In pursuit of sustainable business
ABOUT ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies at all stages of their development. We seek to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the profession to people of all backgrounds and remove artificial barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

We support our 140,000 members and 404,000 students in 170 countries, helping them to develop successful careers in accounting and business, based on the skills required by employers. We work through a network of 83 offices and centres and more than 8,000 Approved Employers worldwide, who provide high standards of employee learning and development. Through our public interest remit, we promote appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.
In pursuit of sustainable business

Summary

INTRODUCTION

Looking at the events of recent times, it is clear that we live in unprecedented economic times. ACCA’s indicators from various sources, including a quarterly survey of members which has now become the largest study of its kind in the world, suggest that a tone of ‘cautious optimism’ continues to be appropriate. Even in 2010, the financial services sector continues to be debated – from the nature of its business, its willingness to extend access to finance, remuneration levels, to the business models themselves and the underlying risks and assumptions which they contain.

But this is not fundamentally a story about one sector or one country; it is about our inter-connected world and the way we govern business; of creating the right environment for long-term business success, with appropriate strategies and plans based on sound analysis of opportunities for success, and the clear evaluation and mitigation of risk. It is about transparent business which harnesses good governance and controls to promote sound, long-term business prospects. And it is about the contribution made by accountants to business.

If we have learned one thing in the past 18 months, it is surely this. What we can quantify and evaluate, we can change, in the interests of better business.

But we must also remember the wider context. Long-term business success (sustainable performance and profit) can only be considered in the broader sustainability context: by reducing the effects of our activities on the environment and conducting socially responsible business.

This paper examines what we have learned over the past two years. It considers the agenda for the profession, and the value that accountants can bring to businesses of all sizes and in all sectors. It supports what ACCA sees as the role of accountants as promoters of sound business practice, champions of sustainable business development and identifiers of value drivers which lead to high-performing organisations.

WHAT WE HAVE LEARNED

In terms of the day-to-day agenda for senior finance professionals in recent years, the story has been about cost, cash and debt. The past two years show an interesting picture in relation to the priorities of Chief Finance Officers (CFOs). The respondents to the Deloitte CFO survey in the first quarter of 2008 clearly identified cuts and disposals as the priorities. In fact, of the top nine priorities, only one related to doing things differently (through offshoring). CFOs’ priorities for 2009 revealed a more measured view. Respondents identified more opportunities to: build a long-term presence and greater capacity in the markets; to accelerate essential and significant change; and to bring new skills into the organisation. Cost control and deleveraging, however, were still firmly on the agenda. Going into 2010, reducing costs remained respondents’ number one priority, equal with increasing cashflow. A broader mix of concerns were also of importance, such as introducing new products and business expansion; but of the top 10 priorities, five related to cash and financing.


As commentators and experts increasingly conclude that the crisis may have stemmed from a failure of governance, a number of organisations including ACCA have been calling for enhanced governance, risk management and an emphasis on fundamental financial disciplines in business, both in order to ensure a sustainable path out of the financial crisis, and to mitigate the likelihood of future crises of this nature and scale.

Furthermore, along with others, including the Financial Crisis Advisory Group, ACCA believes that the financial crisis has highlighted the need for global accounting standards, and has called for acceleration towards the full adoption of global standards in financial reporting.

Accounting was not a root cause of the financial crisis, but it has an important role in supporting and advising businesses on how to find a way out of it.

AN AGENDA FOR THE PROFESSION

In response to the adverse economic climate, and after consultation with financial professionals around the world, ACCA has established an agenda for the future of the accountancy profession. This agenda emphasises: the value that accountants add to businesses, in whatever capacity they are employed; their role as promoters of sound business practices and champions of sustainable business development; and as identifiers of value drivers which lead to high-performing organisations. ACCA is not a lone voice in promoting these themes. They are at the heart, for example, of the agenda for the World Congress of Accountants in Kuala Lumpur in 2010.

Our agenda highlights the following areas.

- The need for global accounting standards, as called for by G20, and principles-based regulation which is clear in its purpose, effective in delivery, and which provides the right environment for sustainable business success.
- The need to support SMEs so that they can lead global economic growth.
- The need to encourage and support professionals who are working in developing economies to provide the right environment to stimulate market confidence.
- The need to account for how our economic activities influence climate change.
- A desire for accountants to have more influential positions in the public sector.
- The benefits of a value-adding, strategic role for finance professionals.
- The need for a wider emphasis on assurance, governance and risk management.

Global accounting standards

In a survey of CFOs in 2008, 70% of respondents said that they expected global accounting standards to bring benefits to business. Since this survey was published, there has been a major financial crisis which has called into question aspects of the current International Financial Reporting Standards (IFRS) – in particular the role of fair value accounting as a cause of the credit crunch. In various papers and public forums, ACCA has called for more rapid global adoption of IFRS.

Convergence of accounting standards was under way well before the financial crisis struck; there are now over 115 countries using International Financial Reporting Standards (IFRS), with many others – including Brazil, India, South Korea, Canada, Japan, Malaysia, Mexico, Argentina and Indonesia – in the process of adoption. But for the standards to be truly global, it is clear that the world’s biggest economy, the US, must also follow suit. ACCA welcomes the leadership of G20 nations in identifying convergence as a priority and, in particular, ACCA is recommending that the US adopt IFRS, with a decision from the Securities and Exchange Commission (SEC) before the end of 2011.

ACCA believes that the past two years have shown that, in order to support the global economy, full adoption of IFRS has become even more pressing. Moving to one set of high-quality standards is not only a long-standing goal of multinational companies wishing to cut red tape, it would also increase transparency in financial reporting, and make financial information more comparable across countries, industry sectors and companies. In doing so, it would improve investor information, comparability and investment choice. Furthermore, the increasing globalisation of business requires one set of reporting standards that should be principles-based rather than rules-based. IFRS represents the most viable and credible solution to this requirement. Failing to implement a global standard would be to move away from the globally coordinated response to the global financial crisis which the G20 has led to date.

Figure 1: Are global financial standards good for your company?

We cannot make a judgment at this time

Yes, global financial standards are good, or will be good, for our company

No, the standards have brought, or will bring, more negatives than positives to our company

25%

70%

4%

Base: 449 respondents. Figures do not add up to 100% because of rounding.


The financial crisis and the current focus on transparency provide an incentive to simplify, clarify and improve accounting standards. ACCA believes that IFRS represents a single set of high-quality and internationally accepted accounting standards, developed after due process and consultation by an international standard setter, that seeks to reflect the changing distribution of world economic activity.

In 2010 there is an even greater need to engage all stakeholders – including institutional investors, accountants, regulators and government – to achieve the global adoption of standards which meet the needs of international business, established through appropriate consultation and governance and without undue political interference.

Small and medium-sized enterprises (SMEs) are an important part of both developed and developing economies because they play an important role in creating jobs and innovation, they support stability and macroeconomic growth, and are also themselves an engine of growth.

In OECD countries, SMEs represent 95% of all enterprises, accounting for two-thirds of employment and being the main source of new job creation. As such, SMEs in many countries around the world are the major source of economic recovery and assist the return to stable growth. This is further supported by a study of leaders of SMEs in 2009, conducted by the Economist Intelligence Unit and produced in collaboration with ACCA, CGA-Canada and CPA Australia. The findings of the study of SMEs around the world were as follows.

- SMEs continue to grow in spite of the downturn.
- Access to finance for SMEs has been squeezed.
- SMEs are postponing investment in order to preserve cash.
- SMEs are cutting costs and are improving their cash management.
- SMEs expect conditions to improve by 2011.
- Some firms are poised for a new phase of growth.

The three accountancy bodies also issued a set of recommendations for small business owner-managers, urging them to:

- recognise their customer relationships as a strategic asset, and consider them as they would any other valuable intangible asset
- carefully consider what skills and capacity they will need as the recovery gets underway, and plan these resources in the medium and long-term
- engage in cost cutting only as a disciplined exercise, based on solid business planning
- continue to focus on improving their cash position and profitability
- prepare for the eventuality that credit conditions will never recover to 2007 levels, and consider how this prospect affects their business planning
- tap into sources of equity finance, especially business angels
- take advantage of low asset prices and consider opportunities to expand by acquiring competitors, opening new premises or investing in new assets.

Accountants have a key role in supporting SMEs around the world, providing a trusted source of financial and general business advice. This goes much further than simply guiding them on financial matters — such as abiding by the relevant regulations, taking advantage of accounting and auditing exemptions and ensuring that they are paying the correct taxes. Research shows that increasingly accountants are taking on other roles, including advising on HR, pensions and employment regulation and ensuring compliance with health and safety and environmental legislation. They are also providing advice on corporate finance, legal and governance issues such as business start-up and structure, business transfers and valuations and, in some cases, acting as company secretary. Finally, accountants are also shown to be leading providers of advice on finance, business planning and regulation, taking on strategic roles such as budgeting, marketing and sales and overseeing IT.

With around 65,000 members working in or advising SMEs, ACCA is playing a substantial role in supporting small business success.

8. SME and Entrepreneurship Outlook, OECD, 2005.
Evidence from economic surveys, including ACCA’s own Global Economic Conditions Survey – now the largest survey of its type – suggests that emerging economies have an increasingly important role to play in the global economy. Within this framework, the professions are instrumental in providing the essential skills which provide confidence in the market and underpin economic development. A new survey from ACCA provides insights from employers about the factors which are critical for success in emerging economies. Professional accountants make a vital contribution; for example, by promoting good governance, by providing access to the high-level skills required by employers, helping to stem corruption, and by promoting international confidence in local businesses.

Organisations such as the World Bank and the UN report that there is a shortage of trained accountants at all levels and a lack of recognised and accepted accounting and auditing standards in many emerging economies. These agencies are primarily concerned about the sustainability of development and other projects in the absence of structured accountancy processes. Indeed, in many countries, the number of professional accountants is very low in proportion to the size of the economy. In ACCA’s view, this highlights the case for professionalising the accountancy sector and for building capacity.

ACCA is pleased to note that the United Nations Conference on Trade and Development is continuing to make capacity building in the professions a priority in its work.

The value of the professions in emerging economies

Figure 2: Factors critical to success of emerging economies

- Stable political and civil environment: 36%
- Good corporate governance: 27%
- High level of skills and education: 22%
- Stable legal and regulatory structure: 20%
- Large domestic market: 20%
- Good infrastructure including IT: 19%
- High growth rates: 17%
- Attractive environment for inward investment, low corruption and crime, high trust: 17%
- Good international relations: 12%
- Stable tax regulatory structure: 9%

Base: 811 employers and professional accountants
Accountancy plays a crucial role in the economies of developing countries in the following ways.

- Accountants provide the information required to implement corporate planning processes. The success of economic development is tied to the way in which accounting systems, at both the micro and macro levels, are developed and used.

- A growing body of economic research reveals that governance arrangements strongly influence development outcomes, including social indicators such as infant mortality and adult literacy rates. Sound accounting and auditing practices are an integral part of good governance arrangements.

- Sound accounting and auditing arrangements are not just important for avoiding crises. Good arrangements reduce opportunities for corruption which inhibits growth. They also enable countries to attract investment and to develop at a faster pace.

- International institutions, including the World Bank and the IMF, are rightly giving increased attention to issues of governance and institutions in developing countries. There is strong evidence to suggest that good governance can accelerate development and reduce poverty in developing countries.

- A key aspect of a developing domestic accounting infrastructure is the code of financial reporting standards for companies. Adopting international reporting standards attracts both foreign and domestic investment capital. Other principal aspects of the accounting infrastructure include government regulation and, needless to say, the accountancy profession itself. The accounting infrastructure is part of the entire legal and regulatory system designed to secure property rights, enforce contracts, and provide financial information; this system, sometimes referred to as ‘investor protection’, is vital to the development of emerging stock markets.

It is vital that these skills and values are enhanced around the world to ensure that emerging economies are able to develop effectively.
Accounting for climate change

It is tempting to assume that global economic conditions have slowed down business enthusiasm both for green technologies and for making investment in business accord with principles of sustainable development. This assumption might be justifiable in the context of the inability of COP15 to ensure meaningful commitment to carbon reduction. But reducing the effects of business on climate change should be a continuing priority of accountants. In doing so, they should seek to realise cost savings and enhanced operations, and to seek competitive advantage where possible through green technology. As one leading expert stated:

*Businesses could be forgiven for thinking that the climate change agenda should be placed on the back burner while they grapple with the impact of the global recession, but they are missing an opportunity. Implementing a programme that reduces energy consumption will not only be good for the environment, it will also be good for the bottom line.*

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Accountants are playing an increasing role in the accounting, compliance and reporting requirements of corporate social responsibility (CSR) and have considerable expertise in these areas. The role of the accountant in the context of sustainability accounting and reporting is significant, and includes applying a market value to potential social and environmental effects and opportunities, decoding taxes, subsidies and penalties, and providing advice on how to account for them.

ACCA champions the extension of corporate reporting to include the social and environmental aspects of a business, and has launched awards for sustainability reporting in Australia, Canada, Hong Kong SAR, Malaysia, New Zealand, Pakistan, Singapore, South Africa, Sri Lanka, the UK and the US.

In our 2008 survey of CFOs, a resounding 89% agreed that a single global standard for sustainability reporting would bring value to their business. At present, however, accounting for and reporting on carbon emissions is a voluntary activity conducted by a handful of corporates and according to a range of guidelines. For example, a report from the Ethical Corporation Institute, based on a survey of FTSE 500 companies, claims to have found 34 different carbon emission measurement methodologies. This makes data comparison difficult, if not impossible.

A report issued by ACCA in collaboration with the Global Reporting Initiative in 2009 highlights the fact that disclosure on climate change has a long way to go. Comments from leading experts in the field, such as ‘timid’, ‘sleepy’ and ‘not yet sufficient’, make this point forcibly.

The business world’s response to climate change so far has been a bit sleepy. The world is about to completely change the way it produces and consumes energy.

PAUL DICKINSON, CEO AND FOUNDER OF THE CARBON DISCLOSURE PROJECT

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Climate change and sustainability issues generally have to be seen in the context of business opportunities. Otherwise companies are not going to respond. This is about a change of mindset in company leadership. I believe the corporate world is realising that we have to start thinking strategically about sustainability issues, because the customer of tomorrow is thinking about it.

PROFESSOR MERVYN KING, SC, CHAIR OF GRI BOARD

ACCA is pleased to see companies’ continuing adoption of the GRI reporting framework for sustainability – in fact, ACCA is producing its own report based on this model. The Climate Disclosure Standards Board (CDSB), a consortium of business and environmental organisations, has published an exposure draft of its Reporting Framework, a document that arguably comes closest to providing a carbon accounting standard. It aims to provide a ‘single global framework for climate change-related disclosure to be used by companies in compiling their mainstream financial reports’.

The framework has been written in the language of the International Accounting Standards Board, in an attempt to align it with International Financial Reporting Standards. It notes that disclosures under the climate reporting framework should reflect management’s view of the way in which climate change affects company strategy. The CDSB framework includes four reporting templates designed to determine what to include in mainstream financial reports regarding climate change, and how to make disclosures that are useful for decision making. These four templates address: strategic analysis, including the corporate governance actions that are being taken both to manage the risks and maximise the opportunities associated with climate change; the regulatory risks arising from climate change; the physical risks (such as the impact of extreme weather); and the levels of greenhouse gas (GHG) emissions.

ACCA welcomes this development and recommends that the IASB endorse this standard within the financial reporting framework.


Accountants in the public sector

With 16,000 members in the public sector, ACCA has long been aware of the huge contribution made by professional accountants in government, whether in the auditing of public services, ensuring that the financial management of public organisations is effective and efficient and making the best use of public money, or in wider accounting and finance roles, such as advising departments on how to organise and improve the service they offer, informing stakeholders about the government’s financial situation and aiding management in making decisions.

It has become increasingly clear that there is a need for professionally-qualified accountants to be appointed to senior roles within government departments around the world to provide centralised input into decision making. This need has been thrown sharply into relief by current global economic conditions, where a number of governments face a large public debt and the need to make savings in the provision of public services. In addition, effective forms of access to finance are on the agenda in the form of public–private initiatives. ACCA’s insight, from participating in a number of forums around the world, is that the time is ripe to ensure that finance professionals are at the heart of government finances. ACCA is calling for all government departments, without exception, to include a professionally-qualified finance director among their most senior staff, and for governments to prioritise building financial capacity and skills, and to take steps to develop the financial management skills of non-finance staff.

It is also important that governments around the world work with the accountancy profession to ensure that the right people with the right financial management skills are on hand to bring about positive change. ACCA strongly believes that it is not just about hard-edged technical skills, but also about the strong leadership, and the effective decision-making and change-management skills that will be invaluable in the challenging times ahead in all countries, not just in those that are required to tackle large deficits in their public funding.

Good financial management is responsible for not only protecting, developing, using resources, pushing and maintaining economic growth and increasing income, but also managing effectively and efficiently all national resources.

DR DANANG THANANG, PRESIDENT VIETNAM ASSOCIATION OF ACCOUNTANTS AND AUDITORS

An agenda for the finance function

In the course of the past few years we have learned about the role of a value-adding finance function, marrying strategic insight with clear analysis, financial management disciplines and identification of value drivers across the business. We have seen that growth, especially where it involves access to external finance, is facilitated by the effective management of resources, the clear understanding of risk by the board, and by getting the fundamentals right, as much as by having the right strategy. In this respect, we have seen the emergence of a golden age for professional accountants. We have learned that good governance supports the overall reputation of the organisation and its leaders for long-term success (in politics as much as in business).

A survey conducted by CFO Research Services in collaboration with ACCA in 2009 shows that the importance of senior finance professionals has increased. Eight out of ten finance executives who responded to the survey believe that the CFO’s role is more important than it was in the previous year; that risk identification and management are very high on the CFO’s agenda in terms of hands-on management; and that managing costs is taking up much of a CFO’s time.20

A survey of CEOs conducted by PricewaterhouseCoopers, however, suggests that the ambition of CFOs and finance professionals to enter a ‘golden age’ in terms of their importance to business can only be achieved if they continue to enhance their influence across the organisations in which they work, and if they continue to develop the finance function to deliver value.

How can accountants and finance functions enhance the value they provide for their organisations? An ACCA report Accountants for Business,21 identified five domains of finance and areas where the finance function can add most value.

The research also identified four finance function enablers. Good finance functions that aspire to be great finance functions typically exhibit these characteristics.

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Finance influence
High-performing accountants have influence, and work in influential finance functions.

Finance strategy
Strategy must be aligned to the organisation, and where it best creates value.

Effective finance leaders
Strong leadership gives finance credibility at board level.

Finance IT
Investing and leveraging IT pays dividends. It breeds confidence in the numbers and enables one global data view.

The economic downturn has raised the CFO’s internal profile. With cash and liquidity having risen to the top of most companies’ agendas, a host of business activities have been placed under greater scrutiny, from capital expenditure decisions to remuneration and bonus packages, and the CFO’s input and time are in ever-increasing demand.

It is part of the CFO’s role to be primed to react to different economic circumstances as they arise, and it seems from our survey that CFOs are rising to this challenge, with the majority having taken on a more hands-on role in a range of operational issues. CFOs are also being relied upon more heavily to sanction any investment decisions, which are being weighed up much more carefully in the light of more stringent capital constraints. In return, the CFO has been rewarded by a boost in both the way that the role is perceived internally and by increased boardroom support.

With one eye on the basics of running a finance function, the CFO has the other on setting medium- and long-term strategic goals, an area in which he or she is more involved now than previously. The downturn has rendered the development of strategy even more difficult than in the past, but those who are persevering are responding by adapting the way they strategise, for example by using a range of sensitivity scenarios and updating these more frequently.

Part of successful strategy implementation is communication, of which the surveyed companies say they are carrying out much more. Communication is crucial for enabling staff to pull in the same direction and alleviating their concerns. For a publicly-listed company too, regular communication is essential for reassuring and managing the expectations of the market, as well as investors, rating agencies and banks in order to guarantee their long-term support. CFOs are also using it as an exercise to find out about the financial health of their suppliers and customers—the latter of which, after all, will be at the heart of their companies’ future success.  

Assurance has also been a key focus for ACCA. The role of audit and how it can provide greater confidence for investors and other stakeholders have been the subject of a series of initiatives, including an international series of roundtables which have heard various suggestions from market participants as to how the value of audit could be enhanced. In its paper Restating the Value of Audit, ACCA has argued that the role of audit should be extended to include areas such as the assumptions underlying companies’ business models, and risk and governance issues, as well as reporting on the financial statements. And at the smaller end of the market, ACCA has made the case for a more targeted approach to assurance, involving less lengthy checklists and agreed procedures examining areas of concern to the business. It is clear from the roundtable series that the value of audit to business, and the role that external accountants play, has been recognised by banks, ratings agencies and investors. Indeed, at a time when access to finance is a source of concern for many organisations, ACCA believes that it is appropriate to restate the value of audit.

Assurance is essential to all businesses to instil and maintain confidence and trust among their many stakeholders. Although appropriate forms of reporting must be used for entities of different sizes, the value of the skills of auditors must nonetheless be promoted and defended against perceptions that the audit represents unnecessary ‘red tape’.


ACCA aims to emphasise sustainable business success in its planned programme of research and insights under the badge ‘Accountants for business’. In 2010, we see a strong case for emphasising interventions in business management and governance which bring long-term benefits alongside a revival of good returns on investment.

With risk management now identified as an increasingly important discipline within companies, the accountant’s skills are well placed to identify and analyse the company’s risk profile and to provide an essential link to financial performance. The complete finance professional will strive to ensure that there is a consistency of approach to management accounting and financial reporting, so that what is being measured and analysed in terms of corporate targets and objectives is consistent with what is reported to external stakeholders. In short, accountants act in the interests of business by measuring and reporting on the right thing.

A further imperative has emerged for the accountant in the large organisation: effective delivery of the finance function, using technology and efficient means of delivery, including outsourcing as a potentially integral part of the solution, with an added-value in-house function focusing on analysis, risk and the overall integrity of financial performance. The accountant in the large multinational will also be interested in non-financial reporting and the triple bottom line, aiming to encompass a broader perspective in accounting to stakeholders through a broad-based operating and financial review or management analysis.

However, this is not as self-evident as it sounds. The development of the global economy has gone hand in hand with increased business complexity and sophistication. As a result, it has become more difficult to identify the drivers which truly create value in many organisations. The financial crisis clearly exposed the weaknesses of some organisations that were unable fully to understand the complexity of their operations, their liabilities and, at a more basic level, the things they really needed to be measuring and reporting on more effectively, such as the cost base.

The balance of time and resources between retrospective reporting for external stakeholders and the production of insightful, forward-looking management information will also be of importance in the future. ACCA believes both are equally important. A new emphasis on a forward view should provide managers with the tools and information necessary to create a sustainable and superior advantage, and to drive business value – hence there is a growing interest in areas such as predictive accounting. ACCA also notes that delivering the right level of information is vital too, as the usefulness of some financial reports is increasingly questioned.

The way in which the finance function delivers its responsibilities to the organisation will be a key factor in helping to create long-term sustainable performance. The finance function needs carefully to consider how it balances its priorities. On the one hand, it must provide deep insight into the business to aid much more effective decision making – in effect applying the finance ‘lens’ to business operations. On the other hand, as the custodian of the organisation it must continue to ensure that business assets are effectively controlled and risks properly managed. And, of course, finance must continue to fulfil its regulatory obligations. Furthermore, the operating model is key; the advent of new models, such as business partnering, has placed professionals carrying out analysis for business decisions closer to the commercial heart of the organisation, leading to a separation from back-end transaction processes. For many organisations, however, this is still very much work in progress and success has been variable. It is important for the CFO to grasp what the organisation needs from finance, and for finance to understand the operating model it requires to deliver this to best advantage.

By placing emphasis on the drivers of long-term success, business leaders can address factors within their control and help to establish a broader agenda for government and the wider public. ACCA’s view is that future priorities will include the areas set out overleaf.
Figure 5: Drivers of long-term success and future priorities

A finance function with increasing impact and influence – fulfilling the potential of a golden age for accountants

To achieve this, CFOs will need to continue to prioritise talent-management strategies, structure the finance function to deliver high value with impact across the organisation, and ensure that financial analysis is placed at the heart of strategic decision making.

Increased understanding of the value brought by professional accountants: attracting and managing new talent, and professional skills across all types of business, including the public sector

ACCA believes it is essential for the accountancy profession to continue to identify and emphasise the value accountants bring to organisations around the world. The significance of a profession peopled by skilled individuals who have demonstrated their competence to work in business, who adhere to codes of professional ethics and conduct, and who maintain their skills on an ongoing basis is still not fully appreciated. It is also vital to bring new talent into the profession and for accountancy to be seen as a relevant and aspirational career choice for new generations (such as Generation 'Y'). ACCA will continue to play a role in identifying and promoting the benefits of professionalism to economies at all stages of development.

A renewed agenda for accountants in wider areas of assurance, risk and governance, and a deeper understanding of the sustainability of the business model – harnessing ethics and enterprise

As part of this, ACCA believes there is more scope to define and enhance the value of audit, and an enhanced role for accountants in risk management and corporate governance.

A new dialogue with investors – with a move to more integrated reporting

Narrative reporting is increasingly being challenged. Is it providing the right level of information to investors? Or is complexity in reporting obscuring the overall picture of the organisation’s performance? Linked to these concerns are considerations such as wider corporate reporting, the inclusion of non-financial reporting – especially sustainability measures – and appraisals of future performance prospects. ACCA calls for a greater drive to ensure that reporting is relevant to investors and other stakeholders.
Ensuring SMEs have access to advice and skills which enhance their business, help them secure access to finance, and position small business as key drivers of the global economy

ACCA has determined that access to finance remains a core issue for SMEs – and an area where accountants can bring the highest value. Alongside this, ACCA continues to champion ways in which accountants as business advisers can bring value to SMEs in a wide range of accounting and business disciplines.

A new emphasis on consistency in the application of international standards: how to advance the mission to bring one, global standard?

The International Accounting Standards Board (IASB) has entered a critical phase. Global convergence is more important than ever; the US deliberates on whether to adopt IFRS; there is a prospective change in the leadership of the IASB; and there is increasing political pressure on the development of the standards themselves. In addition, there is an increasing drive towards the simplification of financial reporting, on fair value accounting (although ACCA firmly supports the principle of fair value), and the inclusion of standards on the effects of climate change within IFRS.

A drive to put sustainability at the heart of business – long-term value creation and a strategy to enhance environmental and CSR performance

ACCA remains concerned that insufficient emphasis is placed on sustainability and transparency with regard to the effects of climate change and CSR issues. ACCA has argued for many years that accountants have a significant role to play in driving change in the organisations in which they work, measuring and reporting on impacts. Our key insight from the recent past is that companies seeking to create sustainable value and obtain a competitive edge should invest in green technologies and processes; move towards the triple bottom line; and seek opportunities for more efficient business which can be realised by embracing a green future.
Conclusion

Today’s accountants are expected to do much more than just traditional accounting. It is likely that in future they will spend increasing amounts of time on non-traditional functions, such as strategic planning, problem solving and information technology projects. This is true in all sectors: the golden age for accountants is truly here, providing the profession rises to the challenge of ensuring that talented people are attracted into the profession and they demonstrate the value they can bring to the organisations in which they work.

The underlying reality is that accounting is the language of business, and that accountants will need to be well-versed in an increasing number of business operations. The recent economic downturn has actually led to an increased demand for accountants. ACCA will continue to act to ensure professional accountants have the skills required to add value to business.

ACCA believes that accountants add considerable value to business by driving down costs and identifying drivers of value and profitability – and never more so than in the current environment. They are instrumental in obtaining access to finance and strengthening the balance sheet. Accountants are also essential to supporting the small business sector, estimated by the OECD to represent 95% of all enterprises. SMEs make a positive contribution to economic growth, requiring well-rounded finance managers and advisers to ensure that they survive and grow.

As the global body for professional accountants, ACCA will seek to address the challenges posed for the global economy; not only by providing accountants with the relevant skills and training to enable business to prosper, but also by acting in the public interest in encouraging governments around the world to ensure appropriate regulation that favours fair competition, capital investment and economic growth.