regulation and practise of accounting. For instance, the structure of the accounting profession and the public's opinions of accountants and auditors are likely to have an impact on the capacity of auditors to influence or regulate the conduct of firms and the reporting systems those companies use. This is because both of these factors play a role in the auditing process. Both the auditors' proximity to the companies they audit and the amount of sway they have in the auditing process are important considerations here. The public's perception of auditors, whether they are seen as influential and impartial professionals or as being swayed by the companies they audit, has an impact on the credibility of financial reports. The accounting community might or might not reach a consensus on what kinds of practises are considered appropriate. Generally speaking, the governments of code law nations are the ones that set accounting standards. However, in many contexts, one's employment is still taken into consideration. It is possible that it might have a consultative function in government and give proposals throughout the regulatory process. It is possible that it will issue instructions that are voluntary in the absence of regulations that are binding. It is possible to issue proclamations that provide more clarification or expansion on current legislation. Regulation of accounting is often delegated to an impartial body (such as the "Accounting Standards Board; ASB") in nations that follow the common law legal system, with contributions from members of the accounting profession.

CONSEQUENCES FOR NOT COMPLYING WITH LAW

In accordance with "paragraph 7 of section 211 of the Companies Act", the Company is required to format each profit-and-loss statement and balance sheet in accordance with the established accounting principles. Any person (the relevant director or the concerned Officer of the Company) who fails to take all reasonable means to obtain compliance by the Company shall be subject, in respect of each offence, to a fine of up to ten thousand rupees or imprisonment for a term not to exceed six months, or both. In the event that the Company does not comply with the provisions of this clause, the concerned director or the concerned Officer of the Company shall be held accountable. In order to comply with the requirements of "section 227 of the Companies Act", the auditor's report needs to state whether or not the "profit & loss account and the balance sheet" are prepared in accordance with "accounting standards". If an auditor writes a report or authenticates a document without following the requirements that are given forth in "Section 227", the auditor is on the hook for a fine (depending on how serious the infringement was). This punishment is subject to increase based on the severity of the violation. The law in question may be located in the "Companies Act, namely Section 233".

ACCOUNTING IN CORPORATE WORLD

One of the key responsibilities of accounting is the act of establishing whether or not the financial statements and records of a firm are correct. This is one of the most important aspects of accounting. Although compliance laws are sector-specific, it is a legal need for every business to keep correct records of its internal accounting. An accountant puts their expertise to use by keeping track of and reporting on a company's financial activities. They are also responsible for recognising and resolving any difficulties that may occur with the company's finances as soon as they do so. The size of a firm and the regulations that it must adhere to both have a role in determining the range of duties that fall under the purview of a certified public accountant (CPA). For instance, the management of compliance, bookkeeping, tax reporting, and files can all be delegated to a single accountant in charge of a

smaller accounting firm. A larger corporation may discover that it is essential to delegate this responsibility to a large number of specialists in order to keep up with the growing volume of financial data. Even while the job descriptions of accountants could shift throughout time, their primary responsibilities, which consist of producing reports on financial transactions that are both understandable and accurate, do not.

ROLE OF ACCOUNTING

When it comes to the administration of company funds, businesses are required to manage their finances in accordance with the standards set by their particular sector. An experienced accountant can make sense of the requirements, keep up with the latest changes, and offer advice on how to comply with them. For instance, as part of their duty to comply with regulations, firms typically hire accountants to prepare yearly financial statements and other tax filings on their behalf. Compliance is very necessary in order to avoid incurring financial penalties. Accountants are of tremendous use to businesses at all stages of their existence, particularly in the areas of strategic planning and expansion. As the financial expert of the organisation, it is possible that you will be responsible with producing forecasts and delivering advice regarding the best way for the company to invest its money. In light of the fact that the firm is currently in a precarious financial position, for instance, a sales director and an accountant can work together on the sales budget for the next year. Consideration of the possible actions' and expansion's potential effects on one's company's finances is an important component of developing a strategic business strategy.

Accurate financial records and statements are the responsibility of accountants, and they are responsible for maintaining these records and statements for a range of business purposes. For example, if you hire an accountant to organise your accounts in advance of tax season, you won't have to worry about missing any deadlines or incurring fines for making mistakes, and you'll save yourself time and money. It is quite important to have access to up-to-date financial accounts since these records may be necessary for a range of processes, such as audits, mergers, and the purchasing method. Periodic financial statements allow for an organization's fiscal well-being to be tracked and evaluated in a straightforward manner. Having accountants on staff allows for a more comprehensive understanding of the state of the company's finances since they are able to coordinate their efforts with those of other departments, such as sales, support, and marketing. When it comes to developing budgets and distributing finances, this perspective may be helpful not just to lower-level departments but also to upper-level management. It is standard procedure for the chief executive officer or director of a company to confer with the chief financial officer of the firm as well as any other accountants in the company in order to determine the amount of money that will be allotted to each department.

Accountants are faced with a vast array of obligations relating to the financial realm. Due to the fact that the major focus of this area is the accountability of financial data, possessing strong analytical skills and a head for numbers is quite valuable. Accurate, up-to-date, and consistent financial data must serve as the foundation for all decisions and activities carried out by a firm. Writing reports and participating in meetings to discuss the financial health of a firm are two of the primary ways that accounting professionals convey their knowledge. It is possible for accountants working for larger companies to divide their time between working on group and individual tasks. When it comes to the reporting of financial information and preparing for it, one accountant may provide assistance to main departments, while another accountant would work with senior management on forecasting and expanding the firm. Bookkeeping is the process of keeping track of a company's revenue and spending; in smaller businesses, accountants may be responsible for this task.

Accounting for management is an essential tool that helps managers carry out their responsibilities successfully. Due to the fact that it is intended to be utilised by persons working in a diverse range of professions, the reporting of information is provided in a flexible manner. The purpose of producing individualised reports is to supply managers with information that is current, accurate, and presented in a fashion that makes it easier for them to make decisions. Compiling, analysing, and disseminating this kind of data require close cooperation between accountants and their peers in HR, operations, marketing, and finance. The financial performance of a firm as well as its current financial status may be evaluated by looking at the financial statements that have been created by the financial accounting department. The income statement, balance sheet, statement of owner's equity, and statement of cash flows are the four financial statements that make up an annual report. The "Financial Accounting Standards Board (FASB)" is an independent body that is responsible for providing fundamental standards for financial reporting. These fundamental standards are known as "generally accepted accounting principles (GAAP)", and financial accountants are required to adhere to them when creating financial accounts. Users need to be certain that the financial statements have been prepared in line with "GAAP" before they can put their faith in the data that is included within those statements. It is common knowledge among investors that the financial statements of one company may be compared to those of another company operating in the same industry. The "generally accepted accounting principles (GAAP)" are used by firms based in the "United States of America", whilst the "International Financial Reporting Standards (IFRS)" are utilised by many organisations based in countries other than the "United States of America". The "Generally Accepted Accounting Principles (GAAP) in the United States" is notably different from the "internationally recognised accounting standards (IAS)" that are published by the "International Accounting Standards Board (IASB)". We won't spend an excessive amount of time picking out insignificant details such as the fact that "IFRS" is considerably stricter about how you are permitted to compute inventory costs. Bear in mind, as well, that the vast majority of accounting professionals anticipate the development of a singular set of worldwide standards that will be used to oversee the accounting practises of businesses situated in the "United States" as well as in other countries.

CONCLUSION

Accounting is also beneficial for generating forecasts about the future, which can determine the success or failure of a business. It is helpful for analysing the long-term patterns and projections of the firm, which may perhaps assist you in maintaining a healthy bottom line. It is essential to have a well-organized accounting process. In addition to this, accounting is a helpful tool for maintaining financial accounts. Every firm is required to produce its financial statements in order to comply with various legal and tax requirements. It is absolutely necessary for a firm to have accurate financial records in order to be successful in identifying solutions to problems and reaching goals. In order for businesses to have their accounting methods certified by a variety of regulating organisations, it is required for them to comply with the relevant regulations. Managing things like income tax, sales tax, pensions, employee money, and other financial matters may be made much simpler with an accounting system that is well-organized. There are two primary strategies that may be utilised, either of which may make it simpler to deal with the many financial dealings that are required when operating a business. Do you feel the same excitement as I do about this discovery? Well! Bookkeeping may be done either offline or with the use of the internet. One of the most time-honoured practises that is still prevalent today is manual bookkeeping. Managing files, storing data, doing calculations, and other similar activities all require a substantial amount of time. The fact that all of the data needs to be put into files or registers by hand is the feature

of this approach that presents the greatest challenge. Online accounting is yet another innovative approach to the management of a company's financial records that is gaining popularity among enterprises. Businesses have the potential to save time and money while focusing on what they do best, which is operating the business, if they outsource tasks such as bookkeeping, payroll, and tax compliance to professionals.

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