Accounting Essay, Research Paper

ACCOUNTING THE LIFE-LINE OF THE BUSINESS WORLD Christian De Church Professor Hercer Communications 215 April 18, 2000 Introduction What goes on in business and other organizations? How are their activities carried out? Who is responsible for them? And, what part does accounting play? These questions and many more are often thought about by many confused and mislead business majors. The main purpose of accounting is to provide useful, reliable, and timely information to people who make rational investments, credit, and similar decisions. Because accountants serve decisions makers by providing them with financial information that helps them make better decisions, accounting is often decried as a service activity. Decision makers who use accounting information include present and potential investors, lenders, managers, suppliers, customers, and other users. Accounting is used to provide information about all profit-oriented businesses. Accountants also provide information about nonprofit organizations such as churches, hospitals, museums, schools, and various government agencies. The people who use accounting information about nonprofit organizations include their managers and people who denote to or pay taxes to them, who use their services, or who otherwise work with them. Whether you are planning to be an accountant, an employee, a manager within an organization, or an external user of the information, a your knowledge of accounting will help you achieve more success in your career. The internal role of accounting is to serve the organization’s various functions by providing information that helps them complete their tasks. By providing this information, accounting helps departments such as Finance, Human Resources, Research and Development, Production, Marketing, and Executive Management reach their overall goals. Finance Department Every organization needs money to operate and grow. Organizations use money to acquire equipment, buildings, vehicles, and financial holdings. The finance department has the function of planning how to obtain money from sources such as payments from customers, loans from banks, and new investments from owners. In preparing plans, the finance department identifies and evaluates alternative sources of funds. In addition, finance analyzes alternative investment opportunities to identify which to take and which to reject. With this information, the finance department uses the accounting information about actual cash flows and evaluating past decisions to function. Human Resource Department All organizations require efforts from people. As a result. employees must be located, screened, hired, trained, compensated, promoted, and counseled. The human resource department function is responsible for handling all these tasks of the organizations. The accounting aspect that helps the human resource department function is the payroll and its costs. Employees need to be paid in order to work for the company and their wages or salaries are expenses to the company in which an organization must report for profits/losses and taxes. Research and Development Department As economics tells us, the law of supply and demand, companies need to find new ways to meet the needs of their customers and others. Thus, research and development into new technologies and products or services is essential. This may be as simple as testing a new recipe for pizza or as complex as creating a more powerful computer. Research and development managers need information about the costs they already incurred so they can decided whether to continue their projects. Production Division Many companies produce and then sell goods to their customers. Producing these goods requires planning and coordinating many specific activities. These activities include designing the production process, acquiring materials used in production, and selecting the workers’ skills to be applied are all ran by the production manager. The production division of the company depends heavily on accounting information to determine whether its operating costs are occurring as expected. In carrying out its work, the production department operates within a set of internal controls designed by the accounting information. Internal controls dictate procedures that are necessary to ensure that accounting reports about production activities are dependable and useful. Marketing Department Companies can sell goods and services only if customers are willing to buy them. The marketing department provides customers information about goods and services and encourages their purchase. This includes sales efforts that involve contacting customers directly. The marketing department also includes advertising that provides information to large numbers of potential customers. The marketing managers use accounting information on reports about the company’s sales and its marketing costs. Executive Management Department All organizations must have leadership, vision, and coordination. Long-term strategies need to be established and employees must be motivated to do their best. These tasks are made the duty of the company’s executive managers, who also represent the company in dealing with the public. Because executive management has overall responsibility for the organization, it depends heavily on accounting information to understand what is happening. Executive managers do not have the time to visit each branch of their company to get a progress report on operations. This is why management gets a simplified statement of performance numbers, that are a valid representation, in which helps managers to understand what was done well and to identify where improvements might be made. Executive managers also receives and uses budget reports that describe future plans for the company. The preceding information about accounting shows how important accounting is for most organizations. Regardless of your career goals, you will surely use accounting information and work with accountants. Whether you want to be an accountant, plan to hold some other position in an organization, or expect to be an investor or creditor, you will benefit by understanding how accounting information is developed. Accounting, whether we like it or not, is always going to be apart of our everyday lives form reconciling a bank statement to auditing a major corporation. IN order to survive in the world today one should always have some understanding where source of life is coming from and how it is used as it pertains to you. Works Cited 1. Ideas and Concepts of Markets. JP Morgan. Online. Available: http://www.labmorgan.com/jobs/home.html. April 4, 2000 2. Understanding where it all comes from. Deloitte &Touche. Online. Available: http://www.dtonline.com/pfa/pfa.htm. April 4, 2000 3. Corner Stone of Business. Arthur Andersen. Online. Available: http://www.arthurandersen.com/acct/home.htm. April 4, 2000 4. Larson, D. Kermit. Accounting Principles Times Mirror Group, Inc. company New York. 1996 5. Interview source: De Church, D. James, CPA. (610) 631-0826. April 8, 2000 Introducing: Bob McGee Presentation given by: Christian De Church Date: April 18, 2000 Christian De Church, a sophomore at Widener University, is currently majoring in accounting. He is a current member of the Beta Alpha Psi Accounting Honors Fraternity, which updates the members on the latest trends and laws in the accounting field and tutors students in accounting courses. His college career in sports, thus far, has consisted of varsity football and club rugby. He is a brother of Theta Chi Fraternity and holds the position as Marshal, educating and guiding new members. As a sophomore he was elected secretary of the student government association of the student body. As secretary, he forms committees to enhance the student life outside of the classroom and am currently working with the Information Technology department to help set up online-voting for various elections. Three nights a week during the spring and fall he work as a tutor and mentor in Performance Academics Competition (PAC) Hall, where he tutors student athletes in business courses. He plans to graduate as an accounting major, work for the Big 5 in accounting firms, and move onto graduate school