

Accounting for Managers: UNIT-I Financial Accounting

Concepts and Conventions of Accounting

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Agenda: Design Thinking Approach to Financial Accounting



Empathize

Understand the purpose and users of accounting information



Define

Identify key accounting concepts and conventions



Ideate

Explore how these principles solve real-world business challenges



Prototype

Brainstorm practical applications and examples



Test

Reflect on key takeaways and their impact on managerial decisions

Empathize & Define: Why Accounting Concepts Matter



Business Entity

Separates business transactions from personal ones

Going Concern

Assumes business will continue operating

Money Measurement

Only monetary transactions are recorded

Accounting serves as the universal language of business, providing critical information to investors, managers, creditors, and regulators worldwide.

💡 **Brainstorm Moment:** How do these fundamental concepts build trust and transparency in financial reporting across different industries and cultures?



Ideate & Prototype: Applying Concepts to Managerial Decisions



Matching Concept

Aligns revenues and expenses in the same period for accurate profit measurement and performance evaluation



Conservatism Convention

Guides cautious reporting practices to avoid overstating financial health and misleading stakeholders



Consistency Principle

Ensures comparable financial statements across periods for better decision-making

- 📌 Creative Challenge: Imagine a startup ignoring the Going Concern principle while seeking investment. What risks emerge? How would this impact investor confidence and funding decisions?



Test & Key Takeaways

Key Takeaways



Foundation of Trust

Accounting concepts and conventions create the bedrock for transparent, reliable financial reporting that stakeholders can depend on



Design Thinking Integration

User-centered approach encourages understanding stakeholder needs and promotes iterative learning in accounting practice



Managerial Excellence

These principles empower managers to make informed, ethical decisions that drive sustainable business success



References

- Dr. K.G.C. Nair, *Systematic Approaches to Accounting*
- IMA, *The Finance Function's Path to Innovation: A Design Thinking Perspective* (2024)
- SCERT *Plus One Accounting Textbook*

✍ Innovation Question: How can design thinking principles revolutionize accounting education and create more engaging, practical learning experiences for future business leaders?