

***Accounting Business Reporting for Decision  
Making 7th edition Birt Solutions Manual***

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# **Solutions manual**

to accompany

# **Accounting: business reporting for decision making**

**7<sup>th</sup> edition**

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# **WILEY**

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## **Chapter 1: Introduction to accounting and business decision making**

### **Apply your knowledge**

- a. **Provide an example of the different types of activities that would be performed by a management and a financial accountant for a large public company listed on the ASX. (5 marks)**
- b. **What are some of the advantages of business planning? (5 marks)**
- c. **Sustainability accounting is a very important and huge growth area of accounting. Discuss the different stakeholders (and their information needs) that would be interested in sustainability reports. (10 marks)**
- d. **Integrated reporting is a type of reporting that has been adopted in countries such as South Africa. What do you think are the advantages and disadvantages to the company of providing such disclosures? (10 marks)**
- e. **What are the three elements of a business plan? Consider the situation of two sisters contemplating a new business hiring surfboards and providing surf lessons on the Sunshine Coast. Explain how the business plan would assist the sisters in planning their business venture. (10 marks)**

- a. **Provide an example of the different types of activities that would be performed by a management and a financial accountant for a large public company listed on the ASX.**

The management accountant would perform activities such as capital budgeting for future store fit-outs, preparation of budgets and cost–volume–profit analysis for a new business venture (e.g. diversifying product range to include books).

The financial accountant would perform activities such as preparation of financial reports (i.e. statement of profit or loss, statement of financial position and the statement of cash flows) in accordance with generally accepted accounting principles, which are represented by accounting standards including those issued by both the AASB and the IASB and the Corporations Act.

- b. **What are some of the advantages of business planning?**

Business planning provides a clear, formal statement of direction and purpose. It allows management and employees of the entity to work towards a set of clearly defined goals in the daily operations of the business. It also assists the business entity in evaluating the business.

- c. **Sustainability accounting is a very important and huge growth area of accounting. Discuss the different stakeholders (and their information needs) that would be interested in sustainability reports.**

|    | Stakeholder    | Information needs                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Management     | Sustainability reporting can improve stakeholder relations, create market opportunities, increase control over environmental disclosure, satisfy a mandatory or signatory reporting need, gain the confidence of investors, insurers and financial institutions, trigger internal improvement in environmental performance and gain external recognition or awards. Meeting environmental targets can increase remuneration for management. |
| 2. | Investors      | The disclosures can provide information to investors to determine the future of an entity and to assess future cash flows for dividends and the possibility of capital growth of investment.                                                                                                                                                                                                                                                |
| 3. | Employees      | Employees can use the information to ascertain job security and future promotional opportunities.                                                                                                                                                                                                                                                                                                                                           |
| 4. | Suppliers      | Suppliers of the entity can use the information to determine an entity's ability to repay debt associated with purchases.                                                                                                                                                                                                                                                                                                                   |
| 5. | General public | Interested in comparing companies to determine their sustainability practices.                                                                                                                                                                                                                                                                                                                                                              |

- d. **Integrated reporting is a type of reporting that has been adopted in countries such as South Africa. What do you think are the advantages and disadvantages to the company of providing such disclosures?**

Integrated reporting combines social, environmental, financial and governance information. It provides a clear and concise representation of how an organisation demonstrates stewardship and how it creates and sustains value. It is based on the six capitals of financial capital, manufactured capital, human capital, intellectual capital, natural capital, and social and relationship capital.

Advantages of adopting IR include:

- more integrated thinking and management
- greater clarity on business issues and performance
- improved corporate reputation and stakeholder relationships
- more efficient reporting for both users and preparers of reports
- employee engagement
- improved gross margins although financial benefits of adopting IR may take time to realise
- the integrated report gives a holistic image of the organisation, by combining the financial and nonfinancial information.

Disadvantages of adopting IR include:

- very time consuming
- it is hard for the organisation to determine which information should be disclosed, since they want to report only the material aspects, yet they also want to be fully transparent and disclose as much as is required by the stakeholders
- non-financial information is not as easy to obtain as financial information.

**e. What are the three elements of a business plan? Consider the situation of two sisters contemplating a new business hiring surfboards and providing surf lessons on the Sunshine Coast. Explain how the business plan would assist the sisters in planning their business venture.**

The three elements/components of a business plan are:

- marketing
- operations
- finance.

The business plan would provide the sisters with a clear statement of purpose and direction for their business. It would allow them to both work towards a set of clearly defined goals, thus enhancing the likelihood of the goals being reached. It also provides them with a suitable means of periodically evaluating the performance of their business. Different quantifiable targets, such as sales of surfboards, the number of surfboards sold, market share and profitability, can be compared with the actual results at the end of the plan period. The business plan also would encourage the sisters to effectively review all aspects of their operations, which could foster a more effective use of scarce resources, such as staff, time and money, and improve coordination and internal communication. Finally, the process of collecting information, analysing it and integrating it into a written plan can help ensure that the sisters have adequately researched the business idea.

## Comprehension questions

### 1.1 What is a business transaction and how does it relate to the accounting process? Illustrate the concept of a business transaction with five examples relating to an SME such as a provider of Chinese therapeutic massages.

A business transaction can be defined as external exchanges of resources between the entity and another entity or individual that affects the assets, liabilities and owners' equity items in an entity. The accounting process is the identifying, measuring and communicating of economic information about an entity to a variety of users for decision-making purposes. The first component of the process is the identification of business transactions which are then measured and communicated to the different users of financial reports.

Business transactions for a provider of Chinese therapeutic massages include the following.

1. The contribution of capital by the owner to commence the business. This transaction would increase cash (asset) and increase capital (equity).
2. The purchase of equipment (massage tables, massage chairs) on credit. This transaction would increase equipment (asset) and increase creditor (liability).
3. The payment of building rent. This transaction would decrease cash (asset) and decrease profit (equity).
4. The purchase of office equipment for cash. This transaction would increase office equipment (asset) and decrease cash (asset).
5. Withdrawal of business funds by owner. This transaction would decrease cash (asset) and increase drawings/decrease capital (equity).

### 1.2 Differentiate between financial and management accounting. Give an example of how a management accounting report would be incorporated into financial accounting reports.

In differentiating between financial accounting and management accounting, it is important to consider the users of financial information — both internal and external users. Financial accountants prepare and report information for external users (for example prospective investors or the tax office) and as such are subjected to regulation from GAAP, the Corporations Act and in some cases the ASX through their Listing Rules. Management accountants are concerned with the effective use of an entity's resources, and in so doing assist the manager/s (i.e. internal users) of the entity in achieving their goal of enhancing customer and shareholder value. Therefore, the management reports generated need to be up-to-date to be effective. Regulation in management accounting is much less formal and in some areas rules are basically non-existent. Ultimately, there will be interaction between the financial accounting and management accounting areas. The information provided by management accountants will provide information for internal users that will be reflected in the financial reports used by the external users. See table 1.3 for a detailed list of the differences between financial and management accounting.

**1.3 Describe how accounting information helps shareholders and lenders to make decisions concerning the operations and performance of an entity.**

Users of accounting information (both internal and external) require accounting information to assist them in the decision-making process. External users such as investors, employees, banks, suppliers and government agencies (e.g. ATO) all have their own specific information needs. A potential investor will require past profits and future profit projections, as well as future growth prospects, to determine if the entity is a good investment proposition or not. Lenders will be seeking details of the level of risk it is exposing itself to by lending money to the entity plus the prospects of the entity repaying its debt.

**1.4 Provide an example each of a company that would produce a GPFS and a company that would produce a special purpose financial statement. Who are the likely stakeholders of both types of entities?**

An example of a company who would produce a GPFS would be Qantas Group. Qantas Group has various stakeholders such as investors, employees, customers, suppliers, banks and regulatory bodies that would all require important information from the Qantas annual report. A company that would prepare a special purpose financial statement could be an entity such as a local government association. This type of entity would provide a set of financial statements in accordance with the local government code of accounting practice and financial reporting and relevant Australian accounting standards. The association would not have a diverse range of stakeholders and a special purpose financial statement would fit the requirement of its stakeholders such as lenders and regulatory bodies.

**1.5 One of the new opportunities for accounting graduates is forensic accounting. What does forensic accounting entail? Provide an example of a position as a forensic accountant.**

Forensic accounting involves accountants helping to solve crimes such as computer hacking and the theft of large amounts of money through hoax schemes on the internet. In recent years, several Australian banks have been the targets of this type of crime, where customers have been sent an email supposedly from the bank, requesting them to provide confidential personal banking details. Some of these customers have been misled and supplied personal details, resulting in unauthorised individuals accessing their personal funds. Some examples of positions advertised for a forensic accountant include the following.

- Data Analytics Manager at NAB in Melbourne — advertised through JORA in November 2018.
- Forensic accountant at Pilot Partners in Brisbane — advertised through SEEK in November 2018.
- Graduate accountant at Jardine Lloyd Thompson Pty Ltd to join their Sydney JLT Forensic team — advertised through SEEK in October 2018.
- Forensic technology graduate at Genius People at Melbourne — advertised through SEEK in October 2018.
- Forensic personal injury accountant for Vincents Chartered Accountants in Brisbane — advertised through SEEK in October 2018.

- Forensic accountant for Hamilton York in Sydney — advertised through SEEK in October 2018.

**1.6 List five stakeholders of accounting information. Describe the information requirements for each one; for example, lenders would need information regarding the business's ability to repay debt and service a loan.**

Any five of the following:

| STAKEHOLDERS:       | INFORMATION NEEDS:                                                                                                                                  |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Managers            | require information to determine make or buy decisions or whether to expand or close down or whether to change banks.                               |
| Investors           | seek information on capital growth prospects and future dividend payments.                                                                          |
| Lenders             | need information on the ability of the entity to repay its loans.                                                                                   |
| Suppliers           | want to know if the entity can pay for its supply purchases.                                                                                        |
| Consumers           | are interested in the life expectancy of the entity and the entity's ability to provide appropriate goods and services.                             |
| Government agencies | for example, ATO — require information to determine the amount of tax liability of the entity.                                                      |
| Regulatory bodies   | for example, ASX and ASIC need to know whether the entity is following the ASX listing rules and the rules and regulations of the Corporations Act. |

**1.7 Jackie Smith is considering purchasing a sushi bar in the inner Melbourne suburb of Albert Park. Outline the importance of a business plan for Jackie and the type of accounting information she will require to assist her in making the decision.**

For Jackie, the business plan would provide a clear, formal statement of direction and purpose. It would allow her to work towards a set of clearly defined goals in the daily operations of the business. It also helps her in evaluating the business.

Jackie should seek the advice of her accountant regarding the following.

1. Evaluate the purchase — from the accountant's experience (or with assistance from his/her professional association) advice can be obtained on whether the purchase is a good buy or not (e.g. through comparisons of similar recent sales; analysing past financial reports).
2. Prepare budget forecasts (e.g. on sales — i.e. target sales of food necessary to make the purchase worthwhile or to compare whether it is better financially to remain in your present job and make passive investments with your capital). This will enable a prospective buyer to evaluate if such sales are feasible.
3. Explain the personal qualities required in owning such a business (e.g. long hours; tedious work; customer relationships; impact on family life).

### **1.8 What is stakeholder theory and how is it related to corporate governance?**

Stakeholder theory suggests that many groups other than shareholders have a stake in the activities and performance of an entity, and that corporate governance needs to reflect the wider duty of care that society is placing on the decision makers of entities.

### **1.9 What are the challenges associated with digital disruption for accountants?**

With the streamlining of certain accounting processes due to the introduction of new technologies, there will be less need for traditional accounting services but at the same time there are additional opportunities for accountants in managing the regulatory, tax and financial implications of the fintech industry.

It is important for accountants and other business professionals to have the skills to understand data analytics. Accountants need to be able to blend data from different sources (e.g. company reports, ASX data, government data, economic data), use analytical tools to draw insights into the data, make decisions based on the data and communicate their findings to other parties (e.g. management, board, investors).

In addition, the blockchain creates many opportunities and challenges for the accounting profession. Some of the current accounting and audit roles will diminish, as there will be less need for accountants and auditors to perform the transaction processing, reconciliation and control-type tasks. However, there will be new opportunities for auditors in overseeing and auditing the blockchain.

### **1.10 Give an example of the role accounting information plays in the investment planning for a retired footballer and a retired schoolteacher.**

Accounting provides us with a language to help understand the decision-making process associated with investment planning. A retired footballer would use accounting to initially work out a strategy for investing earnings and then to help keep track of his/her investments which could include property, shares, luxury cars and so on. A retired schoolteacher would have a superannuation fund and possibly other investments. Accounting knowledge would assist in helping to interpret the annual returns and fees from a superannuation policy and the performance of the assets invested by the superannuation fund. It could also assist in choosing investments that would provide most benefits to the retiree.

### **1.11 Why has the globalisation of accounting become so important for accountants?**

In recent years, entities have become larger, more diversified and multinational. Currently, two-thirds of US investors own shares in foreign entities that report their financial information using IFRS. 166 countries worldwide have now adopted IFRS and, in years to come, the rest of the world will most likely adopt a single set of high-quality accounting standards that will meet the needs of all users.

### **1.12 How does data analytics help accountants make decisions?**

Accountants use data analytics to help businesses uncover valuable insights within their financials, identify process improvements that can increase efficiency and better manage risk. Here are some examples.

- Auditors, both those working internally and externally, can shift from a sample-based model to employ continuous monitoring where much larger data sets are analysed and verified. The result: less margin of error resulting in more precise recommendations.
- Tax accountants use data science to quickly analyse complex taxation questions related to investment scenarios. In turn, investment decisions can be expedited, which allows companies to respond faster to opportunities to beat their competition and the market to the punch.
- Accountants who assist, or act as, investment advisors use big data to find behavioural patterns in consumers and the market. These patterns can help businesses build analytic models that, in turn, help them identify investment opportunities and generate higher profit margins.

### **1.13 Explain the role of the blockchain in cryptocurrencies.**

Blockchain technology supports cryptocurrencies such as Bitcoin. A blockchain is a structure of data that represents a financial ledger entry. The blockchain's data is partitioned into blocks and these blocks are linked together using cryptographic signatures.

### **1.14 What are the six capitals that an integrated report is focused on?**

An integrated report is based on the six capitals: financial capital, manufactured capital, human capital, intellectual capital, natural capital, and social and relationship capital.

### **1.15 What is the role of the International Integrated Reporting Council? What is its strategy?**

In August 2010, the International Integrated Reporting Council (IIRC) was formed to create a globally *accepted* framework for integrated reporting. Their strategy was to create the foundations for a new reporting model to enable organisations to provide concise communications about how they create value over time.

### **1.16 What is meant by business sustainability?**

Business sustainability is considering the long term (multi-generational) in business decisions. It is about thinking of solutions to the world's problems and in trying to change business practices and processes to ensure a respect for the environment and people. It is about integrating sustainability into the business and about being transparent and accountable via business sustainability reporting.

### **1.17 Suggest ways in which suppliers and customers could work together to reduce their overall impact on the environment.**

Working together is essential to maintaining an environmentally sustainable supply chain, with good communication leading to closer collaboration. By partnering and developing good working relationships, suppliers can be encouraged to adapt their products, packaging and services — to deliver improved environmental performance.

A number of case studies, many of which demonstrate cooperation between suppliers and customers, can be found at: <http://www.environment.nsw.gov.au/sustainabilityadvantage/casestudies.htm>. For example, in 2011, Teys and Cargill Beef Australia got together to find ways to reduce their carbon footprint.

Tey's took measures to slash its reliance on fossil fuel energy for refrigeration and heating, increase energy use from renewable sources and improve fresh water efficiency. As a result, Teys has:

- saved over 557 000 megajoules of energy per year (improvements to site boilers)
- provided the capacity for future generation of electricity and/or steam from captured methane on site (following \$13m upgrade to effluent treatment)
- reduced its demand for natural gas by 10 per cent while reducing greenhouse gas emissions by 27 per cent from the previous year
- cut the company's water use per unit of production by 20 per cent and natural gas use per unit of production by 10 per cent in the nine months to February 2011.

Source: <https://www.environment.nsw.gov.au/sustainabilityadvantage/csTey's.htm>  
accessed 4th December, 2018.

### **1.18 What are the three pillars of sustainability?**

The three pillars of sustainability are: economic (profit), environmental (planet) and social (people) dimensions.

**Economic performance** is the traditional profit and return on capital performance. More recently, economic performance has been defined as the economic value created by the entity over a particular period of time. This is the profit minus the cost of the capital employed. All entities must turn a profit and deliver an adequate return on the capital employed to remain sustainable. It is this bottom line that captures the conventional concept of performance and the focus on the owners of the entity.

**Environmental performance** refers to an entity's activities relating to natural capital and whether their activities are environmentally sustainable. Natural capital falls into two main areas: 'critical natural capital and renewable, replaceable, or substitutable natural capital' (Elkington, 1998, p. 79). The environmental bottom line captures the effect an entity's operations have on the natural capital and whether this is sustainable.

**Social performance** refers to both the human capital (the employee/community's health, skills and education) and society's wealth creation potential (Elkington, 1998). Fukuyama (1995) describes social capital as 'the ability of people to work together for common

purposes in groups and organisations'. He argues that 'trust' in one another is a central element in social prosperity and that those organisations that trust one another and accept a common set of ethical norms will do business more efficiently and gather a greater variety of positive social relationships than those organisations that do not trust. The result being that doing business will be cheaper and the synergies from more positive social relations will help create sustained wealth. Examples of social capital are paying fair salaries to workers, not exploiting supplier relationships, providing safe working conditions and ensuring the product/service is safe for the consumer.

**1.19 Growth areas for accountants in the future include sustainability reporting and, more specifically, carbon accounting. What are the costs and the benefits for entities in reporting their carbon greenhouse gas emissions?**

There are several benefits for firms in disclosing information about carbon greenhouse gas emissions. Information of this nature can assist in determining how effective the company has been in reducing carbon emissions and other pollutants. It can also provide information to special interest groups to determine whether the entity has considered environmental, social or industrial aspects during its operations. Costs to the entities include information processing costs and the potential loss of business to the entity if the information sends a negative signal about the entity (e.g. increases in greenhouse gas emissions and other pollutants or increased water consumption levels).

## 1.20 Outline the nine principles of business sustainability performance as put forward by Epstein and Roy (2003).

The following table presents the nine principles of business sustainability performance as outlined by Epstein and Roy (2003).

| <b>Principles of business sustainability performance</b> |                                                                                                                                                                                                 |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1 Ethics</b>                                          | The company establishes, promotes, monitors and maintains ethical standards and practices in dealings with all company stakeholders.                                                            |
| <b>2 Governance</b>                                      | The company manages all of its resources conscientiously and effectively, recognising the fiduciary duty of corporate boards and managers to focus on the interest of all company stakeholders. |
| <b>3 Transparency</b>                                    | The company provides timely disclosure of information about its products and services, and activities, thus permitting stakeholders to make informed decisions.                                 |
| <b>4 Business relationships</b>                          | The company engages in fair trading practices with suppliers, distributors and partners.                                                                                                        |
| <b>5 Financial return</b>                                | The company compensates providers of capital with a competitive return on investment and the protection of company assets.                                                                      |
| <b>6 Community involvement/economic development</b>      | The company fosters a mutually beneficial relationship between the corporation and the community in which it is sensitive to the culture, context and needs of the community.                   |
| <b>7 Value of products and services</b>                  | The company respects the needs, desires and rights of its customers and strives to provide the highest levels of product and service values.                                                    |
| <b>8 Employment practices</b>                            | The company engages in human resource management practices that promote personal and professional employee development, diversity and empowerment.                                              |
| <b>9 Protection of the environment</b>                   | The company strives to protect and restore the environment and sustainable development with products, processes, services and activities.                                                       |

*Source:* Epstein and Roy 2003, 'Improving sustainability performance: specifying, implementing and measuring key principles', as cited in Epstein 2008, p. 37.

## 1.21 Outline some ways that accountants could contribute to the sustainability efforts of organisations.

In 2015, IFAC President, Olivia Kirtley, stated: 'Accountants working in the public and private sectors have a significant role to play in supporting and making the decisions that guide an organisation's ability to be resilient.' The IFAC suggests eight practical ways for accountants to make a difference and fulfil their role as business partners.

- 1. Identify and connect** key trends and impacts to the organisation's strategy, business model and performance.
- 2. Integrate** significant natural and social capital issues into decision-making processes.

3. **Assess the benefits** of tackling environmental and social issues (e.g. cost reduction; revenue generation).
4. **Organise internal systems** and processes to ensure what matters is measured and managed.
5. **Link the strategy and resources** to the creation of value for stakeholders.
6. **Drive efficiency** by reducing waste and controlling costs.
7. **Provide credibility** to the information and data produce through effective oversight and governance.
8. **Communicate clearly** to ensure transparency.

Source: Adrian, A 2015, *Eight ways accountants can contribute to sustainability*, 8 August, ICAS, viewed 3 December 2018, available at <https://www.icas.com/ca-today-news/eight-ways-accountants-can-contribute-to-sustainability>.

Additional ways that accountants could contribute to the sustainability efforts of organisations include the following.

- *Reporting.* Accountants are well versed in the application of standards for reporting. Their skills in this area can be applied to the reporting of a firm's sustainability performance. Their systems could also be modified to incorporate environmental and social information. This could be used for both external and internal reporting purposes.
- *Cost analysis.* Comparison of two competing investment projects would require an analysis of economic profits, so to do decisions relating to social and environmental initiatives. For example, a development may require land to be brought back to its original condition, a decision as to what tyres to purchase given the costs and impacts on company maintained roads, or the cost of implementing energy efficient devices compared to the energy consumption costs.
- *Audit and assurance services.* The concept, process and practice of audit and assurance services are familiar ground for accountants. This makes them ideal candidates to help provide audit and assurance on the corporate social responsibility reports that are issued by organisations.

## **1.22 Suggest what the most important driver of sustainability would be and explain your rationale for its selection.**

Sustainability is about meeting today's needs without compromising the ability of future generations to meet their own needs. For a business to be sustained over time it needs to be profitable, it needs to maintain customer satisfaction, it needs to maintain product/service quality and it needs to maintain a good relationship with suppliers and to have sustained responsibility for its actions that impact on the environment and community.

Key drivers include the competition for resources, climate change, economic globalisation, and connectivity and communication. Students are likely to provide a range of answers which will provide an opportunity for a debate on the topic. Examples are shown below.

### **Competition for resources**

The world's population is projected to increase to more than 9 billion people by 2050. Rising living standards will result in both expanded markets for goods and services and unprecedented

demands on the planet's natural resources. Many of the resources once considered renewable — like forests and fresh water — have become finite when we consider that human demands are growing more quickly than the ability of natural processes to replenish them. While exhaustion of commodities can be monitored and measured, the impact of depletion on ecosystems is harder to gauge and often impossible to remedy. With resource depletion comes risk of conflict as people struggle to meet their basic needs. Take water — population growth, economic development and climate change are straining access to fresh water globally. By 2025, two-thirds of the world's population will live in water-stressed countries, posing significant risks to the economic and social stability of entire regions and to the corporate operations in those regions.

### **Climate change**

Our current fossil-fuel based economy has led to a growing concentration of greenhouse gases in the atmosphere that is driving more extreme weather events, more severe and frequent cycles of drought and flood, and rising sea levels. These phenomena are being met with new policies and regulations including those designed to limit and put a cost on carbon emissions. Businesses need to plan for a policy environment increasingly hostile toward carbon emissions and for the costs of adaptation to climate change. A large number of businesses and investors have come together to call on governments at the national and global level to implement comprehensive climate policy. These groups include Business for Innovative Climate and Energy Policy (BICEP), US CAP, The Prince of Wales Corporate Leaders Group on Climate Change, the Investor Network on Climate Risk (INCR) and the Institutional Investors Group on Climate Change (II GCC), among others. These businesses recognise the opportunity to profit from technologies that reduce emissions and create solutions to global warming.

### **Economic globalisation**

The integration of national economies into the global economy brings opportunities for business, but often with significant risks. More and more companies operate in or source from multiple countries with wide disparities in enforced environmental and social standards. Whatever the local enforced standard, many stakeholder groups demand, at a minimum, that companies meet international expectations.

### **Connectivity and communication**

Advances in digital communication over the last two decades have reduced not only the time it takes to build a reputation, but also the time it takes to destroy one. Communication is increasingly disaggregated across multiple social networks. Facebook has over 65 million users, and is growing by more than 200 per cent per year. Twitter, while having a 'mere' 7 million users, has shown year-to-year growth of over 1000 per cent. Using these types of tools, it has never been easier for people to track a company's sustainability performance and to widely disseminate their perspectives on it. We have entered an era of 'radical transparency'.

### 1.23 List the qualities needed in providing external audit and assurance services to organisations in relation to CSR reports.

According to GRI (2018, pp. 41–42), it is important that assurance providers:

- are independent from the organisation and therefore able to reach and publish an objective and impartial opinion or conclusions about the report
- are demonstrably competent in both the subject matter and assurance practices
- apply quality control procedures to the assurance engagement
- conduct the engagement in a manner that is systematic, documented, evidence-based and characterised by defined procedures
- assesses whether the report provides a reasonable and balanced presentation of performance — considering the veracity of data in the report as well as the overall selection of content
- assess the extent to which the report preparer has applied the GRI Standards in the course of reaching its conclusions
- issue a written report that is publicly available and includes: an opinion or set of conclusions; a description of the responsibilities of the report preparer and the assurance provider; and a summary of the work performed, which explains the nature of the assurance conveyed by the assurance report. (GRI 2018, *Consolidated set of GRI Sustainability Reporting Standards 2018*, GRI 102 General disclosures 2016, Disclosure 102-56 External assurance, pp. 41–42.)

### 1.24 Compare the principles underlying the GRI sustainability reporting Standards with the principles underlying the preparation of GPFS.

The list below shows that for both sustainability and financial reporting materiality, timeliness and comparability are the same. Given that general purpose financial statements are deliberately limited in scope, it is less important to have stakeholder inclusiveness. However, it is vitally important for there to be understandability for widespread stakeholder use. The faithful representation required for the financial reports would capture the context, completeness and balance required in the sustainability reports. Similarly, for financial statements to be verifiable they would need to be accurate, have clarity and be reliable.

| GRI principles                                                                                                                                                                                                                                                                                                                                                                                | Qualitative characteristics of financial statements                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Content principles:</p> <ul style="list-style-type: none"> <li>• Stakeholder inclusiveness</li> <li>• Sustainability context</li> <li>• Materiality</li> <li>• Completeness</li> </ul> <p>Quality principles:</p> <ul style="list-style-type: none"> <li>• Balance</li> <li>• Comparability</li> <li>• Accuracy</li> <li>• Timeliness</li> <li>• Clarity</li> <li>• Reliability</li> </ul> | <p>Relevance and materiality</p> <p>Faithful representation</p> <p>Comparability</p> <p>Verifiability</p> <p>Timeliness</p> <p>Understandability</p> |

## Problems

### 1.25 Business sustainability

**Read the article on environmental auditing at [www.epa.vic.gov.au/our-work/environmental-auditing](http://www.epa.vic.gov.au/our-work/environmental-auditing). What is environmental auditing? What is a 53V audit? What is the role of the auditor in the 53V process?**

Environmental auditing assesses industrial processes/activities to determine the type of pollution and the harm it poses to the environment. The auditor provides independent and transparent advice and recommendations on how identified environmental risks may be reduced.

A 53V ('risk of harm') audit is most commonly conducted to understand the risk to the environment posed by an industrial activity or to validate that contaminated land or groundwater has been cleaned up. It also includes the construction and operation of landfills.

The role of the auditor is to review existing information about the activity, premises and/or segment of the environment. The auditor collects and verifies evidence to support findings based on the criteria. The auditor evaluates the data to determine compliance with the criteria. The auditor provides an opinion on the risk posed and then writes an audit report providing justification to support their assessment. The 53V audit report must be provided to EPA within seven days.

### 1.26 GRI framework

**You are a CFO in an organisation that is considering reporting on CSR using the GRI Standards. The CEO has asked you to prepare a report for the board supporting such a proposal. In this report you should outline:**

- 1. the benefits of CSR reporting**
- 2. the likely costs of CSR reporting**
- 3. to whom the company will be reporting**
- 4. what will be covered in the report**
- 5. how this process will support the business strategy.**

- *Benefits.* Benefits would include the actual recognition of environmental and social initiatives; the tracking of an organisation's environmental and social footprint; the increased ability to make a difference to environmental and social outcomes due to the increased awareness from the reporting; and the possible positive public relations that would flow from the reporting process.
- *Costs.* Costs would include the cost of analysis, preparation and reporting; as well as the costs of setting up systems to gather data, process data and audit outcomes.
- *Reporting.* The company will be reporting to all stakeholders of the business, including society in general and the physical environment in which it operates. That is, CSR reporting goes beyond financial reporting to include information about economic, environmental, social and governance performance.
- *Coverage.* The standard coverage of a GRI report would include strategy and analysis; organisational profile; any identified material aspects; stakeholder engagement; profile; governance; ethics and integrity; management approach; and economic, environmental and social indicators.

- *Business strategy report.* Sustainability reporting is only as good as the sustainability strategy that the report describes. Through the data capture and reporting process there will be a greater awareness of environmental and social initiatives and impact. This will help an organisation with their strategy formulation and implementation.

### 1.27 Business sustainability

**Critique the role that regulation plays in encouraging business sustainability. In other words, assess whether you feel the government should regulate to protect the environment's and society's needs or whether companies would 'do the right thing' anyway. In your answer, define regulation and business sustainability. Give your opinion as to whether existing legislation such as work health and safety and industrial relations (such as award wages) are necessary or just an extra burden on business that destroys efficiency and productivity.**

Business sustainability is about making decisions for the long-term benefit of the business, environment and society. Government regulation helps promote behaviour and outcomes deemed valuable by that society. Regulation is used when business and citizens may act differently to what is generally good for society. It is not only useful in trying to promote the good of society as a whole, but also to protect minority rights or aspects of life that could not protect themselves. The environment is a good example of this. No one person or entity owns 'the atmosphere'. Legislation surrounding land ownership and rights to use land have been available in some shape or form for centuries. Water rights have been given greater legislative status over the last century. Given the shortage of water and its flows from one country to another over large continents the debate over water rights will no doubt increase over the next century and international organisations may increase calls for agreement over such rights. However, the atmosphere has not in the past been valued or traded. Yet high-polluting entities may affect the lives of others not economically benefiting from the production of the polluting entity. So regulation over carbon emissions in the environment (by taxing it or through carbon trading) is one way the government can help promote acceptable behaviour. Some entities may have been concerned about the effect their production processes have on aspects of the environment and some may not. Through regulation the value of the atmosphere to all of society can be promoted.

One aspect of the debate surrounding the issue of regulation is the short- and long-term horizons. Most entities report on the short-term performance of the entity and most people consider their short-term wants and needs over the consideration of long-term outcomes. In the short-term, the cost of implementing work, health and safety policies and processes may cause a significant cost to the entity. Many entities may not have implemented some WH&S processes or equipment due to the immediate cost of doing so and have been forced to by legislation. Likewise, the regulation of minimum wages protects the community from entities willing to take advantage of those not in a position to negotiate their own payment.

### **1.28 Business sustainability**

**‘Human rights are rights inherent to all human beings, whatever our nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status. We are all equally entitled to our human rights without discrimination. These rights are all interrelated, interdependent and indivisible’ (United Nations Human Rights Office of the High Commissioner 2018).**

#### **Required**

**Investigate the relationship of human rights to business sustainability. In your answer, examine the relationship from various angles, such as:**

- a. human beings are a resource to be used as a means to an end**
- b. individual human beings should be able to negotiate their own pay without the need for industrial laws**
- c. if some people have more than others, then they must have worked harder and deserved it; the system is based on opportunities and everyone has to look out for themselves.**

The triple bottom line approach to sustainability includes three pillars: economic, environment and social. Human rights would fall under the social dimension. It is accepted that all human beings need to be treated with respect and dignity. It has also been argued that the world’s production should first ensure that every person has access to basic human needs. Once these needs are met then the surplus can be divided based on the success of individual opportunities taken. However, there is growing awareness that some people do not have their basic human rights covered while others live in luxury.

#### **a. Are human beings a resource to be used as a means to an end?**

We live in a global economy. For the most part, countries trade with each other, and businesses can operate where they want. However, certain economic decisions can violate human rights. For example, if a business decides to expand internationally and invest in projects that enforce child labour or utilise sweatshops with dangerous working conditions that do not pay workers a liveable wage, that business is responsible for the violation of human rights. This situation is not uncommon, and many corporations have come under scrutiny for supporting unjust, unsafe working environments. When the basic human needs and fundamental human rights of individuals are not met, the ability to participate in social, economic, and environmental systems that promote sustainability is compromised. While governments have the primary duty to protect and promote human rights, businesses have a distinct responsibility to respect human rights. Kant’s theory of morality, the categorical imperative, states that it is immoral to use another person merely as a means to an end and that people must — under all circumstances — be treated as ends in themselves. If human beings are used as a means it degrades them to the level of ‘resources’ or ‘commodities’ to be used and manipulated at will. It does not encourage respect or dignity.

#### **b. Individual human beings should be able to negotiate their own pay without the need for industrial laws.**

The capital versus labour debate is one of the longest in history. The capital providers (business owners) hire labour to help produce their goods and services. The union movement was born out of the inequality of wage rates and of the need for labourers to form groups to help negotiate better wages and conditions. Benefits to the capital providers would be happier staff and a minimisation of the costs to negotiate with one or a few parties compared to large numbers of

individuals. Market rates of pay could be successful in a buoyant economy with minimally education job seekers. However, it is accepted that minimum rates of pay need to be regulated.

Over the past decade, Australian employers have had to navigate substantial changes to the Australian industrial relations legislative framework, particularly with the introduction and subsequent repeal of the *WorkChoices* laws and the introduction of the *Fair Work Act 2009* (Cth) (FW Act). Enterprise agreements and modern awards contain minimum entitlements for wages and conditions of employment. Some employees are not covered by an award or an enterprise agreement. For these employees, a national minimum wage order provides a safety net of minimum wages. The National Employment Standards (NES) are minimum standards that cannot be overridden by the terms of enterprise agreements or awards.

**c. If some people have more than others, then they must have worked harder and deserved it. The system is based on opportunities and everyone has to look out for themselves.**

Having more than some people does not necessarily mean you have worked harder and therefore deserve it. For example, you may have inherited your wealth. *Certainly, the capitalist system is based on opportunities and those willing to take advantage of them and work hard. It becomes unfair when those opportunities may not be available to all. Specifically, if political favours are involved.* Legislation exists to ensure basic human rights are not violated by businesses in developed countries such as Australia. The Australian Government believes that business and respect for human rights go hand in hand. As such, businesses must comply with all Australian laws.

### 1.29 International convergence

**It is argued that the convergence of our accounting standards with international standards and their subsequent adoption has brought great benefits to the Australian economy. What are the benefits in relation to international trade?**

The adoption of international standards should have a number of benefits for the Australian economy including the following.

- A global language will be achieved for financial reporting. IFRS are now developed in consultation with countries around the world.
- Business, investors and other stakeholders will more effectively communicate, understand and engage.
- With an increase in understanding of global financial reporting this should lead to more informed decision making by entities and their stakeholders.

International trade will also benefit greatly from the adoption of international standards as with IFRS there is a global language which enables consistency in financial reporting. It also reduces costs for individual entities as they no longer have to produce two sets of financial reports. A global language also increases transparency in financial reporting.

### **1.30 IFRS adoption**

**Go to the IFRS Foundation website, [www.ifrs.org](http://www.ifrs.org). Select ‘Around the world’ then ‘Use of IFRS standards by jurisdiction’. Comment on the jurisdictions that have adopted IFRS. Which countries are yet to adopt IFRS? Can you think of reasons why certain countries have not adopted IFRS?**

There are 166 profiles from jurisdictions commenting on whether they have adopted IFRS. Please note: this is not the full list of IFRS adopters. Profiles are included from countries such as Albania, Austria, Australia, Iceland, Norway, Poland, Singapore and South Africa. Some of them have adopted IFRS and some have not. The profiles discuss the following issues.

1. *Commitment to a single set of global accounting standards.* Nearly all of the jurisdictions (156 of the 166) have made a public commitment supporting a single set of high-quality global accounting standards. Only Albania, Belize, Bermuda, Cayman Islands, Egypt, Macao, Paraguay, Suriname, Switzerland and Vietnam have not.
2. *Commitment to IFRSs.* The relevant authority in all but 8 of the 166 jurisdictions (Belize, Bermuda, Cayman Islands, Egypt, Macao, Suriname, Switzerland and Vietnam) has made a public commitment to IFRSs as the single set of global accounting standards. However, IFRS Standards are commonly used by publicly accountable entities in Belize, Bermuda, Cayman Islands and Switzerland.
3. *Adoption of IFRS Standards.* 144 jurisdictions (87 per cent of the profiles) require IFRS Standards for all or most domestic publicly accountable entities (listed companies and financial institutions) in their capital markets. All but one of those have already begun using IFRS Standards. Bhutan will begin using IFRS Standards in 2021. Some comments on the remaining 22 jurisdictions that have not adopted:
  - a) *Twelve jurisdictions permit, rather than require, IFRS Standards:* Bermuda, Cayman Islands, Guatemala, Honduras, India, Japan, Madagascar, Nicaragua, Panama, Paraguay, Suriname, Switzerland and Timor-Leste.
  - b) *One jurisdiction requires IFRS Standards for financial institutions but not listed companies:* Uzbekistan.
  - c) *One jurisdiction is in process of adopting IFRS Standards in full:* Thailand.
  - d) *One jurisdiction is in process of converging its national standards substantially (but not entirely) with IFRS Standards:* Indonesia.
  - e) *Seven jurisdictions use national or regional standards:* Bolivia, China, Egypt, India, Macao SAR, United States and Vietnam.

Countries may not yet have adopted IFRS due to the additional information process costs, and also the fear of disclosing additional information to the market which could impact on their level of competition.

Some jurisdictions (e.g. USA) also believe that some parts of IFRS may not meet their user needs and may in fact result in a loss of information for stakeholders.

### 1.31 Sustainability reporting

**BHP Group Ltd includes a sustainability report in its annual report. What key performance indicators (KPIs) are included in this report? Explain the different stakeholders that would be interested in this information.**

The key performance indicators included in this report are:

1. governance
2. people — total recordable injury frequency, high potential injuries, gender of employees, gender of senior managers, gender of board members
3. environment — greenhouse gas emissions
4. society — social investment.

The employees of the company would be interested in the safety and health measures undertaken by BHP Group Ltd. Future employees may be interested in the gender diversity of the organisation such as number of woman directors on the board of directors. Future employees may also be interested in the age and cultural diversity of the workplace. Prospective investors may be interested in the environmental aspects of the company such as climate change and energy, biodiversity and land management and water management. Society would be interested in the way the company supports and engages with the community, the way the company respects human rights and makes a positive contribution to society.

## Decision-making activities

- 1.32 Download the report *Triple bottom line reporting in Australia* at [www.environment.gov.au/archive/settlements/industry/finance/publications/indicators/pubs/indicators.pdf](http://www.environment.gov.au/archive/settlements/industry/finance/publications/indicators/pubs/indicators.pdf). This guide puts forward a methodology to help entities report on their environmental impacts. The environment is one of the three pillars of TBL accounting. From the report:**
- outline the five environmental management indicators stated**
  - for each of the environmental issues listed, give two examples of an environmental measure of environmental performance**
  - discuss how accountants could help an entity develop a TBL report.**

**a. Outline the five environmental management indicators stated.**

The report outlines the five environmental management indicators as:

1. Environmental Management System Conformance
2. Environmental Performance Improvement Process
3. Integration of Environment with other Business Management Systems
4. Due Diligence Process
5. Environmental Liabilities.

**b. For each of the environmental issues listed, give two examples of an environmental measure of environmental performance.**

Energy:

- direct energy use
- indirect energy use
- initiatives to use renewable energy and increase energy efficiency.

Greenhouse:

- total greenhouse gas emissions
- initiatives aimed at reducing greenhouse gas emissions.

Water:

- total water use
- total water reused
- initiatives to decrease water consumption or increase water reuse.

Materials:

- total material use.

Initiatives aimed at using post-consumer recycled materials and waste from industrial sources.

Waste — solid and hazardous:

- total amount of solid waste by type and destination
- total amount of hazardous waste produced (as defined by the Hazardous Waste Act or State waste regulations)
- initiatives and improvements.

Emissions and discharges to air, land and water:

- significant emissions to air and land
- significant discharges to water by discharge type
- initiatives to reduce emissions and discharges.

Biodiversity:

- location and size of land and water owned, leased or managed in biodiversity-rich or ecologically significant habitat areas
- major impacts on land, water and biodiversity associated with an organisation's activities, products and services
- initiatives and improvements.

Ozone-depleting substances:

- ozone-depleting substances (ODS) emissions.

Suppliers:

- initiatives to encourage.

Products and services:

- describe where relevant, major environmental impacts at each stage of the life cycle of principal products and services
- product and service stewardship initiatives including efforts to improve product design and lessen impacts associated with manufacturing, use and disposal.

Compliance:

- incidences of and penalties for non-compliance with applicable laws
- significant spills of chemicals, oils and fuels in terms of total number and total volume.

**c. Discuss how accountants could help an entity develop a TBL report.**

The role of the accountant in promoting and reporting sustainability is very broad. They can use their skills of aggregating data into useful information, help with cost analysis of environmental decisions and be involved with the audit and assurance of corporate social reports.

- *Reporting.* Accountants are well versed in the application of standards for reporting, and their skills in this area can be applied to the reporting of an entity's sustainability performance. Their systems could also be modified to incorporate environmental and social information, which could be used for both external and internal reporting purposes.
- *Cost analysis.* Comparison of two competing investment projects would require an analysis of economic profits in order to make decisions relating to social and environmental initiatives. For example, a development may require land to be brought back to its original condition; a decision may be needed as to what tyres to

purchase given their costs and impacts on company-maintained roads; or the cost of implementing energy-efficient devices may need to be compared to the energy consumption costs. This could then be extended to the collection, analysis and reporting of non-qualitative information.

- **Audit and assurance services.** The integrity of the information and its collection can be safeguarded by putting in place clear processes and procedures known as internal control. This is familiar ground for accountants and makes them ideal candidates to help provide audit and assurance on the corporate social responsibility reports that are issued by entities. Apart from internal control, the systems in place and reports produced can be audited by external independent groups or individuals. The GRI Standards identify external assurance as important to the reporting process and list its key qualities. External assurance:
  - is conducted by groups or individuals who are external, competent and independent of the reporting organisation
  - is systematic, documented, evidence-based and characterised by defined procedures
  - assesses whether the report provides a reasonable and balanced presentation of performance
  - utilises groups or individuals that are not unduly limited by their relationship with the organisation or its stakeholders (that is, they are impartial and independent)
  - assesses the extent of the application of the GRI Standards.

- 1.33 After successfully running her SME recruitment agency for a number of years, Angelica feels it is now time to expand. Her friends in business have told her to ‘get big or get out’. One of the options she is investigating is whether or not to list on the ASX. She has heard that the ASX has its own regulation in the form of Listing Rules.**
- a. Go to [www.asx.com.au](http://www.asx.com.au) and conduct a search under ‘Regulation’ for the ‘ASX Listing Rules’.**
  - b. Give two examples of some of the Listing Rules that Angelica must abide by if she decides to list her recruitment agency on the ASX.**

The following list covers the chapters of the ASX Listing Rules which listed companies must abide by.

|    |                                                                                    |
|----|------------------------------------------------------------------------------------|
| 1  | Admission                                                                          |
| 2  | Quotation                                                                          |
| 3  | Continuous disclosure                                                              |
| 4  | Periodic disclosure                                                                |
| 5  | Additional reporting on mining and oil & gas production and exploration activities |
| 6  | Securities                                                                         |
| 7  | Changes in capital and new issues                                                  |
| 8  | Transfers and registration                                                         |
| 9  | Restricted securities                                                              |
| 10 | Transactions with persons in a position of influence                               |
| 11 | Significant transactions                                                           |

|    |                                    |
|----|------------------------------------|
| 12 | On-going requirements              |
| 13 | Additional requirements for trusts |
| 14 | Meetings                           |
| 15 | Requirements for documents         |
| 16 | Fees                               |
| 17 | Trading halts, suspension, removal |
| 18 | Application of listing rules       |
| 19 | Interpretation and definitions     |
| 20 | Self-listing of ASX                |

**1.34 Go to the CSR website ([www.csr.com.au](http://www.csr.com.au)) and locate the segment report in the company's latest financial statements.**

**a. What do you think is the purpose of the segment report?**

**b. What operating segments does CSR have?**

**c. How do you think this information would benefit stakeholders of financial statements?**

**d. Can you think of any disadvantages of disclosing this information for CSR Ltd?**

**a. What do you think is the purpose of the segment report?**

The purpose of the segment report is to inform users of financial reports of information relating to the various revenue earnings segments of the business. The segment report also provides a description and definition of each of the segments including the physical location of that segment. The segment report also provides the EBIT, funds employed and return on funds employed for each segment.

**b. What operating segments does CSR have?**

The operating segments of CSR Ltd are building products, glass, aluminium and property.

**c. How do you think this information would benefit stakeholders of financial statements?**

This information would benefit various stakeholders of the company. Understanding the different profits of the operating segments will assist users in forecasting future profits as it allows users to gain insight into the relative risks and returns of the different segments, compared to a consolidated report which would just focus on the total figure and not enable individual assessment of each of the sections of the business.

**d. Can you think of any disadvantages of disclosing this information for CSR Ltd?**

The disadvantages of disclosing this type of information by the firm would include the additional costs in preparing and disseminating this information and also potential proprietary costs arising from disclosing potentially sensitive information to market competitors.

**1.35 Refer to the latest financial statements for JB Hi-Fi Ltd (the notes to the 2018 consolidated financial statements of JB Hi-Fi Ltd appear in the appendix to this text and the statements are available online at <http://investors.jbhifi.com.au>). For each of the following stakeholders, give an illustration of a report or a note that would be useful for decision-making purposes, state why the information is useful and give an example of how that information would be used.**

- a. Prospective shareholders**
- b. Customers**
- c. Employees**
- d. Suppliers to JB Hi-Fi Ltd**
- e. Auditors**
- f. Charity organisations**
- g. Australian Taxation Office**

- a. *JB Hi-Fi Ltd's prospective shareholders.* All financial statements, auditor's report and directors' report. This information would be useful to help them assess the performance and position of the entity at the end of the financial period and what their future potential investment opportunities are.
- b. *Customers.* Statement of profit or loss, notes on income and also notes on provisions such as warranties. This information can assist in determining the profitability of the business and by looking in the notes, the main sources of income for the business. Product warranty information may provide them with estimates on the percentage of products returned to the entity.
- c. *Employees of JB Hi-Fi Ltd.* All financial statements. Employees are going to be interested in future profitability and cash flow. Job security and promotional opportunities will be of interest to employees. They will also seek information on remunerations such as employee share based plans.
- d. *Suppliers of JB Hi-Fi Ltd.* Suppliers would be interested in the statement of profit or loss, statement of financial position and notes to the financial reports to determine the entity's ability to meet future cash obligations. They would be concerned with repayment and the business meeting any interest charges. They would also like information to enable the calculation of certain ratios such as liquidity and financial structure ratios to determine what the debt situation currently is for JB Hi-Fi Ltd.
- e. *Deloitte (auditors).* All financial statements and accompanying notes on policies. Auditors need to closely scrutinise the financial statements and the notes on accounting policies to determine what policies the firm has implemented during the period, which accounting standards have been early adopted (if any) and this combined will allow them to assess the accuracy of the amounts disclosed in the financial statements.
- f. *Charity organisations.* The sustainability report. The sustainability report discusses the voluntary initiatives and charitable associations that the entity is involved in. This information would provide charity groups with information to ascertain whether JB Hi-Fi Ltd is a good corporate citizen.

- g. *Australian Taxation Office*. The ATO would be interested in the statement of profit or loss of the company, the statement of financial position, statement of cash flows and the associated notes to determine what the obligations of JB Hi-Fi Ltd are in relation to tax.

**1.36 In Amcor's 2017 GRI Report, CEO Ron Delia stated that 'with our global scale, strong relationships and collaborative approach, Amcor is making improvements and breakthroughs that are raising the environmental profile of our entire industry'. Listed among Amcor's key achievements for the year, it was noted that the company earned gold awards and high ratings 'for packaging innovation and sustainability excellence, including from the DuPont Packaging Innovation Awards, the Flexible Packaging Association, EcoVadis, and the European Aluminium Foil Association' (Amcor 2017).**

**Required**

**Suggest why organisations would use resources to apply for sustainability awards and would be concerned about their rating on sustainability market indices.**

Reasons why entities may invest resources on awards and upholding sustainability ratings could be:

- they want to uphold their 'social contract' under legitimacy theory
- they are self-interested (agency theory) and link the awards and sustainability indices to great marketing and public relations.
- they genuinely believe in addressing issues to all stakeholders.

**1.37 Go to the Tableau website ([www.tableau.com](http://www.tableau.com)). Select 'Products' and 'Tableau Desktop'. Summarise the main features of 'Tableau Desktop' and how it can assist accountants in their daily tasks.**

Tableau Desktop is a self-service analysis and business intelligence tool that allows anyone, including accountants, to look at data and answer questions rapidly. Tableau desktop's main features include:

- extract data from multiple data sources
- link to dynamic data sources for real-time data analysis
- perform drag-and-drop database queries
- create data presentations to drive business decisions
- display data on a map by selecting geographic fields
- perform deep statistical analysis and summaries of existing data.

This product can assist accountants in many ways, such as providing the ability to:

- get actionable insights fast with unlimited data exploration and interactive dashboards helping to uncover hidden insights quickly
- connect to more data — whether it's big data, a SQL database, a spreadsheet or cloud apps like Google Analytics and Salesforce without writing code
- answer deeper questions by quickly building powerful calculations from existing data, drag and drop reference lines and forecasts, and review statistical summaries
- prepare trend analyses, regressions and correlations for tried and true statistical understanding and make data-driven decisions with confidence

- create interactive maps automatically using custom geocodes and territories for personalised regions such as sales areas
- create interactive visualisations with fresh data rather than using static slides for data collaboration
- extract massive data for limitless exploration in seconds, enabling accountants to analyse big data on a laptop.